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*Greenwood's*  
**BUSINESS DESK BOOK**  
**FOR EXECUTIVES AND SECRETARIES**



*Greenwood's*  
**BUSINESS  
DESK BOOK**

**FOR EXECUTIVES & SECRETARIES**

**BY**

**W. JOHN GREENWOOD**



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**HALCYON HOUSE : NEW YORK**

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GREENWOOD'S BUSINESS DESK BOOK  
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PHRASES AND PARAGRAPHS

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## INTRODUCTION.

This book is a practical, fact-full, everyday guide for the busy executive, the secretary, and everyone else who wants business information and sound advice on how to use it, and who wants that information especially for letter writing. It is a book of business how's, why's, and what's, condensed enough to be usable and thorough enough to be reliable.

Many business men and their secretaries waste valuable time because they do not have such a book as this always handy. They spend hours looking up facts in a dozen places, lose further time in organizing these facts into useful form, and delay or cripple important correspondence because they do not know exactly how to prepare it or what to say in it for maximum effectiveness. The purpose of this book is to save wasted time and effort. With its wealth of information and ideas organized in logical and handy form, and with its complete sets of phrases, paragraphs, and letters showing how those ideas can be best expressed, this book should be an invaluable advisor and money-saver to those who use it regularly.

The executive should have this book on his desk as an ever-ready source of information on sales, purchasing, business law, exporting and importing, relations with customers, credits and collections, office routine, money and payments, buying and delivering, and a hundred other business subjects. It will save him labor in his thinking and in his letter writing. The secretary should have her own copy and consult it constantly for practical suggestions regarding her duties and how she can be more valuable to her employer. She will find it a reliable source of answers to those many questions that perplex her daily and that her busy employer lacks time to consider. It will give her—and others who use it—a more thorough understanding of business practices and of the essentials of good correspondence.

By using this book the secretary can now write that letter which her employer formerly dictated. He need only say to her, "Write *no* to Ronaldson," or "Tell the Smith Associates that we accept," or "Ask Daimler for a 10% reduction on that price." The executive and the

secretary who learn to place such dependence upon this book will have learned how to increase their output, to save time, to make themselves altogether more valuable to the business.

\* \* \* \* \*

The book opens with some practical suggestions on the writing of good business letters. Grammatical hints, makeup and display, the proper attitude of the letter-writer, the aims of letter-writing, the beginning and the close of the letter, suggestions on how to improve one's natural style of writing, methods of drafting form phrases and paragraphs, how to write adjustment letters, creating goodwill—all these points and more are covered, and practical examples are given plentifully.

In Part II sales letters and selling in general are thoroughly surveyed. The essentials of salesmanship in letters, presenting the sales message, following up offers, the preparation and cost of sales letters, the use of catalogs and booklets, finding new fields of business, selling from samples and models, notices to customers of intended calls of salesmen, reports from and instructions to salesmen and agents and dealers, recovering former customers, installment and conditional sales, the selling of stocks, bonds, and mortgages by mail, advertising, and other subjects are covered. The reader will find in this Part facts and practical letter-helps for scores of problems that arise in connection with sales and sales promotion.

Part III covers purchasing, the handling of orders, and delivering. In the first chapter general information about the making and filling of orders is given. The following chapters take up the ordering of goods by letter, refusals of offers of goods, requests for price quotations, bargaining with sellers, the law relating to buying and selling, buying terms and conditions, grades and measures of goods, orders and returns in the wholesale trade, cash and credit orders and returns in the retail trade, the handling of complaints, insurance of goods in transit, deliveries and shipments, disputes regarding deliveries and transport charges, and keeping customers informed regarding market fluctuations.

Information and letter facts on foreign trade will be found in Part IV. This division of the book begins with helpful suggestions on how to open an exporting or importing business and how to run it. Following chapters include facts and letters concerning the problems of financing, selling terms and delivery conditions, quotations and trading rules, the organization of a typical firm engaged in foreign trade, foreign shipments for own account, export orders from customers, and kinds of foreign firms—with the facts about their liability, the meaning of their names, and how to address them.

Credit management and the writing of letters about credit are covered in Part V. Facts on methods of obtaining credit, the financial organization of various types of business units, the guaranteeing of accounts with banks and wholesalers, credit policies and letters in the retail trade and the wholesale trade, answers to credit enquiries and the laws applying to them, replies to customers when credit information has been obtained, status enquiries from credit agencies, and further information and correspondence helps concerning credit are given in full detail.

In Part VI will be found answers to everyday questions concerning money, billing, and payments in both domestic and foreign trade. The values of paper and metal monies, methods of payment in domestic and foreign trade, some better methods of billing, financial terms, trade and cash discounts, interest and length of credit, errors in invoices, disputes and settlements, checks and banking practice, incorrect deductions from payments, bills of exchange, and other useful information, with phrases, paragraphs, and letters are included.

The ever-worrisome problem of collections is taken by the horns in Part VII. This division of the book begins with some succinct remarks on collection policies in general; but, properly, it goes on without delay to show how to write letters that collect. It includes twelve complete sets of collection letters, a series of "gentle reminders," a series of urgent requests and demands, hints regarding collections through attorneys, collection agencies, and trade associations, and finally a group of letters from debtors—too often neglected in books about collection procedure.

Suggestions for the efficient management of correspondence are given in Part VIII. The proper handling of incoming mail and the proper routine for the preparation of outgoing letters are quite as important in business correspondence as the actual ideas that go into letters. The reader will find here practical advice on the preparation of incoming mail for prompt action, the machinery involved in the preparation of letters, questions regarding who should sign letters and how they are to be signed, the use of the mails economically and effectively, filing, what the stenographer and the secretary should know, the dictation of letters, and changes of address.

The final division of the book may be rightly called an encyclopedia of general business information. Here are set down, in plain, concise language, the essentials of what the hurried executive or secretary wants to know about business terms, practices, and law. This information is more complete than that given in the ordinary dictionary, but it is not so bulky and so difficult to use as the contents of an ordinary encyclo-

pedia. It should be invaluable not only in correspondence, but as a source of quick, accurate answers for hundreds of questions that arise daily in the busy worker's mind.

\* \* \* \* \*

A word should be said about the organization of the book as a whole. Business practices are so complex that it is hard to think of them as being distinct from each other and to segregate them wisely in a book. When they are segregated, the business man who is looking for information on one subject is likely to find it separated from related and equally important information in another part of the book. This difficulty is bound to arise no matter how carefully the subjects are arranged. The author has attempted to surmount it by organizing his facts and suggestions in logical order so that they will be encountered just where they are looked for. The reader who is interested specifically in facts about selling, for instance, will find the bulk of those facts in Part II on Sales Letters and Sales Promotion. Obviously, however, some information on sales would be found elsewhere in the book—under purchasing or deliveries or credit, for instance. Material within the different Parts has therefore been carefully cross-referenced, and a complete index appears at the back of the book. The reader who does not find at once the material he is looking for within the text will, of course, consult the index.

Readjustments in the various national monetary systems are constantly altering the relationships between the national monies of the world. Remarks in this book concerning the international gold standard and the foreign equivalents of monies are based on "normal" conditions and are therefore subject to qualifications. Up-to-the-minute information regarding the world monetary situation is available in the newspapers, financial publications, Treasury reports, and other sources.

A point regarding punctuation in this book also should be mentioned. Following the salutation in many of the letters (as in "Dear Sir" or "Dear Mr. Smith") a comma is used as the simplest form of punctuation. The colon (Dear Sir: or Dear Mr. Smith:) is often preferred and can be considered correct.

\* \* \* \* \*

This book in recent years has won its place as the counselor of thousands of executives and secretaries. In this revised edition it covers even better than before that no man's land between theory and practice on which so few specialized books can safely venture. It is the kind of book that no alert and ambitious business man or secretary—who want not only facts and explanations but examples of actual business practice—can do without.

JEROME WYCKOFF.

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**PART I**  
**WRITING GOOD BUSINESS LETTERS**



## CHAPTER 1.—HOW TO BUILD UP A SUCCESSFUL LETTER.

### The Principles of Successful Letters.

The things necessary in order to build up a good business letter are as follows:

1. Understand what you are writing about.
2. Know the kind of man or firm you are writing to.
3. Write the letter from the point of view of what the other man wants, or what would be to his interest.
4. Be honest and straightforward, make no statements which cannot be proved, do not exaggerate. Try to convince the other man of your frankness and honesty and of your desire to help him.
5. Be patient and courteous, whatever the provocation. The more irritating a letter received may be, the more necessity there is to reply to it politely; not with frozen politeness, showing that you have a grievance, but with good humor. Your correspondent may have been annoyed by something quite unconnected with your business and he may not know that his letter, written just afterwards, showed traces of ill temper. There are many men like that.
6. Remember that business men are like children; they have good days and bad days, but they always respond to sympathy and patience. They respect people who take no notice of their occasional bad tempers.
7. Don't be afraid to say "please" and "thank you"; they are not a sign of weakness; they show good manners.
8. Be friendly but not too familiar. You do not know in what mood your correspondent may be when he receives your letter. Be on the safe side and write nothing which would offend him, even if he were in a bad temper. The friendly tone to adopt is that of a conversation between two well educated and courteous business men.

Letters should come to the point quickly, and they should deal with the matter completely, instead of by question and answer.

9. A letter ought to be clear beyond doubt. If there have been previous letters on the subject, summarize them and state the point reached by the last letter; then go straight on. Remember that the other man's mind is full of other business besides your own.

10. Make short paragraphs, not more than five lines each. For long letters, use single spacing between the lines, and double spacing between paragraphs. For short letters, use double spacing throughout and wide margins on both sides. Do not make the letter too long; yours is only one of the letters your correspondent receives by the same mail.

The difference in the results obtained by a well-composed letter, as against one which is slovenly, are so great that it is worth considerable time and trouble to acquire a good style of writing. The letters given in this book should be analyzed and the best phrases in them should be memorized for future use.

A good plan is to make summaries of the letters and to re-write them in one's own words. By afterwards comparing these with the originals, weaknesses of expression will be cured and a good vocabulary acquired.

There is a natural tendency to repetition of words, and to letting one's thoughts and expressions run in a groove. These should be restrained. They develop into mannerisms which first amuse regular correspondents but afterwards irritate them.

### Composing Letters—Style to Use.

**Make them personal.** The best way to ensure a letter receiving proper attention is to address it to the person who should deal with the matter referred to. In addressing a letter to a large firm, you can make an opportunity for a personal talk by addressing it to an individual, even though unaware of his name, thus: "The Manager of the Book Department"; or, "The Cashier," or, "The Advertising Manager."

Try to convince all the people to whom you write that you are a competent business man and, above all, that you are frank and honest and will not require careful watching in every transaction.

Show a friendly spirit and a desire to oblige. Every one knows that if you do not satisfy your customers, and please them, you will not get further business, but it does no harm to state your friendly intentions.

After all, business men prefer to deal with pleasant people and with honest people. Some men believe that commercial letters should be short and deal strictly with business and nothing else. That is a mistake. Friendliness and an obliging disposition weigh very heavily in business. **The businesslike letter is the one that brings business, or that increases friendly relations with other people.** You may have the best equipped business in the world but unless you have the goodwill of

other people you will not make a success of it. **Try to make your letters create a friendly feeling towards you.**

**Paper, and appearance of letter.** The traveling salesman is careful as to his personal appearance, so as to make a favorable impression on the people on whom he calls. If he is well dressed and has courteous manners, he is more likely to be attentively listened to, and to obtain the result he desires.

The same argument applies to a letter. It should have a good appearance and be courteous. The paper should be good, and the letter itself should be neatly written or typed.

**Paragraphs.** It should not be a solid mass of matter, or it will not be read. If it is long, it should be divided into paragraphs, with suitable headings, as shown in examples in this book.

Long typewritten letters should be in single spacing, with double spacing between the paragraphs.

**The subject of the letter should be shown as a heading, and the important points should be stated at the beginning.**

Remember that yours is not the only letter which will be received by your correspondent that day. **Make it easy for him to read and understand it.** And try to make it easy to answer. By saving his time you will get better and more prompt attention.

Never descend to sarcasm or vulgarities. The following extract from an actual letter, is an example of what to avoid.

“Dear Sir :—I do not care a pin what your carpet department, or the maker, think about the correctness of the length of your last consignment, but, if we have to pay for a yard you may bet your boots that we are going to have a yard, every time.”

That letter closed the account, because it was written to a perfectly honest firm which knew it was in the right and was able to prove it.

This kind of letter is not argument, and it is not good business, because it does not cultivate a friendly feeling.

**Length of letters.** A letter should be long enough to be clear. If it is to be sent abroad, it should be long enough to give all the details required, so as to avoid the delay and expense of having to obtain further particulars by telegraph.

No letter can be too short, if it states all that is required, but it should not be so short as to appear contemptuous, or careless, or unfriendly.

Letters in foreign languages are loaded with a quantity of polite expressions which would be totally out of place in an English letter but, even in writing English, an appropriate friendly remark may be

inserted with advantage. Business men detest insincere compliments, but they are quick to resent a slight or a seeming rudeness.

If there is need of much detail, it should be stated on separate sheets, apart from the letter. These details should be neatly arranged and clearly stated. Attention to these points takes time at first, but by constant practice they become habits. A good style of writing is quicker and more effective than a slovenly way.

A correspondent who receives a carelessly written letter from you would argue that, if you could not give proper attention to your correspondence with him, you were not likely to give sufficient care to any business he might give you.

**Letters to departments of large firms.** In writing to large firms, it is advisable to address a separate letter to each department. This avoids delays in replying.

**Prompt replies.** If the subject matter of the letter cannot be attended to at once, a courteous letter should be written stating that the matter is having attention and saying when it will be possible to reply definitely. This gives you time for dealing with the case, and it proves to your correspondent that you are attending to his matter. This is much better than replying in a hasty and unsatisfactory way.

Letters should never be "dashed off" in a hurry, even though it is almost mail time. Your correspondent does not make any allowance for your having been in a hurry. He does not know of that, and there is probably nothing in your letter to explain the reason of its slovenly character. He will think that you do not consider his business worth careful treatment. That will be bad for your chances of future business with him.

**Foreign letters.** It is much easier to read a foreign language than to write it. When writing to firms in foreign countries, it is better to write in the language of that country, if possible. But if the writer does not know that language sufficiently well to write it correctly he should write in English and state that the reply may be sent in the foreign language. Study carefully the information given in Part IV.

Trade catalogs, price lists, circulars, and advertising matter, should always be sent to foreign countries in the language of such countries, with the home prices and weights and measurements converted into their foreign equivalents. Sending abroad ordinary domestic catalogs in English is sheer waste of time and money.

**Technical terms.** If there is any doubt as to whether technical or trade terms would be understood by the person to whom the letter is written, they should be explained in ordinary words. Trade terms

should never be used in communications intended for persons in other branches of trade, or for the general public.

**Hand-written letters.** All hand-written communications should be carefully written, so as to be easily read. Figures should be especially clear and should always be checked after the letter has been finished.

**Clearness of style.** The language used should be simple, so as to avoid misunderstandings; any specially important points should be repeated, in another form of words.

**Punctuation.** Phrases should be short and correctly punctuated because they are then more easily understood.

**Periods** should be used to separate phrases which are complete in themselves.

**Commas** may be used to separate ordinary portions of the same paragraph. A comma is not generally used after the word "and."

**Brackets** or parentheses are used when commas have already been used freely in the same sentence, or where a subsidiary explanation is given.

**Dashes** may be used instead of brackets.

**Capital letters** should be used for the names of important subjects, such as Acts of Congress, or for the sake of courtesy, as Vice President, or the Board of Directors.

## CHAPTER 2.—THE MAKEUP AND DISPLAY OF THE LETTER.

**Appearance of the letter.** Use as good paper as you can afford, and have a well designed letter heading. This need not be engraved, a good effect can be obtained from type at much less cost.

For short letters, have wide margins on both sides of the letter and wide spacing between the lines; begin well down the page.

For long letters use sub-headings for paragraphs, single spacing between lines, and double spacing between paragraphs.

**Size of type.** The ordinary size of type used on typewriting machines is called "pica." A smaller type, called "élite," allows more words and figures to be written on each line. For this reason the élite type is preferred for statements and accounts having many columns of figures. Another reason is because 20% more words can be written on a page. This is an advantage for long letters, because they can be gen-

erally completed on one page, and the reader's attention is not disturbed by having to turn to a second page.

**Spacing.** A long letter should be written in single spacing, with double spacing between the paragraphs.

Sub-headings should be written in small type, underscored (underlined). They should project slightly to the left.

Short letters should be written in short lines, with double spacing between each line and treble spacing between paragraphs and wide margins at the sides. Also, start lower down the page, but keep the letter well together. Try to get the address, and the body of the letter, in the centre of the page, with wide margins.

**Margins.** If there is no printed heading to the paper, begin the writing of the address  $1\frac{1}{2}$  inches from the top. About the same space should be left at the bottom. If the heading is printed, begin the letter one inch to  $1\frac{1}{2}$  inches from the lowest part of the printing. With short letters, increase the margins at the top and bottom, as well as at the sides.

The margin on the left hand side should be at least one inch; some firms prefer still wider margins. This left hand margin, where the lines begin, should be perfectly even, except at the beginnings of new paragraphs; these should begin 5 spaces, or about half an inch, to the right.

The right hand margins, where the lines end, should be kept as even as possible, by leaving extra spaces between the last few words, if necessary.

Do not fill in at the end of a line by writing a part of a short word; for example, "tho" as part of "though." Leave an extra space between the two previous words and carry forward the whole word "though."

If a long word occurs where there are only a few spaces to fill on the line, break the word into its proper syllables, thus, ac-com-plish and use what part is necessary.

Double spacing should be used (1) between the address and the salutation, "Dear Sir," etc., (2) between this and the body of the letter, (3) between the last line of the letter and the closing words "yours truly," and, (4) between this latter part and the signature.

Do not type a dotted line for the signature—it looks untidy.

### Setting Out the Facts.

#### Examples of Good and Bad Displays.

*Poor.* This machine will do all the ordinary operations of adding, subtracting, multiplication, and division, and without mistakes.

*Better.* This machine will do all kinds of figuring, adding, subtracting, multiplying and dividing.

*AND,* it will do it quicker and without any mistakes.

*Poor.* Our Bantam truck will help you to keep down expense, because you will certainly save from \$300 to \$1,200 on the first cost, and you will also save in depreciation on account of the lower price.

You will save in maintenance charges too, as every part of the truck is carefully tested. You will save in operating charges, since the Bantam haulage cost averages one cent a ton for each mile.

This means that on good roads a dollar's worth of "gas" is sufficient to haul two tons 30 miles.

*Better.* The Bantam truck will save you money.

BECAUSE,

It costs \$300 to \$1,200 less than other trucks;

The depreciation is less, on the lower first cost;

Maintenance costs less, because every part will stand hard wear;

Running expense is less;

One cent's worth of gas hauls a ton two-thirds of a mile.

✓ **Continuations.** Write on one side of the paper only.

For the second page use plain paper of the same size; head the sheets in this way:

Messrs. Bell & Sons

Page 2

Jan. 5, 1926

Letters badly arranged, or with several corrections, should be re-written.

There are certain styles of setting out or displaying letters which are generally adopted, and these should be followed. Peculiarities in the appearance of a letter weaken its force, because the reader's attention is drawn away from the actual message.

✓ **Date.** Write the months in words, thus:—May 3, 1926.

May, June and July should always be written in full; the names of other months may be shortened, as Jan., Oct.

Do not write figures for the months; they are not so easily readable and are likely to cause mistakes. For example, "7/10/26," would mean to an American July 10, 1926; British, Australians and Canadians would understand it as Oct. 7, 1926. A Frenchman or a Belgian would read it as December 7, 1926. Formerly the years began in March; September was then the 7th month, as its name shows. Therefore, French people shorten septembre to 7bre; octobre is written 8bre, novembre is written 9bre, and decembre is written 10bre; 7/10 is therefore the 7th day of decembre (10bre). Julius Caesar ordered January first to be the first day of each year instead of March 25th, which had previously been used.

Be sure that the date is on your letter. Many serious losses have been caused through documents having been undated. If you receive an important letter without a date, write on it the date of receipt and attach the envelope to it to show the date of the postmark.

**Address of sender.** This is usually printed. If the reply is to be sent to any other address, mark this close to the printed address, thus: "please reply to . . ." or "up to June 25, write to . . .," or "next address, General Delivery, Utica, N. Y."

The address at the top of the letter should be the full postal address. If this is long, a telegraphic address may be registered and also printed on the note heading.

As there are many American towns of the same name, but in different states, the name of the State should generally be given.

Here are the most usual methods of arranging the address of the sender and the date:

147 Main St.,\*  
Brooklyn,  
N. Y.  
March 3, 1926

147 Main St., BROOKLYN, N. Y.  
March 3, 1926.

147 Main St.,  
Brooklyn, N. Y.  
March 3, 1926.

P. O. Box 867.  
Dayton, Ohio  
March 3, 1926.

**Punctuation of addresses.** Place comma after the word "street," "road," or "avenue," (if these words are written in full) a comma after the town, and a period after the state.

Place a comma after the figure of the date and a period after the year.

Abbreviations of the names of states should have periods, thus; N. Y., Calif. No second period is needed if the last letter of the abbreviation is the last letter of the word, as in "Ky." (Kentucky). The same rule applies to the following words: St., Street; Ave., Avenue; use Rd (without a period) for Road, and Blvd (no period) for Boulevard.

**Don'ts.** Don't write "st.," "nd.," "rd.," or "th." after the dates

\* Although in this book a punctuation mark is ordinarily placed at the end of the first lines of the address, as in the first example above, it is becoming increasingly common to omit such marks. Both customs may be considered correct.



The plural of Miss is Misses; for example, The Misses Smith, or The Misses A. J. and F. B. Smith.

Elderly unmarried ladies are sometimes addressed as Madame or Madam.

*Mrs.* Some married women use their own Christian names or maiden surnames with their husband's surname, as Mrs. Helen Jones, Mrs. Brown Potter. Other wives use their husband's Christian and surname thus, Mrs. John Brown. Women should always be addressed as they sign.

The plural of Mrs. is Mesdames. It is used where the partners of a firm are ladies or where there is a committee of ladies.

*Esq.* The full title is Esquire, but it is seldom written in full. The title is one below that of a Knight and it was formerly used in England for large land owners or squires. This title Esq. is more dignified than Mr.; it is used for lawyers, other professional men, heads of large businesses, and persons of distinction who have no other titles. Where Esq. is used, the Mr. is omitted and the Christian name is written in full. Write Mr. John Smith, or John Smith, Esq., not Mr. John Smith, Esq.

Esq. should be used alone. If any other title is given, such as Dr., Rev., or Hon., the Esq. is not needed. It is usual to state the full Christian name with Esq., as Robert H. Brown, Esq. This title is never used for women.

Persons holding degrees are addressed thus: John Smith, Esq., M. D.; Robert Brown, Esq., L. L. D.; Arthur Scribner, Esq., C. P. A. Or, this form may be used, Dr. John Smith, M. D. Mr. A. Scribner, C. P. A.

*Messrs.* The plural of Mr. is Messrs (Messieurs) It is used where the title of a firm contains the names of persons, as Messrs Smith & Jones, or Messrs Smith, Jones & Co., or Messrs Black, Inc.

Messrs is omitted before names like the National City Bank, The Standard Oil Company, Lucille Ltd., Manhattan R. R. Co.

*Dr.* This is used before the names of persons who have obtained degrees in law, philosophy, medicine, literature or arts, for example, L.L.B., L.L.D., Ph.D., M. D., M.A. or A.M., B.A. or A.B. (A.M. or A.B. are not used in Gt. Britain; M.A. or B.A. are preferred.)

There are two ways in which such persons may be addressed, thus: Dr. A. Ball, M.D., or A. Ball, Esq., M.D.; Dr. B. Clark, L.L.D., or B. Clark, Esq., L.L.D. Both ways are correct.

*Rev.* All clergymen and appointed preachers of religion should be given this title in addresses, thus: Rev. Gore Brown, Rev. George Gore, Rev. John Jones, L.L.D. Mr. should not be used with Rev. Where the initials of the clergymen are not known, this form may be used, Rev. Mr. Young.

*Prof.* This title indicates the holding of a post of professor in a university or college but it is used also for head teachers in high schools and private schools. The full word "Professor" shows more respect than the shortened form "Prof."

*Hon.* Used for senators, members of Congress, ambassadors, governors, judges, mayors, and persons who are chiefs of government departments. Example, The Hon. John Wells, Senator.

*Official positions without other title.* Mr. should be used with the official description, following on the same line, or below, thus:

Mr. Arthur Ward, Traffic Manager,  
Chicago Street Railways,  
350 Shore St., Chicago, Ill.

Charles Davis Esq.,  
Chief Librarian,  
Chicago Public Library,  
Chicago, Ill.

Mr. Harold Williams, President,  
Williams and Son, Inc.,  
500 Fifth Avenue,  
New York City

Ordinary business letters should have the receiver's address at the beginning. In writing to big concerns and government departments, words should be added showing the branch interested, thus: Foreign Exchange Dept., or Department of Agriculture, etc.

In letters of very formal style the address should be placed at the end of the letter, on the left, with "Dear Sir" or "Gentlemen" at the beginning.

For social letters the same plan is adopted. Or they may be written in this way:

Dear Foster,

Can I see you at the Club to-morrow night?

Faithfully yours,

Tom Brown

Kenneth Foster Esq.,  
18, Main Street,  
Newark, N. J.

### Addressing Envelopes and Beginning Letters Addressed to Dignitaries and Officials.

#### To the President.

(Envelope) THE PRESIDENT,  
WASHINGTON, D. C.

Begin the letter with "Mr. President" or "Sir", not "Dear Sir."

#### To the Vice President.

HONORABLE JOHN G. BROWN,  
VICE PRESIDENT OF THE UNITED STATES,  
WASHINGTON, D. C.

Begin the letter "Sir".

**To Officials in the Cabinet.**

THE SECRETARY OF STATE,  
OR, HON. (CHRISTIAN AND SURNAME)  
SECRETARY OF STATE.

Begin the letter "Sir".

**To a Justice of the Supreme Court.**

HON.....  
JUSTICE OF THE UNITED STATES SUPREME COURT.

Begin the letter "Sir" or "Dear Sir".

**To a Member of Congress.**

HON.....  
House of Representatives,  
OR, "HON. .... M. C.

Begin the letter "Sir" or "Dear Sir."

**To a Governor of a State.**

HIS EXCELLENCY (NAME)

Begin the letter "Sir" or "Dear Sir".

**To Army & Navy Officers.**

Use the title before the name, thus:

GENERAL JOHN LEES, WAR DEPARTMENT.  
REAR ADMIRAL EDWIN A. BROWN, NAVY DEPARTMENT.

Begin the letter "Sir" or "Dear Sir".

**To a Protestant Bishop.**

RIGHT REVEREND (CHRISTIAN AND SURNAME)  
BISHOP OF.....

Begin the letter "Reverend Sir".

**To Protestant Clergymen.**

REV. JAMES SMITH.

Begin the letter "Dear Sir" or "Sir".

**To a Cardinal, (Catholic).**

HIS EMINENCE JOHN HENRY, CARDINAL NEWMAN.

Begin the letter "Your Eminence".

**To a Catholic Archbishop.**

MOST REVEREND (CHRISTIAN AND SURNAME).

Begin the letter "Your Grace".

**To a Catholic Bishop.**

RIGHT REVEREND (CHRISTIAN AND SURNAME)

Begin "Right Reverend and Dear Bishop", or "Right Reverend Bishop", or "Sir"

**To a Catholic Priest**

REVEREND PAUL FILDES.

Begin "Reverend Father," or "Reverend and Dear Father."

Address letters to a man in the way he signs his name. If he uses the full form of his first or second fore-name (Christian name) do the same.

**Salutations and endings.** Most firms adopt particular forms, such as "Dear Sir," and "Dear Sirs" or "Gentlemen," finishing with "yours truly," "yours very truly," or "yours respectfully."

Official letters, and strictly formal letters, usually begin "Sir." If there is a certain degree of friendliness, a letter may begin "Dear Mr. Jones" ending with "Yours sincerely," or "Yours faithfully," or "Faithfully yours." "Dear Sir" or "Dear Friend" should not be used in letters or circulars sent to strangers.

Whatever may be the form of salutation adopted for a correspondent, it should not be changed without good reason. If a letter addressed "Dear Mr. Jones" is followed by another beginning "Dear Sir," Mr. Jones may think you have changed your desire to be friendly with him.

In writing business letters to unmarried ladies, the word "dear" should not be used with "Miss." The word "Madam" should be used for all ladies.

"Dear Madam" is rather more friendly than "Dear Sir" and should be used with discretion. "Madam," or the French title "Madame," is always safe.

**Addressing the envelope.** The usual way of addressing envelopes is to begin about half way down, using separate lines for the name of the firm, street, town and state.

It is better to write the name of the state of the U. S. in full, because of possible mistakes between the shortened forms; for example, Col. and Cal. (use Colo. and Calif.), Md. and Ind., Miss. and Minn., Va. and Pa.

The name of the state should never be omitted, as there are many towns of the same name but in different states.

An average of 15 million letters are undelivered in the U. S. each year, on account of careless addressing.

Printing or writing the address of the sender on the envelope will ensure the prompt return of an undelivered letter, without extra charge.

**Special marking on envelopes.** These are instructions like "Urgent," "General Delivery," ("Poste Restante") "Personal," "Please forward if away," "Bond Dept.," "Order," "per S. S. Cedric."

These markings should be prominent; the left hand corner, at the top, is the best place.

### Phrases for Sending Letters by Mail.

By mail, by next mail, by return of post, by next post, by express post, rail and express post, by registered mail, by parcel post, by sample post, by **bullet** post, under separate cover, (as a separate letter or parcel).

Addressed to you Poste Restante, [General delivery] G. P. O., [Gene Post office], Liverpool. Addressed to your office marked "Personal and Urgent with instructions to readdress and forward to you.

Sent to your last hotel address, marked "please forward immediately".

Addressed to you, care of The U. S. Consul, Marseilles.

We sent you an Express Letter, care of The Purser of the New York Boston Night Mail Steamer.

We wrote to you at the U. S. Post Office, General delivery (Poste Restante), Constantinople.

The letter was dispatched to you c/o the Strangers Bureau, (Bureau des Etrangers), at the Crédit Lyonnais, Boulevard des Italiens, Paris.

Our letter was forwarded to the Steamship Co.'s agents at Port Said, with instructions to deliver to you immediately on the arrival here of the "Orontes" homeward bound.

We have pleasure in sending by this mail the illustrated catalogs of———.

As requested we have pleasure in mailing today, for your approval, designs of our newest———.

### Abbreviations for Names of the States &c. of the U. S. A.

Ala., Alabama; Alas., Alaska; Ariz., Arizona; Ark., Arkansas; Balto., Baltimore; Calif., California; Colo., Colorado; Conn., Connecticut; Dak., Dakota; D. C., District of Columbia; Del., Delaware; E. Fla., East Florida; E. Tenn., East Tennessee; Fla., Florida; Ga., Georgia; Ia., Iowa; Id., Idaho; Ill., Illinois; Ind., Indiana; Ind. T. or I. T., Indian Territory; Kan., Kansas; Ky., Kentucky; La. or Lou., Louisiana; L. I., Long Island; Mass., Massachusetts; Md., Maryland; Me., Maine; Mich., Michigan; Minn., Minnesota; Miss., Mississippi; Mo., Missouri; Mont., Montana; N. C., North Carolina; N. Dak., North Dakota; Nebr., Nebraska; Nev., Nevada; N. H., New Hampshire; N. J., New Jersey; N. Mex., New Mexico; N. Y., New York; N. Y. C., New York City; O., Ohio; Okla., Oklahoma; S. C., South Carolina; S. Dak., South Dakota; Ore. or Oreg., Oregon; Pa. or Penn., Pennsylvania; Phila., Philadelphia; R. I., Rhode Island; Tenn., Tennessee; Tex., Texas; U. S., United States; U. S. A., United States of America; U. T., Utah Territory; Va., Virginia; Vt., Vermont; Wis., Wisconsin; Washn., Washington; W. Va., West Virginia; Wyo., Wyoming.

**Possessions.** P. R., Porto Rico; P. I., Philippine Islands; V. I., Virgin Islands (formerly Danish West Indies).

**Towns.** Balto, Baltimore; Chi., Chicago; Cinti, Cincinnati; K. C., Kansas City; L. A., Los Angeles; Phila., Philadelphia; P'burg., Pittsburgh; N. O., New Orleans; N. Y. C., New York City; S. F., San Francisco.

**Canada.** Alta., Alberta; B. C., British Columbia; Man., Manitoba; N. B., New Brunswick; N. S., Nova Scotia; Ont., Ontario; P. Q., Province of Quebec; Que., Quebec (Province); Sask., Saskatchewan; Soo., Sault Ste. Marie; W. Winni., Winnipeg.

### CHAPTER 3.—BEGINNING LETTERS—USING SALES- MANSHIP AND PERSUASION.

Letters to new customers, examples of opening phrases. Beginning personal letters. Examples of good opening phrases and paragraphs for business letters; selected letters.

**Salutation.** In the U. S. A. "Dear Sir" for the singular, and "Gentlemen" for the plural, are the most favored forms for business letters. "Dear Sirs" is considered out of date, in the U. S., but it is in general use in Great Britain.

If the writer and the person addressed are on friendly terms the following forms may be used; "My Dear Sir," "Dear Mr. Bell," "Dear Bell," "Dear Tom."

When writing on business to women, use only Madam, Dear Madam, or Mesdames.

**Letters between branches.** Letters between branch houses of the same business should not be written on expensive letter paper. A cheaper grade may be used, headed in this way:

From (town) . . . . ., Dept. . . . ., to (town) . . . . ., Dept. . . . .

No salutation is used in such letters; the subject matter dealt with is placed at the beginning.

The person writing to other branches usually signs at the end and describes his official position, as "A. Brown, Stores Dept."

**Dear Friend.** This phrase should not be used. If the correspondent is a personal friend he should be addressed by his name. If the person addressed is a stranger, this phrase is likely to offend him.

**New Customers.** In writing for the first time to business firms, it is usual to introduce one's-self by mentioning the name of some firm known to them, with whom you have had dealings.

**Opening Phrases.** At the request of mutual friends Messrs. Smith & Co., we have pleasure in offering you,

Following the recommendations of Messrs. Blank,

On the recommendation of;

at the desire of;

on the advice of,

according to the instructions of your buyer, Mr. Blank, on his visit here.

In accordance with the request of your resident buyer, we have pleasure in submitting herewith samples and prices of.

#### Phrases for "We have to inform you."

**To inform.** To say, to state, communicate, advise you of, bring to your knowledge, (or notice), lay before you, point out, indicate, mention, remark, call your attention to, remind you of.

**Phrases.** We have to inform you that  
 We have pleasure in informing you that  
 Please allow us to call your attention to,  
 Permit us to remind you that  
 May we ask your attention to the  
 We have to advise you of  
 We think it advisable to inform you without delay that  
 We wish to inform you that  
 We have to advise you that  
 We take advantage of this opportunity to bring before your notice  
 We are pleased to have this opportunity of reminding you that  
 We profit by this occasion to mention that

### **Enclosures, References and Additions.**

**Phrases.** Enclosed please find price list.  
 Herewith we have pleasure in handing you catalog of lathes.  
 As stated below;  
 Annexed hereto;  
 As shown on next page;  
 The annexed price list.  
 Stated below;  
 Indicated overleaf;  
 As at foot hereof;  
 Sent with this;  
 Enclosed; (not "enclosed herewith").  
 See over;  
 With the drawings attached;  
 Details are on attached schedules.  
 As already mentioned,  
 Particularized on the attached three sheets.  
 As shown in the enclosed documents, of which the following is a schedule.  
 Detailed in our previous letter,  
 "2 Enclosures." (This is usually written at the top of the letter, or a small red gummed ticket, printed "Enclosure" is affixed to the letter.)  
 The patterns requested are attached hereto.  
 Patterns you require are also sent by this mail under separate cover.

### **Beginning Personal Letters.**

Very many thanks for your kind letter of January 1. I am glad to tell you (I am pleased to say) that

I am grieved to hear of the death of my friend Mr. Jordan and ask that you would be so good as to convey my very respectful sympathy to Mrs. Jordan.

I am indeed sorry to hear of

I very much regret to hear that

I have just received your letter of Feb. 10, informing me of your illness, and I hasten to assure you of my earnest wishes for your speedy and complete recovery.

In reply to your very friendly letter of March 20 I am glad to say that

Your letter of April 4 was very welcome, (has given me much pleasure).

I hope you will forgive me for not having written you for so long. The reason was that

Please excuse my late reply to your very friendly letter of March 16.

You have been so kind in supplying me with information from time to time respecting \_\_\_\_\_, that I hope you will excuse me for asking the further favor of

Dear Mr. Davis,

It will give my wife and myself much pleasure if you could favor us with your company at dinner on the evening of Dec. 10. I could call for you at your hotel and after dinner we could go to see a new play at the City Theatre. The performance would be all the more enjoyable if you could join us.

Yours very sincerely,

Dear Mr. Brett,

I am exceedingly sorry that I am deprived of the pleasure of accepting your kind invitation. An important business matter which I cannot postpone will keep me busy the whole of to-morrow evening. Will you please convey my regrets to Mrs. Davis, and assure her that I am very grateful for the kindly thought which prompted the invitation. I hope you will have an enjoyable evening.

Cordially yours,

Dear Mr. Clark,

I regret to say that I shall be unable to have the pleasure of dining with you this evening, as arranged, because I have just received a telegram which compels me to take the 6 p. m. train to-night for the north.

Please excuse me for any trouble this may cause you. It is a considerable disappointment to me, because I had looked forward to a very pleasant evening in your company. We may, I hope, meet again before very long, so the pleasure is only postponed.

Faithfully yours,

### Beginning Business Letters.

(Notice the care that has been taken to make the following phrases and paragraphs appeal to the personal interests of the person addressed.)

We thank you for the order just received, through our salesman, Mr. ....

We thank you for the check (or cheque) received in your letter of Aug 5.

We should be glad to do what you ask in your letter of Dec. 10 if it were possible, but

We are pleased to be able to supply at once the information requested by your letter of Nov 8.

It gives us much pleasure to send you the catalog asked for in your letter received to-day.

Yes, we keep a complete selection of radio parts and we have pleasure in sending you a catalog by this mail.

While we appreciate what you say in your letter of Jan 8, we regret that it is impossible for us to

We have most carefully considered the reasons given, in your reply of April 5, for extending the time for payment of your Feb. account, but

It gives us great pleasure to send you the samples asked for by your letter of Sept. 6.

Replying to your very helpful letter of Nov. 10,

We regret that the #347 style of men's collars you ordered May 25 is completely sold out; it has been replaced by the newer style #84I, which most customers prefer to #347.

Your letter of Aug. 6 was referred to Mr. Smith, our president, for his special attention. He asks me to inform you that he will have pleasure in making the concession you ask.

We have pleasure in sending you a check for ..... in settlement of statement attached, which please receipt and return.

The enclosed order for ..... is urgently needed for our week-end trade. We ask you to please rush shipment, so that the package may reach us on Saturday morning certain.

I should much appreciate your informing me whether you supply .....

I thank you for the catalog you sent me July 7, but as it does not mention the kind of article I want, namely ....., will you please tell me whether you keep this in stock or could obtain it for me, and at what price?

From your letter of June 15, just received, we gather that you have not had our fall (autumn) catalog. We have much pleasure in sending you a copy of it now. The coats you mention are illustrated on page 21. (Selling talk follows.)

We were glad to receive your letter of Oct. 22 and to hear that business in your district had improved.

On October 22 you wrote us about \_\_\_\_\_ and we sent you a full range of samples and prices. We should be pleased to hear whether these were of the kind you required. If not, it will give us pleasure to send you other samples, if you will be so good as to furnish exact details of your requirements.

We thank you very cordially for your first order, dated Feb. 4, and we hope that this may be the beginning of a long and friendly connection with your firm.

The attached catalog explains fully the working of ....., but we wish to call especially to your attention

Did you receive the illustrated booklet we sent you a week ago? The styles shown on pages 80 to 85 are some of the finest we have ever produced and we should advise your making a selection of them without delay, so that you may secure them for the opening of your Winter Season. They are selling quickly and we are likely to run out of our present large stock within the next two or three weeks.

We thank you greatly for your enquiry respecting ..... advertised in the .....

It is a pleasure to send you the catalog requested by your letter just received.

We feel sure that you would be pleased with (would find great pleasure in using)

We sent you our catalog, (or price list, or prices) a few days ago, and hope that you have had time to examine it. We wish to point out especially to you that

## CHAPTER 4.—CLOSING THE LETTER—GOOD ENDINGS.

Phrases and paragraphs for salutations, requests for replies, asking interview or call; closing with thanks or regrets, salesmanship endings to get further business.

**Last phrases.** Do not add a weak phrase which means nothing. Close strongly, with a persuasive argument if the letter is a request.

Do not write "hoping to hear from you," or "waiting your further orders," or "assuring you of our best services." Instead of this, write phrases like "we look forward to your early reply," or "please write us this week." Or, prepare the ground for further business, in this way: "we have just bought a large assortment of . . . . . which we are offering much below our usual prices; may we send you samples and prices?"

**Salutation.** The most used forms are "yours truly," "yours very truly," "very truly yours." For addressing higher officials and persons of authority, use "yours respectfully" and "respectfully yours."

Friendly business letters, written to individuals, are finished like social letters, as "yours faithfully" or "yours sincerely."

Formal official letters usually finish with "I am, respectfully yours," or "We remain, yours respectfully" or "I have the honor to remain, yours respectfully."

**Closing the letter.** In ordinary letters omit entirely "we are," "I remain," etc., which are sometimes placed before the ending of "yours truly" or other closing phrases.

Use endings like these: "We should be glad to hear whether these details are sufficient"; "If further details are required, we shall be pleased if you would write us further"; "Please remember that we are always glad to quote you for any of your requirements, however small."

### Closing Phrases Asking for Replies.

We await the favor of your early reply.

We await the favor of your prompt reply.

A prompt reply would greatly oblige us.

We trust you will favor us with an early reply.

We should be obliged by your early reply, so that we may give the matter our prompt attention.

Will you please inform us, without delay, what your wishes are in this matter?

Will you kindly inform us, without delay, what you wish us to do?

We request you to inform us of your decision by return of post.

Please do not fail to telegraph your reply immediately on receipt of this letter.

We are holding over these goods awaiting your anticipated early reply.

We thank you for the anticipated favor of your early reply.

Please go into this matter carefully and favor us with your instructions as early as possible.

We request you to reconsider this question carefully and seriously, and then to write us further.

Failing the receipt of contrary orders from you, before 5 p. m. to-morrow, we shall consider that you agree with our views and shall act accordingly.

We request the favor of your further orders.

We hope that you may be able to accept this offer.

We assure you of our careful and prompt attention to your orders at all times.

We assure you of our best attention to any future orders you may favor us with.

Your prompt reply would be greatly esteemed.

Your prompt attention to this would be greatly appreciated.

May we request the favor of an early reply, so that we may immediately attend to your wishes on the subject?

May we request the favor of an early reply, so that we may convince you of our desire to carry out your instructions to your best interests?

We rely on receiving your remittance by return of post.

✓ **Asking for interview or call.** Please phone Hanover 826 and our representative will be glad to call on you at once, to go into this matter fully with you.

May we have the pleasure of calling on you?

Could you grant us an interview to-morrow, or the next day, so that we could discuss this matter in a friendly way?

May I call on you, to give you further details?

I should like to have the opportunity of seeing you, to go into this question more fully. Could you spare a few minutes to call here to talk the matter over with our manager?

If you would favor us with a call within the next few days, we believe the matter could be arranged to your satisfaction.

Please see us about this at your earliest convenience.

Why not call to see us, so that the business can be arranged quickly, in your interest.

**Closing with thanks.** We thank you for your order, which has been put in hand (in work) at once.

We are greatly obliged for your trial order, just received.

We thank you for the special care you have given to the selection of these goods.

We wish to assure you of our appreciation of your courtesy in this matter.

We tender you our sincere thanks for your generous treatment of us in this unfortunate affair.

Allow us to thank you for the fairness with which you have met us respecting this claim.

Please accept our thanks in advance for your usual kind attention.

We are very sensible of your friendly services on our behalf, for which please accept our sincere thanks.

Please accept our thanks for the trouble you have taken.

We request you to make use of our services freely, if we can assist you in any similar capacity in future.

We thank you for the information given, and shall be glad to reciprocate your

courtesy should occasion offer (should you have need of our services in this direction—in a similar or any other matter).

**Closing with excuses and regrets.** Please excuse this clerical error.

We tender you our apologies for any inconvenience this error may have caused you.

We have taken steps to prevent any repetition of such mistakes, and we request you to accept our apologies (regrets) for the error of our clerk.

We greatly regret that, in seeking to serve your interests, we should have caused you any annoyance; we trust that our good intention will somewhat excuse our offence.

We frankly admit we were at fault and we are anxious to repair the consequences. What would you like us to do?

The error you mention has arisen from the absence of our bookkeeper, through illness, but we have put the matter right at once and wish to express our regret for the annoyance this mistake has caused you.

**Salesmanship endings (to get further business).**

We assure you of our careful and prompt attention to all your (esteemed) orders.

We assure you of our careful attention to your interests at all times.

We are always pleased to be of service to you in any way.

We are glad to have had the opportunity of assisting you in this matter, and request you to avail yourselves freely of our services in such cases in future.

We should be glad to receive further enquiries from you for prices and samples.

Be assured that we are watching this matter carefully, in order to protect your interests.

We should be glad to receive further enquiries from you for prices and samples.

We request a careful comparison of these goods, both in respect to quality and price, with those you are now buying elsewhere.

May we ask you to allow us to quote for any of your further requirements in these goods?

We request a continuance of your esteemed orders, to which we shall always give our most careful attention.

We thank you for this mark of your confidence in us, and can assure you of our special attention to your orders.

We regret that we are not able to report to you more favorably; may we suggest that if you would make use of our services at an earlier stage in future we could prevent such losses.

We hope that we may have the pleasure of supplying you with one of our cabinets at an early date.

We should be glad to have the opportunity of supplying you with any of these goods and of helping you to make a selection which would be most suited to your needs.

It would, we believe, be greatly to your interest to make a trial of these articles.

May we expect a trial order from you while prices are so greatly in your favor?

' We can assure you that, for any trial order you may send us, the goods will be as carefully selected as if you personally made the choice.

We hope to hear from you very shortly.

We hope that we may soon hear from you.

May we expect to hear your decision on this matter at an early date?

May we ask for your reply on this subject within a week, if possible?

We guarantee to pay all the charges of sending the machine to you, and of your returning it, after a thorough trial, if you are not convinced that it will suit you.

You will want regular supplies after you have once tried it. You can judge for yourself by ordering a trial box now.

Mail the enclosed card with a deposit of \$2. We will send the machine at once. Then use it daily, for a week. If it is not as good as, or better than we say, return it at our expense and we will refund your money without hesitation.

You cannot afford to wait, because you will be losing money-making opportunities.

Your heavy expenses, of unnecessary labor charges, will be cut at once if you will send your order to-day. This machine costs you little but it saves you much.

You cannot afford to miss new trade. Get it while you can, by accepting our offer at once.

I advise you to think this over seriously and to write me the moment you have decided.

We hope to hear from you, by return, that you have decided to accept this offer.

Try them at my expense. If you do not like them, send back the unused portion and you owe me nothing. I am confident that you will keep and pay for them, and want more.

Say what kind you prefer, on the attached order form. Mail this and \$2 and the razor will be sent at once. If you are not wholly pleased with it, return it and your \$2 will be refunded at once. You run no risk and it will pay you to try it.

We thank you for the interest you have shown by your enquiry and we hope we may hear from you by return if you have decided to . . .

We can ship this article on the same day your order reaches us; if you need it urgently, please telegraph. Your order would receive immediate attention.

We shall be glad to hear whether there is any further information you would like. It will be a pleasure to supply it.

If you will call to examine our stocks we think it will be greatly to your interest. We have many bargains to offer from time to time which it is impossible to list, as they sell very quickly.

Considering the comfort offered by this bedroom set, its handsome appearance, and the very reasonable price, we think you would do well to decide to allow us to send it to you at once.

To ask for any further information, or to send an order, please call Argus 8000 and mention Mr. Bruce. That will ensure immediate attention to your requests.

If you will decide the matter now, you will be more than satisfied later.

You need not decide now. Send us the enclosed free examination card and the books will reach you promptly, postage paid. Look through them carefully for five days; then return them at our expense if you do not think they will help you in your work. But we feel sure they will, so we shall be glad to submit them for your examination.

We do not wish you to decide until you have tried the machine. This trial will cost you nothing, because we pay freight both ways if you decide to return it. You may use the machine as much as you wish, for 10 days, without paying us any deposit or anything whatever. Then you are perfectly free to buy or return it. What could be fairer than that? We rely entirely on your judgment of it.

If we can do anything further to help you in this, please let us know.

May we hear from you promptly, so that we may put your order in hand for early delivery?

We shall welcome your further orders, which will receive our prompt and careful attention.

On the 1st of next month the price of this phonograph will be raised from \$110 to \$150. To get the advantage of the special price it is necessary to send your order at once. You can fix your own time for delivery and you will save \$40. Complete and sign the enclosed form, and mail it while you think of it.

We have only 50 left. At this greatly reduced price they are certain to be sold within the next few days. There are no more to be got at less than double the price now offered. So mail your order to-day, to-morrow may be too late.

Instead of writing a letter, put \$2 in bills in the envelope we addressed to you. Put that in the printed envelope attached, and mail it to-day.

Remember, send no money. Sign the enclosed form and hand it to your secretary with instructions to mail it to-day.

Put your initials, now, opposite the kind you prefer, on the enclosed card. Then put it in the mail basket.

Don't write; just sign the enclosed card and mail it to-day. That will bring you the book by mail, without any expense to you.

Mail the enclosed post card and we will call to show you just how it will do the hard work for you, in much less time, and better. We shall be glad of the opportunity to show you this machine, whether you buy or not.

You would be wise to benefit by this offer at once, as we have only a few and they are selling fast.

We claim to be able to do a lot for you. Put us to the proof, at our expense. We will abide by your judgment. A line from you, in the enclosed envelope, will bring you a free sample.

If you can save on this, as we say you can, isn't it worth while to start to-day by sending a trial order?

We don't want you to pay for this machine if it won't help you to make money.

We will ship your trial order the day it arrives.

Just write me a few lines now, to say when we can meet to talk this over.

The moment you need anything in our line please let us know, and we will send prices and samples at once.

'While it is in your mind, send us a small trial order. That will prove to you whether or not you can deal with us for the large orders.

If you do not want anything now, will you state on the enclosed card when you will be in the market? We can have some special lots prepared to offer you at just that time.

We are sure the change to ordering direct from the maker will please you. Look around your stock and send a small order to-day to test our values.

A list is enclosed of what you may need at this moment. Will you mark on it the quantities you want and mail it to-night? The result will please you and save you money.

An order form is enclosed. Fill it out and attach your check. If you are not surprised and pleased with the goods, return them at once and get your money back.

Yes, it costs \$5 to you, but it cost us \$100,000 to make it so simple that you can earn many times \$5 with it each week. So start earning right away.

You are robbing yourself by not having it. Do not wait any longer.

This agency offers you a good chance of making money quickly. We will reserve it for you for 3 days. If you do not want it, please write us early.

Our other agents are making money fast. Now is the season for quick sales. We strongly advise you to join us at once.

You cannot afford to miss savings like this for a single day. We hope to hear from you by return.

This matter is really important to you. We shall be glad to hear that you have decided to deal with it promptly.

A 'phone call from you will ensure prompt service.

I won't take more than five minutes of your time to explain the whole thing. Drop me a line now, or ring me up to say what time I can call.

Do not wait. Others won't; these goods will be all gone if you do not act quickly.

Writing whole pages to you would not make it so clear as a trial in your own home. Our salesman will call to-day, and we shall be glad if you can spare him a few minutes. He will gladly leave the machine with you on trial.

If you want any, telegraph us quickly, and we will hold a selection until your letter arrives.

My business succeeds because I help other people to make money. Let me help you without delay.

It is not a question of "can you afford it." It is rather can you afford to go on losing money by doing without it.

Mailing the enclosed card merely tells us that you have an open mind as regards this. If we cannot convince you, by a call, that will be our fault. But we know we can. Try us.

To write us at once is for your own benefit. Why not do yourself this good turn?

It costs nothing to make a trial and you may benefit largely. Now is the best time.

It is worth attention now, because the probable profits to you are considerable.

Think it over well. The thinking won't bring you any benefit though until you let us know you are willing to try it. Would it not be as well to let a prompt trial help your decision?

Please address your reply to me personally. I shall be waiting to hear from you. (I shall be watching for it and will give it attention myself).

The only way we can really convince you is by showing you a machine in actual work. Won't you let us do that, and soon?

When you call please ask for me personally, so that I may attend to your wants myself.

The first callers get the best choice, so call as early as you can.

Your call will be especially welcome after your long absence. I should appreciate it if you would ask for me personally. May we expect you soon?

Orders are coming in fast. To prevent disappointment, we earnestly advise you to make your selection and write us now.

There is only a small quantity on hand; if you do not want them will you please tell me without delay? I cannot hold the offer open longer than return of post.

Fill up the order blank now, pencil will do. Then mail it to-day.

A line from you, on the enclosed form, will bring it to your door.

Send \$3 for the trial set and you will be happier from the moment you use it.

Don't you think it is a duty to look your best? Won't you feel all the better for it too? The cost is so small that we hope, for your own sake, you will try it at once.

Don't be deprived for a day longer of the full effect of your natural charm. Send your order without delay.

Every day's neglect of your hair causes a loss which you cannot replace. Attend to it at once. Write us to-night.

Call us while this letter is before you. Our number is Central 8937.

We have given very careful attention to the selection and packing of this first order from you, and we hope that you will find the articles exactly suitable to your trade. We believe you will be able to sell them quickly and profitably. If you would like to have any of them changed we shall be glad to meet your wishes in any way possible.

We attach an invoice, for your convenience in remitting, if you wish to keep these goods. Credit note is also attached, to close the transaction if you return them, so that you will have no trouble at all, either way.

If you wish to return this coat, please write us saying how sent and attach the enclosed draft, which will entitle you to receive our check by return mail.

To ensure early delivery at the special price, send your order to-day. The cabinets will be sent at once and invoiced on the ordinary terms of 60 days, less 2%, but dated a month ahead.

### **Regrets.**

We greatly regret that we are unable to supply what you require. Perhaps Messrs. Robert & Williams may have what you need, or could tell you where it can be obtained.

Our production is all sold to the wholesale, and we sincerely regret that we cannot supply you direct. We should advise you to apply to one of the wholesale firms in your own town.

We very much regret that we are unable to supply you with the small quantity you want, but we have sent your letter to the Northern Textile Company, of 84 Main Street, Hartford, asking them to write you direct.

## CHAPTER 5.—IMPROVING ONE'S NATURAL STYLE OF WRITING.

The only way to acquire a good style of writing English fluently is by constantly trying to improve.

**Think, before writing.** The first step in writing a letter is to think out carefully what you want to say. First get the facts. Next, put them down in writing, in your own way. After that, condense them and arrange them in an orderly fashion. Then, and not until then, think of the choice of the words in which the letter is to be written.

The writers, painters and musicians whose work has lived for centuries all took pains to do their work over and over again, to secure perfection.

Genius has been defined as "an infinite capacity for taking pains." An American writer has described it as "5% inspiration and 95% perspiration." The present writer defines genius as the capacity to continue creative labor, with intense attention, for long periods, even after the work has become distasteful, and in spite of discouragements and difficulties. It is worth while to work hard to improve one's style of writing English; after a short time writing correctly will become a habit.

**How to learn from good letters.** Any one of ordinary capacity can learn to write good letters by studying good examples and practicing steadily. One of the greatest helps is to take good letters and to break them up into very short phrases which are summaries of the contents of the letters. Then re-write them, in your own words. After this, compare your efforts with the originals; then try until your letters are as clear, as exact, and as convincing as the originals.

**Be accurate and clear.** There should be no attempt to write in a fine style. Plainness and simplicity of expression are the main things. The most important point is to get the facts and the arguments right. The next most important thing is to place these before the other man in the most effective and tactful way, so as to obtain the result desired.

Speed, accuracy, and a good style will come only from constant practice.

The phrases given in this book will help considerably but, in order to write clearly, one must first understand the subject to be written about and know what is to be said. Then try to state the message in the simplest and most persuasive way.

Don't try to be clever, and don't use big words; the little ones carry the message swifter and with a greater certainty.

**Use of argument.** Although the study of argumentation is recommended, the use of argument in correspondence must be changed to persuasion, if it is to succeed.

For facility in stating arguments, read books which give both sides of debates and books dealing with the law of evidence, also reports of court trials, especially those which give the arguments on both sides.

**The Masters of Style.** Beauty and style can be acquired by reading the works of good authors. Read Ruskin, Stevenson, Macaulay, Scott, Addison, Kingsley, John Henry Newman, Shakespeare, Daniel Defoe, Dickens, Kipling, O. Henry, and other masters, and the English translations of the Bible.

It may be argued that there is no relationship between these masterpieces of literature and the writing of business letters. It would be just as unreasonable to say that the ordinary courtesies and fair-mindedness of social life should not be brought into business. Why should not business be carried on with a proper dignity and in pleasant words? Everyone likes to listen to a graceful and persuasive speaker. The reading of a well-written business letter has exactly the same effect in giving the impression of listening to a person of intelligence and culture.

**Training the eyes and ears.** To be thoroughly successful in writing letters, both the eyes and ears must be trained to take and keep impressions for future use. In these days the air is full of radio messages which are neither seen nor heard by the passer-by, but which are caught, and made clearly to be heard by radio receivers.

**Getting the radio sense.** The business man can train his eyes and ears to have the radio sense and to seize, quickly and surely, the significance of facts which escape the attention of the untrained mind. This habit of close observation can be easily acquired. As an example, a man and a woman walking down a street may meet, and rapidly pass, another woman wearing the latest style of clothing. An hour afterwards it would be impossible for most men to even remember the color of her clothes. His woman companion, who has only had the same brief time for observation, would be able to describe the other woman's complete outfit, and even estimate its cost. The difference arises from the woman's training.

In order to understand the value of this habit of keeping the brain ready to immediately record facts, the reader should study the description of the training of Kim for the Indian secret service, as told by Rudyard Kipling in the story "Kim." This book is well worth reading several times.

With training, it is possible for a man to take a quick glance at a

letter and to read it afterwards merely from the picture made on the eye and the brain.

**Save time and trouble for the other man.** The matter of making a letter easily understandable, and easy of reply, is closely allied to the subject of style.

It would at first seem impossible that plain articles of food like oat-meal, maize, and wheat could be sold under a trade mark at several times the cost of the unbranded articles. Yet this is done. The makers of the branded goods treat these simple products so as to make them more easily digestible and to save the buyer the trouble of cooking them. In other words, they "make it easy" for people to use the products.

The writer of business letters must follow the same example, by making his proposals easy of acceptance. In order to accomplish this, it is necessary to study the people to be addressed. One must learn their methods of living and must know their aims and ambitions, their histories and education, and their methods of thinking. Then make the message fit these things, so that they may find it easy to do business with you.

**American style not suitable for foreign trade.** For business letters sent to England, Canada, Australia, South Africa, and to foreign countries generally, a more formal tone must be used than for the U. S. The very friendly manner of writing to complete strangers, used by some American correspondents, would be resented by foreign firms.

Their style of correspondence is more impersonal, briefer, and more stereotyped. If it is desired to avoid offense, their methods should be adopted in writing to them. It shows true politeness to address a man in the way he prefers. What is more, it is the only way to succeed with him.

The best means of learning the proper tone to use in letters to foreign firms is to study the letters received from those firms. Thus you can guard against overfamiliarity on the one hand and excessive formality on the other.

### Words and Phrases to Avoid.

*Advise.* Example: "we wish to advise that we will send you a parcel to-morrow."

Cut out the first part and write—"your parcel will be sent to-morrow." "Please advise us" should be written "please inform us" or "please write us." You are not asking for advice.

*"As per".* "As per our previous letter." Say "as stated in our last letter dated . . ."

*At hand.* "Your letter is at hand." Instead of this, write "We have received your letter."

*At wholesale.* And "at retail." This is not the best English, although it is becoming common.

*Beg.* You are doing business, not begging. Do not write "We beg to state," or "we beg to remain." Simply state the facts without these phrases. Also omit any words such as "we remain", before the ending "Yours truly", etc.

*Complaint.* Use "adjustment" instead. Or, mention the letter received and go straight on with the explanation of the trouble and the suggested settlement.

*Contents Noted.* Some letters begin "your favor of the 3rd to hand and contents noted." Say "we have received your letter of August 3;" omit the remainder.

Instead of "we have duly noted your remarks concerning," say "we shall pay particular attention to . . . which you mention."

*Duly.* This is usually unnecessary in such phrases as "duly arrived," "duly noted."

*Esteemed.* As in "your esteemed favor to hand." These words should be used only for overseas trade. For domestic trade use "we thank you for your letter."

"*Valued,*" sometimes used instead of "esteemed," should also be restricted to foreign trade correspondence.

*Enclose herewith.* The word "enclose" is sufficient.

*Favor.* When this word means letter, it should be used only for foreign correspondence. Write "letter" instead, for domestic trade.

*Hand you.* Write "send you," as more direct and more exact.

*inst., ult., and prox.* All these are confusing. Use the name of the month.

*Kind.* "Your kind order," "your kind letter." Omit this word "kind." Do not be too humble.

*Kindly.* "May we kindly enclose," "kindly inform me." Use "please" in each case; it is equally polite, and more dignified.

*Oblige.* Do not end a letter with "and oblige, yours truly." If you ask for a favor say "we should appreciate this as a favor," or, "we should appreciate this courtesy," &c.

*On & upon.* The word "upon" is very often wrongly used. It means both "up" and "on." A thing may be placed "on" the floor or "upon" a table.

"Upon" should be used only when speaking of things in a raised position.

"On" should be generally used in other cases. As a rule "on" can be used instead of "upon," but "upon" should be kept strictly to its proper meaning.

The following examples show the right and the wrong ways of using these two words.

*Right:* he called on me; he said it was upon the shelf; a bird flew upon the roof; one expense upon another.

*Wrong:* I called upon him; upon consideration; upon hearing of this; upon this happening. ("On" should be used in all these phrases).

*Our Mr. Dodd.* Usual reference to a salesman or someone calling on behalf of a firm. Write "our salesman, Mr. Dodd," or "our representative," "our manager," &c.

*Proposition.* Use the words "offer," or "proposal."

*Recent date.* "Your letter of recent date" shows laziness. Give the date; say "your letter of Nov. 3."

*Sale on ties.* This is not English, it is foreign slang; Use "of," "Sale of ties."

*Same.* Use the word "this," which is more exact. Instead of "we have

debited you with same," say "with this amount." "It," "they" and "them" are other words which can be used instead of "same."

*State.* Use "say" instead; it is better than "state" in most cases.

"Should say" and "would say." } The use of these words shows laziness in thinking. Instead of "in reply would say," omit these words and go straight on with the reply.

*Upon.* (See remarks for "on")

*To hand.* See remarks about "at hand."

*Viz.* (for videlicet) The English word "namely" is clearer. For example; "We confirm the discounts stated yesterday, namely,"

Where there are English words which have exactly the same meanings as words of foreign languages, it shows carelessness, or an imperfect knowledge of English, when a writer uses the foreign words in an English phrase or letter. You would not use "videlicet" in speaking; letters are written speeches.

*We remain,* ("We are," and "I am.") These words at the end of letters are unnecessary. Leave them out before "yours truly," etc.

*Finally,* don't use superlatives such as "the greatest," the "most exquisite," etc., or extravagant statements such as "selling 50% below cost." Most people don't believe such statements, as they are not generally true. They have a bad effect on a possible buyer by making him think the person making such statements is unreliable.

Study the advertising of large retail stores with the best reputations for fair dealing. Their advertisements are sober and restrained; they underpraise rather than overpraise what they offer for sale. This is more dignified and more honest, and honesty pays, even to-day, because it begets the confidence of buyers of the best kind.

When you choose the words and phrases that will go into your letter, be guided by the rule that your letter should sound natural, though fairly dignified and restrained. It should represent good speech but not elegant speech. It should make a good impression for you without making a false one.

## CHAPTER 6.—HOW TO DRAFT MODEL PHRASES, PARAGRAPHS, AND LETTERS.

Advantages of form phrases over form letters. Examples of use in mail order business.

The letters received each day can easily be divided into a few groups. Find out which are the largest groups. Then draft, for each group, model letters which would be good replies to most of the letters in that group. Also draft a few special phrases which would cover the exceptional replies required. Have these model letters and the extra phrases typed and give them to the stenographers, so that replies may be given

in that style. Number the model letters and then you will be saved the drudgery of dictating replies of that kind. Just give the number of the model letter to be used.

Deal in the same way with the other groups of letters requiring replies, so that model letters and phrases will be available for all ordinary correspondence.

It is essential to give the stenographer a free hand to use alternative phrases, such as are shown in this book, to avoid sameness in the replies. That will keep the stenographer interested in the work.

Revise these model letters occasionally from experience.

Model letters used in this way cannot be distinguished from dictated letters.

Any additions to the model letters required for unusual cases may be dictated separately and fitted into the model, so as to make one complete letter.

### **Advantages of form phrases and paragraphs.**

A better method than using form letters, is to use form phrases and form paragraphs instead, so as to prevent getting into a rut. This permits variations in the letters and secures the advantages of uniform style, uniform policy and the capacity to write the best letters every day and at any hour. This is the only way to ensure it.

Suitable phrases can be designed to fit 90% of the letters received.

With a little change they can be applied to any business or profession.

They apply equally to the handwritten letters of a small business or letters typed for a large business.

The careful thinking out of the phrases is done only once; after that they can be used thousands of times.

More time and care can be spent in thinking out the best form phrases than could possibly be spent on separately dictated letters. The form phrases are therefore much better than the ordinary phrases used in dictating.

If form phrases are revised by the responsible chief, the general correspondence will then always be in the shape he has approved, no matter who writes the actual letters.

Form phrases can be used at the same time by any number of typists or correspondents.

No special training of typists or correspondents is required; a neat typist can do as good work with form phrases as a highly paid correspondent.

Form phrases or paragraphs can be numbered and index letters used for subjects. The reply to be given to a letter is shown by marking the paragraph numbers on the letter itself, in the order in which they are to be used. Any special phrases may be written between these numbers. This takes much less time than dictating the whole letter. A shorthand writer is not needed.

An example showing how the numbered phrases are indicated is given at the end of this section.

Form phrases can be arranged to fit smoothly into any kind of letter. (Form letters cannot so easily be changed.) Dozens of form phrases can be drafted to say the same thing in other words, so avoiding repetition.

Where form phrases approved by the manager are used for all ordinary letters, the manager need only examine the specially dictated letters each day, in order to supervise all the outward letters. The saving of time is considerable.

Using form phrases prevents the writing of careless letters. It ensures that every outward letter shall be tactfully and courteously written.

Form phrases can be sent to branches or agents and to dealers in other towns for use in correspondence respecting the products of a manufacturer. This ensures good and uniform correspondence with every customer and prevents any misrepresentations which may cause trouble later.

Good form phrases ensure every enquiry being answered and followed up in an approved way, likely to bring the best results.

Using form phrases will save 50% to 80% of time and expense, as compared with dictating all letters. The typists become accustomed to the form phrases and can type them very rapidly.

**Reply forms.** It saves time to have reply slips printed for the notes of replies. The slips are filled in by the person in charge of the matter and the original letter and reply slip are then handed to the typist for attention.

The example on page 35, shows how these slips are used.

**Form paragraphs used in mail order business.** One large mail order company uses form paragraphs for practically the whole of its correspondence. No stenographers are employed, only typists; shorthand is not required, because no letters are dictated. A staff of correspondents mark on the letters requiring replies the numbers of the form paragraphs to be used. These paragraphs are printed in imitation type-

FORM PHRASE SLIP FOR REPLIES

(To be attached to the letter received)

	PHRASE NO.	SPECIAL NOTES
1	<i>A 27</i>	
2	<i>C 6</i>	<i>Cutting of 758 color in 110 grade.</i>
3	<i>F 1</i>	
4	<i>X</i>	<i>Sample 382 @ \$15 doz., lowest possible.</i>
5	<i>S 30</i>	
6	<i>X</i>	<i>Raw material prices rising rapidly.</i>
7	<i>B 2</i>	
Enclosures	{ Samples Cuttings Price Lists	<i>758 of 110 grade.</i>
Mailing	{ Special Delivery Registered Ordinary Parcel Post	<i>1</i> <i>1, cuttings.</i>
	Initials	<i>J. B.</i> Approved. <i>C. M.</i>
	Reply typed by	<i>A. D.</i>

Replying to letter from *Mrs. M. Aird* dated *June 23*.  
(The words in italics are written, the others are printed.)

writing, on slips of a uniform size, 6¼ by 3½ inches. The marked letter goes from the correspondent to a girl, who collects the slips indicated and fastens them together with an ordinary wire paper clip. They are then passed to a typist who checks the numbers of the slips, addresses the envelope and places the slips in it. The letter is then ready to be sealed and mailed.

The firm does a cheap trade and finds that its customers have no objection to receiving a letter made up of several separate slips of paper. This way of handling routine correspondence is both quick and cheap.

The following are examples of letters actually used:

**Letter A.** Customer writes that goods are unsatisfactory; reply asks for their return. Correspondent marks on customer's letter C7, G18, and C89. This is how it appears:

*(Form Paragraph C7.)* U. S. CLOTHING Co., 2418 First Avenue, New York, N. Y.

Dear Customer:

Your recent letter has been received and we regret the inconvenience you have been caused.

*(Form Paragraph G18.)* Please return the unsatisfactory goods, so that we may examine them. If we find we are the least bit at fault, a proper adjustment will be made.

For your convenience when shipping the goods we are enclosing a tag and label. Please attach the tag to the goods, and paste the label on the outside of the package, which should be sent by INSURED Parcel Post.

*(Form Paragraph C89.)* Your patronage is highly valued at the U. S. C. Co. and it is our desire to give you only the best of service at all times.

Cordially yours,

U. S. Clothing Co.

**Letter B.** Customer returns goods for exchange and writes that other goods ordered but not yet received are now to be canceled. The correspondent marks this letter R2, CF33, R36, C43.

U. S. CLOTHING CO.  
2418 FIRST AVENUE  
NEW YORK CITY

Dear Customer:

We are sorry that the merchandise received was not entirely satisfactory and that you had the inconvenience of returning goods. The exchange desired is being made, and we hope everything will be exactly right this time.

R2

Your order for the goods Style No. ——— has already received attention, so we are unable to do as you now request.

If the goods have not reached you within a week after you get this letter, or if you have not heard from us about them in the meantime, please fill in the spaces on the last page of this letter. Then return the page to us and we will make an adjustment.

CF33

Remember, you take no risk in ordering U. S. Clothing Co., merchandise. All the risk is ours. If you are not pleased, all you need do is to return the goods and we will exchange them for others or refund your money, whichever you prefer.

Cordially yours,

U. S. Clothing Co.

PLEASE FILL IN SPACES BELOW AND RETURN THIS PAGE.

I HAVE NOT RECEIVED:

STYLE NO.	QUANTITY	COLOR	SIZE	PRICE
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

SIGN YOUR NAMEF ..... LOCAL .....  
TOWN ..... STATE .....

C 43

**Letter C.** Customer writes asking for exchange of goods returned. These goods have not arrived. Correspondent marks the letter C7, R27, C87, R11. This gives the following reply.

U. S. CLOTHING CO.  
2418 FIRST AVENUE  
NEW YORK CITY

Dear Customer:

Your recent letter has been received and we regret the inconvenience you have been caused.

C7

We can find no record of having received the goods you returned. In order that we may trace the package it will be necessary for us to have the information asked for on the blank attached to this letter. Kindly fill in the blank and return it to us. An adjustment will be made as soon as we hear from you.

R 27

We are sorry that you must be caused further delay, and assure you that your reply will be given careful attention.

Cordially yours,

U. S. Clothing Co.

C 87

THE FOLLOWING GOODS WERE RETURNED:

STYLE NO.	QUANTITY	COLOR	SIZE	PRICE
PLEASE SEND ME THE FOLLOWING IN EXCHANGE:				
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

On what date did you send the original order?.....  
If you still have the order number slip which was enclosed in your package, please return it to us.

If you sent us a money order to pay for the goods, kindly state the number of the receipt ..... and the amount \$.....

If you sent a personal check or a bank draft, please state the number which we wrote on the back ..... and the name of the New York Bank through which it passed .....

Were the goods ordered and returned in your name and from your present address? .....If not, give other name and address:

.....  
On what date did you return the goods listed above? .....

Did you return the package by Parcel Post or Express? .....

If you have a receipt for the package, please send it to us. If not have your Postmaster or Express Agent sign here .....

SIGN YOUR NAME ..... LOCAL .....

TOWN ..... STATE .....

R 11—U. S. Clothing Co.

**Letter D.** Customer claims error made in refund; correspondent marks C12 and C85 for reply.

U. S. CLOTHING CO.  
2418 FIRST AVENUE  
NEW YORK CITY

Dear Customer:

We are sorry that a mistake was made in refunding the amount due you. The balance is enclosed.

C 12

Won't you always write us at once if anything goes wrong? If we are even the least bit at fault, everything will be made right, just as it was this time.

Yours very truly,

U. S. Clothing Co.

C 85

**CHAPTER 7.—CREATING GOODWILL BY LETTERS.**

There is a right way and a wrong way to do most things. The right way usually is a little more difficult at first, because it needs planning and studying.

The better results from the right way amply repay the extra care required.

Creating goodwill by letters requires thought, but the end obtained, a friendly feeling, is well worth the trouble.

True courtesy is the mark of a gentleman. It consists of kindness

towards others, in not only refraining from offense but in trying to please them and earn their liking.

The best class of business men will not say in their letters anything which, as gentlemen, they would not say in speech.

The following are a few examples of courteous letters. (See other examples in Chapter 18.)

**From Telephone Co.'s Engineer.**

Dear Sir,

I am in receipt of your favor of the 4th inst., and regret that my previous promise to you has been broken, but this was due to a misunderstanding.

With regard to the completion of your line, I have much pleasure in stating that every endeavor is being made to finish the work this week; when this is done I shall be glad to learn that everything has been carried out to your entire satisfaction.

Yours very truly,

**From Banking Co.**

Dear Sir:

We thank you for your letter of July 13 and have pleasure in sending you, under separate cover, today, a copy of each of the publications requested.

All literature distributed by this company is sent with our compliments.

Whenever we can be of further service, through this department or in other ways, we should be glad to have you call upon us.

Yours very truly,

**From Author.**

Dear Sir:

It gives me pleasure to acknowledge receipt of your letter of the 27th instant relative to my article on Foreign Bills of Exchange.

Enclosed you will find a copy of the Bulletin, which I hope will prove of interest.

Yours very truly,

**From Committee.**

The Carnegie Foundation for the Advancement of Teaching takes pleasure in sending you today certain printed matter, in response to your recent communication.

**From Printer and Binder.**

We offer you the Compliments of the Season, and our Best Wishes for a Prosperous New Year. In so far as that prosperity may grow out of the manufactured products of a printing office, or a bindery, we venture to express

the hope that we may be permitted to share it with you. Our weekly memorandum Calendar (issued now for the fifty-third consecutive year) which we take pleasure in sending you herewith, may be of service to you. Should it prove so, we feel confident that it will also be of service to us—as a silent solicitor of your valued patronage.

### Goodwill Letter from a Women's Magazine.

Dear Madam,

Marie is sending you the Free Coupon Pattern which you wrote for, and she has let me put in a little note with it to say how much I hope you will like it. I am sure you will find it very nice and simple and easy to manage, but, if you are in any trouble at all about the cutting or the sewing, be sure you write to me and let me help you.

I should be so sorry to think of any of my ladies spoiling their good material and wasting their time for want of a word of advice. If you have the least doubt about anything, please drop me a line to the address at the top of this paper, and I will answer at once.

And if I am ever able to help you—which I make bold to hope I shall be—I hope you will help me too by speaking of this magazine to your friends and telling them how nice the patterns are.

Your respectful friend,

## CHAPTER 8.—ASKING FOR INFORMATION—REPLIES.

Phrases, paragraphs and letters.

Letters asking for information from strangers should say the reason why the information is wanted. The enquirer should state that he knows he is asking a favor, and he should at once thank the person to whom the letter is sent for his attention to the request.

Enclose a stamped and addressed envelope for the reply. If more than a few cents postage is paid by your correspondent in sending catalogs, etc., send the amount of the postage later, with a letter of thanks. Of course you should not do this if you are a prospective buyer, because it is usual for the seller to pay such expenses.

**Refusals of information.** In refusing requests, be careful to soften the refusal by giving reasons. If possible, suggest some way in which the writer may obtain from someone else what he wishes.

It is better not to reply at all than to send a brusque or curt reply. Remember that we are all trying to earn a living and we need encouragement and help from each other.

**Phrases and letters for Requests.** Can you spare me a few minutes to see you at your office to-morrow, at any time convenient to yourself, to discuss a new business matter which I believe would be of interest to you.

Shall you be at the Club next Saturday? If so, there are a few matters which I would like to talk over with you, after play. I think they might be of advantage to you.

Dear Mr. Jones,

You have mentioned to me that you have several business friends in Paris. I have to go there shortly on business. and it would be a great help to me if I could meet someone there who could advise me, in confidence, as to the standing of certain firms in that city.

May I ask you to favor me with letters of introduction to one or two of your friends in that city, who might be of assistance to me. I should greatly appreciate such a favor, and I should be glad to carry out any commissions for you during my stay, or to be of similar service to you at any time.

Sincerely yours,

Dear Mr. Baldwin.

My friend, Mr. John Burrows, who will present this letter to you, is a gentleman whom I greatly esteem. He will visit your town on business for a few days, and he desires some advice on a matter which he will explain to you. If you could help him in any way I should appreciate your assistance as a personal favor to myself, for which I shall be grateful.

Faithfully yours.

### Replies to Requests.

Dear Mr. Burrows.

I have great pleasure in sending, with this three letters of introduction to friends in Paris, who will advise you as to credit conditions in that city. If you could give me a call some evening, at home, I would be glad to give you some pointers which may be of service to you during your stay there.

Sincerely yours.

Dear Roberts.

I shall be very pleased to give your friend, Mr. John Burrows, any help in my power, and I shall welcome him especially as a friend of yours. I hope he may be able to give me good news of your health and prosperity.

My best regards to you.

Sincerely yours,

### Refusing Requests.

Dear Madam.

We thank you for your letter of April 10 asking for a contribution to your church bazaar. Owing to the very large number of requests made to us by valued customers like yourself, we have installed a special department for supplying articles of all kinds for church bazaars. This department has stocks of novelties and articles of small price which are specially suitable. We also turn over to it broken shipments and odd lots of perfect goods, for sale much below cost price. For a small amount, to be fixed by you, this department would

make up a parcel of goods which could be sold at relatively high prices at your bazaar. The very heavy reductions which we make in the prices are really a considerable contribution on our part to these good works. We should be glad to hear from you as to whether we may send you a parcel, and to what amount.

Yours respectfully,

Dear Sir,

We have carefully considered your offer of January 22 but regret that what you propose would not, in our opinion, suit our class of trade. May we suggest that you try some of the firms dealing with electric light fixtures.

We thank you for your offer and wish you success.

Yours truly,

Gentlemen,

Although fully aware of the value of your publication, we regret that we cannot avail ourselves of your offer of May 10, for the reason that we have already made contracts for all our advertising this year. Please write us again about Sept. 20, if you would like us to consider your magazine for next year.

Yours very truly,

## CHAPTER 9.—ADJUSTMENT OF COMPLAINTS, CLAIMS, ERRORS, AND DISPUTES.

How to make complaints and claims. How to reply to complaints received. Phrases, paragraphs and letters.

Letters of complaint require careful handling by both sides.

**How to make complaints.** The party complaining is apt to be unjust, because he is annoyed; the other man is sensitive, because the mistake may have been quite accidental and such as would happen in any business, however well directed.

The chief points for the complainer to remember are to be courteous and to assume that the other party is honest and has no wish to cause him annoyance. Besides, there is always the possibility of the complainer himself, or one of his assistants, being to blame. That would make things awkward if strong language had been used in the letter of complaint.

If you wish, write your letter of complaint while you are angry, *but do not send it*. Rewrite it, after you have slept on it.

A courteous letter pointing out an error would have a better effect than an abusive one, because if you treat a man courteously he is inclined to do more than is really required in order to satisfy you. Otherwise, on receiving an abusive letter, he is only anxious to clear himself of the blame—some of your remarks may be unjust or your statements exaggerated—and, as he feels that you are treating him badly, he is not ready to do more for you than is strictly necessary.

**How to handle complaints received.** The person receiving complaints should always remember that it is important that he should retain his customers, and that it is better for him to know when his business does not run smoothly.

All complaints should be promptly examined and answered at once. If there has been a mistake, it should be frankly acknowledged and full satisfaction given immediately. The right thing, done quickly, is twice as good, in its effect, as if the giving of satisfaction is delayed.

One of the most effective ways of dealing with serious complaints is to telegraph at once, or send a special delivery letter, saying what is being done to adjust the matter of which complaint has been made.

Above all, do not give way to the natural desire to "hit back"—it does not pay. It is more manly, as well as more sensible, to admit the fault handsomely and to keep your customer, rather than to waste his time and yours by haggling.

Besides, if your customer is difficult to please, you will keep his trade if you can humor him, because he will be hard to satisfy elsewhere.

In replying to letters of complaint, agree with the customer up to a certain point, whether he is right or wrong; then show him your point of view.

By the time your reply arrives, he will have cooled off somewhat and, if your reply is courteous, he will be more inclined to come to terms. Keeping one's temper goes a long way in quarrels; it is hard to continue a quarrel with a man who is quite reasonable and anxious to meet your views.

A dissatisfied customer is inclined to talk of his grievances to everyone; that does you harm.

Even though a man makes a perfectly unjustifiable claim, whether in abusive or polite language, do not reply offensively, because by doing so you supply him with a grievance. If his case is weak, he would turn your abuse to his own advantage.

If a fraudulent claim is made, it should of course be dealt with firmly, but always in courteous terms. But be sure you are right before you reply. Do not make the mistake of alleging dishonest or unworthy motives, whatever you may think. Do not meet trickery by counter-trickery; remember that he who demands justice should have clean hands.

The best way to deal with a crooked man is to be absolutely truthful and honest with him. He will be more easy to deal with, because he will be afraid that you have some new and deep laid scheme for cheating him and he can't find out what it is.

The author had to do business regularly, several years ago, with a group of traders who were notoriously dishonest and untruthful. The business was made easy by making quick decisions, telling them the truth, always, and allowing no variations from the first decisions.

Their point of view was expressed in this way by one of them: "That man is dishonest. He tells you the truth. You think he is lying. And so he deceives you. He is too artful to be tricked."

**Classify all complaints every month.** The same troubles with customers happen day after day.

To prevent them from happening to more customers the best way is to have complaint letters analyzed every month. If there are several complaints of the same kind, it shows carelessness of some employees which must be checked.

Minor complaints can generally be answered by form phrases. Do not use form letters.

The letters given in this section show how to deal with more important complaints.

**Complaints as to execution of orders.** These are dealt with fully in Chapter 53.

Other kinds of complaints, and their adjustment, are shown in the appropriate chapters.

**Fraud or misrepresentations by seller.** The law expects that a salesman will praise the article he has to sell. Recommendations or praise by a seller, however extravagant they may be, give no ground for cancellation of a sale, provided they are mere statements of opinion. A misstatement of fact, or the concealment of essential facts, will give a buyer the right to claim damages or cancellation of the contract. Where there is a relationship of trust and confidence, as between a principal and an agent or a director and a corporation, or a trustee and a beneficiary, any contract made is held to be in the highest good faith (*uberrimae fides*) and keeping silence on material facts is held to be fraud, equal to a misrepresentation. If one party to a contract fails to tell the other party of material facts which the latter has no reasonable way of finding out, the silence is fraud. For example, in a contract for insurance against dishonesty of employes the employer is guilty of fraud if he fails to give notice to the indemnity company of any previous acts of dishonesty on the part of his employes.

*Redress for fraud.* The person injured by fraud, must, on discovering it, decide whether to continue with the contract or to cancel it, with or without claiming damages. Even though the injured party does not confirm the contract he is held to have confirmed it if he continues performing work or delivering goods, or if he makes no complaint or claim within a reasonable time after learning of the fraud.

### Replying to General Complaints.

**Phrases and paragraphs.** We regret the inconvenience caused you by.....  
We fully appreciate the annoyance caused you by the delay in arrival of the

goods sent you May 10; we are taking immediate action to trace them and to have them reach you promptly.

We can assure you that when we sent you the———instead of———for your order of October 3rd, our intention was to provide you with something you could sell until we were able to supply the exact kind you require. A letter of explanation was sent to you on the same day. We greatly regret that it does not appear to have reached you. We are sorry to learn of the inconvenience this substitution has caused you and we shall be glad to credit you with the unsold portions if you wish to return them.

The mistake in sending you size 6, instead of size 7, for your order of January 7 was inexcusable and we sincerely regret that it has caused you so much trouble. To prove our desire to make amends, we have now sent you the exact size ordered, by express, charges prepaid. If you will please return the one already sent, we shall be glad to credit you with the freight charges both ways.

Many of our customers look to us to send the nearest quality or style, if we are unable to supply at once the exact description ordered. They say that this gives them a chance of selling and prevents disappointment to their own customers. We regret that, in the case of your order of July 24, the substituted article was not approved by your customer. It would prevent any similar annoyance in future if you would please mark your orders "no substitutes." When you wish to have the nearest style, please use the words "or nearest." As regards prices, it would also help us if your orders named price limits in this way, "50c to 60c," or "nearest to 25c."

Most of our customers adopt these methods now and they say that they prevent trouble.

We shall do our utmost to ensure that you shall not be inconvenienced again in this way.

We regret that, in the rush of business, your order did not receive the careful attention it required. The execution of your future orders will be personally supervised by the heads of the departments concerned.

We want to make a settlement which will thoroughly satisfy you. What do you suggest would be fair?

Of course we are sorry the mistake was made of sending you a better quality than you ordered. Can you keep the goods if we make you an allowance? What do you think would be fair? Or would you prefer to return them at our expense? We are willing to agree to whatever you think is right.

We want customers to feel that they can trust us to make careful selections for them. We regret that you should have been inconvenienced through our fault, and in addition we are sorry that the precautions we take in checking the execution of orders should have failed in this case. We were extremely busy, but that is no excuse. We leave ourselves entirely in your hands. Will you please say what settlement would be most acceptable to you.

We regret that you have missed the sale of the dinner sets through the imperfections in some of the pieces. These goods are bought by us direct from the makers, who are instructed to make close examination of every set before packing it. The maker guarantees each set to be perfect in every way. To avoid damage, we send these sets to our customers in the original packing. The inspection must have failed in the case of the set delivered to you. We shall be glad if you will tell us what we can do to make up for the inconvenience and loss of sale.

We want you to feel that we are prepared to live up to our guarantees. May we send you a perfect set (which we shall ourselves examine before sending) and make you an allowance on the imperfect set. Please write us, or telegraph your reply, "collect."

We have telegraphed you this morning "regret pieces arrived damaged. Sending another lot to-day at our expense." This message we now confirm.

You will see, on reconsidering the matter, that it is hardly fair to ask us to bear a serious loss not arising from any fault or omission on our part. We want to help you in every way, but we think you should bear the expense in this case.

The items mentioned, in your letter of February 20th, as missing from the case you received, were sent separately by express on the same day. Your goods were too many for our largest standard sized case, but not enough to fill another case. So we made a small parcel of the other articles. No doubt the parcel has reached you by now. If not, please telegraph us, at our expense.

It should not be difficult for us to settle this matter in a friendly way. We want to be perfectly fair with you and we are sure you want to be just as fair to us. Will you let us know what you think would be a fair adjustment of the difference?

#### **Samples not received.**

Dear Sir,

Your letter of May 10th has had special attention. We immediately traced your enquiry for samples and find that a good selection was mailed to you on the same day that the enquiry was received, May 6th. They should have reached you two days ago. Will you please make enquiries concerning them at your local post office.

To avoid delay we have made up another selection of samples and have sent them this morning by registered mail. We hope that they will arrive in time to save you further inconvenience.

Yours truly,

#### **Reply to complaint not received.**

Gentlemen,

We regret that you should have been inconvenienced by waiting for a reply from us to your letter of April 26. We find from our records that a reply was sent April 27. A copy of our letter is attached. We should be glad to hear from you as to what further action we can take to help you as regards the claim you have made against the railroad company.

Yours very truly,

#### **Irregular color of cloth.**

Gentlemen,

Mr. John Robinson, our salesman, who called on you October 14, writes us that you showed him a length of navy Melton cloth, of our quality No. 824, which was irregular in color.

We thank you for pointing this out, as we are anxious that all our goods shall be perfect and that customers shall be thoroughly satisfied with them. If you will return the remainder of the cloth, at our expense, we will send you credit note and allow any reasonable sum you may name for the outward express charges.

May we replace this imperfect cloth by sending you another piece, at the same price? We should, of course, examine every yard of it before sending it, to make sure that it was perfectly even in color and free from any other defects.

Please write us early as to this, because we are anxious to do whatever is possible to make amends for the inconvenience this imperfection has caused you.

Very truly yours,

**Reply to complaint of bad dyeing.**

Dear Madam,

We regret that you should have had trouble with the dye of the woolen dress goods you bought from us. In order to discover the reason for the fading of the color, we have tested several samples cut from different pieces of exactly the same quality and color as that supplied to you. Some of the samples were washed with strong soaps; others were boiled. The color remained fast under all the tests. It was only by using strong sodas that we were able to make any change. We suggest that the cleaner to whom your dress was entrusted for cleaning has been using unsuitable chemicals for cleaning. By this mail we are returning the dress, so that you may take up the matter with him. You will find that the soda or acid he has used has not only changed the color but it has also rotted the wool, so that it breaks easily.

Attached to the dress is a cutting from one of the pieces in stock. A test of this, by pulling it between the finger and thumb, followed by a test of the material in your dress, will show you how the fabric you had has been injured. We shall be glad to help you in obtaining redress from the cleaner. Possibly it may be of assistance to you if you show him this letter.

Yours very truly,

**Delay in answering letters.**

Dear Sir,

We much regret that you should have had reason to point out the delay in answering your letters. Will you please in future address them to Mr. Franklin, who will give them personal attention and reply to you direct. We are anxious to give you prompt as well as careful attention and we thank you for pointing out this weakness, as it gives us the opportunity to remedy it at once and to give you better service.

Yours truly,

**Unreasonable complaints. Customer warned off.**

Dear Sir,

No business organization is entirely free from trouble arising from difficulties in supplying exactly what customers require. But we wish to point out that doing business with you seems to be particularly difficult, judging from the unusual number of claims for allowances made by you at each settlement. Owing to distance, it is impossible for you to make personal selections from our stock. May we therefore suggest that you will probably be better able to obtain just what you require in future from dealers nearer to your town.

Yours truly,

**Machine working badly.**

Gentlemen,

We are sorry to learn, by your letter of October 16, that you have had trouble with the slotting machine sent to you October 6th. We are sending one of our fitters to-morrow to examine it thoroughly, and to make any adjustments which may be necessary. As you know, new machines require a little time before they run quite smoothly.

We hope you will have no further trouble but that, on the contrary, you will be pleased with the work this machine will turn out after adjustment.

Yours truly,

**Discourtesy of travelling salesman.**

Dear Sir,

We greatly appreciate your letter telling us of your unsatisfactory experience with our representative. This gives us the opportunity of preventing any similar occurrence. You were right in thinking that such conduct would not be permitted by us on any account and we shall see that a personal apology from him reaches you promptly. Meanwhile, we assure you of our great regret for the discourtesy.

You know that we highly value your connection, and if there is anything we can do at present to prove to you that the discourtesy was entirely foreign to our own feelings, we should welcome the opportunity of giving this proof.

Yours very truly,

**New roof leaking.**

Dear Sir,

We regret that you have found it necessary to complain about your new roof leaking.

We are turning over to our construction department the information you gave and the matter will be taken care of as soon as possible.

Yours very truly,

**Filling of orders unsatisfactory.**

Dear Sir,

We regret to have to make complaints; it is as unpleasant for us as it is for you, but the black ribbons just received from you are not at all according to our order, although we informed you that they were urgently wanted for special orders.

The carpets which also arrived to-day are wrong, both in width and pattern, and we cannot use them.

These errors have probably occurred through the present rush of business, but they cause us to disappoint our customers and we do not like that. We hope that you will put these two matters right at once and prevent any repetition of such mistakes. Carelessness of this kind makes us inclined to give our orders to your competitors.

Yours very truly,

## CHAPTER 10.—MAKING REQUESTS—REPLIES.

The ordinary request in a business letter should be neither demanding nor begging. It should be a straightforward and tactful statement of what is wanted. The favor is most likely to be obtained if the request is both reasonable and courteous.

The reply to a request, whether positive or negative, is subject to the same rule of reasonableness and courtesy. The refusal of a request should be particularly tactful, and if possible should be accompanied by a brief explanation of why the request is being denied.

### Phrases for Requests.

I ask you to,  
 Will you kindly inform me whether,  
 Would you please inform me of,  
 I beg you to be so good as to inform me,  
 May I ask you to please inform me,  
 May I ask you to kindly favor me with,  
 Will you be so kind as to,  
 You would oblige me very greatly by informing me,  
 I should much appreciate your informing me,  
 We should be very pleased to receive your order for a trial of this line of goods,  
 I should consider it as a personal favor if you would kindly,  
 I take the liberty of presuming on our friendly relations to request you to,  
 May I request? May I ask the favor of,  
 Do you happen to know whether,  
 I should be pleased to hear whether,  
 Could you ascertain for me,  
 Is it possible for you to obtain information for me as to whether (to learn whether),  
 Will you please try to ascertain for me,  
 Could you supplement the information which you were so kind as to furnish to me recently (previously) by obtaining for me the exact details of,

### Replying to Requests.

**Words.** Your request, desire, wish, instructions, demand, inquiry.

**Phrases.** In accordance with your request, we send herewith,

As requested by your letter of the 9th inst.,

Following your request,

As desired by you,

Following your instructions,

At the request of your Mr. Blank,

We have pleasure in sending you, as requested,

We have great pleasure in forwarding, as desired,

We hasten to dispatch to you the samples requested by your letter of yesterday,

It gives us much pleasure to comply with your request by letter of the 18th,

We are glad to do what you request by your letter of June 6,

**Refusing Requests—Phrases.** We regret that we cannot see our way to grant your request.

We are sorry that our rules forbid our doing what you ask,

We very greatly regret that we cannot do what you wish,  
It is with much regret that we have to decline your request,

We were much interested in your letter of the 10th of June and, if it had been possible, we should have been glad to help you in the way you suggest, but unfortunately there are important reasons why we cannot do so,

We appreciate your frank statement of the case, but unfortunately it is impossible for us to do what you request.

Dear Sir,

We are very glad to send you, under separate cover, the copies of PRINTERS' INK named below for which you wrote us recently. They should reach you shortly. Copy of Dec. 14.—Copy of Dec. 7.

It will be appreciated if you will send us at your convenience 20 cents in stamps to cover the cost.

Yours truly,

Dear Mr. ——,

We are very glad to be in position to send you a copy of the August, issue of Business Magazine which contains the article entitled "Controlling delivery expense."

This magazine is going forward today and we trust you will receive it in a few days.

Yours very truly,

Dear Sir,

I am greatly obliged by your letter of the 26th and for the documents you have been kind enough to lend us in regard to the Russian Trading Syndicate.

Yours faithfully,

Dear Sir,

I am directed by Lord Rothschild to express regret that the request contained in your letter of the 20th of September cannot be complied with.

Yours obediently,

A. Davis,

Secretary.

Dear Sir,

Your inquiry of December 22 has just reached this office. We should be glad to send you copies of Circulars No. 8 and No. 8-A but our Bureau of Commercial and Industrial Relations has been temporarily discontinued and its publications are out of print at the present time. We do not know just when the circulars will be re-run. We are sorry not to be able to serve you.

Very truly yours,

Helen I. Fish,

Secretary to Dean Reber.

Dear Sir,

I am sorry that I cannot at present take advantage of your favorable offer for advertising space in the special Fall season issue of your journal.

The reason is not because I do not fully appreciate the value of your journal to the trade; I am a subscriber and examine each issue carefully, to my advantage.

Unfortunately my advertising appropriation for this year has already been exceeded and I feel that I ought not to increase this expense just now.

I hope that your next offer may find me in a better position to consider it.

Yours very truly,

Dear Sir,

Mr. Johnson regrets that he cannot take part in the arrangement proposed by your letter of the 7th. He thanks you for the offer you have made but, as he has lately taken in hand the development of a new business, he feels that he could not give to your affair the close attention it requires. Under these circumstances he believes that you will see that there would be no result to be obtained by the meeting you name.

When Mr. Johnson is less fully occupied than at present, he hopes to be able to join you in some of your dealings.

Yours very truly,

A. Douce,  
Secretary.

## CHAPTER 11.—ACKNOWLEDGING LETTERS, TELEGRAMS, AND TELEPHONE MESSAGES RECEIVED.

Words, phrases, paragraphs and letters.

**Acknowledging a Letter.** The business man, on receiving a caller, puts to himself three questions, namely:—(1) who is this man; (2) is there any business matter in hand which I want to discuss with him; (3) what does he want now.

These matters could be settled, at an interview, by question and answer. A letter must anticipate these questions and give the answer at once.

The letter heading, showing the name of the firm, answers the first question. The first paragraph of the letter should answer the second, by giving the date of any previous letters and stating the subject now to be dealt with.

The present letter itself should answer the third question.

Just as a salesman, calling on a customer, would be friendly and polite, a letter should give the receiver the same impression.

Make the best use you can of the first paragraph and, when writing to anyone for the first time, take pains to ensure that this paragraph will be sufficiently interesting to cause the whole letter to be read.

The phrases given in this section include most of those in ordinary use. In selecting from these lists, the reader should consider carefully the following recommendations:

(1) State the subject referred to, in a few words, as the heading of

the letter, immediately below the salutation "Dear Sirs" or "Gentlemen." Draw a line under this heading.

If another subject is mentioned in the same letter, write a side heading for it, and underscore it.

(2) Instead of using a phrase like "we have received your letter of . . . . . ." for the first words, deal with the subject of the letter first, in this way; "Your order of August 3rd, concerning which you wrote us August 15th, will be completed and shipped to you on August 20th, as promised."

Instead of writing "we have received your enquiry of 5th inst. for price list and samples of . . . . .", say, "we have pleasure in sending by to-day's mail samples of . . . . . requested by your letter of December 5."

Instead of "we have to acknowledge receipt of your letter complaining of the delay in forwarding", write, "we regret to learn from your letter of Oct. 8th that the shipment of . . . . . reached you later than expected." Then give your side of the story, but always courteously.

If you have made a mistake, or some of your employees have been careless, let the first paragraph of the letter acknowledge the fault frankly and say how much you regret the trouble caused to your correspondent. Then propose a fair settlement, making your best offer at once. Don't wait until allowances are forced from you; you get no thanks for them then. Give them at first and get credit for being generous.

#### Words.

**Letter.** For foreign trade the following terms are used instead of the word "letter":

Your favor, esteemed favor, valued favor, note, communication, greatly esteemed letter, your very friendly note, your friendly advice.

Yours of the 3rd inst., your letter of the 3rd inst., your memo., (unusual), your express letter.

**Telegram.** Your telegram, your wire;

Your cablegram, (from abroad); your coded wire, (where telegraphic code is used); your cipher telegram, (where secret cipher used); your wireless telegram (or your Marconigram, or wireless, or radiogram); your wire of this morning to hand, to which we have wired reply as follows: (reply telegram repeated here).

**Telephone Message.** Your telephone message, 'phone message, telephonic communication, express telephone letter, call, ring.

#### Phrases.

**"We Have Received Your Letter."** (Style used for foreign trade only.)

We are in receipt of your favor of the 4th inst.,

We have duly received your favors of the 30th ult. and 4th inst.,  
 We have to acknowledge receipt of your favor of 5th inst.,  
 We are in possession of your favor (advice) of the 5th inst.,  
 Your favor of the 5th inst. to hand,  
 Your favor of the 5th inst. has just reached me,  
 Your favor of the 5th inst. duly received,  
 Your favor of the 5th inst. has crossed with mine of the same date,  
 Your favor of the 5th inst. is now before me,  
 Your promised letter of the 5th inst. has not yet reached us,

Your letter, mentioned in your telegram (wire) of this morning, has not reached us up to the time of writing,

Your coded cable (wire) of this morning reached us at 6 p. m., and has been acted upon at once; our decoding of this is as follows: (Here follows full meaning of telegram, in ordinary words).

**"In Reply to Your Letter."** (Letters of reply should always mention the date of the letter received.)

In reply to your letter of the 6th of May,  
 In reply to your letter of the 6th inst., I have to inform you,  
 I have to inform you, in reply to your letter of the 8th inst.,  
 In reply to your letter of October 8,

I regret to have to say that the fur you sent us cannot be repaired, as it is too much worn,

We regret that you have had to bring to our notice the careless way in which the makers have packed the china sold to you,

It is with great regret and reluctance that we have to inform you that we are unable to fill your order of November 15 unless you can reduce considerably your account, which now stands at \$875. This is \$375 over the agreed limit of \$500. We should appreciate your check for \$600, which would enable us to ship your new order without exceeding your limit,

We believe that you must be unaware that the piano mentioned in your letter of the 12th inst. is . . . ,

Your remarks respecting the customs charges will be replied to fully by a later mail, when we have obtained the details you ask for,

In answer to your letter of the 15th,  
 Replying to the question named in your letter of the 20th,  
 Your letter of the 10th inst. asks us to.

Dear Sir,

re 15 Addison Road, Springfield.

We are obliged for your letter of the 27th of July respecting the water leakage at the above house. Messrs. Adams Bros. located this fault and remedied it. We tested again on the 27th inst., and the test being quite satisfactory, we put on (connected) the supply.

Yours truly,

Dear Sir,

We are in receipt of your letter dated September 3, which is receiving our careful attention.

We will write you further respecting it in a few days.

Yours truly,

Dear Sir,

Referring further to your enquiry of the 31st of May.

We shall be glad to know whether we can be of any further assistance to you in this matter.

Yours very truly,

Sir,

No. 6357

I am directed by the Rosstown Board of Trade to acknowledge the receipt of your communication of the 13th inst., which is receiving attention.

Yours respectfully,

Receipt is acknowledged of your letter of ..... in regard to .....

Dear Sir,

Borneo Rubber Estates.

I thank you for your letter of yesterday's date, and will communicate with Dr. Davis early next week.

Yours faithfully,

Dear Sir,

Subject: Short circuit.

Referring to your letter of May 26th, the trouble complained of will be given prompt attention.

Very truly yours,

Dear Mr. Wood,

I am in receipt of your letter of the 17th of October and have forwarded a reply to The Northern Estates Agency which I think will meet the case.

With kindest regards,

Yours faithfully,

Gentlemen,

Your telegram to hand.

We are extremely sorry that it is impossible for us to despatch a supply of the booklets to-night, Friday, but by working late we hope to get off a fair supply to-morrow, Saturday.

Yours very truly,

Dear Sir,

We enclose copy of a letter we have received this morning, to which we shall be glad if you will please give your immediate attention.

We have informed Mr. Russell that we have referred his enquiry to you.

Yours truly,

Chas. Braun, Esq.,  
c/o American Can Company,  
120 Broadway,  
New York City, N. Y.  
Dear Sir,

In re—Change of Address  
Mrs. Agnes B. Braun, stockholder  
of American Can Co. and Willys  
Overland Company.

Your favor of the 7th instant, has been received, and the matter will have our careful attention.

Yours very truly,

Dear Sir,

We are pleased to learn from your letter of Dec. 10th, just received, that you are open for ladies' dressing bags. Your enquiry reaches us at a fortunate time because we have just made a large purchase of these goods at specially reduced prices for cash, from a first class maker. In consequence, we can quote you exceptionally favorable prices at this moment. The descriptions and prices are shown on the attached sheet. We advise you to order early as we expect this lot to sell rapidly at the low prices offered.

Yours truly,

Dear Sir,

We are in receipt of your letter of the 4th of Aug., asking for our representative to call with regard to terms for next season's business.

We have instructed him to call on you as soon as possible. He will write you direct, saying the date he can visit you.

Yours very truly,

**Other Phrases.** Many other examples of phrases acknowledging receipt of letters will be found in the model letters contained in this book.

**Indirect acknowledgments.** We are sending by express today the goods of your order of Jan. 30, for which we thank you.

The catalog of foreign songs, which you point out was omitted from those mailed to you Aug. 21, is being sent to you today. We hope it will be of assistance to you. Please excuse the inconvenience our oversight caused you.

We regret to learn that the case No. 8642, shipped to you on the 4th, has not arrived. It is being traced at once, so as to prevent any further delay.

We have just heard from the Eric R. R. Co. that snow has recently delayed traffic to your town but that all deliveries in arrear will be cleared during this week. If case No. 8642 does not reach you by the 16th, please wire us, collect, and we will rouse up the carriers.

Thank you for pointing out the error in our invoice of May 20. Credit note is enclosed. We regret the trouble this error has caused you.

We are sorry to hear that 4 barrels of flour were short from the shipment you received June 20. This is the fault of the railroad company. We are taking up the matter with them energetically at once and will report to you without delay.

The goods you ordered Jan. 10 were shipped and billed (invoiced) to you Jan. 15. We hope they have arrived by now. If not, please telegraph us, at our expense, and we will do our utmost to hurry delivery.

We are sorry we cannot supply parts for Buick cars. We do not stock them, but we have asked the Buick agents, here, Messrs. Mossman & Co., to send you their catalog and prices. We trust this will help you.

'In order that we may properly adjust your claim on the fur you bought, it is necessary for us to have the bill. Will you please send this, so that we may give prompt attention to your letter of yesterday?

We thank you for your order of Sept. 10, which will be shipped Sept. 14. The goods are being carefully selected and packed and we hope you will be pleased with them and that they will sell readily. We should welcome your further orders.

The enclosed detailed statement for the last three months will, we hope, remove your difficulty as regards your account. We should be glad to supply copies of any missing invoices.

We are at present very heavily stocked in men's shoes and regret that we cannot make use of your offer of Oct. 10.

Of course you may return the damaged chair. Our van will call for it to-morrow and will bring you a perfect chair in exchange. We are sorry that the imperfection escaped our notice but, as you know, we are always glad to make good on our guarantee to satisfy our customers. We hope you will like the new chair we are sending.

## CHAPTER 12.—ASKING FOR REPLIES BY LETTERS AND BY TELEGRAPH.

### Phrases and paragraphs.

**Please reply** by return; by return of post, by return mail, by special delivery letter, by telephone, by telegram, by cable; by wireless, immediately you are in touch with New York; by express letter.

**We request the favor of a reply** at your earliest convenience, without delay, without loss of time, immediately on receipt of this letter, at the earliest possible moment, immediately you have decided; without further delay, immediately you have examined these new samples; as soon as the award is announced, as soon as you receive a reply from your client, by express messenger, by special messenger.

We should greatly appreciate an early reply.

We thank you now for the courtesy of your early attention.

We thank you in anticipation of your usual courteous prompt attention.

Please send the documents by the earliest express train, in care of a special messenger; send this small parcel in charge of the Purser of the steamer St. Paul; our messenger will claim the parcel at the dock here.

Please send your reply by messenger, as this offer is without engagement.

Please reply immediately you have decided to accept, as this offer is subject to sale.

Oblige us by replying by telegram before 12 noon to-morrow as we have another offer.

Please write by to-night's mail, without fail, as we cannot hold the offer open longer.

Oblige us by confirming your order, with the addition of the details requested.

We await the favor of your reply, in order to put the goods into work.

We are reserving these goods for you, pending receipt of your reply.

**May we remind you that we are still waiting receipt of your shipping instruc-**

tions, asked for by our letters of July 3 and 5. Please give this matter your prompt attention.

Failing a reply from you within 3 days from this date we shall instruct our attorneys to take legal action.

We are surprised and annoyed at your failure to reply to our last two urgent letters of Aug. 5 and Aug. 8. Please give this matter your immediate personal attention. A prompt reply would help us greatly. We know you will wish to put this matter right at once, so we look forward to your early reply.

We thank you now for this anticipated courtesy.

### **Asking for Replies by Telegram.**

Please wire reply to our telegram of this morning.

We telegraphed (wired) the information you required and await your reply by telegraph.

We are anxiously waiting your reply-telegram, as this offer cannot be held over.

We confirm our wire, informing you that we cannot hold this offer open later than for your acceptance to reach us by 12 noon to-morrow.

Please arrange for your telegraphed reply, or long distance call, to reach us before 4 p. m. on Thursday.

Your telegram just received is quite unintelligible; unless you have given full explanations by letter, we request you to repeat your wire immediately on receipt of this, and to state your meaning more clearly.

Cable reply immediately, using Western Union Code, 5th edition.

Please acknowledge, by wire, the receipt of these instructions.

Please telegraph your decision without delay as we have offers waiting. Pre-paid telegram form is enclosed.

Please telegraph reply immediately, our offices will be open until 10 p. m.

Inform us by telegram of your lowest quotations and delivery times for these goods.

Please state up to what time your offices are open for telegrams.

Telegraph us at once what you are doing in the matter.

Wire me Grand Hotel, New York, before 5 p. m., from Buffalo, if you wish me to come over by the night train to see you.

Telegraph me from Detroit before 3 p. m., stating telephone number at which I can call you up from New York at 8 p. m.

Wire in time for us to write you in reply by 7 p. m. mail.

In case of any delay in execution, please wire us immediately.

### **Errors in Telegrams: Telegrams Asking Confirmation.**

Telegram not clear; explain third and fifth words.

Telegram unintelligible; repeat more fully in plain language.

Cable not clear, repeat, using code agreed.

Cannot understand telegram; state code used and which edition.

Telegram received 12 noon without cipher signature; is it from you?

Telegram not signed with cipher agreed, confirm if correct.

Cannot trace code you have used. Repeat telegram in plain words at our expense, message not decipherable.

**CHAPTER 13.—CONFIRMATIONS BY LETTER OF  
ARRANGEMENTS MADE AT INTERVIEWS  
AND OF PREVIOUS LETTERS;  
ASKING REPLIES.**

Phrases, paragraphs and letters.

Dear Sir,

At the request of your Mr. Brown, we state below full details of the arrangement made with him this morning respecting prices of flour. Please notify us of your acceptance by return mail.

Yours truly,

Dear Sir,

Referring to the call of your Mr. Jones at our offices this morning, we hereby confirm the arrangement then made between us respecting credit terms and, in order to put the matter in order, we give below full details of this arrangement.

Will you kindly confirm this by letter, or point out any inaccuracy, so that it may be rectified at once.

Yours truly,

**Confirming Earlier Letters and Asking Replies.**

We are still waiting the favor of your reply as to the, &c.

You have not yet informed us of your decision respecting the, &c.

May we point out that you have not yet sent us the details requested by our letter of the 10th.

Referring to our letter of the 7th, &c.

Referring to our letter of the 7th June, of which press copy is attached, may we point out that we are unable to proceed with your order until we hear from you. This will delay shipment.

With further reference to the books mentioned in my last letter of the 8th, may we be favored with an early reply.

We confirm our letter of yesterday, respecting the.

We confirm our letter of yesterday with references to (concerning, referring to), to which we await the favor of your reply.

We confirm our letter dated the 6th respecting delivery dates, to which we await your reply.

Dear Sir,

We confirm our letter of the 6th inst., respecting the price of Serges ordered by you. We should be greatly obliged by an early reply, so that we may be able to deliver on the 15th, as requested.

Yours truly,

Dear Sir,

Please excuse our reminding you that we are still awaiting your reply respecting the offer of settlement of claim mentioned in our letter of the 9th May.

Yours very truly,

## CHAPTER 14.—MAKING APPOINTMENTS FOR INTER-VIEWS AND CALLS, AND CHANGING APPOINTMENTS.

Phrases, paragraphs and letters.

Dear Mr. Turner,

Many thanks for your note of the 11th, Nov.

I shall be glad to see you here at twelve o'clock to-morrow.

Yours sincerely,

Dear Sir,

We thank you for your letter of yesterday. If you will call at about 3:30 to-morrow afternoon our Mr. Weston will be here to discuss your proposal with you.

Yours very truly,

Dear Sir,

Your note of the 22nd received. If convenient to you I should be glad to see you at 12 o'clock today or, about 1 o'clock if that would suit you better. Please ring me up to say which time you prefer.

Yours very truly,

Dear Sir,

re Brown's Business.

I shall be glad if you will kindly call on me with your part of the Agreement, so that all blanks may be filled in and both parts made to agree.

Yours truly,

Dear Mr. Green,

I should be obliged if you could come in to-morrow morning before noon and see me in regard to the subject of our meeting of to-day.

I trust this may be convenient to you.

Yours sincerely,

Dear Sir,

We shall esteem it a favor if you will call on us at your earliest convenience. Please drop a note or phone us to say when you are coming.

Yours very truly,

Dear Sir,

Mr. E. Foster requests me to inform you, in reply to your letter of Aug. 25, that he will be pleased to see you, at this office on Wednesday morning, Aug. 28th, at 11 a. m.

Yours very truly,

J. Smith,

Secretary.

Dear Mr. Roubillon,

On June 30 last I left Montreal and have opened an office in Chicago at the address printed above. I am continuing to do Canadian business and hope we may be able to work together as previously.

At this moment I have two affairs in hand which may interest you.

Next week I am coming to New York and I should be glad to lay them before you. I will ring you up to fix an appointment.

Yours faithfully,

Dear Mr. Boisvert,

I was pleased to hear you were coming to New York and that you will call on me. I shall be glad to see you and hope we can do business together again. Your new address has been noted.

Cordial regards,  
Yours sincerely,

Dear Sir,

Our President, Mr. J. Rodman, asks me to write you that he expected to meet you at lunch to-day at the Club, according to the telegram he sent you yesterday morning.

It probably did not reach you in time.

Will you please telegraph or call up Mr. Rodman to fix a new lunch engagement, within the next few days if possible.

Yours respectfully,  
A. Smith,  
Sec'y.

Dear Mr. Durand,

Owing to my absence on an extended business trip, your letter of Oct. 9 only reached me today. Please excuse the delay in replying.

I regret that the business you name is not likely to be of interest to me, owing to its special nature and the fact that I have no knowledge of that trade.

Please let me hear from you when you have something more in my usual line.

Faithfully yours,

Dear Sir,

I thank you for your letter of Apr. 20. I did not reach Chicago until this evening, therefore I ask you to please excuse my having failed to keep the appointment you made for this morning. I shall have pleasure in calling to see you to-morrow morning, Thursday, at 11 o'clock.

Yours very truly,

Dear Sir,

Many thanks for your letter, dated 1st May. I have not replied before, as I wanted to know when I should be in town next. I notice you bar Saturdays so will hope to call on you on Friday next, May 10, about 3 p. m., when I trust we may be able to come to an arrangement.

Yours very truly,

### Changes in Appointments for Interviews.

Dear Sir,

I find that I shall be unable to come to Cleveland before next week, as my arrangements will not allow of my leaving here earlier. I will write you later as to the exact date and time of my visit.

Yours truly,

Dear Sir,

I am in receipt of yours of the 31st of May, which I regret I could not reply to before. I am sorry to tell you that I have decided not to buy the chassis you offered me.

Yours very truly,

Dear Sir,

I am sorry that previous appointments prevent me from seeing Mr. Smith to-morrow morning at ten o'clock at my office, as requested by you. I have written him to propose an appointment at three o'clock in the afternoon of to-morrow, if convenient.

Yours very truly,

**Short Informal Letters.**

Dear Sir,

Confirming our conversation on the telephone this afternoon, we enclose the post card as requested.

Yours very truly,

Dear Sir,

re your Store.

We have been requested by a substantial firm to ascertain whether you would let the above premises. If so, we shall be pleased to keep any appointment you may make to discuss the matter further.

Yours truly,

Dear Sir,

We send you herewith a blue print of Chevrolet Cab Chassis as promised over the telephone.

Yours very truly,

**CHAPTER 15.—LETTERS BETWEEN DEPARTMENTS OR BRANCHES, AND FROM EXECUTIVES.**

Examples of forms used for obtaining replies.

The use of a form like the following will save much time for executives. Information for replies to letters is quickly obtained by its use. This form should be filed with the original letter and the copy of the reply.

- From.....Dept.                      Date .....
- To Mr. ....of .....Dept.
- Subject of enquiry .....
- Tick shows subject for attention. Give replies at once, please.
1. Reply wanted to my note of .....regarding .....
  2. Reply attached on subject .....of your note of.....
  3. Information wanted respecting . .....
  4. When can we deliver .....
  5. What is the present buying price of .....
  6. What is our lowest selling price for .....
  7. Your No. .... dated ..... What is the present position .....
  8. What stock have you of .....Are any more needed .....
  9. Investigate at once respecting attached note and report to me in writing, (not orally).
  10. Come to my office at once please and bring all papers relating to .....

11. Give brief written report on subject of attached papers. ....

12. ....

Write details of reply below.

.....  
.....  
.....  
.....

The following are simple forms for ordinary messages.

MEMORANDUM

(Form #1)

To Mr.	When executed return, with notation	} To Mr.
--------	---	----------

Subject ..... (Reply to be at foot or overleaf.)

Date made ..... Date for return .....

(Space for message)

(Form #2)

MEMO.

*from* General Manager's Office

Pneumatic Machinery Co., Pittsburgh.

Date

For. Mr.

No Reply Necessary  Please Reply at once

(Space for message and reply)

This form is to be attached to letters or other documents.

It is printed on paper of a striking color, so as to attract attention.

Its use should be reserved to executives.

(Form #3)

FOR IMMEDIATE ATTENTION

To .....

From ..... Date .....

[Cont'd]

.....To be answered in full and returned to .....



.....To be answered at points checked and returned with copy of reply to the person referring same.

1      2      3      4      5      6      7      8      9      10

.....To be acknowledged to customer to-day and to be returned to manager's desk with copy of full reply within 3 days.



.....See Mr. ....  
about this.

**CHAPTER 16.—CONFIRMING DEALINGS MADE BY TELEPHONE.**

Confirming, by letter, arrangements and contracts made by telephone. Phrases and paragraphs and letters.

**Oral Contracts.** The telephone is indispensable for local messages; it saves much writing of letters. Its use for long distance discussions of prices etc. is increasing, as users realize the great advantage of instant replies. It has one disadvantage, that it makes no record of what is said.

Where important bargains or agreements are made by telephone each party should make a written note at once of the chief facts. A letter giving full details should be mailed to the other party, on the same day, confirming the agreement or purchase or sale.

This proves the transaction from a legal standpoint.

**The Switchboard Operator.** The telephone operator in a business house should be unfailingly tactful, whatever the provocation may be to be otherwise.

Careless or ill-tempered replies to telephone enquiries should not be tolerated in any firm; the injury and loss which may result is too serious.

The following printed notice was issued to all telephone operators of a gas supply company, to impress on them that they could make or mar the reputation of the company for courtesy and willing service to the public.

The ideal operator should have a pleasant voice, be able to give intelligent answers at once as to ordinary business matters, should be able to get the right persons quickly for callers, and should be generally a very competent, civil, well-educated, even-tempered, energetic, and plausible person.

**TO ALL USING THE TELEPHONE.**

**You are desired to be invariably POLITE, PRECISE, PROMPT.**

**BE POLITE.**

Your voice speaks for the Company.

Please remember that the Company desires to treat every Customer with courtesy, and to give every Customer prompt attention and satisfaction.

You are speaking to the person whose money you take on pay-day.

*"Manners make the Man."*

**BE PRECISE.**

Be careful to note, without possibility of error, the Name and Address (and, if possible, the Telephone No.) of the Customer who rings you up.

Be careful to note and write down fully the requirements of the Customer.

Care and thoroughness on your part will save the time and trouble of other busy men.

*"Little errors make large troubles."*

**BE PROMPT.**

See that all outgoing messages are sent off with the least possible delay.

See that all incoming messages receive the earliest possible attention. If the subject is of special urgency—"Escape," "No gas," "Explosion," "Fire," "Must have work finished to-day,"—make it your personal duty to see that it is taken in hand by a responsible officer.

Never leave an urgent message on somebody's desk. Put it yourself into somebody's hand, AT ONCE.

*"Delays are dangerous."*

Telephone operators, please read the above frequently until you know it by heart. You will not be excused because you "didn't remember." If you always remember—and act—you will soon be fit for a higher post.

**Letters Confirming Arrangements and Contracts Made by Telephone.**

Dear Sir,

Confirming the arrangement made with you on the telephone to-day re purchase of 30/40 h.p. 4 cylinder Nadir Car, we hereby confirm our offer of 15% and 5% discount off list price for same.

Should you, within the next three months, purchase another car from us, we will allow you 20% discount on such purchase off list price of car, and also give you a rebate on the first car purchased, bringing the total discount on that transaction to 20%.

Yours truly,

Dear Sir,

We now confirm quotation given on telephone to-day as follows:—

Fitting 1 set of wheels with our 880 x 120 Detachable

Rims, for the sum of ..... \$100.00

less 33-1/3% ..... 33.33

Supplying 5 pneumatic rims @ \$2 each ..... \$10.00

\$67.67

less 20% .....	2.00	
		\$8.00
Total .....		\$75.67

We are enclosing a few Detachable Rim books and circulars, also our Tire list, and trust you will be able to make use of them.

We hope to hear from you that you have decided to try these tires.

Yours truly,

Dear Sir,

Referring to conversation by telephone this afternoon. We have the pleasure to enclose list of sailings of the Red Anchor Line steamers, together with illustrated handbooks containing plans of the accommodation on board our vessels, and other useful information. (&c.)

Yours very truly,

Dear Sir,

With reference to our conversation by telephone, this afternoon, we now confirm the arrangement then made, on the terms and conditions named below.

We should be obliged if you would confirm, in writing, your acceptance of these prices and conditions.

This offer is subject to your confirmation by return mail, or by telegram, failing which our offer must be considered as withdrawn.

Yours very truly,

Dear Sir,

In reference to our telephone conversation of to-day, we confirm the arrangement we then came to with you, namely, to allow you an amount of \$25 extra on any car that you may be instrumental in selling to the trade.

Yours truly,

Gentlemen,

In accordance with our conversation on the telephone, to-day, we enclose order form for new body for your Buick car. Kindly sign and return to us in accordance with usual custom.

We hope to have this ready within a week.

Yours very truly,

Gentlemen,

We confirm our telephone message quoting you for a car to Rio de Janeiro \$.....

Detailed quotation is attached, showing terms and conditions.

Yours truly,

Dear Sir,

We should be greatly obliged if you would confirm, in writing, the order given by telephone this afternoon.

The goods have been put in hand immediately, for delivery at the end of this week.

Yours truly,

## CHAPTER 17.—CONFIRMATION OF DOMESTIC AND FOREIGN TELEGRAMS AND CABLES.

### Phrases and paragraphs.

After telegraphing any message, or making any important arrangements by telegram, it is usual, (in order to avoid inaccuracies) to write a letter to the other party, repeating the telegram, or giving full details of the arrangements understood to have been made. This ensures a record of the transaction being filed with the correspondence relating to that firm or person. It also gives the other party an opportunity to point out any misunderstandings.

**Phrases.** We confirm our telegram of this morning, as follows :

This is to confirm arrangement made by telegram this morning which we understand to be as follows. If not exact, please write us at once.

We confirm our wire of this morning, of which copy is shown at foot hereof, to which you have since replied as follows :—

We confirm our telegram of this morning with reference to, (or as regards the, regarding the, respecting the, in connection with, concerning the.)

With further reference to our telegram of this morning, as at foot, which we now confirm, we have to inform you that (we have since learned that).

We confirm our telegram of this day, as follows :

In further reference to our wire (telegram) this morning which we confirm, and of which copy is attached.

**Telegrams of explanation and correction.**

Our telegram of today should read thus :—

Change third word of our telegram to.

Full explanation of telegram sent by letter.

This morning's wire fully explained in letter to-night.

Having our telegram repeated correctly to-night.

Code telegram explained by letter already mailed.

Code used, Lieber, supplemented private code mailed 18th May.

Telegram refers contents of our letter mailed yesterday.

Cancel portion of telegram referring payment.

Letter mailed to-night cancels wire of this morning.

Cancel portion telegram from word "ship" to end; rest holds good.

In our letter of yesterday price should be seventy-five cents not sixty-five.

Goods named in our letter mailed yesterday have been sold; please consider offer cancelled.

Owing to sudden advance in raw materials prices sent you July 10 are withdrawn, our lowest present prices are ten per cent advance all round.

Have a buyer for lots offered you yesterday; please telegraph your decision at our expense (collect).

**Set of Foreign Telegrams with Letter.**

**From Athens**

To Automobile Exporters, New York.

Buyer of 120 side entrance or 160 two seater Buick; please forward photos particulars stating real condition what other fast Buicks state lowest price.

Simopulo,  
Automobiles.

**Reply cablegram.**

Simopulo

Automobiles

Athens

Writing you. Wire postal address.

Automobile Exporters.

**Cable from Athens.**

Simopulo Constitution Place

**CHAPTER 18.—PERSONAL LETTERS THAT HELP BUSINESS.**

Phrases and paragraphs for greetings and congratulations to business friends, by letter and by telegram.

**Greetings and Congratulations.**

Association in business often makes men close friends and leads to a genuine interest in each other's personal welfare.

The correspondence between such friends is therefore of an informal kind.

This very friendly tone should not be used in writing to persons who have not shown a decided desire for personal friendship. Otherwise, it is likely to defeat its own purpose.

The following are examples of letters between business friends:

Dear Mr. Smith,

I cannot let the opening of the New Year pass without offering you my sincere wishes for your good health and continued welfare. I especially desire to thank you for the many kindnesses you have shown me recently and I should welcome any opportunity of showing my appreciation of them.

Yours faithfully,

Dear Mr. Renaud,

It was a great pleasure to me to hear of your recent promotion to the post of manager. You thoroughly deserve it, and I am sure that you will be as successful in the new position as you were in the former one.

I heartily wish you success.

Sincerely yours,

Dear Frank,

This is to tell you how glad I am to hear that you have secured the position at Boston for which you were applying.

I heartily congratulate you, and I hope you will make such a striking success in the new post that it will lead to better things for you. I wish you every good luck.

Faithfully yours,

The Bath Portland Cement Co. sent a small desk blotter to its customers with the following message printed on a celluloid top sheet, decorated with a sprig of holly, printed in colors.

*Merry Christmas—Happy New Year*

Among our assets we like to count the only one that money cannot buy—your good will. And so, at this Holiday season we extend to you, not as a customer alone, but as a friend, the Best of Wishes for the coming year.

Bath Portland Cement Company.

### Greetings to Business Friends.

The Western Union Telegraph Company issues a useful booklet of 24 pages entitled, "Forms Suggested for Telegraphic Messages."

A selection suitable for sending to business friends is here given, with acknowledgment to the Western Union Telegraph Co.

**New Year Greetings.** Best wishes for the New Year. May it bring to you and your family health, happiness, peace and prosperity. May it see your hopes fulfilled and may it be rich in the successful accomplishment of your highest aims.

Best wishes for a Happy New Year.

I wish that the New Year may be one of happiness and good fortune to you.

My (Our) very best wishes for a happy New Year.

My (Our) cordial wishes for a Happy New Year.

I (We) wish you a Happy New Year, a year big with success and achievement, a year rich with the affection of those who are dear to you, a year mellow with happiness and contentment.

May the New Year be a good year to you and yours is the wish of your friend.

May the days of the New Year unfold for you and yours the best the days can give.

May the coming year and all that follow it deal lightly and kindly with you.

May the coming year bring you happiness in fullest measure.

May the New Year bring you health, happiness and all other good things.

If the New Year brings the fulfillment of my sincere wishes it will contain for you only health and happiness.

May the New Year be a good year to you and yours—full of health and happiness.

May each of the three hundred and sixty-five days of the New Year be a happy one for you.

The happiest of New Years to you and yours.

**Christmas Greetings.** Every good wish for a Merry Christmas and a happy and prosperous New Year.

My (Our) very best wishes for a Merry Christmas.

We are all thinking of you at this Christmas season and send you every good wish for health and happiness.

Merry Christmas to you and yours.

A very Merry Christmas to you and yours.

A message of good cheer to you on Christmas Day and to wish you the fullest measure of happiness.

May your Christmas be a very happy one.

Merry Christmas to you and all the family.

We all join in wishing you a Merry Christmas.

That your Christmas be a very happy one is the wish of your sincere friend.

May you have a bright and happy Christmas.

As the Christmas chimes are ringing I think with a full heart of our old friendship. May it be granted us to enjoy it for many years and may each of them be a happy one for you.

May Christmas bring you joy and happiness.

A Merry Christmas and a Happy New Year.

Best wishes for a Merry Christmas and Happy New Year.

A Merry Christmas from a friend to a friend.

May this Christmas find you well and happy. Best wishes to you and yours.

We all join in Christmas greetings to you and yours.

..... joins me in very best wishes for a Merry Christmas.

A Merry Christmas to all at home.

All Christmas cheer to you and yours is the wish of your friend.

At this glad Christmas time we send you sincerest wishes for your happiness and prosperity.

**Wedding Messages.** Sincerest congratulations to the bride and bridegroom from an old friend who wishes you both years of health, happiness and prosperity. May the future hold only the best for you that this world can give.

Heartiest congratulations. I (We) wish you many years of happiness.

Mrs. .... and I join in heartiest congratulations.

The best wish I (we) can send to you on your wedding day is that you will find in your new life every dearest wish of your heart.

Congratulations and best wishes for your future happiness.

Hearty congratulations. May your years be many and happy ones.

My (Our) sincerest and best wishes for your happiness.

We all join in hearty congratulations and best wishes.

We greatly regret that we cannot be with you today. Congratulations and every good wish for your happiness.

Heartiest congratulations. May all your days be as happy as this day.

May happiness, health and prosperity be with you through the years to come.

May all good fortune attend you, may your sky ever be bright, may no clouds of sorrow or trouble shadow it and may your path be long and filled with joy.

May all good fairies watch over you. May they keep all care and sorrow far from you and brighten your path with sunshine and happiness.

To both bride and groom, love and congratulations from an old friend.

May this day be the beginning of a long, happy and prosperous life for you both.

**Messages of Condolence.** You have my heartfelt sympathy in this hour of your bereavement. I wish I might find words in which to express my sorrow at your loss, which is also mine. May you have the strength to bear this great affliction.

You have my (our) heartfelt sympathy.

My (Our) heartfelt sympathy in your great sorrow.

I (We) want you to know with what tender sympathy I am (we are) thinking of you in these days of your bereavement.

My (Our) sincere and heartfelt sympathy.

I (We) realize that nothing I (we) can say can lighten the burden of your grief, but I (we) want you to know that my (our) deepest sympathy is with you in the hour of your affliction.

I (We) have just heard of your great affliction. Let me (us) assure you of my (our) heartfelt sympathy.

I (We) share your sorrow. May the memory of the happy years spent with him (her) help you to bear your great loss.

My (Our) sincere sympathy.

Your loss is also mine (ours) for I (we) have lost a friend. You have my (our) deep sympathy.

My (Our) deep sympathy goes to you in your affliction. May the memory of the honorable life just ended sustain and comfort you.

My (Our) heartfelt sympathy in this dark hour of your sorrow.

In the death of your dear father (mother—wife—husband—sister—brother) I (we) have lost one whom it was my (our) privilege to call my (our) friend.

My (Our) heartfelt sympathy goes out to you in your sorrow.

..... joins me in the expression of our deepest sympathy.

I (We) share your sorrow for I (we) have lost a dear friend. Sincerest sympathy to you and yours.

I (We) share your loss and send you my (our) deepest sympathy.

In your great sorrow you have my (our) deepest sympathy.

My (Our) sincere sympathy goes out to you in your heavy affliction.

In your affliction may the knowledge that your friends share your sorrow be a solace to you.

I am (We are) greatly shocked at the sad news. You have my (our) deepest sympathy.

My (Our) deepest sympathy in your great loss. If there is anything I (we) can do, do not hesitate to let me (us) know.

This is an example of a friendly letter from a coal dealer to a new resident.

The names of such new neighbors are generally obtained from real estate agents, furniture removers, etc.

Dear Mr. Robinson,

A mutual friend has advised me that you have recently purchased a new residence in this vicinity.

Please accept my best wishes for your prosperity in your new residence and let us hope that your new home will also bring you plenty of good luck.

It is not exactly "good form" to talk business in a letter of congratulation, but you will, sooner or later, need COAL in your new home and I would certainly like to supply it to you.

Are we expecting too much in hoping that whenever you are ready to buy, you will send us your order. You can drop us a postal at any time or telephone to our office, Virginia 1122.

Wishing you every success, I am with best regards,

Yours very truly,

## CHAPTER 19.—LETTERS OF INTRODUCTION AND RECOMMENDATION.

Phrases and paragraphs for openings and endings; recommendations, giving thanks, acknowledgment of mailed letters of introduction; specimen letters.

**Opening Phrases.** We have pleasure in presenting to you;

This letter will be presented to you by Mr. . . . . ., one of our very good friends, (by our very good friend, Mr. . . . . .).

Permit us to introduce to you the bearer of the present letter, Mr. . . . . ., representative of the firm of . . . . . of this city.

I take the liberty of introducing to you my personal friend. Mr. . . . . . who will present this letter.

It gives me great pleasure to introduce to you, by the present letter, Mr. . . . . . buyer for the firm of . . . . . one of the largest and best esteemed houses in this city.

✓ I have much pleasure in introducing to you and recommending to your kind attention, Mr. . . . . .

**Reason for Introduction.** He is visiting your town for the purpose of making considerable purchases of . . . . .

He wishes to appoint an agent in your district for his firm's products.

He desires to call on several of the leading firms who may be able to purchase his productions.

He is travelling for his health, after a severe illness.

He intends to buy direct from the manufacturers in your district, instead of, as previously, through jobbers.

He wishes to place his son with a good business firm, to gain some experience in cotton weaving.

Mr. . . . . ., who has been employed with us for 3 years, to our complete satisfaction, wishes to gain some experience in the export trade.

His father would like to find him some employment in your district, where he could gain a general knowledge of business and improve his knowledge of the English language.

✓ **Recommendation.** I should regard it as a special favor to myself if you can help him to attain the object of his visit.

We should be obliged if you could assist him by pointing out to him the firms whom you consider to be the most important and reliable.

We request for him the favor of your kind reception and assistance.

Will you please give him all the assistance possible.

It would be considered as a marked favor to us if you would give him all the assistance you can, so as to facilitate the object of his visit (to help him to obtain what he desires).

Please help him with such advice as your experience shows will be valuable to him.

Any service you can render to him will be appreciated by us as a personal favor.

We should be personally obliged to you if you could help him in this.

May we request, as a personal favor, that you (will) give him such information as will be useful to him; we have no doubt that your considerable experience and your knowledge of your local industry will be valuable in this respect.

We should be very thankful to you if you would assist him with your advice and valuable experience, so as to enable him to succeed in the object of his visit.

If it is possible for you to help him to obtain what he wishes, we should be greatly obliged to you.

We recommend him most warmly to your kind attention.

✓ If you can help to make his visit agreeable, it will render us a personal service. Whatever help you can give him we shall consider as a favor to ourselves.

**Giving Thanks.** Any assistance you may render Mr. Blank will be esteemed as a great favor to us, (will confer a great favor on us).

We should greatly appreciate any attention you can give him.

We thank you for any attention you may be able to give him.

Permit us to thank you in anticipation for any assistance you can give him.

We ask you to accept our sincere thanks in advance for the anticipated courtesy of your kind reception of our friend.

We shall be very grateful to you for any favors you may render to Mr. ....

We shall be very greatly obliged to you for any attention you may pay to Mr. ....

I thank you for any attention and assistance you may give to our friend.

I shall be glad to reciprocate your kind services.

We should be glad to do a similar service for you should occasion offer (should the opportunity present itself).

We hope to be able to show our appreciation of your kind attention.

We should be pleased if you would command our services at any time, for a similar or any other service.

I shall be pleased if you will allow me at the same time to express my appreciation of your assistance.

We assure you of our sincere desire to be agreeable to you in rendering any similar or other services, as an appreciation of your kindness.

✓ We request you to avail yourselves freely of our services in this town should an opportunity offer.

**Acknowledgment of Mailed Letter of Introduction.** You may rely on our doing everything possible to make the visit of your friend agreeable and profitable.

We look forward with pleasure to the visit of your friend and will do our utmost to help him to succeed in the business you mention.

We shall be glad to place our experience and knowledge at the disposal of Mr. .... and to introduce him to friends here who can help him to obtain what he wishes.

We thank you for availing yourselves of our friendship; it will be a pleasure to us to do our utmost to assist your friend in the way desired.

We shall gladly do all in our power (everything possible) to be of service to Mr. .... in the object of his visit.

We wish to assure you that we shall spare no effort to help your friend to make the results of his journey completely satisfactory (to make a success of his trip).

We shall be glad to give your friend a reception deserving of your recommendation and of the high esteem in which we hold yourselves (high esteem and regard we have for your firm).

Rest assured that we shall do our utmost to justify your confidence in recommending Mr. .... to our attention.

**Letters.**

Dear Mr. Gates,

The bearer of the present is my friend, Mr. Leon Dubois, who is interested with myself in a motor car business. I shall be happy if you can assist him in any way concerning the touring business in California, which he wants to study on the spot.

Allow me to thank you now for any kindness you may show him.

Yours faithfully,

Gentlemen,

This letter will be handed to you by our friend and customer, Mr. Robert Bagley, whom we have the pleasure to introduce to you. We ask the favor of your kind attention to Mr. Bagley and we should be greatly obliged for any services you may be able to render him in a personal matter which he will explain to you.

Mr. Bagley intends to return home by way of Chicago, in order to establish a buying agency there for the firm of which he is a partner. If you have any business friends there to whom you can recommend him, we should appreciate your assisting him. We thank you for any service you may render our friend and we hope that we may have an early opportunity of showing how greatly we value your attention.

Yours very truly,

Sres. Sebastian & Motta, Callao (Peru),

Gentlemen,

The bearer of this letter, Mr. P. Lawless, one of the partners in the firm of Lawless & Dodd, of our town, with whom we have for many years been engaged in business relations, intends visiting your town and other ports of the Pacific coast, in order to form fresh connections and open new markets for the articles they make.

It is with great pleasure that we introduce Mr. Lawless to you, being convinced that you will give him a friendly reception, and knowing that amongst all our friends none would be better able than yourselves to render him the necessary assistance.

We shall consider ourselves personally obliged by all that you may do for Mr. Lawless, and we beg you to make use of our services in return without reserve on a similar occasion.

Yours very truly,

Dear Sir,

We have much pleasure in introducing to your acquaintance our most particular friend, Mr. Niedermann, of the very respectable firm of Messrs. Neidermann & Vanvert, of Rotterdam. We shall be happy indeed should this introduction lead to some business between you, because we are well convinced that you find Messrs. Niedermann & Co. deserving of every confidence. Any attention you may please to show to Mr. Niedermann we shall consider as shown to ourselves, and shall at all times be happy to reciprocate.

Yours very truly,

Gentlemen,

We have pleasure in introducing to you the bearer of the present letter, our friend Mr. Bertram Boddy, who is visiting your city in order to make arrangements with an export house for the sale of his products in foreign markets. It would be considered as a great personal favor to us if you could help Mr. Boddy with your advice and with introductions to firms who may be able to undertake the export business for him.

We thank you sincerely for any assistance you may be able to give him, and we assure you that we should welcome an opportunity to serve you in our district, as an appreciation of your kindness.

Yours very truly,

## CHAPTER 20.—APPLICATIONS FOR SITUATIONS— WHAT EMPLOYERS SAY.

Drafting the application; what to include and what to avoid. What employers say they want in an application. How to sell your services. Phrases, paragraphs and letters for applications.

Applications are generally made in reply to advertisements. The applicant should remember that there may be hundreds of replies. If he writes a letter which is like the other applications, there is no reason why it should be preferred to the others.

To ensure the envelope being opened, it should be addressed neatly and correctly. Both the envelope and the letter paper should be plain, and of good quality. **The application should be made at once**, because, where there are a large number of replies to an advertisement, probably only the first lot will receive attention.

The letter should not begin like this ; "In reply to your advertisement for a clerk, in to-day's "Mail" I beg to offer my services." That shows that the writer is an ordinary sort of man, whereas each employer wants to find a man above the average.

An applicant should bear in mind that the advertiser knows nothing about him, and that he will judge of the writer solely by his letter of application. You have to convince the employer that you can do better than anyone else. If you have any special capabilities, state them, at the beginning, but do not exaggerate.

Do not give details as to age, whether single or married, nor of your religion, unless these are asked for. If you have special abilities for another kind of work, don't mention them.

The important thing is to give reasons why you are specially fitted for the one position you are seeking, and why you can suit the employer's requirements better than any other applicant.

Give facts and give them briefly, but give every reason which should really weigh with the employer, without making the letter too long. If you cannot convince him, you are not a good salesman of your own abilities, and he would argue from it that you would not be of much use to him.

The writer once asked a large employer why he always promptly refused every application made by his assistants for increases of salaries. The reply was instructive. The employer said, "Well, if the man is worth the increase he can prove it to me by argument supported by facts, because I never refuse to listen. But if he cannot talk convincingly to me of his own value, it is not likely that he would be able to talk convincingly to my clients in order to obtain business for the firm."

He was quite right ; take the hint, and use it.

**Drafting the application.** Letters of this kind are sales letters, because the applicant tries to sell his services. The employer judges by the application itself whether he shall give the applicant a chance to prove his suitability for the position.

In reply to an advertisement all the requirements named in it should be fulfilled. If salary is to be stated, it should be named in the application, otherwise it may be rejected at once.

Very full details, of experience etc., should not be given in the letter. They should either be typed on a separate sheet, attached to the letter, or they should be stated very briefly and an offer made to give fuller particulars at an interview.

Letters of application should be neat, well displayed, made easy to

read, and be written or typed on paper of fair quality, and on one side only of one folio sheet.

The applicant should have sufficient confidence in himself to state that he is competent to do the work required. Any special advantages of training, experience, or education should be named. If good references from previous employers can be obtained, their names and addresses should be given.

Avoid boasting, but remember that unless you can show that you are competent to fill the position your letter will be discarded at once.

Do not mention any special training or experience you have had which is not connected directly with the work of the position you are seeking.

Try to gauge from the advertisement what the employer wants; then let your letter appeal to his point of view, not yours. If the application is in reply to an advertisement, omit any reference to it except the number or initials to which the reply is to be addressed. Then plunge right into the subject with an interesting opening paragraph. Short paragraphs and clear statements are required.

In applying for a coming vacancy, not advertised, the opening paragraphs may say "If you are in need of an assistant to take charge of . . ." or a similar wording. Make the reply easy by giving a telephone number at which you can be reached quickly. Do not send an addressed envelope, nor photographs, nor original testimonials, unless requested. Ask for the average salary or say that it can be discussed at an interview; it is better to fix it in the letter.

**What employers want in an application.** A short time ago a joint committee of business men and advertising men met to consider how they could help applicants for employment to write brief letters which would not waste the time of employers who had to make a selection from replies to advertisements. The following suggestions were agreed on as being both important and necessary.

**How to begin.** Begin your letter with the briefest possible reference to the advertisement you are answering, and then state your qualifications for the post without wasting a word. Give: (the first three lines apply only when asked for)

Age——— Height———. Educated at———.

Examinations passed or degrees taken.

Was a junior at, or articed (or apprenticed) to, Messrs. ——— for ——— years from (state date) to (state date).

Next give the following facts, when possible, regarding *each* of your three latest employers, including your present firm, if now in a situation.

Was (or am) with Messrs. ——— (give business and address of firm) from (give date) to (give date) as (state employment) at (give salary).

Reason for leaving.

Name and position of individual who is your "reference" or "referee".

When applying for specialised work state your qualifications clearly, such as: Shorthand and Typing—give respective speeds.

Foreign Languages—state which, and whether read, spoken, or written.

Bookkeeping—state experience.

If as traveling salesman—state turnover and districts in which your connection is.

State when you can take up your duties, if appointed, and give your name and address clearly, and telephone number.

**What to avoid.** Do not state your personal reasons for wanting the situation.

Do not discuss your misfortunes now or in the past.

Do not ask for an interview or for further particulars of the situation, instead of giving the details asked for by the employer.

Do not talk of your previous employer's failure to appreciate your merits.

Do not complain of having been passed over on account of "favoritism."

Do not, either thoughtlessly or deliberately, disclose intimate details of your previous employer's affairs, as, for example, by explaining that you left on account of "falling-off in business." Such points suggest indiscretion and disloyalty.

Do not enclose *original* testimonials or stamped, addressed envelopes for reply. The first is evidence of recklessness in your own affairs, and the second is a useless extravagance.

Details of your family history have no interest for a business man.

Finally, when you have written your application, do not forget to read it carefully before posting. An obvious error will not recommend you as either careful or painstaking.

A letter written on the lines suggested should in itself be a recommendation, because it gives the employer at a glance all the information he wants and without wasting words. It will appeal to him as a business man.

**Sell yourself.** Finally, if your replies to advertisements do not quickly bring results, try going out after employment.

Don't dress extravagantly; put on the clothes which you would regularly wear when going to your employment, so that you could begin work at once, if required. Then call at those places which employ men for the kind of work you want.

The man you see may not want you, but he may know of someone who can employ you. When your own trade or business appears to want no men, try the chief firms of some other trade which seems to be brisk.

To some men this course may seem undignified. It is not so; it is simply selling your services instead of selling goods. It is much better for any man with self-respect to ask for work rather than to ask for money loans or credit without knowing how or when repayment can be made.

**Phrases for applications for positions.**

I resigned my position with my last employers in Albany a month ago, as my family removed to New York.

At present I am filling a similar position to the one you advertise, but in a small firm. As I am studying hard to fit myself for more responsible work, I would like to change to a position offering larger opportunities.

Although my present employers do not wish me to leave them, my family circumstances make it necessary for me to seek a position with a larger firm, offering greater opportunities of earning more salary, in return for hard work and sincere service.

I thank you for having placed my name on your list for any future vacancies. I hope you will permit me to renew my offer of service later.

On July 6 I wrote offering my services as a salesman, but you were not then in need of more help.

As your busy season is now opening, may I ask your reconsideration of the application.

The following is a summary of the details given in my letter of July 6.

The accountant who audits the accounts of the firm for whom I am now working has for the last 2 years commented favorably on the way the books have been kept by me.

The following details of my experience may help you to judge of my suitability for the position you advertise.

Within a year from the time I was appointed sales manager for the Cleveland district, I had increased the average monthly sales there by 300%.

If you would like me to call, you may reach me at Main 8750.

I should be glad to call on you to give more complete details of my training and experience. A message to Central, 6942, would reach me quickly; please ask for me personally.

I should appreciate your giving me the opportunity of calling on you, so that you may judge of my fitness for the position. My address for letters is 60 Auburn St.; for telephone messages, David, 8743.

I could call on you at any time, as I am at present disengaged. My letter address is 89 Fourth Street; telephone Virginia 670.

**Refusal of offers of service.****To applicants for situations.**

We thank you (We are obliged) for your offer, which we regret we cannot utilise, (of which we regret we cannot make use, avail ourselves),

because we have no vacancy at present.

because we have already filled the position advertised.

because your application arrived too late to be of service.

because we only fill such positions by promotion from present employés.

because this is our quiet season, and we are fully staffed at present.

**Application by beginner in business.**

Gentlemen,

During the last two years, I have been training for business at one of the leading business colleges, and I believe that I am now fitted to perform a junior clerk's duties, quickly and well.

**Bookkeeping.** I am well used to calculations, and the preparation of in-

voices, statements and other business documents. I have also a practical knowledge of entering and posting the usual books of account, and of preparing trial balances.

**Correspondence.** I have had considerable practice in taking notes from dictation, up to one hundred words per minute, and I can transcribe my notes, neatly and correctly, on any of the usual makes of typewriting machines. I am also able to compose ordinary business letters in proper form from brief notes and I understand the chief ways used for filing letters.

**Salary.** If you would favor me with an interview, I have no doubt that we could arrange satisfactorily the rate of commencing wages. I am anxious to enter a firm in which steady and intelligent work would be appreciated, and am prepared to begin with any kind of work you need doing.

My age is 18. I could call on you any day and hour you may be so good as to fix.

**References.** (Referees) Mr. — of — etc.

Yours respectfully,

**Applying for a position as bookkeeper.**

Dear Sir,

**Your advertisement A246, in to-day's "Courier."**

You need a bookkeeper who has been thoroughly trained and who is experienced in the most efficient ways of keeping accounts, one who can show results day by day, and give you statements which will help in directing buying and selling policies. You need a man who understands that the facts entered in the books can be made useful to bring more business and to save expense.

I am competent to do the following work for you:

Keep a full set of books by double entry;

Keep controlling accounts; make out weekly and monthly trial balances;

Make out monthly profit and loss account and balance sheets;

Take full charge of purchase and sales ledgers and see that any assistants do their work correctly;

Get out monthly statements promptly and make collections quickly;

Write collection letters and follow them up effectively;

Check creditors' statements and get full discounts;

Handle trade acceptances, drafts, and notes, to your advantage and see that they are met at due dates;

Keep a constant watch on cash and bank balances;

Watch time record of employes and make out payrolls.

During the last 3 years I have been, and am still, with Messrs. Wilkins & Walker, of 74 First Avenue. For 5 years previously I was with Mr. A. Douglas, of 8 Washington St. For both of these firms I was in charge of their books and I believe that they will each give me a recommendation.

I am bonded now for \$3,000.

My reason for wishing to change is that I want to be with a larger firm, offering more opportunity. As regards salary, I would like to commence at \$40 per week.

If you would telephone my home, Auburn 864, I could call on you any time during the following day.

Respectfully yours,

**Application for Appointment as Resident Buyer.**

Dear Sir,

Have you seen the article in this week's "Men's Wear Review," pointing out that European manufacturers are making special sacrifices in prices, in order to sell surplus production in the U. S. A. We may expect to find quite a number of lots of good tweeds and other fashionable materials offered at tempting prices, cloths out of which you could make big profits. The out-of-town buyer will never have a chance to get these goods, because they will be sold immediately they are offered.

That is why I offer you my services as resident buyer in New York for your firm. I am well known to all the importers' agents and domestic manufacturers. I can furnish first class references, and have had 20 years' experience.

Could you fix an appointment to discuss the advantage to you of having your own buyer here.

Yours very truly,

**CHAPTER 21.—ENQUIRIES FOR REFERENCES OF EMPLOYEES—GIVING REFERENCES.**

Explanation, examples of forms of letters of enquiry, with replies.

**Former employés.** Even though a former employé has not asked for permission to use a firm as a reference, replies should in fairness be given to all enquiries of this kind. Even though he failed with you, he may make good in another kind of work, or under different management

Dishonesty or disloyalty should be reasons for refusing to give any reference. A reply saying that the writer prefers to make no statement is sufficient in such cases; the request should not be ignored entirely as that would be discourteous to the enquirer.

Open letters of recommendation addressed "To whom it may concern" should not be given, because they may be misused. It is better to tell the employé that direct enquiries will be promptly answered and to keep this promise.

If the employé is anxious that reference should be given in support of an application, the reference should be addressed directly to the prospective employer, and may begin "at the request of Mr. (the employé) I have pleasure in stating," etc., followed by a sober summary of your own opinions of his capabilities and his reliability. The points in his favor which would weigh with the new employer may be named. Minor faults should not be mentioned, especially in the case of young people, because they generally change to steady habits very quickly. The letter may close with an offer to supply further details in reply to a direct request by telephone or by letter.

Even though you quarreled with the employé when he left, be fair

to him and give him a good letter of recommendation afterwards, if his work and conduct before the quarrel had been satisfactory.

We all do things at times for which we are sorry afterwards (especially the other man).

Remember the saying of John Bunyan, the author of *Pilgrim's Progress*. When he saw a wretched looking man being led to prison, to serve a severe sentence for theft, he said to a friend, "There, but for the grace of God, goes John Bunyan."

### Enquiries.

Dear Sir,

*Eleanor Grigson* of 11, *Barry Road, East New York*, has applied for a position as stenographer in our establishment and informs us that *she* was in your service for *six months* as *Assistant in Office* leaving *Sept. 22nd* last.

Will you please say if this information is correct, and whether you found *her* thoroughly reliable and straightforward, & if you know of any reason why we should not employ *her*. We thank you in anticipation of your reply for which we enclose stamped addressed envelope.

Yours truly,

Dear Sir,

Mr. Roberts is being considered for a position with this Bank.

He has given us your name as a personal reference and we shall appreciate a full statement from you as to his habits, character, and ability.

Any information you may give us will held in strict confidence and we shall be very thankful for your courtesy.

Very truly yours,

Dear Sir,

Mr S. Dowdall, of 12 Sterndale Road, in this city who has applied to us for the post of assistant bookkeeper in our office, has given us your name as a reference.

We should therefore be obliged if you would kindly inform us what you think of him, and would say that any information with which you may favor us will be appreciated and treated confidentially.

We thank you in anticipation of your reply,

Yours faithfully,

Dear Sir,

Mr. H. Campbell has given you as reference stating that he was in your employ.

We would appreciate your advising if his services proved satisfactory, and any other information you can furnish regarding his character and integrity.

Very truly yours,

### Replies—giving references.

Dear Sir,

re Mr. E. Roberts.

Reply to your letter of February 10th.

I have known Mr. Roberts for the last three years and am pleased to say I can recommend him to you as entirely trustworthy, and steady in his habits. He

is both intelligent and well educated and, from what I know of him, I should expect that he would quickly adapt himself to any duties you may entrust to him, and that he would perform them to your satisfaction.

Yours very truly,

Dear Sir,

Mr. W. Thomas, of 20 Ponsonby Terrace, S.W.

In reply to your favor of January 20th. Mr. Thomas was in our employment from September 28th to December 24th, at which time he was discharged on account of inefficiency.

The man appeared to know a good deal about engineering, but he was rather too careless to suit us and we let him go.

It is quite possible that he would give better satisfaction in some other position under other circumstances.

Yours faithfully,

Dear Sir,

Re yours of the 20th January, with reference to Mr. W. Thomas who was employed at the firm for one month. During that time we found him trustworthy and honest.

Yours truly,

**PART II**  
**SALES LETTERS AND SALES PROMOTION**



## CHAPTER 22.—SALESMANSHIP APPLIED TO LETTERS.

The principles of salesmanship; what makes a letter bring results; point of view of the buyer, what makes him buy; advantages of selling by letter. Phrases, paragraphs and letters illustrating good salesmanship.

**The Principles of Salesmanship.** Begin with the idea that no one wants what you have to offer, or that they are satisfied with what they are getting from someone else.

Your aim is to make people want what you offer, and to want it from you, because your goods or your services are better than can be had from anyone else. If they are not better, you should do your utmost to make them so.

You have to persuade the reader of your letter that you have been thinking of his desire to obtain something which is good for him, or which will help him, or save him money, or bring him a profit, or give him pleasure, and that you have found the very thing he desires.

Try to prove that it is good, and within his means, and especially that it is to his advantage to accept your offer at once. (You can't live now on the business you might do at some future time.)

Appeal to his own judgment, but give him the facts arranged in your own way, so that he will reach the conclusion you wish.

If possible, guarantee his judgment to be correct by offering to refund his money if dissatisfied. Mention how other people have been pleased with your goods or services; then make it easy for him to decide.

Appeals based on superior taste are weak, as compared to offers made on the ground of profit, convenience, pleasure, or love of display.

### What Makes a Letter Bring Results.

The style of writing of many successful correspondents would not be approved by professional letter writers or efficiency experts, but the letters bring good results, and that is the one thing that is necessary.

One most successful writer of investment letters writes in a style which seems to show that he does not care whether his advice is accepted or not, and he is not even anxious to give any opinion at all. Yet his letters bring better results than those of other correspondents who are more earnest and aggressive in their recommendations.

Successful letters are worth serious study in the search for effective methods of appeal. Everyone has a natural style of writing, just as everyone has a natural style of shooting with a rifle. The natural style

should not be changed but improved. It is not the position used in shooting, nor the rifle, but the bull's eyes which count.

Salesmanship, and successful letter writing, are attempts to get inside the other man's mind and to suit your appeal to its workings. That is almost as difficult as to put another man's hat on his head so that it will exactly suit him. There is no other way to learn but by continually trying.

A good letter may fail because it is sent out at the wrong time, that is, at the wrong season of the year, or the wrong day of the week or month. The best time for a letter to receive favorable treatment is in the middle of a week, not on Monday or Saturday, nor just before or after a holiday.

Everyone listens to the man who has real ideas, although he may not be able to speak them with fluency or with beauty. There are statesmen who are unconvincing to listen to, but their speeches, after being polished by the reporters, show that there are serious and valuable thoughts behind the halting delivery of the speakers.

A successful letter is capable of being re-stated in different language and of being used again and again, but care should be taken to use it at the right time and with the right people.

Beauty of style in a letter is not essential to success. The strength and sincerity of the message makes the appeal successful, not the words in which it is stated.

Some men's minds can grasp only one idea at a time and they are slow to understand new things. It is well to remember that reading consists of two processes; first, the reading of the words (by the eye) and, second, the translation of the words into ideas (by the mind). The working of the mind is slow with most people and therefore the reader should be helped to understand the message by giving him striking illustrations and by preparing the idea for him in advance of the action of his mind.

Stated briefly, the writer of a letter should "make it easy" for the reader to get the desired meaning of it.

#### **THE POINT OF VIEW OF THE BUYER—WHY HE BUYS.**

An old lady who was asked what were the reasons which weighed mostly with her in buying, gave the following list:

1. If I want the article and cannot do without it any longer.
2. If I have the money to pay for it and I can afford it.
3. If it is offered at a less price than I can buy it elsewhere.
4. If it is of sound quality, looks nice, and is easy to use.
5. If it can be easily got home.

The problem of the salesman is to satisfy all these requirements in the order in which they are stated. The problem should be attacked from the point of view that no one wants the article, but that people must be made to want it. They must be shown how it can be useful to them and how they will either make money from using it, or from selling it to others, or that they will have pleasure or some other advantage from it.

The mere fact that a thing is good, and will be very useful, will not sell it.

Dr. Graham Bell had the greatest difficulty in persuading people that the telephone was anything but a toy. It took years of persuasion to get it adopted for business houses. Makers of typewriting machines had great difficulty in persuading people to use them. They still have to advertise and use salesmen to persuade buyers.

The Westinghouse air brake is another example. It is said that when Mr. Westinghouse explained its working to a New York banker, to persuade him to provide funds for its manufacture, the banker replied, "You tell me that a powerful locomotive, with a heavy train behind it, going at full speed, can be stopped in a short distance by air—just air. You must take me for a fool."

An imaginative author once wrote that if a man could make a better article than anyone else, even though it be only a better mouse trap, the world would make a beaten track to his door, wherever it might be.

**Why advertising and salesmanship are necessary.** That remark is not true, because it altogether loses sight of the fact that the world must first be convinced that the better article is really better, and that people must be made to want it in sufficient quantities to make its manufacture profitable.

It has been both difficult and costly to at first create a large demand for articles which are now considered indispensable for business, for example, the typewriter, the adding machine, and cash registers. Even today it costs more to sell typewriters than it costs to make them.

The demand for good things will come of itself, but too slowly to make the supply of them a profitable business. It is the business of the salesman to make the demand grow rapidly. All things come to him who waits, provided he hustles while he waits. But why wait, when you can get results now, by good salesmanship. If you are not a good salesman, hire someone who is.

The public will not buy without persuasion, and this persuasion must be persistent. The expense of selling must be charged to the public in the selling price. It is an essential part of the cost and should be provided for.

For example, the making of one article, used in almost every business office, costs 25% of its selling price. The factory adds another 25% for profit and charges it to its selling branches at 50% of the selling price. The salesmen's commissions, advertising, and overhead, cost another 25% of the selling price, leaving the selling branches a net profit of about 25% on sales. Several attempts have been made to sell the article, under other names, at half the price, in the hope that the low price would cause the public to buy without costly advertising and without persuasion by salesmen's calls. All of these attempts have failed.

The writer discussed this question of the necessity of persuasion with the sales manager of a company making an article largely used by men, an article of necessity, but made in a new style, rendering its use easier. The article

could be made for 25c, and could be sold in moderate quantities at \$1. Without extensive advertising it would not be preferred to the older form of the article. It was therefore decided to advertise extensively. Several million dollars have been spent in advertising of all kinds, and the cost of this has been added to the selling price, which is around \$5. The retailer is allowed a large net profit; he therefore pushes the sale of the article. The manufacturer also makes a large net profit, even after paying the cost of the advertising and selling. Owing to the large profit it is possible to add an appearance of luxury to the article, by giving it a superior finish and packing in a tasteful way.

Everyone who handles the article, manufacturer, jobber, wholesaler and retailer, makes a good profit on the \$5 retail price, and they all prefer selling this article rather than a cheaper article, on which their profit would be less.

As the article lasts for several years, the higher retail price does not stop sales, because it is made and packed in superior style.

A still more striking example of salesmanship was the extensive selling of the Encyclopedia Britannica. The only purchasers of this work, without persuasion, were libraries and rich people of literary tastes. By extensive advertising a desire was aroused in other persons to possess this work, the argument being that its study would give the equivalent of a university education. The purchase was made easy by allowing payment by instalments. In consequence of this, the work was sold in enormous quantities to all classes of people.

It is useless to butt against hard facts and to delude oneself with the idea that merit alone will cause a demand for anything. Advertising is necessary in order to sell enough to make business profitable.

**Convenience more important than price.** For articles of general use, the purchaser is persuaded to buy on account of the greater convenience of the improved article. The price is altogether subsidiary. The great thing is the creation of the desire to have the article.

Selling a new article because of its low price is difficult, if the profit is small, because there is no margin for advertising.

Greater convenience will generally persuade the public to pay more. For example, a biscuit company sells its products packed in large cases. The grocer sells these biscuits loose, by the pound. The same biscuits are also packed by the maker in small cardboard packets, which the grocer sells at about 25% more, reckoned by the pound. There is a greater sale of the small packages than of the loose biscuits. Why? Simply because of the greater convenience to the buyer.

The facts to be learned from the above examples are as follows:

1. Most people are poor judges of value.
2. Price is not generally the deciding point in sales; persuading people to want the article is the most important factor.
3. A low price will not, of itself, create a demand for an article.
4. Strong advertising will generally cause a profitable demand and increase sales, although prices may be higher.
5. Increasing the selling prices, to cover the expense of advertising, will not prevent sales.
6. Preparing articles in a more attractive or more convenient form will cause a demand, even at higher prices.

7. Making the purchase easy will increase sales; for example, allowing payment by instalments. Sending on approval for a limited time is sometimes added as a "clincher."

8. It costs money to advertise reduced prices; therefore, lower prices should only be offered where a greater loss than the cost of advertising would be suffered by not selling at that time.

9. It is better to spend money on advertising (even if the price has to be increased to pay for this) than to reduce the price in order to increase sales.

**Take the point of view of the buyer.** The reason why the seller wishes to sell is a very poor argument to use with a possible buyer. The customer considers his needs first, and last.

Therefore, successful selling consists in guessing the other man's wishes, or in making him want what you have to offer. The next step is making him want the article now, and making it easy for him to clinch the bargain before the desire weakens because of some new fancy.

**Arousing desire.** Most people have more needs or desires than they can satisfy. The aim of the salesman is to make one of these desires appear the most important, the most urgent, and the easiest to supply.

**Getting attention.** Selling by letter is different from selling at an interview; destroying a letter, or putting it aside, immediately closes its power of appeal to the reader.

Therefore selling letters must arouse attention in the first paragraph.

**Obtaining a decision.** The selling arguments must be stated in a few words and they should be clear and convincing. To avoid delaying a favorable decision the usual arguments against immediate decision should be anticipated and answered without, however, stating possible objections. Acceptance of an offer should be made easy by enclosing order forms, application blanks, etc.

If several reminders have to be written in order to obtain a decision, each one should contain a new and if possible a stronger argument. Or, a previously used argument should be stated in a more persuasive way. Each letter should advise immediate decision and should give a reason for it, such as a low price offered for a short time only.

#### **Advantages of letters for selling.**

A letter cannot stand before a possible customer, like a salesman, in order to discuss an offer by way of question and answer. Nor can it call again if the customer is busy with other matters.

But it can make an offer to sell to a larger number of customers at the same time, and over a larger area, at a very small expense.

The chief of a business is not generally able to train every salesman to adopt his way of presenting business offers to customers. But, by means of letters, the chief can make an offer, in his own way, to as many customers as he may wish, and he can make each letter a personal message from himself.

The customer is generally in when the letter calls, and it costs very little to repeat the call by a follow-up letter. This costs less than a salesman's calls, especially for distant places.

Advertising of every kind can be largely aided by letters, and they are the easiest, quickest, and cheapest ways of turning enquiries into orders.

Letters can also be used to supplement visits of travelling salesmen, by keeping in constant touch with customers between visits, or in announcing coming visits.

**SALESMANSHIP—Taking advantage of Season for Sales Talk.**

There are busy and dull seasons in every business.

For example, the outdoor life of summer brings business to automobile dealers, ice cream makers, and others.

The cold of winter increases trade for makers of furniture, pianos, stoves and radio sets.

The opening of the various seasons gives the opportunity of adding suitable phrases to all letters.

For example: in April and May a hardware dealer could add to all his letters and bills sent to customers a few phrases speaking of the stock of screen wire and window screens he has on hand, to protect the house from flies, or of paints for the outsides of houses.

In September, October and November he could add remarks about oil heaters, gas cookers, and storm doors and windows.

The phrases or paragraphs for each season should be printed on small leaflets, to be attached to invoices and letters.

**EXAMPLES OF LETTER SALESMANSHIP—Service.**

Would you like to have an expert's opinion on the kinds of carpets, rugs and linoleums to use, so that they may harmonize with your furniture? We shall be glad to send one of our experts on interior decoration, who will willingly advise you as to this. This service will cost you nothing, even though you buy nothing from us.

The furniture will be delivered to you and placed in your rooms, in the exact position desired, at our expense. This saves our clients much trouble and we are glad to be of service in this way, because we then know that the articles will arrive in perfect condition.

To help you to adopt our improved flours, we shall be glad to lend you the services of one of our expert chefs. He will stand in your bakery for a full day, to assist your staff in making the most economical and effective use of these flours. This assistance will be free of all expense to you.

In order that you may select a soap which will be the most economical to use with the water supplied in your district, we shall be glad to send you a thoroughly trained chemist to analyse your supply and to report to you on the kind of soap required. There is no charge to you for this service, whether you buy from us or not.

Having a new roof put on your house is a matter requiring caution. You can't see it until it is on. You can't tell whether it will be rain-tight until it is on. That is why you ought to have a dependable roofing concern do the job.

**SALESMANSHIP—Sending testimonials.**

We are daily receiving letters from customers telling us how much pleasure they have received from the radio sets they ordered from us. It would need a big book to hold them all.

On the attached sheet are the names and addresses of several customers in your district. Ask them.

One business firm which adopted our system of standardizing its correspondence and using form paragraphs, instead of having all letters dictated, saved

60% on the cost of correspondence, and increased its trade. We enclose a facsimile of this firm's letter.

The first class hotel is careful to use only the best articles. The following hotels use our coffee exclusively:

The enclosed booklet contains facsimiles of letters from former students, showing the promotions and increases of salary which they say are due to their having worked through our course of instruction.

### SALES LETTERS.

Dear Sir,

"I don't care what you have done for *others*.

I don't care WHO you are doing business with now, or *why* you are doing it. All I am interested in is—what can you do for me?

Show me a sane, practical plan for getting more business NOW and I will do business with you."

That's what one man told us. We satisfied him.

Won't you give us the same opportunity, by signing the enclosed card?

Sincerely yours,

### POSTAL CARD ENCLOSED

I am willing to match fifteen minutes of my time against yours, so send your man.

- (1) *Drop in next*.....at.....o'clock
- (2) *Ask for Mr.*.....
- (3) *Firm* .....
- (4) *Address* .....

Dear Barton,

I am in receipt of your letter of to-day and in reply I am sending you two or three advertising sheets of our tires which I hope will help you to secure some business in them.

We are issuing a new tire list, copies of which we shall be pleased to send you as soon as they are ready, but in the meantime, for your guidance when quoting prices, the prices at present are as per enclosed leaflet, plus 20% for flat tread and tubes and 12½% for non-skids.

The discount that we allow in the ordinary way to the trade is 15%, but to assist you in doing business in our goods we would allow you 20% and 5% for prompt cash.

You might like to have a few of our tires on show; if so, we have about half a dozen slightly damaged tires, which you saw displayed here, on which we could make you a considerable concession. These tires would no doubt serve you quite well for the purpose of show, or for putting on your own cars.

Yours truly,

P.S. I presume you know A— & B— have raised their prices 25%.

Dear Mr. \_\_\_\_\_,

We have for you a de-luxe flexible leather memorandum book—your name to be stamped in gold letters on the front cover.

Just fill in the enclosed card and return. It costs you nothing, nor does it put you under any obligations. Please accept it with our compliments.

Frankly, we take this means of getting before you our Special Contract for Preferred Risks only, that has proved so attractive to big business and professional men generally—giving them all the provisions and benefits of the high priced policies, yet costing the least.

This plan is available only to first class risks up to the age of 60, but for those who can pass muster—it's the best to be had.

Yours very truly,

*Card Enclosed With Letter*

Number 793

There is reserved a de-luxe flexible grained leather card case and memorandum book for

MR. \_\_\_\_\_

which will be delivered upon receipt of this card at the home office of the Safeguard Life Company with the completed inquiry outlined on the reverse side. Your name to be stamped on the cover in gold.

This hotel is but a step from the White House and right in the heart of official Washington. Housing guests is not our only function. We make it our business to take care of them.

(Appeal for contributions to a charity.)

*The Work Is to Be Done, and It Should Be Done Quickly.*

Send in your check—you know the importance of the work and you know the amount to give—but *send it now*. If you want further facts concerning other features of the work we will furnish them, but the work cannot be done without *your* help. We will do our best, but our best is not sufficient. It can't be done without you.

*It Is Up To You, Business Men—You Must Share Responsibility.*

Please file in SPECIAL \_\_\_\_\_ FOLDER for future quick access, tomorrow you may need us.

### EXAMPLES OF DESCRIPTIONS.

Everyone wants good quality and good finish. They are frequently not to be had except in the highest priced goods. Each article of our products is guaranteed of good quality; that is, they are made of good materials by skilled workers, and they are perfectly finished; all imperfect articles are rejected. No matter what price you pay, every article bearing our mark is reliable.

Look carefully through the illustrated catalog (or circular or booklet) which we enclose (which we have sent under separate cover), and you will find full and exact descriptions of our pianos. This will help you to decide on the kind most likely to please you and will tell you all about sizes, qualities, prices and terms of payment.

Please write us for any further details you would like to have, and we shall be very glad to help you by replying fully.

On page 16 there are some testimonials from customers which may be of interest to you.

We would like to talk to you about the furniture of which we sent you a catalog last week.

We want to explain why we are able to guarantee our furniture. Our designs are exclusive; they are specially prepared for us by our own experienced designers, who are experts in the creation of beautiful furniture which will at the same time stand hard wear. The furniture is made under our close supervision, from timber which has been air dried for at least two years, and afterwards dried in kilns. This prevents any possibility of warping, or of joints coming loose, after the furniture has been delivered to you.

**Other Salesmanship letters.** For other examples, see the later sections on offers of goods by circular letters and on offers of service by separate letters.

## CHAPTER 23.—WHY SOME SALES LETTERS BRING RESULTS.

Drafting the letters; when to write short or long letters; see the customer's point of view; writing business letters to women and to dealers.

For a sales letter, whether written to one person or intended to be used as a circular letter, the chief features are:

1. It must attract attention, either by the style of the stationery, or the color, or by neatness of display.
2. The contents of the letter should contain a striking opening statement, sufficiently strong to get the whole of the letter read.
3. It must arouse some want or desire of the reader.
4. It should show clearly what you offer to satisfy that want.
5. It should convince that what you offer is better than usual, and it must give proof.
6. It should show how easily what you offer can be got, and how little it will cost.
7. Strong reasons should be given why the offer should be accepted at once.
8. The acceptance should be made easy, by providing order forms and addressed envelopes, etc.

Read the advice of the advertising experts, given in Chapter 42, as to the best methods of appeal.

You cannot write persuasive letters while you are depressed, or ill-tempered, or sick and tired. Wait until you are fit and well.

Rouse your own enthusiasm over the offer, and write the letter while you are in that mood.

Bring good humor, friendliness, and sincerity into the letter. Study the letters of successful swindlers; many of them are very clever. Find just what made those letters bring business. Then use the same ideas for honest purposes.

When General Booth founded the Salvation Army he adopted for hymns some of the tunes of foolish popular songs; he said he saw no reason why the devil should have all the good tunes. Nor should the crooks have all the persuasive letters and good ideas for selling.

If the offer you are making in the letter is a good one you must write confidently about it in order to convince the other man that it is good.

If a letter is successful it will bring results quickly; if it does not, try another one. Where a personal letter has been sent and not answered, a reply can be generally obtained by sending a copy of the first letter, at a short interval, with a brief note asking for the courtesy of a reply.

Make the letter easy to read and easy to be dealt with. If more than one subject is treated in the letter, use a separate paragraph for each subject. Put side headings to these paragraphs, in small letters (l. c.) underscored. This looks better than all capitals. Even a long letter arranged this way does not appear too long, to the receiver.

If you are writing to a large concern, on several different subjects, (for example, sending a check and ordering merchandise), use a separate sheet for each subject. Then neither the salesman nor the cashier will have to wait until the other one has finished with the letter.

Reply to all letters promptly, or write at once to say when you will be able to reply fully.

All important letters should be carefully drafted. Begin with rough notes of what you want to write. Then arrange them in order. Begin with a striking point and finish strongly. Have several drafts made, if necessary, and alter them until you are satisfied.

If any of the altered paragraphs seem awkward or involved, or are not clear, lay the draft aside and ask yourself the question "what is it that I really want to say, and how should I say it if I had the man facing me." Then re-write the whole paragraph, in the simplest possible manner, making several paragraphs of it, if required.

If your letter asks for a decision by the other man, make that

decision easy. For example, enclose an order form with your letter, and an addressed envelope, or a telegraph form with your telegraphic address written on it.

The best way to deal with routine letters is to draft model form letters, taking each kind in turn. Then no dictation of such letters is required and yet each letter sent out will be in your own words. These form letters may be printed. Or they may be handed to the stenographers to be typed separately. They should be numbered for reference. Then the words "Form 7," written on a letter received, are sufficient indication to the stenographer of the reply to be made.

If printed forms are used for important orders and contracts they should be printed in copying ink, so that the whole form, not only the written portions, may be press copied.

Do not get into a rut, by using certain phrases and words continuously. The collection of phrases given in this book will enable you to say the same thing in very many different ways. Keep the book at hand and study the various sections thoroughly, in their turns. Add to these phrases any specially good ones from letters you receive. Compare your letters with good letters in this and other books, but do not copy the whole of any letter, nor the whole of any paragraph. Put the sense of them into your own words, in the best way you can.

Then examine your completed letter carefully to make sure that you have omitted nothing, that it is thoroughly courteous, that its meaning is clear and unmistakable, and that it is sufficiently persuasive to bring the result you wish.

### Drafting the Letters.

Think in a businesslike way, then you will write clearly. Writing good business English can only come from clear business thinking.

If you think clearly you will write grammatically.

Use the living English of business talk.

Give striking illustrations from everyday life.

Concentrate and aim straight for the desired effect, use the fewest words which can make the message clear and also convincing, to the point where the reader will take action.

Before you write, understand clearly and thoroughly what you are going to write about, or wait until you have got the exact facts ready in your mind.

Do not trust to your reader knowing anything of the subject of your letter. Explain it clearly, step by step.

**Write long letters** (1) in reply to complaints; (2) to people who

are interested but who hesitate to give their orders; (3) to women; (4) in making explanations required from you.

**Write short letters** to busy men, to people who need reminders, to people who are slow in answering.

Make your letters end by advising action at once.

Established business concerns are generally honest, or they would not last. Trust them, or at least do not let them know you are taking precautions to avoid risk with them.

All business men are suspicious, so offer proof of your statements.

Write the letter fully before trying to shorten it. Then cut out the weak arguments and keep the strong ones only.

Use headlines for getting better attention from the reader. The headlines will be read first, that is why they should be striking.

**First examine what you have to offer.** Set it down in this way:

1. Is what I am offering in demand, or must the demand be created?
2. Is it a necessity, or a convenience, or a luxury, to the class of people to whom it is offered?
3. What is being offered in competition?

If competition exists, get to know all you can of the weak and strong points of the competing article or service. Find out how the people selling it got their business. If what you are offering is not better, make it so. Do not decry (belittle) a competitor or what he offers.

4. What are the strongest reasons which would appeal to the people you want to reach?

5. What would be the usual hindrance to their deciding to buy? How can this obstacle be removed?

6. How can you reach possible buyers most economically? How can you get reliable addresses of people who may become buyers?

7. What proofs can you offer that your merchandise or services are good? Get testimonials and mention them.

8. Study the other man's interest and show him that it is to his own interest to deal with you and to act at once.

### **See the Customer in your mind's eye.**

If one letter must be used for different classes of people, in order to save expense, aim at the class containing the greatest number of those who can buy.

Make a picture in your mind of the possible buyer. Try to think of his surroundings, his habits, and his methods of living, so as to know

what will appeal to him. Then write what will interest him and appeal to his probable desires.

The chief points of a letter are (1) to get the attention of the reader at first; (2) to convince him of the advantages to himself of the article or service offered; (3) to persuade him to accept the offer, for the reason that it is in his own interest to do so; (4) to describe the article, and its good points, with enthusiasm; (5) to get him to decide at once and to give effect to it, for example, by mailing the order on an enclosed form and in an addressed envelope sent with the offer.

Remember that the letter must be thoroughly interesting at the first time of reading; therefore, it should be unmistakably clear. It should also be easy to read; short paragraphs and simple words will help this. Sufficient interest should be aroused, by the first paragraph, to cause the whole letter to be read. The letter should generally be sufficiently complete to enable the receiver to close the deal at once, without having to make further enquiries.

Keep the letter to one subject at a time; avoid mentioning anything which would distract attention from the main purpose of the letter. If several subjects have to be dealt with, place them in separate paragraphs, with side headings, or make separate letters of them. Make the change of subject clear to be seen with the eye.

Long details or descriptions should be on separate sheets, attached to the letters containing the persuasion. In the letter keep off the question of price, unless it is the chief selling argument. Otherwise, let the catalog or other enclosure mention it. Make a strong point of service, that is, offer to take a continuing interest in the transaction, by giving help in using the article you are selling.

If guarantees can be given, mention them as proof of reliability. Emphasize any advantages the article may possess but do not decry competitors' goods; forget them. Make the letter have a friendly tone throughout and express confidence in the judgment of the reader.

As regards the literary style of the letter. If the letter is interesting, and it brings results, it is a good letter. If it brings no business, it is a poor letter and a different style should be adopted for the next trial.

It is generally better to avoid slang and current catch words.

Above all, letters intended to be used in large numbers, or as models, should be built up patiently from rough drafts. All the essential facts and arguments should be collected and a selection made of the most effective ones.

Then the appeal should be built up in the way already named, first

arousing interest, secondly showing the value or service, thirdly pointing out the advantage of it to the reader, and lastly the persuasion to act now.

Experiments should be made with small quantities of several styles of the same letter, until a specially successful example is obtained.

It is a mistake to make a business letter run too smoothly, so that it will leave no marked impression on the reader's mind. Let it fix the reader's attention by short striking sentences, full of meaning, to interest him and to bring about a speedy and favorable result.

**Enthusiasm.** To be able to write a letter which shall convince a possible buyer, the writer must himself be convinced of the value of the offer he is making. The good points should be brought out strongly and the whole tone of the letter should be sincere and show the faith and enthusiasm of the writer. Even the greatest of truths could not be spread unless someone believed in them and brought them before other people with the fire of enthusiasm.

Therefore write your letters so frankly, confidently, and sincerely, that you convince the reader. Without this touch of faith in the offer the letter will be dead and will have no effect on the reader.

Everyone is expected to praise his own wares, but do not exaggerate. Overpraise will destroy the reader's belief in your sincerity.

More important still; if articles are misrepresented, the purchaser has the legal right to refuse to accept them, or to return them.

**Writing to Dealers.** The chief arguments to be used in favor of articles, offered to them, for re-sale, are (1) quick sales; (2) good profits, (3) help in selling, (local and national advertising, supplying advertising booklets, providing free samples and window displays, etc.); (4) ease in handling; (5) speed in filling new orders; (6) how the articles will assist sales of other goods.

**Writing to Women Customers or Users.** Avoid "gush," treat women as being fully as intelligent as men. They are much keener buyers than men. If the article offered is to be used in the home, mention the saving of drudgery, beauty of appearance, improvement of health, superior quality of staple articles (with guarantees), and above all, economy. Remember that most housewives make their budget on a weekly or monthly basis, so that payments by weekly or monthly periods must be taken into account.

If any considerable lump sum payment is to be made, letters or advertisements should be drafted so as to convince both the wife and the husband, instead of the wife alone.

### **Materials for Building up Sales Letters.**

Any fact or argument which can be used in persuading a customer to buy is good material.

The letter-salesman should not attempt to write the letter without knowing all the essential facts concerning the message the letter is to carry.

If an article is to be sold, all the operations of making it, the raw material from which it is made, and any advantage it may have over other articles (by reason of greater strength, durability, beauty, or convenience), should be noted for use as arguments.

The writer of the letter should learn the methods of distribution of the article, its ordinary uses, and any other uses which can be made of it.

The writer should also study his public, that is, the persons to whom the letters are to be addressed. If possible, divide them into groups of similar needs and desires; it will be worth while to write a separate kind of letter to each group.

Especially should the writer study the way of thinking used by the readers of the letter. The letter should be written to appeal to what is believed to be their own desires and it should discuss the subject of the letter from their own point of view.

The selling experience of other people should be obtained whenever possible. The reasons for the successes or failures of their letters should be studied and carefully noted for future use. Most men will talk freely to an interested and sympathetic listener; listen and learn.

### **Hints for Writing Business Letters to Women.**

Women judge more by appearance, and especially by first impressions, than men.

A woman's appreciation of beauty and neatness is greater than that of a man.

Cold arguments and reasoning, or long descriptions, do not generally appeal to women; a sketch or a photograph will convince them much quicker than a long letter.

Better stationery should be used in writing to women and greater care should be taken to make an appeal to the eye, rather than to the reason.

Women will follow the crowd and buy things which everyone else is buying, often for that reason alone.

With offers made to women, an instant acceptance should be aimed for, but the suggestion should not be too apparent.

Failure to reply is not a sign that a woman is not interested in an offer; repeated letters may bring the result desired.

As most women want more expensive articles than they can usually afford to buy, they are inclined to buy cheap articles which have a resemblance to dearer ones; in other words, superior finish weighs more with them than solidity or durability.

### Good Beginnings for Sales Letters.

I want to ask you, as a business man. Are you quite satisfied with the goods you are now getting? Do you feel that you are buying as cheaply as you should, that you are getting the best styles and without any delays causing loss of sales?

You want your advertisements to be so descriptive that they will be watched for by all people who have money to spend; so up-to-date that your firm will be considered as having the newest articles of the best styles. You want them to arouse interest, so as to bring a constant stream of old and new customers to your store. You also want good illustrations, to show your goods to the best advantage. We have a well organized force, thoroughly trained and experienced, which will take care of this work for you throughout. All you need to do is give us the facts from which to prepare the advertisements; we do all the rest at much less than it would cost you to do it yourselves.

Do you want the business of the people in your district who are now buying from the larger towns or from mail order firms? Here is a method which will help you to get this business.

If a customer offered to pay more than the price you asked, you would have a shock. Is it not the same thing if you can get more profit without increasing your prices? We can show you how to make savings of 10% to 25% on your running expenses.

You know, because you pay taxes, that the government keeps a large staff of officials. Some of these are clever experts who see that the government gets the best articles at the best prices. These men have tested our products in every way and have put them in competition with other goods. And we get the orders. In buying from us you have not only our word for it that the quality is sound and the prices right; the government experts prove our statements, by ordering from us.

Why do you spend good money in costly fittings for your window displays and your store fittings? To attract people, of course, by a smart appearance. It will help you if you give the same attractive appearance to your printing. There is quite a lot of trade to be got by the distribution of well printed circulars. Let us help you to get it. There is no reason why good printing should cost more than inferior work. As a fact, it does not. The difference is in the care and attention to the display of an announcement. You know how just a little touch of beauty and style makes an article so attractive, that it strikes attention at once. It is just the same with printing, people will not throw away attractively printed circulars.

Do you want something that is sure to save you from running short of oil?

Yes, but you have never been able to find it. Well, here it is now. (Description follows.)

Here is something else you want. (Short description follows).

How can you keep your lights full when your car has been laid up and you are running at low speed. You know all the trouble this causes you with having to slow up on rough roads, the dangers of collisions, the annoyance and expense of broken springs, punctures, and possible doctor's bills. The simple fitting described on the attached sheet prevents all this. It is fixed in a few minutes, and it costs very little. Why not try it at once.

You know there is to be a big meeting of physicians in Chicago in April.

These are the people who can do quite a lot of trade with you. You would like to get in touch with them individually, so that they may know the excellence and good value of what you are selling. To approach each of them separately would cost you a considerable sum. There is only one way to do it economically and surely, that is, through our Year Book. Every one of them will have the book and they will keep it for constant reference. A page advertisement would be a persistent recommendation of your goods to each of them.

You are better able to judge of the kind of advertising suitable for your business than I am. So I want to ask you whether it is not worth your while to get your advertising right into every home in this district.

A dollar's worth of comfort is worth a dollar, any time. You would not let a few dollars deprive you or your family of a comfort which makes a house really a home. Of course you would not. So I want to talk to you about the Moreze chair, the greatest boon ever offered to the tired business man and his equally tired wife.

May I tell you a secret? It should be of value to you. The acknowledged good figures of Frenchwomen are due to the fact that they insist on having well cut and perfectly fitting corsets. The corset makes the real outline, the dress is merely the cover. A poor corset will make even a good dress look like a misfit. Our corsets are designed especially for American women by a Paris expert, and they are made and finished so as to be perfect-fitting and easy to wear.

Attach the automatic hot water regulator to your house furnace and forget it.

You will always have a copious supply of boiling water, with no danger of explosions.

The sample attached will show you the quality of cloth we use for our window shades. Test it in any way you like and you will find that it is strong, non-tearable, free from any filling, and that it can be washed again and again without shrinking.

Guaranteed eggs! When you buy these from us we help you to sell by advertising you to every householder in your district. Your profit is the same percentage as on other eggs, but our guarantee and advertising will bring you new customers and extra trade. Your actual profit will in this way be larger. To make good on our guarantee, you are to refund the money at once to any customer returning our goods on account of being dissatisfied with them. Then, stop the amount from the next account you pay. We are sure that you will be very pleased with the result if you give these eggs a trial. Try it for two months; if you then are not fully satisfied we will take back, at full price, all the stock you have left. That relieves you from any risk whatever. Your benefit will be that you will be able to guarantee a line which has not been guaranteed before, and you will get valuable advertising free of charge.

It is difficult to sell to Arthur and Brown of Chicago, because every manu-

facturer makes them tempting offers. The fact that they are sending us repeat orders every week, for the same goods we are now offering you, is proof that these goods can successfully meet the strongest competition.

Replying to your letter; the catalog you ask for is already on its way. I am glad to give you also the special information you wanted as to the fittings best suited to a bathroom of the size you name.

You are doing the right thing in deciding to apply yourself seriously to the study of the Spanish language. For a young mechanical engineer like yourself, it will be a splendid investment of time and money. There are glorious opportunities in the South American Republic provided you can speak and write Spanish. Our method of teaching will save your time, because it is practical from the very first lesson. You will find our lessons to be a pleasant and profitable occupation of your spare time and they will teach you the working phrases you will actually need in the shortest possible period.

I laid aside, for my own particular attention, your letter received in this morning's mail. Now that I have had time to read it carefully, I am glad I did this, because I want to write you personally in regard to the questions you ask.

A good friend of mine and yours gave me your name. So that you may know me, I enclose recommendations from people you know well. I have an offer of an investment which is too big for me to handle alone, and I want a few reliable people to join in it with me. The total required is \$50,000 and I am willing to put \$10,000 cash in it myself. These are the details. (Short description follows, with full details on separate sheets, attached.)

You do not know us, but we have been recommended to you by customers of yours in this district, Messrs. Jameson & Co., who have allowed us to mention their name. We have a business favor to ask, and we hope it may not cause you much trouble to help us. We should appreciate it and you would be doing a favor to someone in your district who would have reason to remember you gratefully for it.

We want an agent in your district to sell our goods to retailers. Could you recommend anyone whom you know, who is likely to have the following qualifications for the work?

The secretary has just shown me your letter of yesterday, and I want to write you personally in reply. I am glad to have your inquiry about the Moreze chair and as another lover of home comforts, I want to tell you just how I appreciate it. (Description and persuasion follow.)

I think that, as a progressive farmer, you will be interested in hearing of some very fine Jersey cows whose photographs are shown on the attached sheets. I breed these from the best pedigree stock, on my own farm here, and I believe that it would pay you to try them instead of the ordinary kinds. They will not only give a better yield but you will make more money by the sale of their calves.

I want to make it safe and easy for you to buy, and I want you to be thoroughly satisfied that you will get a straight deal. So I propose that, if you will give me a bank reference, I shall ship any of the cows you may select from my list, and at my expense, so that you may examine them thoroughly at your own farm. If they are not exactly as described, and sound and satisfactory in every way, you may send them back, also at my expense.

We have just received your letter of August 6 and we have pleasure in sending you our full catalog by this mail. The articles which we think would be most likely to suit you are described on pages 7 and 8.

Are the men's hats you are now selling yielding you enough profits for the space they occupy and for your trouble and advertising expense? With a suitable article like those, selling at cut prices does not pay. Concentrating on superior style and finish gives better results.

Our hats to retail at \$3 have the finish and style of the usual \$10 hats and our customers are making big money by turning their stock over rapidly.

I would like you to fill out and address to me personally the enclosed postcard, to say which kind of fountain pen you prefer. This is simply so that you may try the pen. You do not have to buy it or incur any expense of any kind. Use it for a week, and return it then if you do not want it. But if you find it, as I believe it to be, the most convenient and clean fountain pen you have ever used, please keep it and remit me its price, after deducting the wholesale discount of 25%.

We took immediate action on your telegram, received this morning, by telegraphing our factory that preference must be given to your order of March 15, and that shipment must be made not later than May 1.

We thank you for your letter of Feb. 10. The goods will be carefully selected at once and packed ready for shipment on the date named, Feb. 24. The invoice will be dated April 1, as requested. Will you look through your stock to see whether you need any other goods which could be included with this shipment? That would give you a saving on freight charges, and we could allow you the same date for these additional items.

We thank you for your cheque received this morning, for which receipt is enclosed. The items you deduct for allowances, namely \$7.10 and \$1.50 are not shown in our books. Will you please supply details of these claims, so that we may examine them and send you credit note.

As we do not stock any optical goods we have handed your letter of May 16 to Messrs A. Roberts & Co., of 64 Main St., in this city, who will write you direct. We are anxious that there should be no delay in supplying you with the information you desire so we have asked Messrs. A. Roberts & Co., to give special attention to your letter. This is a first class firm and amongst the largest dealers in this class of goods.

We have just opened a new department for Radio sets and we have pleasure in sending you an illustrated catalog of the chief lines of them. May we send you a few sets for exhibition?

This morning we have telegraphed you as follows—"goods your order Sept. 6 shipped yesterday should be delivered to-morrow."

This is in reply to your letter of Nov. 20, asking for immediate delivery. We hope that the goods will reach you early to-morrow. To ensure this we have sent an urgent tracer through the R. R. Co's agents here.

As you will probably need more of these goods before Christmas we shall be glad to receive your repeat orders early, so as to be able to give you the exact selection you desire before our stocks are exhausted.

The parts which were missing from the machine #82, invoiced Feb. 7, have been sent to you this morning by parcel post, insured. They are carefully packed and we hope they will reach you promptly. We regret that these parts should have been omitted from the earlier shipment; we are sorry for the inconvenience caused you. We are liable to error and, owing to the recent rush of orders, our staff has been rather overworked. We trust you will make allowances for the unusual present conditions.

We have been rather troubled to see that you only favor us with your orders at odd times. So we are writing you now to ask you to tell us frankly why you feel that you cannot buy all your regular supplies from us. If there is anything in our way of doing business that is not just as you want it we should appreciate, as a favor, your telling us plainly. This would give us a chance of meeting your wishes, and we think it would be to your advantage.

Why risk the success of your treatment of patients by using stale drugs? And why should a doctor pay high prices and wait for supplies? Let us help to change this for you. We are makers of all the drugs shown on the accompanying list. We guarantee to supply you with perfectly fresh drugs, of the highest strength, in as small quantities as you wish. No need for you to do more than drop us a post card and they will come to your door: by parcel post.

### A Series of Successful Letters.

Dear Madam,

Scissors, with all the advantages you have longed for. And at prices you want. From nail scissors to dressmaking shears. Every one of them of improved style, comfortable to use, and never getting loose. We can thoroughly guarantee all of them because we make them ourselves, using only the finest materials and the best workmanship. They are handsome to look at, and they will not tarnish.

The catalogue enclosed shows you a selection of shapes and prices of scissors for all ordinary needs, but if you require any other kind just tell us what work it is for. We probably have a special kind designed for that work, which we should be glad to send you.

Remember too that our prices are right, because we have no middleman's profit to pay.

Just make a list of all the kinds you would like to have and we will send them to you at once. Any you do not wish to keep may be returned; we will cheerfully credit you with them.

Yours very truly,

Dear Sir,

Since we did your plumbing work we have not heard from you. We feel sure that if it had not been done well you would have told us. Possibly it is because the work was done so well that you have had no trouble with it. In that case we should be glad to hear that you are satisfied. We would like now to show you some new bathroom and kitchen fittings which we think would not only save labor but add a smart appearance to your house. Could you call to see them when you are passing? We should be glad of the opportunity of showing them to you, whether you buy them or not. If you do not want them now you may later on and we shall be pleased with a friendly call from you, any way.

Yours very truly,

Dear Sir,

How about your roof? Are there any weak spots that the winter rains and snows have found out? If so, it would save you money to have that put right without delay. I shall be glad to look the house over at any time, to see if it is all right. This will cost you nothing. When will it be convenient?

Yours truly,

Dear Sir,

A man who is always very well dressed tells me that good dressing pays. He says that the man who looks smart always gets a chance. He may not be a success, but at least he gets the opportunity of trying and that is more than the badly dressed man gets.

I do not say this just because I am a dealer but because, from what I have seen, I think he is right. As you are a resident of this district I should like to have the opportunity of showing you that you can get smart tailoring here, at your own door, at considerably less than city prices. What is more, by being a neighbor, I can take a personal interest in your appearance and give that stitch in time which will make a good suit serviceable for a longer time. I shall be glad to keep your suits in repair, and to have them well pressed, so that you may always look well groomed.

Yours very truly,

Dear Sir,

You may not have noticed that I have opened a new store at the above address, near to your home. I shall be glad to supply you with anything you may need in the way of men's furnishings, of good styles and at less than is charged by the department stores. It is to my interest to give you more personal attention and to get for you any special articles you may need, to your exact size. It will be no trouble; I shall be pleased to do it. Will you give me a call, just to look round my stock? I shall be glad to meet you, even though you may need nothing at the moment.

Yours truly,

Dear Sir,

For 2½ cents each you can have your name and advertisement, as a constant reminder for a year, in the homes of all the people in your district who are not now dealing with you. You do this by our artistic calendars which are so charmingly printed in colors that they are carefully preserved.

A sample has been mailed to you today and our representative will be pleased to show you others when he calls on you during this week.

Yours truly,

Dear Madam,

We have a limited quantity of charmingly pretty ladies' handkerchiefs, trimmed with real handmade lace. They would make handsome Christmas gifts for your friends, and they cost very little. They sell very quickly and there are no more to be had. So we should welcome a call from you, to make a selection while we have a good assortment.

Yours truly,

Dear Sir,

Your fruit and vegetables, consigned to us for sale, would be as profitably sold as if you personally were attending to it. Our long experience in this trade, and our facilities for handling consignments, will also be at your service. You could be in touch with us by your own telephone, through our private wire from Seattle. If you will try a mixed consignment, quickly, it will convince you that we will get the last dollar possible for you, and at the least expense.

Yours very truly,

Dear Sir,

Your inquiry has just arrived at a very lucky moment. It should lead to good profits for both you and me. With this I send you some details of an exceptionally good money-making line which is entirely new. It has been quite recently produced in England and is selling quicker than any novelty introduced during the last 10 years. We have the sole agency for the U.S.A. and we are assured of regular supplies of a certain quantity. As these will soon be snapped up, we advise quick decision on your part. You had better look well forward and place an order for monthly deliveries, for the next 4 months at least.

Yours truly,

Gent<sup>l</sup>,

Did you notice an article in the newspapers the other day saying how Henry Ford needed several million dollars to pay off loans, and how he found them without having to borrow a cent? He found that these millions were locked up through slow transportation, and through holding excessive supplies. If a keen organizer like Henry Ford can overlook such things until necessity forces him to look for economies, is it not possible that there may be others who could benefit by a thorough examination of their financing and manufacturing methods?

Will you give me a chance to show what I can do to release locked up capital and reduce your working costs, without reducing efficiency? The cutting out of waste, and the speeding up of production, will work wonders in the way of reducing your manufacturing and overhead expenses.

Yours very truly,

Dear Sir,

If our weather was different, if it rained flames instead of water, you would cover your buildings with metal or something fire proof, wouldn't you? Well, water is just as surely destructive in its way as fire. You need to cover all buildings with paint, if you want them to last.

Paint saves them, because it contains lead, and that is the best protection ever discovered against the effects of bad weather. More frame houses are destroyed by want of paint than by fire. We supply good paint for houses, paint that will last and that is easy to use and inexpensive. Our stock includes all the usual colors, and we can make any other colors you desire.

Yours truly,

Dear Madam,

There are often times when you want something dainty for the evening meal, but it is too much trouble to go shopping. But you have a telephone and if you will call our number, 872, and tell us just what you would like, it will be sent to you without delay. No trouble to us, and we shall be just as careful as yourself in selecting the right thing.

Yours very truly,

Dear Madam,

When you want a vacation, there is no need to ruin your savings account. After the rush of business, the best vacation is one spent in the mountains, where you can have pleasant company for outdoor sports, tennis, golf, boating, swimming and drives. Or, if you want to rest, we have comfortable chairs and hammocks, on wide sunny porches and under the trees. Our hotel stands in its own extensive

grounds, with a large flower garden and lawns, and shady woods going down to the waters of the lake, where we have our own private bathing beach and a fleet of roomy boats, all at your service without any charge.

In the evenings there are informal dances, with good music and occasional singing.

The cooking is that tasty home cooking which creates an appetite, with fresh fruit and vegetables, home grown. Every guest has a good bedroom with plenty of light and air, with telephone, electric light, and complete toilet fittings. All this at a reasonable inclusive rate. The hotel is easy to reach by rail or boat. Our automobiles convey guests and their baggage to and from the boats and trains.

We should be glad to have you stay with us. Why not come for a week end, to try it?

Yours very truly,

Gentl.

The most important distributing point outside of N. Y. is Chicago. It supplies a larger extent of country, and is visited by more buyers, than any other city.

A stock of your goods kept here means larger trade, more buyers and less freight charges. We have been selling agents for the Bronson Co. and A. J. Thomas for some years, to their complete satisfaction. We believe that our service would be just as profitable to yourselves. Mr. D. B. Walker, one of our partners, will be in N. Y. next week. Could you arrange to see him at your offices, so that he may explain to you fully just the facilities we can offer you for the sale of your goods?

Yours truly,

Dear Sir,

It is not reasonable to think that we have doubled our trade in three years unless we were giving good values and satisfying our customers in every way. They tell us we are, but we should like you to know this too. The only way to test it is to give us a chance of showing our stock. We cordially invite you to call and if you will ask for Mr. John Clarke, our manager, he will give you personal attention and show you some of our choicest goods. We should appreciate your call as a friendly one, just to make your acquaintance, and we would like you to feel that you were not expected to buy, only to see and judge for yourself.

Yours very truly,

Dear Madam,

The dollar to-day is not going nearly as far as it should. We are just as sorry as you are, because we feel the difference. It is no use feeling that way without doing something, so, we are giving all our thoughts to helping the woman who must be well dressed to make that dollar go its full length. A smart waist is indispensable. We make these ourselves, copies of the newest Paris fashions. They are durable and well finished, and low in price. Being manufacturers, we can afford to sell at wholesale prices. This means a saving to you of half of the usual retail prices. Can you favor us with a call? We will cheerfully show you our stocks without your being under any obligation to buy.

Yours very truly,

Dear Sir,

Most men dislike going into a store if what they want is not shown in the window. They do not like having to come out without buying.

Will you give us a call when you are wanting shoes next, on the distinct understanding that we shall be just as friendly to you if you buy nothing, even though you have tried on all shoes we have? If we cannot suit you exactly as to shape and style we prefer that you should not buy. It is sound sense that a dissatisfied customer would do us more harm than one who did not buy. Of course we are anxious to have you as a customer. We have a very large variety of men's shoes of low, medium and best qualities. It is probable that we may have just what you want. If not, we would do our utmost to get it for you. Or, you need not buy at all, we should be pleased that you had given us a chance of learning your wants and of providing for your future requirements.

Yours truly,

Dear Madam,

One of our customers said the other day that we had such a fine looking store that she was afraid that our prices would be high.

We are anxious to remove this idea. We admit that the store looks well, but that is chiefly because it is well designed; it has really cost less than many of the neighboring stores. You will find that we have given just as careful attention to the shoes we are offering. The leather is a well shaped, comfortable, and smart-looking shoe costs no more than the leather in a badly-fitting, ugly shoe. Our shoes look well, and they are as good as they are smart. They are well made, durable, and carefully finished, so as to keep their good appearance during the whole time they are worn, not merely for a week or two.

Yours very truly,

Dear Madam,

Whenever you are near our store we should be glad if you would call and open that charge account we have waiting for you. We shall be glad to have you on our books as a customer with a monthly account. All you need do, after buying, is to give your name and say "charge it." No explanation is needed; your name is on our books waiting for the first entry. When may we have the pleasure of showing you some of the new styles and special bargains we can offer?

Yours very truly,

Dear Sir,

About that farm truck we offered you. We want you to examine it thoroughly, to see how easily it is handled, and we want our mechanic to show you how simple it is to keep in order. Instead of sending you a truck to try, we will pay your fare to come to town to test the truck in any way you like. If you buy, either now or later, we will pay your return fare. More, if you are the first farmer, within 10 miles of your farm, to buy this truck, we will give you an extra discount of 10%.

With our truck you will be independent of the railroads. You can take your products to any market, near or far, in any quantities you like. As you can take the truck right into the market place, you will be saved all transportation delays; you need never miss the market. You will also save storage charges and you need not pay any commission agent for selling. You can sell from the truck and offer to deliver at the buyer's door, at once. That is frequently a "clincher" in

selling. Then you will have the chance, too, of getting a return load, for yourself or for someone who will pay for the convenience. We feel sure that once you have found how your own truck will increase your ways of making money and saving expense, you will wonder why you did not see the big advantage sooner.

Yours truly,

Gent<sup>n</sup>.

"Our face-to-face index stands are saving us \$10,000 a year, and we could not get through our work now without them." That is what Mr. Birdsall, of the Acme Iron Works of Cleveland, replied when we asked him how he liked the installation he bought from us recently.

We believe you would find these index stands valuable in your business, so we have asked our representative to call on you with samples. It would benefit you to allow him to show you their advantages.

Yours truly,

Dear Sir,

You know the mass of correspondence that must pass through the offices of a mail order business with half a million customers. They have to be able to instantly trace all their dealings with any individual customer. That is a big test for a filing system. Black and White, of Chicago, tried our files in one department, now they have discarded all the others and use ours in every department. Their filing expert has to be a real expert. Listen to what he says has been his experience with our files, in comparison with others. He has no reason to advertise us. His chief thought has been to find a filing system which would help him to get through his work quickly, surely, and economically.

(Quotations from testimonial follow here.)

The enclosed sketches show how the files are used in businesses like your own.

Our representative will call to advise you on any difficulties you have with your present filing system. We would appreciate your allowing him to aid you in this way.

Yours very truly,

Dear Sir,

After you have been hard at work all day, and had a journey home through the cold and wet and snow, don't you appreciate a warm room with furniture that seems to welcome you to just rest and be comfortable? Isn't it pleasant to think that your wife, who passes most of her time in the home, has beautiful furniture to look at and make her proud of her rooms? That is the kind of furniture we aim to supply. Good "comfy" styles of chairs and couches. As to prices, the lowest possible for durable goods; we will not sell anything which we cannot guarantee. We make it easy for you to buy good things, by letting you fix your own terms of payment; what you can easily pay regularly, either weekly or monthly.

We have mailed you a small catalog today but we suggest that the best way to judge our furniture is to inspect it in our show rooms. May we soon have the pleasure of a visit from you.

Yours truly,

Dear Sir,

You have had to work hard to earn your money, and have had to economize to save it. We know how it hurts to draw out savings to buy new furniture; you feel like we do, that you would rather do without what you want.

That is not necessary at all. We studied your problem 20 years ago, when we started this business, and we have been able to build up a big trade by meeting the wants of people just like yourself.

We can let you have sound and beautiful furniture for your home at once, and you can pay us from your earnings, weekly or monthly, in amounts which suit you. Instead of drawing on your savings, you only pay 10% of your total purchases at the time of delivery, and the rest by instalments, to suit your convenience.

We guarantee everything we sell and we hold large stocks of all kinds of furniture and fittings, at prices which compare favorably with those of other stores.

We buy direct from the makers, pay cash, and give you the benefit of the saving.

You are invited to call to inspect our stocks and to see our model rooms, completely fitted. There would be no persuasion to buy, because we know that most of our customers think over projected purchases carefully. Our store is open until 9 p.m. on Saturdays and Mondays; other days until 8 p.m.

Yours very truly,

Dear Sir,

A lady wrote to a newspaper the other day complaining that a dealer had sold her Dahlia sticks which were painted only on the part left above ground. The part below ground was unpainted, and when she took them up in winter this part had rotted. She said that dealer was a swindler. We do not think so, he was merely stupid.

The point in this is in the proof it gives that the most important use of paint is protection. It protects all kinds of woodwork and metal from the effects of rain, snow, and frost. Wood painted from time to time will last ten times as long as unpainted wood.

Have you ever noticed that when a steel girder is placed in a building the workmen paint it, even though it will be covered by cement or stone? What is the reason for this? It cannot be for the sake of appearance, because the girder would not be seen. The real reason is that paint protects. It saves the surface, and that saves all of it.

If you are thinking of painting your house this Fall we should be pleased if you would call to talk the matter over. Our experience and knowledge of paints may be of service to you.

Yours very truly,

Dear Sir,

As large makers of hospital supplies we know like you do, the perfect blessing a good sick bed is to the physician, the patient, and the nurse. Our years of experience, aided by the advice of the best physicians, have enabled us to design what we believe are the most serviceable models for private and for hospital use. As makers, we can offer you wholesale prices for any you may require for your own consulting rooms or for patients. There are no middlemen's profits to pay, and you would have our very large stocks to draw on for immediate delivery. We should welcome a visit from you at our show rooms.

Yours truly,

Dear Sir,

If you drive your own car and use gasoline, you know what it costs for the repair man's time getting the carbon out of the cylinder. You can save repair bills, and keep your car running all the time free from carbon troubles, by using our carbon remover. For \$1 we will send you a liberal supply of removing fluid to mix with your gasoline. Then your carbon troubles will cease.

Yours truly,

Dear Sir,

Here is an offer of a big saving for you. You know the Mercury tire. It is made by skilled workmen, using the finest cotton and new rubber of the first quality. Each tire is thoroughly tested and guaranteed for at least 7,000 miles: it is trouble-proof.

We have just taken over the selling agency, both wholesale and retail.

To persuade you to give it a trial, we offer you 25% discount for any you purchase this month. This large reduction makes it the best value high grade tire ever offered.

Yours very truly,

Dear Sir,

You know how expensive tubes are. Well, we have found one that will not tear, puncture, rip, or give you any of the troubles so common with other tubes. The reason is that quite a lot of time and money have been spent in perfecting the materials used in it and the way it is made. So we know that it is right. We guarantee that you will find it the best tube you have tried, or we will refund what you pay. We shall be glad to have a trial order from you on this distinct understanding.

This seems like a dream but it is possible and, what is more, we guarantee it to be true. Just a little device that saves one-third of your gasoline and yet adds 15% to its power and speed.

Yours truly,

Dear Sir,

We are in receipt of your letter of yesterday respecting tires, to which we are giving special attention. We expect to make you a large delivery of these goods to-morrow.

Yours truly,

Dear Sir,

Your telegram to hand this morning. We at once dispatched to you by mail the samples requested, which we trust will be suitable for your purpose. If not, we shall be pleased to forward further samples if you will kindly give us more exact details of what you require.

Yours truly,

Dear Sir,

We are giving careful attention to the details of the rugs ordered in your letter of the 3rd of March, and will write you fully respecting them by to-morrow's mail.

Yours truly,

Dear Sir,

Page 23 describes fully the dining room sets, which we think would be (are) just what you want, etc.

Yours very truly,

Dear Sir,

While you were in Europe you no doubt tried some of those enticing (seductive) Egyptian cigarettes. We are pleased to tell you that we can now supply them here, the best brands, made in England where they are most largely used.

Enclosed is a price list. May we send you a few sample boxes for you to try them?

Yours very truly,

Dear Sir,

We have secured an advance allotment of a new 6% mortgage bond issue of the South & Western Railroad, of which details are enclosed.

We are offering these to a few preferred customers only, before the public announcement of the issue is made.

As it is likely that the whole issue will be quickly taken up by bankers, we recommend it to your early consideration.

Yours very truly,

Dear Sir,

If you had spent several hundred thousand dollars and worked hard for the last five years to produce a machine that you had proved would save the printer 20% of his jobbing work, would you not fight hard to get every printer to try it? And wouldn't you be emphatic in telling him that giving it a trial would be one of the most profitable things he ever did? &c.

Dear Sir,

The quickest and the easiest profits to make are secured by the saving of expense. And there is no competitor to prevent you making such profits.

Have you ever considered that \$100 saved is equal to 10% clear profit, net, on \$100 of sales? &c.

Dear Sir,

Diamonds are good investments; they never depreciate, and they are easily salable in any part of the world. They are first class security too for temporary loans. If you have not had any experience in judging values of diamonds and other precious stones you are liable to be deceived.

We have had our expert buyer write a small booklet telling you how to judge diamonds and other jewels. It shows the methods of testing and valuing used by the men who have been in the business all their lives. We shall be glad to send you a copy of it, whether you wish to buy from us or not.

Yours very truly,

Dear Sir,

We are glad to give you below the details you ask for about the guaranteed mortgage bonds, &c.

Dear Sir,

A man who, like yourself, has to work hard for his money, wrote us recently asking whether we could split his insurance into several small policies, so that if anything happened to reduce his earnings he could drop part of his insurance and continue with the rest.

He said he did not like the arrangement by which he had to keep on paying for the total insurance or lose all he had paid. He challenged us to make an arrangement with him like this.

We told this man that by our contract he could do this at any time he thought fit, that the option was expressly given him by the wording of the insurance policy.

It has struck us since that there may be other people who have not noticed this option. Possibly you also did not know of it and that may have been one of the chief reasons why you have delayed taking out a policy. The exact words of the policy which give you this right are the following: &c.

Dear Madame,

The electric sweeper we make is not only the best all round machine on the market but it is just what you need in your home to take the drudgery out of cleaning. That is why we have no hesitation in offering you a free trial for a week.

What about the expense of getting it to you? We pay for the delivery and we pay for its return if you decide not to buy. But we think you will keep it once you have found out how quickly and well it does the work and how it saves labor.

May we not send you one now for a free trial?

Yours very truly,

Dear Sir,

Skilled and experienced workmen are not easy to replace. So I am anxious to keep my staff of expert tailors busy during the summer. With this view, I offer to make you a reduction of 15% from my ordinary low prices for any orders you may give me during the three months June 1 to August 31. This considerable reduction will not at all change the usual terms of monthly accounts. It will apply equally to light summer clothes as well as autumn and winter suits and overcoats, provided that the order is placed during the months named.

May I mention the little trade secret that woolen goods kept for a time, before being worn, become more durable and are warmer wear, because it has been found that the pores of the cloth close and give it greater resistance to wind and rain?

Yours very truly,

Dear Madam,

The catalog we have pleasure in sending you shows the designs of the corsets we sell but we wish you could have the corsets in your hands to notice the good materials and trimmings used and the excellent finish. Better still, we would like you to have the opportunity of trying on these corsets, so that you could really know how comfortable they are. To allow you to do this, we suggest that you should fill in the required details on the order blanks enclosed, so

that we may send you two or three for selection. You need send no deposit, not even the postage on the parcel, and you would be free to return all of them if you wish.

Yours very truly,

Dear Sir,

Your application for the agency reached us just at the time we had decided that your district looked so promising that an agent ought to be appointed at once. Your samples have been sent to-day, so that you may make an early start.

Yours very truly,

Dear Sir,

You need not carry large stocks any longer. Frequent supplies will keep your stock always fresh and leave your capital free. Enclosed is a telegraph code which will make it easy for you to order in small lots, at little expense. We will send the goods the same day by parcel post or express, as you prefer.

Yours very truly,

Dear Madam,

The catalog you wanted is too big to send with this letter, it has been sent separately to-day. The kind of electric light wall brackets you require are shown on page 8. &c.

Yours very truly,

Dear Sir,

Talking to-day with a local stationer, who has now a thriving business, he told me that he started with a capital of \$1.28, and even that he had borrowed. He said that it was hard work at the beginning, but he is glad he went into business for himself. There is plenty of opportunity for you to add stationery to your present trade and we should be glad if you could call in to have a talk with Mr. Arthur Ward, our general manager, about it. He would show you how much we could help you to build up a business in this line.

Yours very truly,

Dear Sir,

You know the annoyance and expense caused in moving furniture every time you change your apartments or remove to a new house. How it is necessary at times to have bedroom furniture moved through bedroom windows, because the stairways are too narrow.

You need suffer this annoyance no longer, because we can now offer you furniture of all kinds which takes apart. We have been making this kind of furniture recently for export and have decided to introduce it at home also.

As it is a new idea, we are offering the first sets at considerably less than our regular prices, in order to get them advertised by satisfied users.

There will no longer be any reason why you cannot change all of your furniture from one room to another, or move it to different positions. A woman can move the heaviest pieces of our furniture by herself. Merely unscrew a few bolts and the whole article comes apart. You can put them together just as easily, as the sections are handy. Just screw up the bolts and the furniture is firm, and considerably stronger than furniture which is merely nailed or glued.

The enclosed catalog will show you the fine designs of these furniture sets.

We guarantee them to be well made and well finished. By taking them apart you will be able to examine every portion of the timber used and convince yourself of this.

We invite you to visit our opening exhibition of this furniture at our show-rooms, 7 Boston Street, on Saturday afternoon, Sept. 10.

The prices will be marked in plain figures, on each set and each piece. You may buy them separately or in sets, as you desire. As regards payment; any terms in reason.

We shall be glad to see you and to show you the advantages of these articles even though you do not buy anything. Remember Saturday, Sept 10, from 1 p. m. to 10 p. m.

Yours very truly,

Bring your wife, by all means, and we shall be glad if she will invite her friends. All women take pleasure in looking at beautiful furniture.

Dear Sir,

About fancy leather goods. The easiest people to sell to are those who have money and who are in the mood to spend it. Just before Christmas is the time when the rush comes for fancy leather bags and writing cases.

At this moment we are busy supplying orders which have been placed six months ago, but we shall have a limited quantity for present orders and repeats. In three weeks these will all have gone and orders given then run the risk of deliveries being too late for the Christmas trade.

We advise you to make your selection now. To help you with this, we enclose an illustrated catalog and a price list showing discounts for quantities. If you are in town, why not call to see us and we shall be glad to show you the full assortment. If you have not tried these goods before, we will advise you frankly as to the best selling lines to take for any amount you may decide as your total outlay, and we will give you our utmost discounts.

Yours very truly,

Dear Sir,

Can you supply the woman who wants a kitchen cabinet at \$50? There are more like her than of any other kind. Just imagine the quantity you could sell. We have been making the \$100 to \$150 line until recently, when we decided to make a reliable cabinet which could be retailed for much less. We are now ready to introduce it and we shall advertise it extensively, beginning October 1.

The enclosed illustrated folder describes this cabinet. It is as well made as cabinets twice its price.

May we send you a few of them to try? Terms are on a separate sheet. It will prevent disappointment and loss of sales if you write us early.

Yours very truly,

Dear Sir,

Our catalogs of furniture and fittings have been sent to you to-day in a separate envelope. They are not written in literary style, but to anyone like yourself, who is making a home and can picture the various articles placed just where you would like them, we think the catalogs will be more interesting than any novel by a famous author. There is real romance in building up a home, piece by piece, etc.

Yours very truly,

Dear Sir,

Fly screens are a nuisance. Fitting them on the outside of upstairs windows is dangerous. The loose adjustable ones leave an open space at the top, under the window sash, and another space between the sliding sides, where the flies can get in. So we have stopped making that kind.

We can offer you something better. The enclosed pictures will show you a solid fly screen made in 50 different sizes, so as to fit any ordinary window. All that you have to do is to write on the enclosed sheet the measurements of your windows, between the sides, and say how high you want them. We send the screens at once. The only fitting required is to fasten the screen to the sides of the window frame; the screw holes are ready drilled and the screws provided. Then your window is fly-proof.

You may send a check with the order, or pay on delivery, or buy through a local dealer. In any case we guarantee you will be satisfied.

Yours very truly,

## CHAPTER 24.—OFFERING GOODS DIRECT AND THROUGH AGENTS.

Offers by letters and by price lists. Explanations of selling terms and conditions. Phrases, paragraphs and letters for offers.

In the case of bulky goods such as furniture, the seller should aim at obtaining a visit from the customer to inspect the stock, because it would be otherwise difficult to prove the difference between good and inferior qualities of materials used, or the advantages of superior style and finish.

For machinery, drawings may accompany the offers, together with accurate statistics of results obtained by their use.

For textiles, or articles of small bulk or little expense, samples should be joined, for inspection or trial.

Although the merits of one's own goods should be fully described, it is bad policy to belittle (depreciate) similar goods offered by other traders.

Do not make it appear that you consider the buyer is ignorant of his business, or unfairly biased (prejudiced), if he does not purchase your goods. He can retort very effectively that he does not consider your goods to be cheaper or better. After all, it is his opinion which is the important one to you, and it is your business to persuade him to either make a trial of your goods or to make a comparison of them with what he usually buys.

If new customers are to be secured, the getting of them will require

a certain sacrifice of time and money. The orders you want are probably now being given to someone else and you will only secure them by making it easy for the buyer to see the advantages of what you offer in competition.

To obtain this end, you must be prepared to spend money in distributing free samples, allowing free trials, etc. You may also offer to return the purchase money if the articles are not approved, or even to send the goods "on approval," that is, with the option of return.

A larger trade generally means larger profits, and the expenditure of reasonable time and money is necessary to obtain these advantages.

Selection of the best time for offers to be made is most important. It should be either well in advance of the opening of the season, and before orders are placed, or when the season is in full swing and repeat orders are being given to replace stocks which have been sold.

Salesmanship has been defined as selling to a man not what he wants, but what you have for sale. A better definition of it would be that it is selling to a man the goods which are best suited for himself or for his customers, and which are the most likely to give him satisfaction and bring you increased trade. It is bad policy to persuade a man to overstock in one class of goods. That causes him trouble and loss and he blames you for misleading him as to the quantity he could sell.

**Precaution Needed for Offers by Letter.** When goods are offered by a letter addressed to one particular customer, or by a multigraphed or printed circular letter sent to a large number of possible buyers, it is advisable to add the words "without engagement," or "subject to sale."

The phrase "without engagement" gives the seller the right to withdraw his offer without selling to anyone, or to increase his price. The phrase "subject to sale" allows him to refuse to deliver more than the quantity which still remains unsold at the time orders are received.

If these words are not added, any person to whom the offer is made has the right to claim delivery of the goods at the price offered, or to claim damages for non-delivery, or to buy the goods elsewhere at a higher price and to claim the difference.

Another way of limiting the offer is to state in the letter, "we offer to you, subject to your reply by return of post," or, "subject to your reply by telegram," or, "this offer is open only for an acceptance reaching us on or before 12 noon, the 21st inst."

**Offers by Price List.** It is advisable to print on price lists the words "this price list cancels all previous lists." There should also be added the words, "the firm reserves the right to cancel this price list, or to make alterations of price, without previous notice."

### OFFERING GOODS.

**The offer.** *A firm offer*, (definite and binding offer) ; *an offer without engagement*, (on condition that the goods are not sold before a reply is received).

**A binding offer.** An offer in writing or an offer acknowledged in writing or partly performed.

**A written offer.** One made by letter, written order form, or by telegram or broker's note.

**A Verbal offer.** This should be called an "*oral*" offer, that is, by word of mouth, but the word "*verbal*" is in common use.

**A very favorable offer.** A very exceptional offer; a remarkably favorable offer; a quite exceptional bargain. A great bargain; a very cheap lot; a very advantageous offer.

**Confirmation.** To maintain or confirm an offer.

**Cancellation.** To withdraw an offer, to cancel.

### SELLING GOODS DIRECT TO BUYERS.

**Sale**, clearance, annual sale, clearance sale, liquidation sale, stocktaking sale, Spring sale, Summer sale, Fall (Autumn) sale, Winter sale, removal sale. Special show day, special sale day; exhibition of new goods (or new models), exhibition of Spring novelties; Fur sale, White sale, auction sale (sale by auction), sale by Dutch auction (the seller names the price and reduces it gradually until a buyer accepts).

**To offer**, to sell privately, publicly, to give an option, to give the first refusal, to reserve goods for a firm, to lay aside waiting reply, to offer without engagement (subject to being sold to someone else before reply to offer arrives), to offer firm (to reserve, waiting reply).

**To sell**, to clear, to place a lot, to place a line, to book an order, to book a repeat order, to make a sale, to effect a sale, to job off, to sacrifice, to make a clearance of, to turn over a stock, to clear out a stock, to sell as a whole (in one lot), to sell in lots (to split up into lots), to split a lot, to break a parcel to sell by tender, by private tender; to ask tenders for, to sell to the highest bidder, to sell by auction, by public auction, bidding by candle light, by Dutch auction, by auction, unless previously sold by private treaty (private sale or tender), to sell at the public sales, at the wool sales, at the rubber sales, at the produce sales, on 'change (cotton exchange or stock exchange, &c.), in the market, by order of the trustees or executors; receiver's sale, by order of the receiver or trustee in bankruptcy, of the trustee under a deed of composition and assignment, by order of the liquidator or receiver or mortgagees; by underwriters, salvage sale. To sell by order of the court, under a distraint, by order of the sheriff; under bill of sale. To sell in market overt; on termination of lease on account of death of owner, to close a partnership, on dissolution of partnership, to close an estate, by reason of (in consequence of) death, of dissolution, of liquidation.

To sell as agent, as brokers, on commission, as commissionaires, as principals, as factors.

**Sale.** Sale of salvage stock, bankrupt stock, of clearing lots; of sea-damaged goods; of shop-soiled goods; of exhibition goods, of samples, of makers' samples, of travellers' samples, of condemned government stores, of surplus pro-

duction, of discontinued lines, of surplus stock, of returned from hire goods, of fire salvage.

**To sell at a reduction;** at break-up prices, to scrap (to sell at much below ordinary or usual prices), at a discount, at specially reduced prices, with a heavy reduction, below cost, below actual cost, at a heavy loss; at giving-away prices, at 50% off cost, at job prices, as jobs, with all faults, tale quale (as they are, with all faults), below cost of production, at a sacrifice, at par.

**To sell at cost;** at bare cost, at net cost, without profit, at cost, plus bare expenses (plus working expenses).

**To sell at ordinary rates;** at our usual lowest prices; at a bare margin above cost, on our best trade terms.

**To sell well:** at profitable prices, at a premium, at a high premium, on remunerative terms, at a handsome profit, at a good (large) profit, with a good gross profit, with a good net profit after all expenses, with an excellent profit on the turnover, on paying conditions.

**To sell at high prices:** at exorbitant prices, at ridiculously high prices, at monopoly prices, at prohibitive prices, at impossible prices, at unheard-of prices, at extraordinary prices, at considerably above usual prices, at prices beyond ordinary reach, at unprecedented prices, at boom prices, at the peak, at the highest points, at the extreme limits of the rise.

**Methods of selling.** Wholesale, to the wholesale only, the trade only supplied, sold through agents only, through our accredited agents, through stockists.

By retail to the public, through our branches, our own agencies, to members only, to the public as well as members (co-operative stores), direct to the public, at our own retail stores (or establishments), supplied only direct, no agents, supplied direct to the consumer, direct from the maker to the public saving middlemen's profits, direct from the loom to the wearer, direct from the grower, from factory direct to consumer, through all grocers, or booksellers, or druggists, or through usual retailer, on sale at all retail stores, on sale at the following stores (list given), to be obtained from, to be obtained from all retailers through Messrs. A. & Co. (A. & Co. being the jobbers, or the distributors to retailers).

Supplied only (1) to members of the profession, (2) to members of the society, (3) on written application on trade heading.

**To sell by weight,** measure, yard, metre, piece, case, in original wrappers, original cases, by the bale, by the pound, by gallon, by hundredweight (cwt.), by kilo, by the ton, by short cwt. (100 lbs.), by long cwt. (112 lbs.), by short ton (2000 lbs.), by long ton (2240 lbs.), from sample, by sample, by analysis, by purity content, by strength.

**NOTE.** The short cwt. and short ton are used in the United States and Canada; the short cwt. is also called a "cental." In Great Britain, New Zealand, Australia, Union of South Africa, Egypt, and British dependencies the long ton is used.

**These goods sell** easily, readily, well, quickly, rapidly, to arrive, before arrival, in advance; these goods are greatly in demand, in request, in great demand, are all the rage, are quick (excellent) selling lines, are staple goods, are a necessity, are good stock.

These goods are exceptionally good selling lines and well advertised; they

give a quick and large turnover and yield considerable profits in the course of a year; they are in great demand at this season of the year.

**These goods sell only slowly, moderately, steadily;** are slow sellers; they are in poor demand, in small demand, are seldom called for, are poor stock.

**Sell Badly:** very slowly, only with extensive advertising, only with difficulty, require considerable pushing, are not liked, are not in demand, appeal to few people, have a very restricted sale.

**These goods do not sell;** they are unsuitable to our trade, unsalable with us, bad stock, out of date, of no use to us, out of fashion, superseded, old style, old fashioned, unfashionable; are not worth keeping in stock, not worth stocking, are not often called for, only fit for sale as jobs, should be cleared out, are not worth listing.

**To sell for cash.** To do a strictly cash trade; cash with order (C.W.O.); cash against accompanying order; to do a mixed cash and credit trade.

**To sell on credit:** To allow monthly accounts; to sell on deferred payment system on quarterly accounts; to open charge accounts (credit accounts); accounts are rendered monthly, for payment within 7 days afterwards; to sell on instalment terms (on partial payment system). All accounts must be paid within 10 days after close of each month. One month's credit is allowed for purchases up to 20th of each month.

When remittances are made by check the goods cannot be dispatched until check has been cleared, for this reason clients are recommended to send postal or money orders, or bank drafts when goods are urgently wanted.

New clients are requested to remit funds with order or to furnish two trade references.

All goods are to be paid for in Chicago exchange before shipment.

Cash against Mate's receipt.

Cash against delivery of signed Bills of Lading.

Payment by 60 days sight draft, against Bill of Lading.

### Stocks of goods.

**Words.** Stocks, selections, supplies, reserves, display; provisions, exhibition, choice, assortment, array, ranges, groups, sets, collection, stock in bond, warehouse stock, stock with agents, stock on consignment, visible stock, visible supply, spot.

**Warehouseman,** bonded warehouseman, stockkeeper, storekeeper.

**Warehouse,** stock room, store, depôt, bonded store, depository, stockist, accredited agent, licensed agent, agency, agent holding stocks, retail depôts, wholesalers stocking our goods, retailers stocking our articles, stocked by all dry goods stores, automobile dealers, stocked by all high class drug stores.

**Good stock,** new stock, fresh stock, clean stock, carefully chosen stocks, full assortment, full ranges, choice lots, complete collection, unrivalled selection, numerous variety.

**Bad stock,** old stock, out-of-date, poor selection, bad assortment, want of variety, no choice, sameness, soiled stock, oddments, remains, remainders, junk, rubbish.

**To stock.** To hold stock of, to keep stocks of, to keep in stock, to deal in, to sell, to trade in, to supply, to furnish, to be agent for, to take up, to adopt a make; to push an article, to list goods, to show, to hold assortments of, to offer.

We keep all the leading makes (brands) in stock.

We hold full stocks of the leading novelties.

Our stocks are constantly replenished with the newest and smartest designs.

We have resident and traveling buyers to select for us the newest and best productions from the chief markets of the world.

Owing to our enormous turnover, our stocks are always fresh and up to date.

We stock the best lines of all the chief makes.

We hold the largest and newest stocks out of London and Paris; we have our own buying offices in those cities.

In addition to our own productions, we stock the choicest foreign goods.

The recent large extensions of our premises enable us to exhibit completely furnished model Drawing, Dining, and Bedrooms, ranging from the simplest to the most exclusive and artistic productions and all at the lowest possible prices.

We stock all the leading proprietary articles.

Our stocks include all kinds of tobaccos, loose and in the original packages.

We do not stock advertised branded goods; we prefer to sell only those articles which are specially made for us and which we can honestly guarantee with the full force of our 50 years' reputation for supplying thoroughly perfect and durable goods, of the choicest designs, made from the highest quality of materials, and always at the most moderate prices.

Our numerous stocks enable us to dispatch any quantity, of any grade, (quality) immediately on receipt of order.

These machines are in stock, packed ready for despatch and are sent (shipped) immediately on receipt of instructions, in the charge of thoroughly experienced fitters, who erect them and instruct attendants in their working before leaving.

The machines are supplied from stock, with full instructions for erecting (installing, fitting) and working.

Our portable bodies are stocked carefully packed, ready for shipment to any part of the world.

**Our stock is very large, very extensive, immense, complete and exhaustive, fully assorted, complete in every particular, continually renewed, renewed daily, contains every variety, unapproachable in extent, astonishing in its wide range of prices and qualities, suitable for all classes of trade, ranges from the cheapest to the highest grades, any quantity can be supplied immediately from stock:**

We recommend you to obtain sufficient stocks while they are available, as we cannot repeat (as our stock is running low).

We send details of our present stock (ways) so that you may send your assortment without delay; these goods are rapidly being cleared and we cannot obtain more at the price.

There is no more stock on the market, the foreign buyers having taken all available supplies.

#### **Recommending goods offered.**

Our goods are greatly appreciated in other markets similar to your own.

“ “ are in great demand at present.

“ “ are in continually increasing demand.

“ “ are now being largely used for——.

“ “ are used in preference to any others owing to——.

“ “ are very much cheaper than those of competing firms because we make them ourselves in large quantities.

Our goods are much more suitable for your purpose than those of other makers, because we specialize in fabrics for your particular trade.

“ “ will be found to be more economical in use than any others.

“ “ are everywhere recognized as the best of their kind.

“ “ are the finest quality procurable.

“ “ more than hold their own with competitive goods.

We invite comparison of our goods as regards both price and quality.

They are more than equal to the best imported goods (products of foreign manufacturers).

We do not fear comparison with any other makes.

They are not only as cheap as the goods of other makers, but they are distinctly superior in the following respects.

**Have you any need of (Goods).**

Are you open for a line of splendid value at——.

The grade (quality), of which we send you sample herewith, is exceptionally cheap, may we reserve 100 pieces for you?

We are booking very large orders in these goods for October delivery and if you think them suitable for your trade we urgently recommend you to place your orders now, as otherwise we cannot guarantee delivery.

The enclosed samples should suit you as an introductory line; may we reserve the whole lot (whole parcel) for you to be delivered any time within the next four weeks.

If you require constant supplies, we will hold special stocks for you.

If you will place a contract for six months, we will offer you 10% off our lowest present (current) prices.

If you are likely to require any during the next three months, we advise your placing the order now, as prices are rapidly rising and, although we are well bought, we shall have to advance our quotations immediately our provisions (stocks, supplies) are exhausted.

**Phrases for offering goods.**

We have pleasure in offering you ..... at the specially reduced prices shown below.

We now confirm the special offer made to you by telephone this morning.

This is a quite exceptional bargain at the price offered, and we recommend your securing this line at once.

Since our offer of yesterday we have sold half of this lot and can now only offer the remainder without engagement; we recommend your telegraphing (wiring) us to prevent disappointment, if the goods interest you.

We can only maintain our offer until Thursday morning's mail (post).

This offer is subject to your acceptance by wire.

It is not possible for us to accept less; we have buyers at the price quoted you.

Please telegraph whether we are to reserve this lot for you.

Please offer us your best price to clear the lot.

What is your lowest price to clear the lot; prompt cash.

Make us the best bid you can as we have other offers and shall accept the highest; prompt cash terms preferred.

What is your best offer to clear the lot.

Are you prepared to make an offer for them, for immediate delivery.

The goods offered are a job lot (are seconds, are rejects, are imperfect), and must be taken with all faults (tale quale, as they stand, at buyer's risk).

The samples sent to you show a fair average and the lot is exceptionally cheap, even for imperfect goods.

This is a special clearing line and we guarantee the goods to be clean and perfect.

The reason we offer this special lot so low is that we are ceasing to stock these goods, our customers preferring higher priced goods.

We offer the whole lot, assorted as samples enclosed, at the exceptionally low price of 10c per yard; for a selection only (to pick) we could not accept less than 15c per yard.

We are not prepared to sell selected patterns at the very reduced price offered, but we will meet you by reducing the price to 9 cents per yard for the whole lot, for acceptance by telegram; useless to offer less.

Our offer of the shirtings is now withdrawn, the goods having been sold.

We regret that we cannot accept your offer of the lower price for the special lot; we have since sold them at the price first offered to you.

We offer you the special price of \$10 per piece, for 150 pieces of 50 yards each, as sample enclosed, to clear this lot left on our hands through late delivery by the manufacturers.

These goods were shut out from a steamer, and we are therefore sacrificing them at the price now offered to you.

In consequence of the bankruptcy (failure) of the firm for whom they were made, these goods are left on our hands; we offer them to you at less than cost, in order to clear.

(The following remark was written by hand at the top of a letter, just below the printed heading.)

**Please note:** This offer cannot be kept open. If not accepted within 7 days, it must be considered withdrawn.

**We have no need of these goods, because**

we have ample stock at present.

our season for them is almost over.

we have just bought a large quantity.

we require only small quantities, and buy them as required.

we only buy them to order, owing to the small demand.

they are out of our line.

owing to the present high prices, we are only buying from hand to mouth.

we have sufficient for our requirements for several months.

we do not use them in our business.

we do not cater for this class of trade.

the quantities are too small to interest us.

we have no outlet for them (no call for them, no sale for them).

we only need small quantities, and these we obtain locally.

we import them direct.

we have them made specially for us, to our own exclusive designs.

**Selling instructions to agents and branches.**

**SELL** at the best price possible, within 7 days after arrival, for prompt cash to meet draft.

**SELL** at once, even at a loss; draft due 30th inst. must be met.

**SELL** all possible for payment before bill falls due.

**SELL** or hold, at your discretion.

**SELL** only at a profit; if impossible, wire us and we will cable case of need for bill.

**SELL** at the best, if you cannot accept bill for our honor; otherwise, hold shipment until market improves.

**SELL** on our samples, to arrive, but not at loss of more than 10%.

**SELL** short, against shipments we are making next week, cable result.

**SELL** the sea-damaged cotton by auction, after survey.

**SELL** at anything within 10% of invoice price.

**SELL** rejected lots for our account, and hold proceeds to meet draft.

**SELL** without forcing, and obtain best prices possible within currency of our draft.

**SELL** to arrive if market falling, otherwise wait arrival; market firm at this end.

Sell all you can immediately, at prices quoted, with margin of 15%.

Sell out and report by wire prices obtained, stating whether demand good.

Sell immediately after landing and sampling, unless you believe prices will rise within a fortnight (two weeks).

Sell a similar quantity at same price, for shipment from here at once by sailing vessel;

Repeat the sale for June delivery, at same price with margin of 7½%.

Stop selling unless you can obtain our limits; prices rising.

Sell only small lots to cover drafts, hold bulk for higher prices;

You may continue operating at an advance of 1 cent for shipment next month.

Operate very carefully at present, as stocks are low and spinners cannot promise early deliveries.

Cable immediately all your operations, so that we may cover.

Sell only near positions for early payment, decline all orders at long credit or distant deliveries.

If draft is dishonored for acceptance, accept for honor and realise shipment at best prices possible, in time to meet the bill.

Cable result as soon as sold, adding tendency of your market and stating descriptions most in demand.

We have firm options up to 1,000 bales more, at the rate of 250 per month, beginning next month; cable any good offers received.

Continue selling lots of 250 at each advance and report by cable; if prices weaken, stop selling and cable news, then wait orders.

Do not accept orders without adequate deposits, (margins).

Sell to no more new clients unless you are prepared to guarantee them.

Sell to new customers only on del credere terms.

Place these goods on the market immediately they arrive.

Use your discretion as to the time of offering them on the market.

Prices at this end seem likely to rise but we leave to your discretion the

question of offering at once or waiting, although we prefer your holding unless good prices can be obtained.

Hold this lot for the present, unless you have to accept lower prices through plentiful supplies.

### Replies to selling orders.

There is no enquiry at present, and we advise waiting instead of forcing the market.

We cannot sell later positions; have you any to arrive ("later positions," means dates of delivery more than 3 months after date of sale).

We cannot sell on terms of f. o. b. Galveston, quote lowest ex-quay Liverpool.

Buyers not disposed to buy at present prices, can you revise your limits.

We had to sell at rather lower than your limits to provide funds for your draft.

We have made a sale of 100 bales each for September, October, and November shipments at your prices; repeat offer if possible.

We can sell at two cents over your price, if immediate shipment can be guaranteed; wire whether this is possible.

There is little demand and, although we are doing all we possibly can, we are only selling small lots at your bare limits.

There is a slump in the market and buyers will not even bid.

The market is flooded with stock goods and it is impossible to obtain within 20% of your limits.

We cannot realise immediately except at 10% under your invoice price, report by telegraph (cable) whether you prefer to wait.

There is no chance of selling for prompt cash; buyers insist on three months' sight draft.

We could sell them profitably for Christmas trade if you could guarantee delivery August 10th at latest.

Although prices hold up there is little demand; are we to force sales to obtain cash for your acceptance.

Will you allow us to use our discretion, or is it absolutely necessary to sell within a month for cash; we could do better for you by selling for payment in two months.

We see no prospect of an improvement in prices and recommend your clearing them at present rates.

We could sell better if you would allow us to split the lots and accept three months' pagarés (promissory notes).

We have obtained very good prices for this lot; can you repeat at same price.

Can you repeat last lot at same price, or within 5%, for March delivery.

### Reports of sales made.

We have cleared all your lots at average of 3% above your latest limits.

We have sold 1,000 bales, for delivery in lots of 250 per month, May to August, at  $5\frac{1}{4}$ ,  $5\frac{3}{8}$ ;  $5\frac{1}{2}$  and  $5\frac{5}{8}$  cents; can you repeat at same prices.

We have cleared the sea-damaged lots at a loss of 10%; holding proceeds against draft as instructed.

Shipments closed to-day with total loss of \$500.  
 We have sold half at profit at 3% over August prices.  
 We have closed nearly all, at the valuation.

### Questions as to selling.

Have you sold our Jan. 10 shipment yet; report by cable.  
 We are waiting for you to fix your selling limits.  
 What price can you obtain for our cotton to arrive (afloat); in transit; f. o. b. New York; landed New York; ex-warehouse; ex-quay New Orleans; for March shipment; for April delivery.  
 Can you sell at 20 cents or over.  
 Can you sell repeat lot of Linters, immediate shipment, at the same price.

### Letters making offers.

Dear Sir,

I thank you for your favor of yesterday, and for the order enclosed, which I have put in hand at once for delivery at the time you name.

I regret that I am unable to supply the Cretonnes at the reduced price you offer. I have only a small margin of profit on these goods and the best I can do to meet you is to allow you 1 cent per yard on the price already quoted you, making the reduced price 23 cents.

Will you please inform me if you wish the goods booked at the price named.  
 Yours truly,

Dear Sir,

You are undoubtedly a user of analysis paper and pads, so we are enclosing our latest price list of columnar pads, covering a large variety of rulings in both buff and white papers of good quality.

We are most anxious to receive a first order from you, as we feel confident it will be the forerunner of long and pleasant business relations.

Very truly yours,

### IDEAL CHRISTMAS GIVING

*The ideal Christmas gift shows that the giver carefully selected it not only to please but also to have lasting value.*

*Our publications are of this character and for this reason they are very acceptable both to your friends and to your business associates.*

*Why not visit our store, make your selections and let us wrap and mail them with your card enclosed.*

My dear Mr. —,

Has the thought ever occurred to you that every woman loves furs and that most women want furs, no matter how many they have?

And does not this suggest furs as a most desirable gift for Christmas—a gift which, like no other, conveys thoughtfulness and sentiment because of its appeal to woman's sense for things beautiful?

The house of — & Sons, by virtue of its sixty year old prestige as exclusive furriers, is in a position to make it easy for you to choose a gift in furs which will be highly appreciated—be it a costly or a moderately priced coat or wrap or one of the smaller fur neckpieces.

If you should prefer, we will be pleased to honor any written order of yours on our house.

Yours sincerely,  
A. Brownson,  
Vice-President.

Dear Madam,

We have been informed by Capt. Gardner that you contemplate purchasing an Astra car. We represent this firm in Albany and if you will let us know what type and power of car you require we shall be pleased to quote you the lowest cash price. We should be glad to call for you to give you a trial run at any time you wish, if you will be so good as to call up Central 6352 and ask for the manager.

Yours very truly,

Dear Sir,

A friend and myself have in hand a new spare wheel for motor cars and it is my intention to visit the principal firms in the trade with a view to introducing it and negotiating for the sale of the patent rights. I shall be in Chicago next week and should be glad if one of your principals could make it convenient to inspect a full size model. If you would be so kind as to let me know the name of the gentleman for whom I am to enquire when I call, it would be mutually advantageous in the saving of time.

Please reply under enclosed cover (using the addressed envelope enclosed). I thank you in anticipation of the courtesy of your reply.

Sincerely yours,

Dear Madam,

In order that all our customers may enjoy the advantages of an electric iron, we are making a special offer to our new consumers for ten days only.

THE HOTPOINT ELECTRIC IRON, which we have found to be one of the best irons made, sells regularly for \$7.00. If you will bring or send the enclosed card to any of our sales rooms within the next ten days, we will sell you a \$7.00 iron for \$5.35.

This offer is made only to new consumers for ten days, and the iron you get for \$5.35 is exactly the same as we sell regularly for \$7.00, a fully guaranteed Hotpoint. This gives you an opportunity to secure the best kind of an iron at an unusually low price.

Ironing is much easier when an electric iron is used and the week's ironing can be done in much less time. If you will use an electric iron once you will be surprised how quickly the work is completed. You do not feel tired when you have finished ironing and the time saved can be devoted to more pleasant occupations.

The electric iron is always clean and convenient. It is handsomely finished in highly polished nickel. It can be used in any part of the house, at any time. Just insert the plug in any lamp socket, turn the switch, and the iron is ready for use.

No doubt you intend to get an electric iron some time. Now is your opportunity to get it and save money. Do not wait until our offer expires, but send or bring the card at once and get your iron with the saving.

Yours very truly,

Dear Sir, **This is a form letter—but full of meat.**

The recent reduction in the wage scale of all cigar makers has made it possible for us to put our "old stand-by," the "LA MARADAD," on the market for EIGHT CENTS. It was ten cents.

The LA MARADAD is a Large blunt shaped Havana blend, pleasing from end-to-end, made of the best Havana Tobacco, shade grown wrapper and a thin binder, making the entire cigar almost a clear Havana.

It is made in our own sanitary factory by the best Cuban cigar makers in Tampa and is sent out with the official seal of Tampa burned on the bottom of each box, with the endorsement of Tampa's City Clerk, which alone is a guarantee you are getting Tampa's best product.

It is a class "C" cigar—retailing for fifteen cents, looks like twenty-five cents, and smokes like fifty cents.

With your permission we are going to send you 100 LA MARADAD cigars on trial; smoke a few of them; if you don't say they are the best value you ever had from Tampa, send them back at our expense.

Read carefully the coupon below. Sign and return it to us at your earliest convenience, and you will receive 100 of these good cigars on trial.

Yours very truly,

..... MILD      ..... MEDIUM      ..... STRONG

Gentlemen,

You may send me on trial 100 LA MARADAD CIGARS, parcel post pre-paid, and insured. If I like them I will mail you my check for EIGHT DOLLARS. If they fail to please me I will return them at your expense and owe you nothing. (If you don't smoke, kindly hand to a friend who does.)

Name .....

Address .....

Official Capacity .....

**CHAPTER 25.—OFFERS OF GOODS AND SERVICES BY INDIVIDUAL LETTERS; HOW TO USE PRICE LISTS.**

Making and refusing offers. Catalogs and newspaper advertising. Giving prices and estimates. Sending price lists, booklets and catalogs. Phrases, paragraphs and letters.

**An Offer of Service Should Always Be Strong and Convincing.**

If you are making an offer to a new firm, remember that the orders, or the work which you want, are already being given to someone else. It is necessary for you to convince your correspondent that you can do better for him. It is not sufficient to merely state that you can serve him better; you must give reasons which are likely to convince him of that fact.

For example, if you are offering a new machine, you should explain

why it is better or more economical than other machines, and you should give details of work it has done. If you offer to install one free of charge, and allow a month's free trial, that is a good selling argument, because it shows your confidence in the machine.

A business man who refuses to buy the machine on your bare statement of what it can do, does not necessarily consider you untruthful.

He argues that, if you insist on his paying for it before he can have a chance of trying it, that fact shows that you are afraid he would not find it satisfactory.

**Refusing Offers.** It is easy to say "no" by letter, but it is also easy to give offense in the way it is said.

If you refuse offers rudely, because they are quite unsuitable, other offers, which you would perhaps like to receive, will not be made later.

Be polite, remember that the other man is trying to earn his living, just like yourself. You would be offended if your customers refused your offers rudely.

In refusing by letter, explain why you refuse, and leave the door open for an offer of something more suitable to you.

A word of encouragement to the other man will cost you nothing and may make a friend for you.

Treat the other man with the same respect and consideration that you would like to have given to yourself.

There is a great deal of human nature in business and the pleasant and courteous man gets better treated than the boorish man.

#### **State laws respecting acceptances and withdrawals of offers by mail.**

A person making an offer may withdraw it before it has been accepted, whether he has agreed to hold it open for a stated time or not. The promise to hold the offer is not binding unless the person to whom the offer has been made has paid for the option to accept within a stated time.

An offer made by letter can be generally accepted by letter; by common law the mailing of the acceptance closes the contract; any withdrawal of the offer must reach the person to whom it has been made before he mails or telegraphs his acceptance, in order to be an effective withdrawal.

In the U. S. A. the laws of the separate states differ as to acceptance of offers by mail. For example, the laws of the state of New York provide that the acceptance is complete immediately the letter has been mailed; Massachusetts law holds that the acceptance is not complete until the letter is received by the person or firm making the offer.

#### **Quoting prices and giving estimates.**

Dear Sir,

Your letter of the 7th inst. received. We ask that you pardon our delay in answering, as we have been very busy and have therefore neglected to answer our mail.

The house #719 Chestnut Street is on a plot 25 x 100, 7 rooms and bath, hardwood trim throughout, steam heat, rear stairway, screens for porch; price \$4800 subject to a first mortgage of \$2600.

The owner will take \$1000 cash and a second mortgage for the difference, payable in installments of \$40, with interest, every three months.

We should be pleased to show you this house at your earliest convenience. We can meet you at any time if you will phone us the evening before at our residence; phone 6222 West End.

We trust to see or hear from you very soon as this house is a bargain and not likely to remain long unsold.

Yours very truly,

Dear Sir,

Your letter of the 28th, February to hand. I greatly regret it is not possible to grant you the reduction of 2c per yd. that you ask on the shirtings 357, for which the price previously quoted, 20 cents, is the lowest possible. Please let me know if I am to book your order of 200 pieces of this number for delivery at once and to put the further 200 pieces on the looms. The request for a reduction surprised me all the more as I have just booked orders in these goods at prices higher than I have quoted you. I confirm my telegram of this morning.

"Regret but reduction on 357 impossible."

Yours very truly,

Dear Sir,

We are obliged by yours of the 10th inst. As there appears to be some misunderstanding respecting our trade terms, we shall be glad if you will favor us with a call, in order that this matter may be thoroughly gone into.

Yours very truly,

Dear Sir,

We have pleasure in sending you herewith specifications of our 50 H.P. and 80 H. P. Aeroplane engines.

The price of the 50 H.P. engine is \$ . . . . . and the price of the 80 H.P. "vee" type engine, \$ . . . . ., delivery at our Works. We can give delivery of a 50 H.P. engine in 12 weeks from receipt of order, and an 80 H. P. engine in 10 weeks from receipt of order.

We shall be glad to give you any further information you may require,

Yours very truly,

Gentlemen,

Following the instructions given to our representative this afternoon, we now have pleasure in quoting for supplying and fixing 30 in. flat shape well seasoned wood letters, painted four coats of good oil color, finished white on the face, red edges, with necessary iron work, for the sum of Fifty dollars (\$50).

We hope to be favored with your order, and assure you of our very best attention.

Yours truly,

Dear Sir,

I thank you for your reply stating that the price of the A. P. ink is too high. I am glad of the chance to explain to you why this is not quite correct. At the price we quote you this ink is a bargain, because you require only half the quantity

you would need of inferior inks. At this price we supply you in small lots, so that your supplies are always fresh and you have no waste. If you buy in larger quantities we can quote a little less, but we do not advise this unless you can use it more quickly. It is absolutely fast color, does not smear, it prints perfectly at any speed, and it is usable to the last drop in the can.

May we send you a small can to try.

Yours truly,

Dear Sir,

I have much pleasure in submitting estimate #867 as under, and shall be pleased to receive your order to which my most careful attention will be given. Estimates are limited to thirty days' acceptance. Prices subject to change without notice.

Yours respectfully,

Dear Sir,

I have pleasure in enclosing estimate as requested and trust you will find same satisfactory.

Yours very truly,

#### Estimate.

Dear Sir,

We shall be happy to supply 2000 4to sheets with printed heading, in black, and body in typewriting, in color, on paper similar to pattern for \$7.00; or 3000 copies for \$9.00.

We can make a block of your signature for \$1.50 if you have not got one.

Yours very truly,

#### Order.

Gentlemen,

Please print off 2,000 of the 4to printed headings in black, with body of letter in typewriting in color; "copy" herewith, on paper as our copy, at the price quoted, namely, \$7.00 (Seven dollars). Delivery in seven days.

As regards the block for signature, we prefer to have these forms signed in ink, so will not take the block at present.

Yours very truly,

#### Price list sent.

Dear Sir,

We have pleasure in forwarding to you, as requested, our general price list.

If you will be good enough to inform us which particular articles interest you, we shall be glad to furnish further particulars, with details of our stock. Then, if you are unable to pay us a visit of inspection, we could ask our district salesman to give you an early call, with samples.

Yours very truly,

#### Printed form for quoting prices.

Dear Sir,

In reply to your enquiry to hand we have pleasure in quoting you as per particulars stated below.

We trust to be favored with your order which will receive our prompt and careful attention.

Yours very truly,

(Prices are written below the signature of above letter. The following conditions are printed at the foot of the form.)

Acceptances of all orders and contracts subject to Force Majeure, Strikes, Lockouts, Fires, Breakdowns, changes in Fiscal Policies in any country, and other eventualities beyond our control. All stocks are offered subject to sale.

**Prices quoted for machines.**

**Invitation to examine machines at work.**

Gentlemen,

Replying to your inquiry as to the price of the machines referred to in our previous letter. The cheapest are sold at \$225, and the most expensive at \$325. We are thinking of making an intermediate class, differing from the first only in fittings, for about \$275, but shall not finally decide upon this till next week, after the close of the machinery exhibition. We will take an early opportunity of sending you a complete price-list, with drawings, and shall be glad to receive your instructions to supply as many machines as you may require. We may mention that two machines are now working in the establishment of Messrs. Harrison & Co., of New Haven and as we believe that your Mr. Wilson often visits that town, we would suggest that he should call and see them at work. We feel sure that Mr. Harrison would be glad to give him any explanation that he may desire. There is also another machine in use at their works in Schenectady, but it is one of an earlier type, and is greatly inferior to the more recent makes both for speed and smoothness of working. The improvements recently made and patented by ourselves have added a little to the expense of the machine but they have, as you will find, greatly increased its efficiency, and will lessen the cost of repairs. We are sending out 20 of the machines to Melbourne by the next steamer, and probably more will follow next month.

Yours very truly,

**Sending Booklets and Catalogs (Catalogues).**

These are usually costly to produce and they should not be distributed to people who are not likely to buy.

Advertisements and circulars may be drafted so that they bring enquiries for a booklet or an illustrated catalog.

They should not be sent except in reply to such enquiries, or to regular customers.

Booklets should be used for individual customers, while illustrated catalogs should be reserved to dealers and retailers.

It is waste of time and money to distribute costly catalogs to strangers. It is cheaper and better to offer one article by general advertising or circularizing; a leading article, in general demand, is the best to offer.

A catalog may be written in a severely practical style, with little or no explanation, because it is generally sent to dealers. New articles should be explained on loose sheets, and treated in detail.

A booklet, on the other hand, is usually intended for a possible purchaser who may know very little of the article or service offered. The aim of the booklet is then to explain in an easy style, to show photographs or sketches of the article and its uses, and to persuade the reader to become a buyer.

Sending catalogs in English to foreign countries is useless.

If foreign trade is wanted, special catalogs should be printed in the language used in the country where they are to be sent, and all prices, sizes, and measurements should be changed to those used in that country.

The three large retail dry goods stores "Au Bon Marché," "Les Grands Magasins du Louvre," and "Au Printemps," in Paris, issue detailed catalogs in English, Spanish, Italian and other languages and they do a large export business with foreign retail customers.

These catalogs are sent only on request or to foreign customers who buy regularly from them.

#### Letters replying to enquiries for catalogs.

Dear Sir,

In accordance with your request of the 29th, we are pleased to send you, under separate cover, a copy of the complete catalog No. 16, together with our revised price list No. 20 showing the current prices for our supplies.

The Catalog contains illustrations and descriptions of our extremely large variety of Ledgers, Binders and Loose Leaf Commercial Forms.

We are also exceptionally well equipped to turn out any special size or style binder, or ruled and printed forms, to meet any special requirements that may be peculiar to your particular business.

We regret exceedingly that the Catalog previously mentioned did not reach you but hope the one we are sending today will reach you promptly.

Very truly yours,

Dear Sir,

We have to thank you for your favor of 14th inst. We have pleasure in sending you, as requested, our illustrated "Guide to House Furnishing," the perusal of which will, we hope, prove at once interesting and profitable to you.

We ask you, bearing in mind the old-established reputation of our firm for the beauty and durability of its productions, to compare our prices with those of the majority of city firms: we are confident that you will appreciate the exceptional value we offer.

Should you be desirous of opening a deferred payment account you will find that our system is simplicity itself. Your enquiry will be treated with the confidence which you are entitled to expect from a private firm of such old standing as ourselves.

Whether you are furnishing immediately or only thinking of it for the future, our showrooms are open to you at any time. As you will not be asked to buy, we are sure that you will find a visit interesting.

We shall be glad to give you any further information you may require, either by post or in a personal chat with our Manager, whenever you are able to call.

Yours very truly,

Dear Sir,

As requested by yours of the 14th we are glad to send under separate cover another copy of our catalog. We assume that you have now all the necessary information. If not, we shall be glad at any time to give you any details you may desire.

Very truly yours,

Dear Sirs,

We have pleasure in enclosing, for reference, a copy of our 19... Illustrated Indexed Catalog of motor accessories.

Yours truly,

Dear Sir,

We are glad to have your enquiry of February 2nd. The catalog you ask for has been sent to you separately to-day, and it should reach you within the next three days. If not, please write us, and we will send another copy at once, by first class mail.

Our farmer friends tells us that we have the most complete stock of young trees in America. You will see by our catalog that we have all the tried and approved kinds, and also the most reliable new ones. We will, if desired, advise you about your selection, free of charge.

Remember that we have been in this business for 50 years. In that time we have built up a large trade by guaranteeing everything we sell. Our reputation is much too valuable for us to risk selling anything but the very best. We therefore stand behind everything we supply. We can do this because we are actual growers. On the attached sheet we give you the names of a few of your neighbors whom you may ask about what they have bought from us.

We can save you money on your purchases because we have no agents' commissions to pay; our trade is chiefly with regular customers, through the use of our catalog. You may be sure that if you order by mail we shall pay careful attention to your wishes. We give you the benefit of our experience and we guarantee that the trees we send you will give you satisfaction.

It will help us to give you a better selection if you could place your order early.

Yours truly,

**Booklet sent, with prices for printing.**

Dear Sir,

We are enclosing a copy of the 2nd edition of our publication the "Business Builder."

If you have not yet tried us for either general printing, or for our "Success" facsimile form letters, we trust you will do so soon.

Our methods are modern, and our prices are consistently low in all departments. While the usual prices for form letters range from \$3 per 1000, you will note that our price is only \$2. In order to induce you to place a trial order, we

are prepared to accept this at \$1.50 for 1000, and proportionately for larger quantities. Try us, and let us prove to you that we are precise, prompt, and pleasing!

Yours for success,

**Catalog enclosed.**

Dear Sir,

As desired, we have pleasure in handing you herewith a set of our general catalogs, and should esteem and give very careful attention to any orders received from your friend in Buenos Aires.

We despatch goods daily to various parts of the world, so are quite accustomed to packing for foreign destinations.

Should any items be required that you do not find cataloged, we should be pleased to furnish particulars on receipt of enquiry.

Yours truly,

## CHAPTER 26.—OFFERING SERVICES BY INDIVIDUAL LETTERS—FOLLOWING UP THE OFFERS; REFUSALS.

Offers and follow-ups; refusals of offers. Examples of letters.

### Repairing electric motors.

Dear Sir,

We have much pleasure in enclosing a pamphlet which we trust will interest you, relating to the maintenance and insurance of electric motors.

In connection with our maintenance scheme, we have fully equipped works for re-winding of faulty armatures and field coils, and for general repairs, and we also keep a staff of men who can deal immediately with breakdowns at any hour of the day or night.

We guarantee that we can give you far more expeditious work when you are requiring repairs done than the actual makers of the machines, while at the same time care and attention is taken to ensure that the work is fully up to the manufacturerers' standards.

We trust, therefore, we shall receive your enquiries when a breakdown occurs to any of your electrical plant.

Yours very truly,

### Agent offers to sell second-hand car.

Dear sir,

Replying to your letter of yesterday's date, we note you have a 4 cylinder Rover car for sale. We wish to point out to you that these cars do not sell very well at the present time unless offered at a low price, but we think if you were to send the car in to us with the reserve at \$200 we would be able to find a buyer for it with delay.

No doubt you have noticed the low state of the second-hand market at the present time; unless the cars are offered at tempting prices, buyers are scarce.

We think you are aware that our selling commission is 5%; we give free garage and free fire insurance to all vehicles accepted by us for sale. If you would like us to collect the car from your garage you will incur collecting fee of \$2 which is to cover the cost of man's time, oils and petrol supplied, also insurance, as we hold ourselves responsible for the car while being driven by our man.

We advise you to put the car on offer now, while there is an active demand.

Yours truly,

#### Follow-up.

Dear Sir,

With reference to the car about which you wrote us last week. Up to the present time we have not received this car and we think you would be well advised, if you want to get anything near the price named in our letter, to send the car in to us without delay so that we may realize it for you at the best possible price. You will of course realize the fact that as the season advances so will the depreciation in prices of second hand cars become greater.

We shall be glad to hear from you.

Yours very truly,

#### Acknowledgment of offer.

Dear Sir,

I thank you for your letter of the 18th of April, in which you offer to allow the members of this Club—or the Club as a whole—a discount of 10% off your usual hiring terms. I will bring your letter before the committee of this Club when they meet on the 8th of May and then again communicate with you.

Yours very truly,

Joseph Gill, Secretary.

#### Offering Income Tax service.

Dear Sirs,

We presume that you are attending to the preparation of your Federal Corporation Income Tax Return (Form 1120) which must be filed on or before March 15th. If you desire any assistance in connection with the preparation of the return, or if you desire us to examine it before it is filed, we should be pleased to have you submit it to us so that proper attention may be given to it before the time for filing arrives. In any event we would thank you to let us have a copy of the return for our files so that our records may be complete. If you desire any additional blanks we shall be pleased to send same to you upon request.

We would also call your attention to the necessity for filing reports of information (Forms 1096 and 1099) in the office of the Commissioner of Internal Revenue, Sorting Section, Washington, D. C., on or before March 15th. These reports show payments of salaries, wages, etc., amounting to \$1,500 or more during the calendar year 19.... If you have made any such payments to individual workmen or employes it will be necessary to file these returns as indicated.

Very truly yours,

**Real Estate agent offers house to rent.**

Dear Sir,

We are in receipt of your letter of the 9th and we regret that the rent of No. 68 Walsingham Road is more than you wished to give; the house evidently contains more rooms than you require. We have therefore made a selection from our register of some smaller houses and flats which may meet your requirements, both as regards accommodation and rent, we enclose full particulars of them for your consideration.

We wait the favor of your reply.

Yours very truly,

**Furniture Remover offers service.**

Dear Sir,

As we understand you propose changing your residence, we should esteem it a favor if you would allow us to call on you at any time you may appoint, for the purpose of giving you an estimate, free of charge, for the packing and removal of your household furniture and effects.

Having made a speciality of removals and warehousing for over 20 years, and employing expert workmen only, we are in the best position to carry out the work at a moderate and inclusive charge.

If you desire to store your furniture or other effects, we would call your attention to our specially constructed depositories, which are centrally situated and equipped with every convenience for the safe and dry storage of furniture, baggage, (luggage) and valuables.

We trust to receive the favor of a reply fixing the time when we may call to make an offer.

Yours truly,

**Offers of service for exhibition installation.**

Gentlemen,

You are probably aware that there is to be an international exhibition in this town, during the months of April to September of next year. There will be a special section for cotton goods and as your firm has such an excellent reputation for its productions we wish to point out the importance of your making a worthy display. The exhibition will attract buyers from all parts and we believe that you would secure important new connections as a consequence of exhibiting.

We should be pleased to act as your representatives for obtaining the space, arranging for the fitting up of the stand, taking charge of it, and acting as your selling agents on commission, during the continuance of the exhibition.

One of our principals will shortly visit you in Boston, to arrange details, if you are prepared to consider the matter.

Yours very truly,

**REPLY.**

Dear Sir,

We are sorry that we are not able to accept your offer to act as our agent for the exhibition in your town. We have no doubt that we should have had

reason to be perfectly satisfied with your services in this direction, but we are not at present open to undertake any extension of our foreign trade. Our mills will be employed to their full capacity for the next 9 months on new specialities for domestic (home) trade, and until our new works are completed we can not accept any further orders except from our regular customers.

We may be able to consider later the question of your taking up our representation in your country.

We thank you for your offer, which we should have been pleased to accept under other circumstances.

Yours very truly,

#### Refusal of offers of Service (from principals.)

**I thank you for your letter of the — and I regret that I am unable to accept your offer** (deal with the matter, entertain it, handle the business)

#### Because:

the affair which you mention is too large for me to handle.

I am too full up at present to undertake any fresh business.

the business suggested is not in my line (is not suitable for me).

I could not deal with it in the way suggested.

I have serious doubts as to its usefulness to us.

I cannot see any prospect of profits proportionate to the risk.

I do not see that it would repay me for the time and trouble required.

I have no funds available for new undertakings.

I am going on a vacation and will not enter into any fresh transactions before the Fall.

**(Endings.)** I thank you for offering me the opportunity. (I am obliged to you for the offer).

#### Refusal of offers of service (from agents).

**We thank you for your offer, which we regret we cannot accept.**

#### Because:

we are already represented in your district by a resident buyer, Mr. A. Wilson, of 118 Broadway, New York; please make your offers through him.

we only buy from makers of these goods.

the credits in your district are much too risky.

we already cover your district by our salesmen (travellers).

we are too fully occupied with orders to be able to give attention to new markets (new lines).

we do not believe that the orders to be obtained in your district would repay the expense incurred.

we already deal with the principal houses in your territory (area).

our profits are too small to allow of our paying the commission you ask.

**(Endings.)** We thank you for your offer. We are greatly obliged to you for the offer.

## CHAPTER 27.—FOLLOWING UP INDIVIDUAL OFFERS— FURTHER COMMENTS AND EXAMPLES.

A retailer in need of certain goods would probably write to six or more wholesale firms asking for samples or prices.

In the same way, a woman wanting to buy furniture, or a piano, or rugs, may write to several firms whose advertisements she sees in the newspapers. Or, she may call at several stores to examine their goods and obtain catalogs to take home for consideration.

The mere enquiry, in itself, is of no value to the trader; it must be turned into a sale at a profit before it will help him to pay his rent and other expenses.

Enquiries are only a beginning and they should be each followed up vigorously by letters, telephone messages, or personal calls, in order to secure the definite result of a sale.

The trader who relies solely on the merits of his goods to sell themselves will lose most of the business, as against active competitors who go after the buyer and explain the advantages of their own goods. It is the persistent man who wins, not the man who leaves the buyer alone.

It is astonishing to find how many dealers neglect this important means of getting trade, persistently following up enquiries.

It is possible to sell almost anything by judicious advertising and continuous following up of openings through enquiries.

Millions of dollars are stolen every year from the public by fraudulent dealers in worthless stocks and bonds, which are sold by this method. There is no reason why the same careful planning and constant attention should not be applied to honest business.

The largest dry goods stores and mail order firms have complete organizations for keeping in constant touch with prospective customers, in order to secure them as regular clients.

It is easy for the small trader to do the same thing and to get good results. Persistence and courage are essential. Results will not come quickly, but they are certain.

If what the trader offers is not good value in comparison with what others are offering, he will find it out by following up enquiries until he either secures an order or is told why the customer will not buy. If the reason is that the trader's values are not right, or that the service he offers is inferior or too dear, it is better for him to know it, so that he may change these things and become better fitted to meet competition. That is preferable to sitting still and not knowing why he does not get the business.

If the trader knows that the price and values of his goods are right, or his charges for service are reasonable, and yet he does not get the business, there must be some other reason. His best way to discover it is to persist with his offers and to ask just why the enquirers buy from others rather than from himself.

Letters, telephone calls, and telegrams are powerful helps in business, but there are times when it pays better to make personal calls on customers; times when a frank talk, face to face, will give much more useful information and more satisfactory results than could possibly be obtained by correspondence.

A selection of letters is given in this section showing the methods of following up enquiries for catalogs, samples, prices and estimates. Letters are also given repeating arguments used at calls and asking for further interviews. These can be used as material from which the reader may draft letters specially suited to his own business.

#### **Following up offer. First "follow-up."**

**Phrases.** We have pleasure in confirming our offer of the 6th inst.

Referring to our offer of shirtings of the 7th inst.;

We trust that the samples of silks sent on the 8th have reached you.

On the 10th we submitted to you samples of a special range of suitings.

**We should be greatly obliged if you would inform us**

whether these goods are suitable for your purpose (requirements).

if they are what you require.

whether we may reserve any of this lot for you, for later delivery.

whether we may send further samples if those now sent are not exactly what you require.

whether we may quote for your own special designs, if those sent are not suitable for your trade.

if we may send you selections of other qualities, which may possibly better suit your requirements.

whether you have any special style we can make for you.

#### **Second "follow-up."**

May we remind you that we have not yet heard from you respecting our offer of a special lot of shirtings made on the 5th of this month.

We confirm our offer dated the 8th; as we are anxious to clear this lot quickly we should be glad if you would make us your best offer.

Respecting the special lot of assorted muslins, submitted to you on the 31st of last month; are you disposed to make us an offer; we should try to meet you in the price for a quick turnover.

We should be greatly obliged by your opinion of the new season's suitings, submitted to you ten days ago; if there are any other descriptions which you need please give us an opportunity of quoting for them.

If the samples sent you seven days ago are not suitable, will you please send us a pattern of what you have previously been buying, so that we may quote you on it.

Referring to our offer of a special lot, made on the 15th; if the terms of payment present any difficulty we should be glad to meet you by dating the invoice September 20th.

With further reference to the clearing lots we offered your buyer on his call here last week, and concerning which we have not yet been favored with his decision; if you would like the usual credit for these goods, instead of cash terms, we are quite willing to meet you to this extent.

We regret that you appear to have passed us over for this season's order of ladies' waists; (blouses) may we point out that we shall be continually issuing new designs throughout the season and we shall be always pleased to submit further samples, either of stock goods or lines to make, for quick delivery.

On the 3rd of this month we supplied, at your request, a revised price list for your usual season's orders of coatings; not having heard from you since, we should be glad to know whether there is any disadvantage in our terms which we could remove.

#### Replies re offers.

**Accepting.** In reply to your letter of May 5th we are asking our buying agent in your town, Mr. Smith, of 6 Centre St., to call on you with a view to making a trial of these goods. As we are buying elsewhere, at almost equal prices to your recent quotations, we trust that you will be able to make us still further reductions and to give us the date of September 20th, like your competitors. Such concessions would go far to securing our season's orders for you.

We should be more inclined to take the goods offered by you yesterday if you did not ask for prompt payment; with the usual month's credit, less 2½%, they might interest us.

Referring to your samples of cuttings, just received; while we are favorably impressed with them we are not disposed to take the lot; if you will split it, we will take half at the price named, usual credit.

In reply to your offer of a special lot of Cottons, we will take these goods if you will allow us an extra month's credit.

Your samples of clearing lots of ~~pieces to hand~~. These goods seem likely but we should not be disposed to alter our usual terms for prompt cash namely, 3% discount, instead of the 2½% you offer.

**Asking lower prices.** We thank you for your samples submitted, but we are already buying lower; are these the best prices you can offer?

The lots submitted do not tempt us at the prices named; state the very lowest you can accept and we will wire you "yes" or "no."

While we are open for similar goods for an intended sale, we do not see any advantage in your quotations; have you no better values to offer?

We are offered similar goods much cheaper.

We can buy 20% better (lower) than your prices.

Cut your price the utmost possible, we want this article for an advertising line.

Your goods are much too dear (cost more than we are prepared to pay).

Your rates are altogether too high.

Your quotations would work out too high; we require an article at 6 cents per yard less.

Your prices are beyond our reach.

Your quotations are much beyond our limits; have you no cheaper grades?

**Refusing offer.** We thank you for your offer and regret that it does not at present interest us.

We are greatly obliged for your samples which we have returned to-day as we do not deal in this class of goods (they are too high for our class of trade).

They are not suited for our trade; have you nothing better?

We thank you for the samples just received; we regret we cannot send you an order at present as we are rather overstocked; when we are in the market again we will give you an opportunity of quoting.

Although we are not in want of any at present, we should be glad if you would submit prices in about six weeks from now.

We are not in need of these goods at present but we will bear you in mind for future requirements.

### Following up Catalog sent.

Dear Madam,

We were favored on the.....by a request from you for our catalog of..... and should be glad to know if it contained the information required.

As the catalog can only represent a few of the many designs kept in stock, we shall be pleased to furnish you with further particulars if desired.

We await the favor of your reply.

Yours truly,

Dear Sir,

Have you received the catalog "Progress in Windows" we forwarded to you some time ago. As we have not heard from you we are wondering if it had gone astray.

Won't you write and tell us if you have received it and if there is any further information we can send you.

Our Service Department is waiting to re-draw any dimensioned sketches you may care to send us, showing just how WHITNEY WINDOWS will appear on your job and and we can then offer a quotation on the materials.

Please fill out the enclosed card for our files.

Very truly yours,

Dear Madam,

Yesterday we had the pleasure of sending you one of our latest guides and catalogs, and trust that you received same safely. Would it help you if we sent a representative to explain to you more fully.

We should be pleased to estimate for your requirements, and trust we may be able to serve you.

Yours very truly,

Dear Sir,

In compliance with your request, we had the pleasure of forwarding one of our catalogs, which we trust contained the information you desired. If, however, you did not find in it just what was required, we shall be glad to send you further particulars. Manufacturing largely, we are constantly producing new and registered designs, a great number of which have been introduced since our catalog was published.

We have made a special study of the art of furnishing, to the end of ensuring

that, however simple and inexpensively a cottage home may be furnished by us it shall have the same air of refinement as a mansion.

We shall be pleased to submit, free of charge, schemes of furnishings for either individual rooms or complete homes, showing how any sum to which you may wish to limit us can be spent to the best advantage. Our experience enables us to do this without sacrificing your personal taste, or the individuality which goes so far to make up the charm of the home.

We trust to be favored with your orders, and we assure you of our best attention to your wishes at all times.

Yours very truly,

Dear Madam,

Two weeks ago you sent a request for our Great Bargain Catalog, and one was mailed to you immediately. As we have not heard from you we are wondering if the book went astray. If you did not get it will you please write us. We want you to have the book because we know that you will be interested in it, and because you will find it a source of great convenience and economy.

If you inquire amongst your friends you are pretty sure to find someone who has had bargains from us, and they will, no doubt, give us a good word as to the quality of our goods and the way we treat our customers.

As we said before, we take infinite pains to please our customers and the saving to you by dealing with us is quite 25% to 50% or more.

You can buy in one hour from our book what would take you half a day to select at some of the big crowded stores—and don't forget that you buy at about half the price.

Send us a trial order; you'll be pleased and we shall have gained another friend to recommend us.

The prices in the catalog cover the entire cost to you, all the articles are delivered free at your home.

Yours very truly,

Dear Sir,

We have been expecting to hear from you about the furniture for your home. May I mention in a few words just the advantages we can offer you.

1. Exclusive and beautiful designs, in the latest styles.
2. Complete sets or separate pieces, as you may wish.
3. Solid construction, solid wood, no veneer, and best workmanship.
4. Only thoroughly dried and seasoned timber used, to prevent warping or loosening of joints.
5. Prices lower than those of any other stores.
6. Immediate delivery, at our expense, on payment of 10% of the total price.
7. Payment of the balance by instalments, weekly or monthly; you fix the amounts.
8. An extensive stock to select from; we provide everything needed for the home.

When can you make it convenient to call? We shall be glad to have your visit at our show rooms, even though you buy nothing.

Remember we are open in the evenings until 9 p. m. and until 10 p. m. on Saturdays.

Yours very truly,

Dear Madam,

The annual distribution of this catalog is the only advertising we do. From it and from the repeat orders of our regular customers, joined to the orders of new customers they send us, we are kept pretty busy.

One reason for this is probably because we accept full responsibility for every article we sell. If it is not perfect, and just as we describe it, or if you do not want it when you see it, send it back promptly and you get your money. We prefer that to your being dissatisfied or disappointed.

You will notice that our prices are much below usual retail prices. That is not because the qualities are inferior; ours are as good, or even better. But it costs us less to handle this trade and you get the benefit of the saving.

We buy everything on cash terms and get the lowest prices. We sell for cash and make no losses. Our turnover is so large that our goods are always fresh and of the newest styles.

You save considerably by dealing with us and you get the newest and best styles with a complete guarantee of material and workmanship. May we have the pleasure of a call from you.

Yours very truly,

#### Following up samples.

Gentlemen,

On the 18th of May we sent you a small sample of our corrugated matting which last season found much favor among motor builders. We have no doubt that at an early date you will be placing orders for matting, and we hope that you will give us an opportunity of competing for your supplies. We may repeat that this is put up in rolls containing approximate lengths of 12 to 30 yds., 36" wide, 1/8" thick. The best figure at which we can offer this hard wearing matting is 15¢ per lb.

We trust that you will favor us with an order on this and inform us of other requirements in the rubber line that you may need at present. We assure you of our best attention to your orders.

Yours truly,

Dear Sir,

You will recall having recently written us for information on asbestos "Century" shingles, samples and literature on which we furnished at that time. Since then we have heard nothing from you and as we are interested to learn the outcome of all inquiries we are taking the liberty of enclosing a postal, on which we will be pleased if you will inform us whether you are interested in our product.

We feel that you can make no mistake in using our asbestos "Century" shingles, as they will give you a roof that is both fireproof and durable, requiring no paint or dressing to preserve it from the severest climatic conditions.

We trust that your decision will be in favor of our material.

We thank you in advance for the courtesy of your reply,

Yours very truly,

Dear Sir,

Did you get the sample "Venus" perfect pencil which we recently sent you?

If you have used it and like it we should very much appreciate your opinion of its quality on the enclosed card.

One dozen "Venus" perfect pencils last longer than several dozen ordinary pencils and are superior in every way to any other pencil made.

Ask your stationer to supply "Venus" perfect pencils, the best and most reliable pencil in the world. Return the enclosed postcard—it's good for another sample.

Yours faithfully,  
American Lead Pencil Company.

P. S. This letter is signed with our "Ink-Eau" pencil. "Ink-Eau" can be used for endorsing checks.

Madam,

We were favored on.....by a request from you for samples of .....we shall be glad to know if we can be of any further service to you.

In the event of the samples sent not being entirely suitable for your purpose, a further selection will be forwarded with pleasure on hearing from you.

Respectfully yours,

#### Following up previous letters.

Dear Sir,

Respecting the offer we made you in our letter of the 29th Sept. last of the 100 hp. Astra car \$1000, plus extras and alterations as per estimate, we would esteem it a favor if you would let us have a line to say whether you approved of same.

Yours very truly,

Gentlemen,

In connection with your recent inquiry regarding Hammermill Bond, we thought you would be interested in seeing some special sheets of Ripple Finish which have just come from the platers. We are enclosing some sample sheets and would be glad to have you write on them and observe the beautiful finish.

Ripple Finish Hammermill Bond is especially recommended for letterheads. Your printer can get it for you from his Hammermill jobber whenever you say the word.

Very truly yours,

Gentlemen,

We have the pleasure of confirming our letter of the June 5, by which we quoted you the price of Screeds for your goods intended for shipment abroad, printed in silver and black. As we have at the present time another order for tickets of similar colors for another client, we should be pleased to receive your confirmation of the order, which we could then put in work at once. As it may be some time before we are putting similar goods in work again, and as the quantity you require is not sufficiently large to put through by itself, it would be a mutual advantage to confirm your order promptly.

Yours very truly,

Dear Sir,

We have been watching for your reply to our letter of July 8.

A large consignment of the patent dog toy has just reached us, but 60% of it has been already ordered by dealers who were written to at the same time as

yourselves. We do not want you to blame us because you find other dealers selling this article at good profits when you are too late to get supplies. That is why we are writing you again, to point out that there is likely to be a big demand for this novelty, and that it is absolutely necessary to place your order now if you want any. We shall probably be unable to supply later in the season.

Yours truly,

Dear Sir,

You have not favored us with any reply about your new interior telephone system. The advantages we claim for our system are absolute reliability and no cross talk. Our telephones are reliable because we are manufacturers as well as installers. Our factory benefits by our experience as installers and can then design our telephones to obviate all the usual faults that occur on an installation.

No cross talk is an obvious advantage, as any number of pairs can converse at the same time without overhearing each other.

We include the following well known firms among our Los Angeles clients; they are all pleased with our work; ask them before you decide.

(names and addresses given)

Can you spare five minutes to see our representative? If so, please fill in and return the enclosed card.

Yours very truly,

Gentlemen,

Confirming our letter of the 20th July, we hope that you have been able to approve of the silks of which we sent you patterns. We have no dyed samples of those grades (qualities) in the 39 inch.

We are able to make you a special offer to-day of 60 pieces (50-55 yds. each) of cream silk, grade A 2, 42 inch, delivery time, 20 to 30 days.

The goods are lying at the dyers and can be delivered very quickly.

We shall be greatly obliged if you would inform us by return whether this lot interests you, as we can clear it quickly, (it is readily salable).

Very truly yours,

Dear Sir,

A week to-day we wrote you to 3, Warrington Avenue, respecting a new 6 cylinder Chassis which you wished to have fitted to a Limousine body you have on a 4 cylinder Chassis. If our quotation was not satisfactory, or if you would prefer a quotation for a new Limousine, complete, on our 6 cylinder Chassis, (we making an allowance for your present car) we would be pleased to give you an estimate for same. Or our Mr. Barton would call upon you and you could talk the matter over with him.

We hope to hear from you.

Yours very truly,

#### Confirming Estimates; asking replies.

Dear Sir,

With reference to our estimate of the 18th inst., we shall be glad to know whether we can be of further service to you.

We should give special attention to a trial order from you.

Very truly yours,

Gentlemen,

We thank you for your enquiry and await the favor of your order accepting the estimate sent to you two days ago.

If you should require further details, or an alternative grade (quality) of material, we will with pleasure send promptly any additional particulars and samples you may wish, on receiving your instructions.

Yours very truly,

Gentlemen,

We desire to refer to our quotation of the 15th inst., and our yesterday's calls. We hope that you have now had an opportunity of comparing our prices, and that the result is favorable to us.

We thank you in anticipation of hearing from you on this subject.

Yours faithfully,

#### Following up calls (visits).

Dear Sirs,

Referring to our Manager's call on you recently. We have been expecting the call of Mr. Braun or your Manager to view our new illuminated sign, which we feel sure would suit you admirably for the position your advertisement would occupy. In consideration of this being the first order fixed in your district, we would have pleasure in making you a special price, so as to warrant the business coming our way.

We therefore hope to hear favorably from you in due course.

Yours very truly,

Dear Sirs,

We very much regret that we have not yet heard from concerning our letter of the 20th ult. re the agency for FORD cars. We shall be glad to know at your earliest convenience if you have come to a decision in the matter.

Meantime, if there are any points in connection with the draft agreement we forwarded for your consideration that require any explanation, we shall be happy to furnish them.

We await the favor of your reply.

Yours very truly,

#### Goods sent for selection returned; offering further goods. (Retail trade.)

Madam,

On the..... we had the pleasure of forwarding to you the following goods on approval.

We regret to find that they all have been returned.

We respectfully suggest that you give us another opportunity to suit your requirements. On hearing from you as to the special kinds you require we will at once forward to you a further selection. Or, if you so desire, we would be pleased to make any of these articles to your special order.

Yours respectfully,

## CHAPTER 28.—OFFERS OF GOODS BY MULTIGRAPHED OR PRINTED SALES LETTERS.

Offers to business firms and to individuals. Preparation of the sales letters. Examples of sales letters of various trades.

**Circular Letters.** The advantage of a letter over an advertisement is, that it gives a better opportunity of reaching any special class of people; more can be explained in a letter and it is more easily kept by the receiver, for future reference. Further, it is less likely to be overlooked than an ordinary advertisement.

Circular letters are generally printed in imitation of typewritten letters, the name and address of each person being typed in separately.

Opinion is divided as to whether it is better to send them in closed envelopes, at letter rates, or in open envelopes at circular rates.

On the one hand, it is argued that if the letters are well prepared they would have better attention if received in a closed envelope, like an ordinary letter. On the other hand, the postage in an open envelope costs only about half the ordinary letter rate. When the letter has been removed from the envelope, the receiver does not know whether it was sent as a circular or as a letter.

Some large advertisers believe that it is better to spend the additional money on the appearance of the letter, and to send it in an open envelope.

**Multigraphed letters.** There are printers who make a specialty of imitation typewritten letters and who do the work so well that it is almost impossible to say that each letter has not been separately typewritten for the person to whom it is addressed.

Some large users of circular letters have them printed in ordinary type, for the reason that they can use a variety of sizes of type so as to give greater prominence to the important points of the letter.

### CIRCULAR LETTERS TO BUSINESS FIRMS.

#### Special Bargains in Furs.

Dear Sir,

Brown & Co.'s Stock.

We have just purchased, from the Receiver in Bankruptcy, the whole of the stock of furs of Messrs. Brown & Co., at an extremely low price, for cash, and we are giving our regular clients the full advantage of this bargain.

Enclosed we have pleasure in sending you detailed price list of these goods, showing their regular list prices and our special clearing prices which you will see are from 20% to 50% below the regular rates.

The very small margin of profit we are making will not permit of our offering any forward dates for them, but we are having a show-day, next week, for our own new season's goods, for which we are giving the date of December 20th.

We trust that you may be able to pay us a visit to select a parcel, so as to benefit by the very special terms we are quoting during next week.

Yours very truly,

### Envelopes and Printing.

Gentlemen,

We understand that you are large users of envelopes and, as we carry a large stock of all sizes, and also do high grade printing, we would appreciate an opportunity to quote you prices on your requirements from time to time.

We assure you that your enquiries will receive our prompt attention, with our best prices submitted on all quotations.

We hope to be favored with an opportunity to serve you in the near future.

Yours very truly,

### Membership Badges.

Sir,

We have been successful in supplying badges for membership of several clubs and for the Machinery Exhibition. We supply all kinds of badges at a very low price, and give good workmanship, smart designs, and quick delivery. On receipt of your instructions we should be pleased to furnish designs and estimates free of charge, or to send a representative to see you so that your requirements may have special attention.

May we have the favor of a reply at your convenience.

Yours truly,

### Adding Machines; testimonials attached.

Gentlemen,

Two of your business acquaintances are large users of Wales Machines.

We have asked them to tell you why they selected the Wales instead of any of the other really good adding machines on the market.

We believe we are justified in naming them as business acquaintances of yours and of every other American business man.

They are the F. W. Woolworth Co., one of the world's most notable examples of efficient retail management, and H. O. Wilbur & Sons, Inc., of Philadelphia, nationally known as manufacturers of chocolate products.

What a responsible executive of either of these companies says concerning the Wales may be taken, we believe, as the absolutely impartial opinion of a man thoroughly qualified to judge.

Their opinions are shown on the attached copies of letters recently received from them. May we not call to show you how our machines will do equally good work for you.

Very truly yours,

**China clay for Tinfoil making.**

Dear Sir,

As we understand you will shortly be commencing work in the manufacture of tin-foil, enamel, and paper, we presume that you will be using china clay. We have pleasure in offering you our best clay—the whitest and finest in the world—as used by the leading firms in your special line of business.

We enclose card of analysis from which you will see that this clay is free from both iron and artificial blue, two very important features.

Our price is \$. . . . . nett per ton, in 4 ton lots, \$. . . . . nett per ton in 2 ton lots, freight paid up to 200 miles; terms monthly accounts.

We sincerely hope you will permit us to send you a delivery as we believe you will find the results to be highly satisfactory.

Yours truly,

**Printers' Blocks.**

Gentlemen,

"Of the making of blocks there is no end."

This slight paraphrase of a well-worn saying expresses a very true fact, as far as we are concerned.

Day after day, we are incessantly making Blocks—line, half-tone and color—for all manner of purposes, and our clients include some of the largest users of blocks in the country.

We have built up a big reputation for the quality of our work, and the promptness of our delivery service.

We have pleasure in enclosing a useful booklet dealing with the production of half-tones. It is entitled "A Helping Hand," and illustrates the various screens suitable for different grades of paper.

We have now in the press a little book which we shall be pleased to send you as soon as it is ready. It is called "The P. E. C. in a Nutshell," and outlines the scope of our work in the fewest possible words. If you can use line blocks to any extent you will be especially interested in the examples from our large selection of tints which will be illustrated in this booklet.

No matter how few orders may be, we shall do our utmost, always, to give you satisfaction.

Yours very truly,

**High Grade Printing.**

Gentlemen,

It is easy for us to say we do good work—to say we produce effective designs—to say we please our customers—to say our prices are reasonable—

But you can easily prove that we really do what we say.

Write us for specimens and estimates, please, and then, as a clincher, test us with an order.

Yours very truly,

**Local tailor offers same service as city firms.**

Dear Sir,

I respectfully direct your attention to the particular aim of my business, namely, to produce, at a fixed and most moderate price, suits made to measure, of

the highest possible quality and finish. I know that nine out of ten gentlemen resident in this neighborhood go daily to the city and probably eight of that nine are tailored there.

If you are of the eight, I ask that you will give me an opportunity to prove to you that I can turn out work as good as any in the city.

I can assure you that I have here every facility for the production of the highest grade tailoring, and my long City and high class trade experience give me confidence that I can please you.

To that end no effort will be wanting on my part.

Yours very truly,

## CIRCULAR LETTERS TO INDIVIDUALS.

### Little Cigars.

Dear Sir,

It is impossible to describe the pleasure that comes from smoking "Tweenies." You cannot smoke them and then forget them.

"Tweenies" have that subtle charm so difficult to define, but which makes them a constant necessity to all who have once tried them. Their delightful taste, aroma and flavor will recur constantly until you can resist no longer, and you are compelled to obtain another supply.

The above remarks are based entirely on what our customers are continually telling us. The enclosed letter from the Bishop of — puts the position in a nutshell. He says "I wish I had never begun them!" That's very significant— isn't it?

But the explanation resolves itself into one word, "quality." "Tweenies" are neither more nor less than a 25 cent cigar in a 5 cent size.

Further, the exceptional quality of "Tweenies" is recognised by our having been appointed to supply them to the leading clubs and hotels.

Yet, in spite of this remarkable quality, Tweenies are only \$3 per 100. May we send you a box to try?

Yours very truly,

### Coal at Summer prices.

Dear Sir,

Lowest summer prices—till June 21st only.

We have pleasure in submitting our Price List for your consideration and ask you to note our very low cash prices. Every description of our coal is highly recommended, being thoroughly reliable in every respect.

It is important to note that these prices will be advanced on June 21st, as all outstanding contracts expire on that date. The Collieries are extraordinarily busy and will be for twelve months to come, thanks to the prosperity of trade in the North and Middle West.

The Collieries are in a position to charge much higher prices and Railroad Companies, Gas Companies and large works have had to pay for next year's supplies from \$2 to \$4 per ton more than they were paying before the strike. It is therefore perfectly safe to predict that, with ordinary winter weather, prices to the general public will be from \$3 to \$4 per ton higher than the enclosed quotations.

We strongly urge all those who have basements to fill them without delay and to secure their winter supplies at the enclosed prices.

We shall be pleased to receive your orders, also to quote for car loads to country stations. We thank you for past favors and assure you of our best services.

Yours truly,

#### Clearing prices for Gowns, etc.

Madam,

We are offering on November 25th and the following six days:—

100 Model Gowns the production of the most exclusive French Modistes, suitable for Receptions and Evening and Restaurant wear, original prices from \$75 to \$100 each, will be sold at .....\$25 each.

100 Smart Tailor Made Coats and Skirts, copies of the best French Models. Original prices from \$50 to \$100, to be cleared at .....\$20 each.

500 Silk Waists suitable for all occasions. Amongst the collection are many exclusive Models, also copies of the best French productions. All this Season's Goods. Original prices from \$10 to \$40, to be sold at ..... \$3 each.

Yours respectfully,

#### Offer of jewelry.

Dear Sir,

Will you allow me to remind you that I have always in stock a large assortment of jewelry of the highest class, and if you have any requirements for the coming season I should esteem it a privilege to be allowed to show you a selection.

Owing to the facilities I have for buying I am able to offer them at prices much below those usually charged, and I could offer you some specialties at the present moment. My own staff of workmen make up original designs, which I shall be glad to submit at anytime.

Yours truly,

#### Atlas for business use.

The Manager.

Dear Sir,

You are probably satisfied that the members of your staff are well acquainted with the general information affecting your business. What you may be in doubt about is whether they are taking steps to keep right up-to-date in one or two specific directions.

The really necessary books in a business house are by no means numerous, but you will no doubt agree that one of the most important—in view of the special needs of a business such as your own—is a thoroughly complete and up-to-date Atlas and Gazetteer that makes a special feature of commercial information.

If that be your feeling you will welcome the most recent and *most thorough* work of the kind, the "Rodman Atlas & Gazetteer," and especially when you know that you may obtain it on particularly advantageous terms.

With its 500 large scale maps, which cost over \$100,000 to engrave; its 200

commercial charts and diagrams, giving information which has never been offered business men before in such a simple and graphic manner; its 150 maps providing more information about business interests than is obtainable in any other Atlas ever published; and its gazetteer-index—the largest ever produced, dealing with over 105,000 different places—it is indeed a remarkable production.

Considering the value offered it is the cheapest Atlas ever put on the market and it is therefore not surprising that it has met with such great success in the commercial world that almost every firm to whom it has been introduced has bought one or more copies.

The Subscribers' special price will soon be withdrawn and the Atlas sold at an enhanced figure, but it seemed to me that before this were done there were a number of gentlemen like yourself—who might not know that if they were given \$100 they could not buy a single or even a number of works that could give them all the information they can get from the "Rodman Atlas & Gazetteer," who would be pleased to receive a communication like this giving them a chance of securing a copy for their Office Staff for the small sum of \$10 cash with order.

Will you please say whether I am to reserve you a copy?

If you would prefer to have the Atlas on approval, before buying it, I shall be pleased to forward one for your inspection, provided I get a note from you per return.

With compliments,

Yours very truly,

.....  
President.

P.S. Among recent buyers of the Atlas are the following well known firms:  
(list given)

(NOTE. The following wording was printed in red, in imitation typewriting, on a slip 2 inches by 4½ inches, pinned to the upper left hand corner of the letter. The letter itself was printed in purple, in facsimile typewriter type, address filled in, and signature in black.)

Urgent.

It is an unusual request to make, but if you can find time to deal with this *per return*, it should prove advantageous to you and your Staff immediately.

### Boys' Suits.

Good Morning Sir:

If you want to save yourself time, trouble and money—come to Boardman's for your boy's school clothes.

No matter how much or how little you wish to spend, you'll find your money goes further here than elsewhere.

For instance, the two-pants boys' suits we have to sell you at \$10 are much better made and sewn than those usually found at this price.

Then again, we're the only store that has Cortley Jr. 28-Point suits—you can't find any better boys' suits no matter how much you would wish to pay.

If you want a cap to match the suit, we have it; if you want the latest English model with vest, we have it; if you want the new powder blues, browns or greys, we have them—and what is the best of all—at reasonable prices!

And when you buy one of our suits, you don't have to buy again for a long time to come. They wear and wear!

That's why we say: Come to Boardman's.

Sincerely yours,  
H. F. Boardman.

### Special Shoes for the family.

Dear Madam,

This is a booklet about Anatomik Shoes.

At first glance you may think that Anatomik Shoes are similar to many other shoes that claim to do similar things, but they are not.

You will see, as you read in the booklet, that they are scientific shoes—to relieve and to prevent foot trouble.

It makes no difference how much you are on your feet, nor how much you walk, the right shoes are essential to comfort; and Anatomik Shoes are built in the right way.

The booklet will tell you why.

It will tell you all about the styles for women.

But, unfortunately, it won't tell you about the fashion Anatomiks for men, nor the sturdy little Anatomiks for children. But they are all here in our store—Anatomik Shoes for every member of the family.

Anatomik Shoes are exclusive with the Bannerman Store.

Yours respectfully,

### Retail Stores Sale notice.

#### Private announcement of the season's final clearance sale of furs

Dear Madam,

In accordance with our long established policy to close out each February our entire remaining stock of furs, instead of sending them to storage, we have decided to repeat the offer this year.

Due also to a late winter, we find ourselves with more furs to sell than is usual at this stage of the season, and no time to experiment with ordinary reductions.

Tuesday, February 12th; Wednesday, February 13th; Thursday, February 14th we will *sacrifice absolutely without reserve* all fur garments, and smart furs, representing the highest standards in fashion, quality and workmanship at

Reductions up to 60% less than our original new prices.

This announcement is made solely to our private mailing list, and will not appear in the newspapers until after the private sale days.

Charge purchases may be billed as May 1st, with the privilege of extending the payments over May, June and July, and our other patrons who do not desire to use the furs this season, may, upon payment of a reasonable deposit, enjoy the same conveniences of payment.

All furs purchased in this sale may be stored free of charge until needed in the fall.

We can assure you that the extraordinary economies of this event are most worthy of your consideration.

Yours very truly,

The following was a very successful sales letter. It was printed in imitation handwriting, on a doubled sheet of letter paper, with a heading of ordinary type for the address.

It was equally effective whether mailed or deposited in mail boxes of houses. Almost any woman would read it.

The same method can be used for any kind of neighborhood advertising.

47 Lincoln Avenue,  
Nutville.

*Dear Mary,*

*Can you tell the difference between the butter you are using and Robinson's Perfect Nut Butter costing thirty cents a pound?*

*I don't believe you can.*

*Yours affectionately,  
Aunt Ethel.*

#### Offering men's hose by mail.

Dear Mr. Business Man,

I am going to send you within the next few days a box of twelve pairs of "LongWear" silk hose.

This "LongWear" silk hose is probably not like the silk socks you are now wearing because:

1. "LongWear" hose is made of pure thread Japan silk, while lots of hose nowadays is made partly of artificial silk to cheapen it.
2. The silk in "LongWear" hose is 11-strand, which makes it heavy and rich looking, instead of 9-strand with invisible metal loading which becomes brittle and soon makes holes.
3. The feet of "LongWear" hose are made Oversize—just like good automobile tires—actually larger than most hose, so they will wear much longer.
4. The sole is double thickness and the heel and toe and top are made of fine mercerized lisle that wears and wears and wears.

I am going to send this hose to you—with no obligation on your part—for you to inspect and actually see the difference between it and the hose you now wear.

There's just one thing—I can't send the hose until you tell me the size you wear. You can do that in a jiffy on the enclosed postcard.

When I send the hose, there's absolutely no obligation on your part to pay for them. You can return the hose for any reason, or for no reason at all.

But here's the most important part

If you find these "LongWear" socks are everything I say about them (and you're to be the sole judge), how much would you expect to pay for them? 75¢ a pair? No sir, that's what you'd expect to pay for silk hose with all the tricks of "loading" and "skimping." \$1 a pair—the price that other real good hose sells for? That's more like it.

Well—if you decide to keep the "LongWear" socks, you need send me only \$7.95 for the twelve pairs. That's the entire cost to you. Only sixty seven cents a pair.

How can we do it? First, we sell the hose only in the "wholesale" lot of one dozen—the same amount that hundreds of dealers buy at a time. Second, you deal direct with us by mail and you pay none of the costs of selling through jobbers and traveling salesmen who call on dealers, to say nothing about the heavy costs of ordinary retailing.

Just fill out the enclosed card and shoot it back. The "LongWear" hose will come by parcel post (prepaid, of course) with no obligation for you to keep them. You can't lose a penny. I'm the one who is asking to send them. Won't you let me?

Send the card now! Then sit back and watch results.

Yours for "LongWear" in good hose,  
John Baker,  
President.

### ADDITIONAL CIRCULAR LETTERS.

#### Photostat work.

#### THE PHOTOSTAT COPY—THE COPY WITHOUT ERROR.

Dear Sir,

Have you ever considered having an exact copy of your important papers made by the Photostat machine?

By this method we make facsimile copies, enlarged or reduced,  
that are absolutely permanent,  
that are legal evidence in court,  
that are waterproof,  
that are erasure proof,  
that do not have to be checked,  
at a very nominal cost.

With our facilities, we are in a position to take care of all your requirements and are every ready to figure with you on any proposition. Our service is at your disposal and we look for the opportunity of serving you. All work strictly confidential.

Kindly call Barclay 8901 when you have any work to be figured on.

Very truly yours,  
Photo-Print Company, Inc.

Photostats can be used to copy every detail of maps, wills, deeds, checks, charts, leases, letters, contracts, sketches, tracings, telegrams, mortgages, blue prints, court exhibits, tax reports, catalog pages, advertising layouts, illustrations for salesmen, insurance papers, patent office drawings, signature cards, engineers' reports.

#### Follow-up, advertising.

Dear Sir,

I enclose copy of another letter just received from an advertiser in the "New Magazine", which I think will interest you.

(Facsimile of letter of appreciation was enclosed.)

Yours truly,

Permit me to extend to you the service of this office with the assurance that my entire efforts will be devoted towards the continuance of my ideals in neatness, preciseness, and promptness in the making up of your reports. May I hear from you soon.

I should appreciate an opportunity to show you the value of my service.

Very truly yours,

### **Multigraph work.**

Dear Sir,

Now is the time to prepare for your share of the New Year business. That's it—now. Not after this, that, or the other thing happens, but now. Business conditions are rapidly assuming the normal. Optimism is everywhere.

Therefore—you cannot serve your interests better than by losing no time in getting out a personal letter to your old customers, or to a selected list of new prospects. Surely there is something you need to tell to your trade—something regarding some new offering in goods, service, price, etc., and; remember, there are just as many, if not more, buyers of your goods in the territory you now cover as you already have on your ledger. Can you afford to overlook this new business—these new prospects?

You wrote a good letter to somebody yesterday, or the day before. If that letter was worth writing to one man, why wouldn't it be a good one to write to every possible purchaser of your line? Your competitors are circularizing. Letters pay them and letters will pay you. Try a few done in the Typoway, and watch results—you won't regret it.

But—don't wait—now is the time. A 'phone to Cortlandt 1396 will bring our messenger for your copy and stationery. May we have it? Thanks.

We hope the enclosed telephone card will prove useful for your desk 'phone numbers. Please hang it up, as you are sure to need our service sometime.

At your service,

### **Machinery alterations.**

Gentlemen,

Do you intend to make any changes in your transmission plant? If so, I will be pleased to furnish you with an estimate, or with men by the day or by the hour. I will also be pleased to furnish you with any information in regard to my line of work. I carry a complete stock of hangers, pulleys, shafting, belts, bolts, lag screws and factory supplies. I also do moving and rigging of machinery. All work is promptly attended to, whether large or small. If you are interested in this line of work, now or later, drop me a card and I will be pleased to come and see you.

Very truly yours,

### **Asphalt shingles for roofs.**

Dear Sir,

Have you ever figured up the amount of money you have spent in getting your roof fixed? And, even now you don't know when leaks will appear again. You would have saved a lot in repairs and removed a source of constant annoyance if you had let us do all the worrying about your roof.

It's not too late *now* and if your home is protected with a TILO roof you

have the satisfaction of knowing that we assume entire responsibility for it for a period of ten years.

A guarantee like this from a long established firm, whose business is ever on the increase, is most important to you, but the really significant feature from your standpoint is that despite this iron-bound guarantee less than a half of one per cent of the 12,000 TILO roof owners have found it necessary to call us back.

Re-roofing as we do it, WITHOUT removing your existing roof, is the highest form of economy to you, as the initial cost for a TILO is the FINAL cost. Moreover, fire-resisting asphalt shingles, by reducing your fire hazard, reduce your insurance premium. As regards payments, these can in some cases be suitably arranged.

Some very useful information, of vital interest to you, will be sent on receipt of the enclosed postal. You owe it to yourself to take advantage of expert advice, more especially when in so doing you are under no obligation.

Yours faithfully,

#### Follow-up of preceding letter.

Dear Sir,

Soon there will be snow on your roof. And the snow will turn to water. And the water will leak through—if your roof isn't ready for the winter.

Now is the time, while the weather is still mild, to look into the condition of your roof. Let us examine it for you.

We are roofing specialists—America's largest roofers of homes. We are organized to apply all types of roofs—from the most humble cottage to the most luxurious mansion. Strong roofs. Lasting roofs. Beautiful roofs. Our men are experienced craftsmen—trained by us and responsible to us for work that will satisfy you.

Let us talk with you about your roof—about how it can be renewed most effectively and at the same time most economically. Our prices are low and our terms are arranged for your convenience.

One of our roofing specialists will be glad to call at your home at your convenience. Why not fill in and return to us the enclosed postcard—it may save you a winter of leak worries.

Cordially yours,

#### Appraisal Service.

Dear Sir,

What success have YOU had in using appraisals as a basis for appeals from excessive original or additional assessments of Federal Tax against your clients?

Perhaps you may be one of many who have been unfortunate in the selection of appraisers who are incompetent or lack experience in preparing reports in conformity with T. D. 3367, or whose sole interest is their fee.

In any case we are confident that you will be interested to know that the ..... Appraisal Company can point with pride to its proven record of numerous reports accepted by the Unit, to appreciative clients, to accountants with whom we have co-operated, in several instances after appraisals improperly prepared by others have been rejected, and to our record of four thousand satisfactory general appraisals.

We are always glad to discuss our service, either generally or as applied to a specific case, to furnish estimates, or to furnish to accountants, attorneys or their clients any information relative to tax or general appraisals which is at our disposition, without obligation on the part of the inquirer.

We are APPRAISERS only; we do no accounting, systematizing, or industrial engineering.

Very truly yours,

### Upholstering and House Furnishing.

Sir or Madam,

May I be permitted to direct your attention to the fact that I undertake every description of work in connection with upholstering and house furnishing.

My wide and varied experience in this direction, extending over many years with Messrs. Brownson & Co., and other good furnishing houses, will assure you of my qualification and ability to advise on all matters in connection with the renovation of furniture and the carrying out of interior decorations of every kind, where practical experience is so necessary. In the event of your requiring any work executed, either now or in the future, I trust you will avail yourself of my services and permit me to give quotations.

I number among my clientèle many of the principal society people in this district. Your orders will at all times receive my personal and prompt attention. Enclosed is an abridged list as a guide to my charges; a full list will be sent on application.

Yours truly,

### Four follow-up letters offering printing.

To all users of Printing.

Gentlemen,

## TALKS ON PRINTING

### No. 3. On Booklets

A booklet, if it is to be a success, must possess two important qualifications—it must contain well-written copy, and its general appearance must be attractive. The advertising booklet, as distinguished from the catalog, depends upon its message or story to interest its reader—it may refer to a patent medicine, or announce a series of holiday tours, or advertise a new restaurant, or describe a loose-leaf ledger—but it must be interesting, or it will not be read. And as for appearance, it must be well set up—well printed—the illustrations, cover-design, and paper must all be tasteful, harmonious and effective, and it must necessarily be reasonable in price.

You can ensure attention being given to all these points if you place your work in our hands. We are prepared to revise or write up copy, to submit original designs for covers, to supply blocks for illustrations, and to attractively set up and print all forms of booklets and commercial literature in every modern language. Our charges will be found most reasonable, and you will find it to your advantage to write us for estimates and specimens of our printing.

Yours very truly,

Dear Sir,

## TALKS ON PRINTING

### No. 4. On Circulars and Folders

Circulars and folders are among the most useful and profitable forms of commercial literature. Their varieties are innumerable, from the leaflet costing a few cents per thousand, which is circulated broadcast by the million, to the fine art prospectus with illustrations in color costing perhaps a hundred times as much.

But however diverse their uses, there is one point that applies to them all, and that is—the better their appearance the greater their effect. And it isn't always a matter of price. Good printing need cost little more than bad printing—it is the design, the good taste, and the knowledge that is put into the work that makes it effective. And for this reason we ask for your orders. Our work is characterised by good workmanship, excellence of design, and that note of distinction which is so essential to success. Whether a job costs half a dollar or a thousand dollars we take the same pains to see that it is well done.

Besides circulars and folders we print catalogs, booklets, price lists, and in fact, all forms of advertising and descriptive matter, and we invite your enquiries for estimates and specimens of our work.

Yours very truly,

Dear Sir,

## TALKS ON PRINTING

### No. 5. On Illustrations and Blocks

When preparing advertising matter the greatest possible care should be taken to have the best of illustrations. To have bad ones is worse than to have none at all, as the most effective "copy" is spoiled by being printed side by side with unsuitable or badly printed illustrations.

Although half-tone blocks are now so largely used, we ourselves think line blocks are in many cases more suitable. For catalog purposes, to take an instance, many goods can be far more attractively represented by a drawing than by a photograph—a drawing, without in the least misrepresenting the article, can emphasize its salient points and subdue unnecessary detail. And line blocks can be successfully printed on a rough surface or "antique" paper, which gives a more artistic effect than the smooth surface or "art" papers.

However, whether your illustrations are half-tone or line, and whether they are printed in one or six colors, we pay equal attention to their reproduction. We supply blocks of every kind, and we also print them; and our customers say the work we do is both artistic and effective. They prove this by sending us repeat orders. May we quote for your printing?

Yours very truly,

## CHAPTER 29.—PREPARATION AND COST OF MULTIGRAPHED SALES LETTERS AND PRINTED CIRCULARS.

Methods of obtaining replies. Phrases, paragraphs and letters.

If multigraphed letters are well prepared, they will be read as carefully as individual letters, when sent by first class mail.

Many firms discard from their mail all circulars stamped at circular rates.

To ensure circular letters reaching the proper authorities in large concerns, they should be sent in closed envelopes, addressed to the official by name, or with the name of his position. For letters for smaller concerns, or addressed to homes, the cheaper postage of circular rate may be used.

By careful attention to details they can be printed in imitation typewriter type, with facsimiles of written signatures, so as to appear like separately typed letters. In some cases these letters are signed with a pen. The cost is not much more than ordinary multigraphed letters.

**Efficiency of circular letters.** The appealing power of one letter is much less than the power of one personal call. Usually 50 to 100 letters sent to likely addresses will have the same effect as one call. If it requires ten calls on the average to make one sale, then one order received from 500 to 1,000 letters gives the same result and probably at less expense if the buyers are at some distance.

A further advantage of the multigraph letter is that each letter will carry a message which has been most carefully prepared and which is presented in the most telling way. It would be difficult to ensure that each salesman should be equally convincing.

A second appeal, in reply to an enquiry, costs much less than a second visit from a salesman.

The success of a letter often depends on the season at which it is used, and this point should be closely studied.

**Offers which may be made by mail.** Almost all letters sent out in quantities to obtain orders by mail can be classified under one of the following headings.

(1) Offering an article which has never been offered before, to supply an actual need or to give a new comfort or a new luxury.

(2) Offering an improved article, which is free from some disadvantage of the article already being used.

(3) Offering any ordinary article, which you want to persuade people to buy from you rather than from others.

(4) Offering a guaranteed or branded article, instead of one usually sold without any guarantee of purity, durability, or freshness.

(5) Offering service by trained experts, instead of inefficient service.

(6) Offering ordinary service, in competition with others.

(7) Offering service free, in order to persuade people to buy your goods where this service has not been offered before without charge.

The different classes of offers named above require different treatment.

For new or improved goods or services the letter must convince the person addressed that the new offer is not only better but that it will be to his interest to accept it and that he will make larger profits or obtain greater benefits from it.

In offering guaranteed or branded articles, instead of those which are not guaranteed, the possible buyer must be persuaded that he will get better value by the new offer.

Offers of ordinary service or ordinary articles, in competition with those offered by others, will not be successful unless some special advantages are to be given, such as lower prices, longer credits, smaller quantities at wholesale prices, or free deliveries. There should be some extra convenience or saving offered or the possible buyer will not respond. Why should he? That question is the most important one to bear in mind in making the appeal.

#### Cost of Circulars and Multigraphed Letters (in U. S.).

	per 1,000	
Folding, 4 operations at \$1 per 1,000, per operation.....	\$4.00	
	—	\$4.00
Envelopes, with imprint .....	3.00	
Addressing envelopes .....	5.00	
	—	8.00
Printing letterheads (and cost of paper) .....	4.00	
25 lines composition for letters .....	2.00	
Multigraphing 1 page, 25 lines .....	2.40	
	—	8.40
Addressing lettersheets .....	5.00	
Facsimile signature, (by hand) .....	2.00	
	—	7.00
Putting letter and circular into envelopes .....	1.00	
Folding lettersheets (4 operations, 1 take up and 3 folds).....	2.00	

Sealing envelopes .....	1.00	
Stamping envelopes for mailing .....	.80	
		4.80
		<hr/>
		32.20
Stamps, 1,000 at 2c each .....		20.00
		<hr/>
Total Cost per 1,000, @ 5¼c each .....		\$52.20

**Cost of other letters, singly.**

Form letters, ½c to 5c.

Form paragraph letter, ½c to 5c.

Specially dictated letter, dictator's time, 10c to 25c.

Specially dictated letter, stenographer's time, 10c to 20c.

Dictating machine, stenographer's time, 10c.

Dictator's time, 5c to 25c.

Letter sheet and envelope 1c to 2c.

Postage, 2c.

**Phrases for circulars.** This letter has been specially prepared by me and it is written to you just as certainly as if I had written it with my own hand. It is a personal letter to explain how I can be of service to you.

This special reduction cannot be offered indiscriminately; we are restricting it to a limited few. To ensure your receiving the benefit of it, we enclose a discount voucher which please attach to your order to make sure that you get the benefit of this special offer.

(The following is typewritten on a separate sheet, attached to the circular letter, to get it read.)

Enclosed is a circular letter, but I want to add this personal message to ask you to read it carefully. I hope it will be well worth the few minutes this will take.

(facsimile of signature is added.)

No one who has bought our guaranteed Mortgage Bonds has ever lost a dollar in the 30 years we have been in business. No interest has ever been lost, and the bonds have always been easily saleable and acceptable as good security for loans by bankers. Can such a record be shown by the stocks and bonds usually offered to investors?

We have just printed an artistic catalog of the greatest masterpieces of painting. It is beautifully printed on art paper, and is well worth preserving. It is a costly production, and we cannot afford to distribute it to persons who are not interested in it. As there will be a great demand for it as soon as it is published, we are reserving a copy for you until we hear from you. The attached voucher will entitle you to receive one by return of post. This art catalog reproduces, on a small scale, reproductions of the best masterpieces of painting, in the original colors.

**Method of obtaining reply to circular letter.** In order to get replies, the facsimile of another letter is sometimes enclosed with a circular letter. The following words are then added at the end of the circular letter. This method requires that both letters should be good imitations of originals.

"The letter attached was sent to us recently. After you have read it, we should be obliged if you will return it to us in the enclosed envelope and say whether you are interested in our offer."

### Offers by Circular Letters.

#### To sell automobiles.

Dear Sir,

Many a time you have said to yourself—"I don't know a thing about transmission, ignition or accelerators. But I do know just what I want a car to be."

You are looking for a car that will look handsome—will go anywhere and on time, without any fuss or time lost in preparation—will be always willing and not get awkward just when it shouldn't—won't bankrupt you with gasoline bills or repair bills.

If that is your view of this car question, we think it would be worth your while having a little chat with us about it. We can tell you quite a lot of interesting things about cars that it would be useful for you to know, as we have been 20 years in this business.

Just reach for a pencil and fill in and mail the attached card. This won't engage you to do anything, and we should be glad to call on you.

Yours very truly,

#### To sell shoes to retail customers.

Dear Sir,

Now is the time to lay in a stock of shoes for the Winter and Spring.

There are two important reasons why you should buy now. One is the trade secret that all leather shoes last much longer if they are kept for some months before being worn. The other reason is that at this time, between seasons, we are making very heavy reductions on our usual prices, in order to bring down our stocks.

Beginning Saturday next, September 2nd, we are offering the whole of our stocks of children's, men's and women's shoes at from 20% to 40% less than our usual lowest prices. It will pay you to come and look them over early. There are bargains of every kind. You will save considerably on the prices, and you will find that you will get longer wear through buying now and holding for a while.

As the wholesale price of leather is rising, it is certain that you will not be able to buy at anything like the same prices during the next six months.

The earlier you call the better chance you will have of finding what you actually want, at a considerable reduction.

We shall be glad to help you in making a suitable selection.

Yours very truly,

#### Shopping by mail.

Dear Madam,

Although this is a circular letter, it is a personal message to you just as surely as if I wrote it with my own hand. Besides, this is more readable, and I can write you more fully in this way.

Have you ever thought of the savings you can make in shopping by mail? It costs very little to sell to you by mail. We have no expensive delivery trucks to pay for; just a few cents postage.

We save all the costly advertising and delivery charges and you personally get the benefit of this saving by our goods being lower priced. What is more, you get the choice of a bigger selection, and at bargain prices always.

Our trade is so large that our stocks have to be constantly replaced, so you may depend on everything we sell being new and of the latest style. &c.

#### **Envelopes offered by maker, through retailers.**

Gentn.,

After much experimenting, we are now ready to offer you strong, durable envelopes that will stick. They are made up from Old Hampshire Bond, and can be had at about one-quarter the actual cost of linen lined envelopes.

The envelope in which this material is mailed to you is a twenty-eight pound Old Hampshire Bond, number 14 size (5 x 11½ inches). We are also enclosing a sample each of number 11 (4½ x 10¾ inches), and 12 (4¾ x 11 inches), twenty-eight pound envelopes for your inspection.

Your stationer or printer can give you quick supplies of these, as they are stocked at our branch in New York.

Yours very truly,

#### **Offering mail advertising service.**

Dear Sir,

Will you, at your convenience, grant the writer an interview regarding a service constantly used by nationally known organizations in every line, to help them in their direct mail advertising.

While both in production facilities and personnel this corporation is by far the largest of its kind in the country, our service must mean more than that to be of interest to you.

With six departments—publicity, printing, automatic typewriting, multi-graphing, addressing, mailing and list compiling, each with facilities equal to that of many concerns specializing in only one of these lines, I am positive that no other organization can compete with us in workmanship or delivery of high quality, effective, direct-mail advertising matter.

You may not be able to use all of our entire service at any one time, but some of it will always be useful to you. Tell me in which branch you are most interested now and I will gladly submit prices and samples covering your particular requirements. Our experience may help you to make considerable savings, while giving you first-class work.

Very truly yours,  
Alfred Smith,  
Manager.

## CHAPTER 30.—CIRCULAR SALES LETTERS WITH FOLLOW-UPS.

Building-up the sales letters ; how to use letter advertising with small newspaper advertisements ; how to get good lists of prospective customers. Best phrases for beginnings and endings of follow-up letters.

**“Follow-ups.”** This title, “follow-ups,” is applied to letters which are arranged in series, so that, if the first letter yields no result, it is followed by others shortly afterwards, which give further arguments in favor of the offer of service or of goods. The series may consist of 2, 3, 4, or even more letters, each carrying the persuasion a little further.

It is found that these follow-ups give excellent results, because the persistency of the offers generally interests the receiver sufficiently to induce him to make a trial.

The first, and every later letter, should create the impression that something is being offered which it will be to the receiver's benefit to accept. The first letters should arouse attention, the others should become sufficiently persuasive, by accumulated argument, to secure the order or other result desired.

**Drafting the letters.** When sending large quantities of letters, to either strangers or customers, divide them into groups according to their means (poor, middle class or wealthy), or according to their previous business with you, or into other groups you think advisable.

Write a separate style of letter to each class, using different methods of persuasion according to their needs, their desires, and their ways of thinking.

Follow up these letters at short intervals, also with separate kinds of letters.

Do not write the first letter and the follow-ups at the same time. You will not have sufficient new ideas left over from the first letter, if it has been properly written.

Wait to see the effect of the first letter, before writing the first follow-up. Let each follow-up letter be improved by reason of your experience of the use of the preceding letters.

Test the appeal power of each letter by sending out only a small number at first. If it is successful, use the same style of letter for the full quantity. If unsuccessful, rewrite it and try again.

If a letter has been used for some time, withdraw it and use a new one. Old successful letters can be used again later, with good results ; when brought up to date.

In the second and later letters, show what benefit would have been received by the reader if he had decided at the time of the first offer. Make the second letter stronger, by further proofs of the value of the article or service. Press for a decision at once. Do not repeat what has been said in the first letter. Do not enclose more than one printed sheet or pamphlet with a circular letter or follow-up. If there are several printed sheets the letter will probably not be read.

For the second follow-up letter, offer some advantage for prompt acceptance, such as an extra discount for cash with the order, or a free gift of some article of common use or ornament produced by your firm.

One of the best ways of testing circular letters is to draft several letters and to have them typed separately and sent to small groups of persons of the same class. The one which brings most business will then probably be the most successful when sent out in quantities.

**Letter heading for circulars.** Use a good quality, equal to or better than that which would be used by the person addressed.

Have special letter headings printed. Put the name of the firm in small type, and put the idea of the offer in large type, in one phrase, thus: "A home telephone in every room."

#### **How to use letter advertising (circular letters) with newspaper advertising.**

It is safe to say that in most cases the business man tears up a circular the moment he catches sight of the printed or mimeographed appeal. The circular which escapes is the one which looks like a personal typewritten letter, and which gets a grip of the reader's mind in the first sentence or two.

*"Human Nature" Letters.*

Very, very few do this. Business men in general are woefully poor letter-writers. Usually they begin with the conventional "business-like" openings that are unattractive.

Business men should study the methods of the chairman of a hospital, who is one of the cleverest of postal advertisers. "Please excuse a dictated letter—there is a limit even to my powers of letter-writing," is one of his opening gambits—individual, distinctive, and human.

Several firms have built up huge postal trades by means of the "human nature" letters they write. There is nothing "business-like" about these, but they get the trade because they are human, individual, and tactful.

Granted, however, that a circular letter is skilfully multi-typed and skilfully composed, what chance does it stand of pulling trade when distributed broadcast through addressing lists? The proportion of replies may be put down at 0 to 10 per cent., depending on the nature of the article or service to be sold. The man who gets a 5 per cent. reply from a circular letter sent out to those who are not already customers of his may count himself as a good salesman.

On the other hand, there is not the slightest doubt that selling by mail is growing in volume enormously. There are plenty of modest-looking retail houses and obscure little offices where money is being made to-day through the postal service.

*Letter Advertising That Pays.*

The letter advertising that pays is that addressed to people who are already customers—where the point of contact is established—or those replying to newspaper and magazine advertisements. This is the way that the shrewd mail-order advertiser builds up his business. Instead of distributing circulars broadcast to every Smith, Jones, and Robinson in his town or county, he inserts advertisements in the papers covering the district he wants to tap, and these advertisements are designed with the one object of getting the greatest number of inquiries from the right class of people.

It may be a bargain offer, or a free sample offer, or the offer of a free booklet, but in each case the root-idea is the same—to get the names of people who confess themselves interested in the goods or service which the advertiser has to sell. Then he has every excuse for writing to them from time to time until they are turned into permanent customers. He stands on a very different footing to the man who fills one's letter-box with communications uninvited, unwelcomed and consigned to an unhonored grave.

Where the form letter addressed to all and sundry makes its 5 per cent. of sales, the form letter addressed to inquirers makes 50 per cent. and more of sales.

It needs only a glance through a current newspaper or magazine to realize what a number of firms have now hit on this money-making mixture of press and postal advertising. Tucked away in obscure little corners of the newspaper, printed in the smallest and most inconspicuous of body-type, are advertisements repeated day after day which are pulling in small fortunes for the shrewd business men behind them.

But the deluge of uninspired and uninspiring circulars probably benefits the postoffice more than anyone else.

**Follow-ups. (Beginnings.)**

Referring to the letter which I wrote you last week about the profit you could make by taking up the sales of automobile rugs, there is an important point which I did not mention. It is this:

Since I wrote you a few days ago there has been an important development as regards the offer I then made you.

The radio sets about which I wrote you with a special offer, four days ago, are being rapidly bought up by people in near-by towns. I am anxious not to disappoint possible buyers in the more distant cities, to whom I wrote at the same time. Will you please therefore let me hear from you at once if this great bargain interests you, because there are only a very few left now and we cannot get more at anything like this price.

You will have seen, by the advertisements in the daily newspapers, that the Knowall Cyclopeda has been increased in price from the 1st of this month. Our offer to you was open only for 5 days but, on thinking it over, it appears to us to be only fair that buyers in distant towns should be allowed extra time.

We are pleased to extend our offer to you for a further 3 days after you receive this letter. If you will send us your order within that time, we shall be glad to give you the advantage of the reduced price.

When sending you our regular catalog, 10 days ago, we mentioned several points which we thought would be of interest. Several recent letters from custom-

ers asking fuller information about our partial payment plan have, however, made us decide to state the matter more at length than has been dealt with in the catalog.

Briefly, we give a choice of the following ways of payment:

Will you allow us to present you with \$10 cash? That is the saving which you would make in buying from us the coat which you will need for the coming winter.

### **Follow-ups. (Endings.)**

Just mail the enclosed card, and our representative will call to show you the savings we can make for you.

Mail the enclosed card to-day and we will send an expert heating engineer to advise you on the most economical and efficient method of heating your building. This service is free.

Drop us a line and one of our representatives will call on you to talk it over. This does not put you under any obligation whatever.

If you will indicate, on the attached card, just what kind of machines you are using, we shall be glad to send you full details of how our service will save you money and enable you to get better results.

An order blank and addressed envelope are enclosed, for your convenience.

We do not wish you to take up our agency if you have better opportunities of making money in your spare time. If there is anything more you would like to know, please write us and we will reply frankly and fully. If no other details are needed you arrive at a decision, we think we ought to advise you to make an early choice. Our extensive advertising is already bringing enquiries from your district and we need a local agent to whom we can refer them. There is no reason why you should not reap the profit of the commissions on the coming sales. In fairness, we ask you to let us have an early reply.

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(*Note.* See pages 23-27 and 100-116 for other good phrases and paragraphs for beginning and ending sales letters and follow-ups. Also see other chapters in Part II.)

## **CHAPTER 31.—PLANNING THE FOLLOW-UPS; USING CATALOGS AND BOOKLETS.**

What to say in each of a series of follow-up letters. How to get the best results, at small cost, from catalogs and booklets; new method. Phrases, paragraphs and letters.

**First Letter—Answering an Enquiry.** Acknowledge receipt of the letter and say that booklets, catalogs, or printed sheets of information, are either enclosed or sent separately. (They are more effective when mailed separately.) Ask the enquirer's special attention to the strong features of the offer, such as the novelty of the article, its usefulness, saving of time and labor, or its beauty, its low price, or the easy way of buying through monthly payments. Offer to answer any questions or to supply further information.

Finally, suggest some reason why an order should be given now.

**Second Letter—Beginning the Follow-up System.** Refer briefly to the first letter and suggest that the customer's reply has been deferred (let it appear that you have confidence that he intends to buy). Say how satisfied other customers are with the article, and enclose copies of testimonials if possible. Offer to send it on approval for free trial, or for examination. Or, if it is to be sent C.O.D., offer to return the money, without argument, if the article is returned within a limited time.

**Third Letter.** State regret that you have not had any reply. Point out how much benefit or pleasure the enquirer would have received if he had bought at first. Some of the earlier arguments may now be repeated in stronger form and in different words. Press for a definite order or for a reply.

**Fourth Letter.** Say how other enquirers, who have given orders, are pleased with the result. Give extracts from their letters if possible, or, say how much better fitted the enquirer would be to meet competition if he had followed the example of the other enquirers who have bought; say how much pleasure he would have received, or what drudgery he would have been saved, or how much profit he would have made. Again press for a decision, or for reasons why the enquirer does not decide. Ask whether there is any difficulty preventing the acceptance of the offer and offer to remove it, if possible.

**Fifth Letter.** Offer any special advantages, such as payment by instalments, or offer to allow as much as possible for similar articles now in use, in part exchange. Ask if there is any other way in which you can make it easy for him to give an order.

**Sixth Letter.** Send any additional printed matter, and point out special paragraphs which state the strongest arguments or the greatest advantages of what is being offered. Suggest that you will ask an agent to call on him at an early date.

**Later Letters.** If no reply has been received, try again with a series of three letters, after waiting from 3 to 6 months.

**General Remarks.** Be very patient; do not let any of the letters show any tone of resentment because earlier letters have not been answered by the enquirer. Try to make each letter in the series of a different style.

Change the kind of envelope for each letter. Do not print anything on the outside, not even a return notice, because if the enquirer sees who it is from he will probably leave it unopened. If he opens it he will at

least glance at the wording of the letter, and if the style is different he will read it.

The first letter of the series should be sent first class mail, with a return notice on the envelope to ensure its early return if the person addressed has removed. Later letters may be sent under a 1½ cent stamp if desired, but this is not recommended.

### Sending Catalogs and Booklets.

**Print them in sections.** The preparation and printing of large catalogs is costly. Some parts may become out of date and make the whole catalog worthless. To avoid this, it is better to have a catalog divided into distinct sections in such a way that they can be used separately. A considerable saving may be made by this, because very often an enquirer is interested in only a portion of the goods sold by a large firm. Then it saves expense to send only the section he needs.

It is better salesmanship to keep his attention exclusively on that section, instead of sending a general catalog of which that section may form only a small part. Sections can be reprinted and kept up to date at a much smaller expense.

**Mark inside the catalogs.** If a complete catalog is sent, it is not sufficient to state the page number of the article needed, in the letter answering an enquiry; the page of the catalog should be turned down, and a reference to the page number should be written on the front of the catalog. Or, a small typed slip should be fastened to the front page, saying on which page the information desired will be found. Such attentions have a very favorable effect on an enquirer, as showing that a real interest is taken in his needs.

**An experience in using catalogs.** A firm selling pianos found that an expensive catalog, showing a large number of pianos of different makers, did not bring them a sufficient amount of business. Then the following plan was tried. Newspaper advertisements were used, offering a free booklet giving special information about pianos which would be useful both to those already owning a piano or to persons intending to buy one.

Each enquirer received a booklet containing a chatty talk on the making of pianos and the care to be given to them. A letter was also sent stating that a form was enclosed on which the enquirer was asked to give particulars of the kind of piano he preferred, the price he was prepared to pay, and other details.

If the forms were not returned within a short time, special letters were written, pointing out that the reason of asking for the information

was to be of assistance to the enquirer in explaining to him the kind of instrument which would be most suitable for his requirements, and also stating that this information would be willingly given without laying him under any obligation to buy from the firm either then or at any future time. The firm also asked for details of the piano which the enquirer already had, and its age.

By this means the dealer got the names of people who were interested in pianos and he could afford to spend some time and money changing each enquirer into a buyer.

Instead of sending a large catalog, a few illustrations were sent. These were well printed, on good paper, showing a few pianos which the accompanying letter explained had been carefully selected by an expert as being the most suitable for the enquirer's needs and the best value at the price he had named. If a reply or a call did not result, a second letter was sent, enclosing a few more illustrations, but this time of more expensive pianos. The advantages of these were pointed out and, where it was thought likely that the enquirer would wish to buy on the instalment plan, the letter mentioned the small difference in the amounts to be paid monthly for the better instrument.

The results were very profitable. Enquirers were pleased with the idea of having had the attention of an expert to choose their pianos. Some of the enquirers ordered their pianos by mail, without having seen them, saying that they relied on the special attention and guarantee of the dealer. Other enquirers accepted the invitation to call and see the pianos which had been selected for them, and they ordered then.

If no reply to the third letter was received, a tactful salesman made a call and frequently effected a sale by offering to make a good allowance for the old piano which the enquirer had.

The success of the scheme depended (1) on the attention which appeared to be given to the personal needs of each individual enquirer and (2) the assurance that he had been helped in his choice by an expert, and (3) that the dealer backed this expert's opinion by a guarantee of the instrument. The same kind of salesmanship can be applied to almost all classes of goods.

The writer of a sales letter should remember that he is not talking to a frozen image but to a very human man or woman, who will respond to a lively interest in their desires and a disposition to help to satisfy them.

All of them want more than they can possibly get. Make it easy for them to get what you are interested in and rouse their interest so that

they will want it now, at once. That is the whole secret of salesmanship.

### Follow-Ups.

#### Paragraphs.

We know that we are persistent. We hope you will excuse us when we say that it would be foolish for us not to be so, when we are sure that we can serve you to your advantage. We know also that you will be a regular customer, if you will give us a trial order.

May we again point out that you are missing good profits by not stocking our stainless cutlery. Our other customers, in towns near your own, have been steadily increasing their repeat orders. Why not get in touch with some of them, and learn their experience with these goods as quick selling lines, at more than average profits.

If you had decided to join our electrical correspondence course a year ago, when you first enquired about it, we could have placed you recently with a first class electrical engineering firm, at a good salary.

We are beginning a new one year's intensive course at the end of this month. It will pay you to join at once and begin to fit yourself for better work. You pay as you earn. We shall be glad to help you reap the rewards of your study, after you have made some progress, by recommending you for a position. We get many applications from good firms for promising students; there are more applications on hand at present than we can fill.

This is my fourth letter to you about men's hats. I am writing now because I feel that you are missing something which you would be really sorry to miss if you knew of the excellent values we are offering. Just to show that this is true I am sending to you to-day, by parcel post, three samples of our qualities, at \$18, \$20, and \$24 a dozen. If you place an order, you can keep these samples, so that you may see that we shall deliver quite as good as, or better than, the samples. We can deliver quickly in any of the colors shown on the card sent with the samples.

You must have a better income than we thought, because you have not replied to our letter offering you a profitable use for your spare time.

One of the men we wrote to at the same time as yourself has received \$120 from us since then, as commission on his sales. We can give you his name if you wish to check this statement. Why not give our offer a trial; the money is honestly earned and you could surely put it to a good use.

#### First offer. Post card (in imitation of handwriting).

Here's a treat for you:

I want to send you at my risk and expense a 5 pound bag of Delicious Red-skin Brand Peanuts—big choice, full-flavored nuts—the cream of the Virginia crop—and already shelled for you.

After you and the family have eaten your fill if you find them satisfactory you may send me your check for \$1.90. If you don't think they're the finest peanuts you ever tasted, send the remainder back to me within 3 days, and you won't owe me one cent.

If this appeals to you as a fair proposition, and to your appetite for "honest to goodness" Big peanuts, fresh from Sunny Virginia, write "Send me a bag" and sign your name on the face of this card—then mail it back to

Yours for a feast

**Post card follow-up of an offer.**

(In imitation typewriting; figures in red)

Dear Madam,

You have only three days more to get that \$7.00 Hotpoint Iron for \$5.35.

Bring or send your card to any of our district offices at once, and take advantage of this opportunity. You may never have another chance to get a fully guaranteed iron at \$5.35.

**Printed slip attached to printed sales letter.**

Dear Sir,

Since this circular has come from the press, certain kinds of leather have enormously increased in price; consequently, as we clear our stock of manufactured goods we shall be compelled to revise our prices accordingly.

The only other way of meeting the situation is to lower the quality, a policy we do not believe in, being sure that our customers' interests are better served by our charging reasonable advances and keeping the goods fully up to the standard quality.

**Circular Sales Letters.**

(All in imitations of typewritten letters)

Dear Sir,

May I call on you one day next week in order to show you the ..... I venture to write you personally because, knowing something of your business, I am sure you will be interested.

I have been privileged to show the machine to several of the most important firms here and they all agree it is wonderful, both as regards mechanism and utility: many of them have adopted it, and I would like to tell of the results they are getting.

I will not send a representative but will come myself—I will be punctual and I won't waste your time.

Enclosed is a stamped postcard so that you can easily say "Yes" or "No".

Yours truly,

**Following up catalog.**

Dear Sir,

We hope you received our catalog safely. Not hearing from you gives us cause to wonder if it has gone astray in the post. If on the other hand you have received it, we should deem it a favor if you would write us saying on which point you are hesitating.

These are a few facts why we give greater value and better selection than any other pottery firm:

We lay ourselves out to supply the consumer from the centre of production.

By fair and honest trading we have gained for ourselves a very large circle of customers; this affords us the opportunity of offering our goods at the lowest possible prices. Our motto is—large sales and small profits.

We offer you a splendid chance by trading through the post. You send your order right to the centre of the industry and receive it at your own door without any trouble, and at half the cost of buying in your own town. You will say it is easy to promise all this in a letter. Let us convince you by supplying a small trial order.

We are sure of receiving further orders from you. We trust you will favor us with a reply in the course of the next few days.

Yours very truly,

#### Following up catalog.

Dear Sir,

Some few days since we had the pleasure of handing you a copy of our "Guide to House Furnishing".

While we have endeavoured to make this as representative as possible it is, of course, only a poor substitute for a personal visit to our showrooms, as it cannot adequately represent either the extent of our stock or the beauty and durability of the productions, for which we hold an established reputation.

If it is in any way possible, therefore, we would earnestly invite you to pay us a visit; you will find a walk through our showrooms extremely interesting and you will not have your pleasure spoilt by being asked to buy. Our salesmen are instructed to give advice and assistance when, and only when, it is asked for.

Should you be unable to come here, we will do our best to give you complete satisfaction in your orders from our catalog. In either case, a comparison of our prices with those of the majority of Broadway firms will show the exceptional value we offer.

Our method of easy payment is simplicity itself and entirely free from annoyance to the customer. We shall be glad to give you information on this or any other point on request, and our manager holds himself freely at the disposal of any clients who may wish to discuss furnishing with him at any time.

Yours very truly,

#### Following up previous letter.

Dear Sir,

We are taking the liberty of bringing ourselves to your notice with reference to our Price List of Havana Cigars submitted on 22nd inst.

As we pointed out, we have a large stock of early 19... crop cigars, carefully selected from the principal Cuban factories, which are in perfect condition for immediate smoking.

If you are at present interested, may we submit samples for your trial. If you like them we shall be glad to reserve for you the quantity that you may require to be charged and delivered, at your convenience, during December, for Christmas gifts to your friends.

Yours very truly,

**Following up estimate.***re Circulars*

Dear Sir,

A few days ago we had the pleasure of submitting, at your request, an estimate for above.

Not having yet received your instructions to proceed with the work, we take the liberty of enquiring whether our quotation merits your approval and if we may have the pleasure of receiving your order.

Should you require any further information as to this, or as to any other printing you have under consideration, we should be pleased to supply whatever you may need, on hearing from you.

We should greatly appreciate your affording us an opportunity of proving the efficiency of our service.

With compliments,

Yours very truly,

**Sales letter offering free trial.**

Dear Sir,

We can hardly make the .... visible Typewriter "to measure", but there are so many sizes and kinds that we can nearly always supply a machine specially fitted for a special business or purpose.

Not only are ..... Typewriters supplied with all kinds of type faces but you can have a choice of a large number of distinct and different models, in distinct sizes and with distinctive and special attachments and devices.

Tell us the kind of machine you would like to have in your office and we will send you, on ten days' free trial, a ..... which exactly meets your requirements.

This offer is worth your consideration and acceptance.

Yours very truly,

**Follow-up quoting prices, naming customers, and enclosing copy of testimonial.**

Dear Sir,

We would again draw your attention to the fact that we supply the highest possible quality process blocks at a price which will show you a very great saving. (Prices given here).

We claim to be one of the oldest established, and at the same time the best process house in this city. To prove that this claim is amply justified, will you please read the accompanying letter from the proprietors of a very high class bi-yearly volume—The letter was unsolicited and we take this opportunity of sincerely thanking the writer:

You see we have maintained their standard of work, and have shown them a considerable reduction in expenditure.

Should you still be in doubt, we are quite willing to execute an order strictly on approval, which shows how absolutely confident we are that our blocks are equal to those supplied by any other house in, or out of this city.

With regard to time, we can complete an order in 3 hours, or less if desired, and we never disappoint.

As further evidence of our efficiency we quote the following names (20 names given) from our Ledger.

Providing our efforts are supported we shall certainly reduce our prices, therefore by giving us an order you are not only immediately saving money (which is surely as good as making it), but you are laying the foundation for a further economy in the near future.

In conclusion, let us again ask you to support a firm which will give its whole, and undivided attention to your service.

Yours very truly,

The author is indebted to Mr. W. H. Allen, Borough Surveyor of Loughborough (England), for permission to publish the following letters which are excellent illustrations of the follow-up system and of the enterprise of a municipal service.

#### 1st letter, offering Electric Power.

Gentlemen,

Electric power at ..... per unit is considerably cheaper than any other form of power obtainable in the town, including Gas, (Town supply and Suction), Steam and Oil.

If you are at present using any of these forms of power, and would like to have full particulars and figures laid before you, with a view to replacing your existing driving plant with a motor, we are prepared to instal a motor temporarily and drive for one day the whole of the machines usually driven by the engine. At the end of the run we will lay our figures before you and compare them with your figures for driving by the engine. We are confident that the comparison will prove our statement to be correct.

Then, if you are not desirous of purchasing a motor outright, we will put one in for you, on hire, at a fixed quarterly rental. The rent would be paid every quarter, and would include all necessary repairs to the motor, the supply of oil and brushes, and regular inspection every month.

In the event of a breakdown of the motor (a most unlikely occurrence) it would be replaced by a good machine at a few minutes' notice, free of all cost to yourself, so that you would not have any expenditure to meet beyond the rental of the motor and the charge for current consumed.

We shall be pleased to mail you a list, giving all particulars of the terms of the hire of the various sizes and makes of motors, upon hearing from you.

Yours very truly,

THE MUNICIPAL ELECTRICITY DEPARTMENT,  
W. H. Allen

#### "Follow-up," No. 1.

Gentlemen,

We have much pleasure in enclosing a pamphlet which we trust you will be able to spare the necessary time to peruse carefully.

This pamphlet is not a mere advertisement; it is a collection of guaranteed figures obtained in actual practice, which will clearly show you the saving you may effect, and the advantages you may obtain, by installing Electric Motors

for driving all new plant that you put down, and by adopting them to replace all existing Steam and Gas Engines.

When you have read the pamphlet through you will be quite satisfied the time spent in so doing has not been wasted.

We hope to have the pleasure of hearing favorably from you at an early date, and remain,

Yours very truly,

**"Follow-up," No. 2.**

Gentlemen,

About fourteen days ago we had the pleasure of writing you and enclosing a pamphlet dealing with a matter of great interest to all Power users, viz: Driving Power.

In that pamphlet we endeavoured to clearly set forth the advantages to be gained, and the saving to be effected, by substituting an Electric Motor for a Steam or Gas Engine.

We regret that we do not appear to have received a reply from you, but we venture to hope that you are giving the matter your favorable consideration. If we can help you in this consideration, please do not hesitate to call upon us.

It is for the purpose of serving you that we are here.

In the event of the pamphlet having been mislaid or destroyed, we shall be most happy to send you a further copy, on hearing from you.

Yours very truly,

**"Follow-up," No. 3.**

Gentlemen,

With reference to our previous correspondence and the booklet we sent you, we have much pleasure in enclosing a list of prices of eight different sizes, and three different makes, of Motors, under the terms of our Hire Purchase System, for two different periods, and also for simple hire.

We most emphatically express the hope that you will examine the prices, as we are quite sure that the low figures will be a surprise to you.

We shall be most happy to quote you for any sizes or makes not given in our lists, or to give you any further information you may require.

Please note that whenever we advise on an installation we always put in the most economical drive obtainable.

We await your reply with interest.

Yours very truly,

**"Follow-up," No. 4.**

Gentlemen,

We venture to once again approach you on the question which we first wrote you about six weeks ago, namely, Electric Driving.

Perhaps you have read our pamphlet, setting forth our arguments in favor of Electric Motors and the comparative cost of running different kinds of plant. If you have read it we are surprised we have not heard from you, because we are satisfied that having read the pamphlet and studied the figures, you could not fail to be convinced of our ability to be of beneficial service to you.

We are therefore inclined to think that there must be some detail upon which

you are not satisfied and we should be extremely glad if you would give us the opportunity of disposing of that difficulty.

We thank you in anticipation of an early reply.

Yours very truly,

**"Follow-up," No. 5.**

Gentlemen,

It appears that our previous letters, and the figures contained therein, have not been sufficiently powerful to bring us your business, and we presume therefore that you are still unconvinced of our ability to save you money.

In order to give you actual proof that our statements are perfectly correct we are prepared to instal, temporarily, (entirely at our own expense) a Motor and Equipment, complete with the necessary instruments, and to run the whole or any part of your factory for a week or fortnight. The only item we would ask you to pay for would be, the actual amount of current used in the driving. We would leave the installation entirely in your hands, so that you might have an opportunity of testing its simplicity and judging its merits.

You would be under no obligation whatever to purchase the Motor, as the machine that we should put in for the test would be one which we maintain especially for the purpose, having a large range of variation in speed, if necessary, an item which is not required in ordinary running.

By taking the figures for the exact size of motor that you would require, from the list of hire purchase and hire prices which we have previously sent you, together with the cost of the current for the period of test, you could immediately arrive at the exact cost of running your machine per annum.

We would point out to you that the regularity in speed obtained with Electric motor driving, as compared with Gas or Steam Engine driving, has been found, in several of the Lancashire Cotton Mills, to account for an increased output of 7½%, and you will fully appreciate the fact that the work turned out with a regular drive is of a much better quality than that turned out with an irregular drive.

Should you happen to have a Steam Engine and Boiler installed and if you use your exhaust steam in Winter for heating the premises, we have much pleasure in stating that we are fully prepared with a simple scheme for hot water heating, which would make use of your existing heating pipes and cost about 1-10th of a penny per foot of pipe per week in fuel.

If you would be good enough to give us the opportunity of discussing the matter with you we should be extremely obliged. We feel confident that you would be convinced that by adopting the Electric Motor, in lieu of a Gas or Steam Engine, you would be taking a step in the right direction as regards saving money,—and also relieving yourself of considerable worry and liability to expense in the nature of a breakdown or explosion—a liability which we undertake on your behalf when we instal motors.

A letter or word on the telephone (No. 505) will bring us round to your office at a few minutes' notice. We could give you more information in a few minutes' conversation than we could put into a pile of correspondence, and we could prove more to you in one week's actual test than we could in 20 years' talking and writing.

Yours very truly,

## **CHAPTER 32.—GETTING NEW BUSINESS; FINDING NEW OPENINGS FOR TRADE. HOW TO GET DOMESTIC AND FOREIGN ORDERS BY MAIL.**

Many people think that the days when businesses could be created from small beginnings have gone, never to return. There always have been people like that, and there always will be.

Even today the opportunities exist but they are only open to those who will work hard and keep at it, in face of great discouragements.

The chapter dealing with Salesmanship, beginning on page 85, explains many of the methods used in selling by mail.

A few examples are here given of other methods of appeal.

### **Offers to Buy**

Dear Sir,

I specialize in scrap metals of all kinds, copper, lead, tin, steel, etc. I am always ready to buy, in large or small quantities, for prompt cash. It will be well worth your while to let me quote you for the next lot you have to sell.

When you need new metals I shall be glad to quote you; I buy from the largest producers, free of commission, and can offer you a considerable saving in prices.

Yours truly,

### **Offering to do Truck Repairs at a Fixed Rate per Year.**

The owner of an automobile repairing plant decided to try offering truck repair service to his customers at a fixed price per year for each truck, instead of charging separately for each repair job.

This change would permit customers to know in advance what their trucks would cost for maintenance each year.

The price quoted for annual repair work would depend on the make of the trucks, their age and condition, the kind of work they did, the loads carried, and the average number of days worked. Full information on these points was obtained by an actual examination of the trucks, and by enquiry from the owner, before repair rates were quoted.

In order to get this new business the two form letters following were used. The first letter was intended to bring enquiries. The second was sent after the trucks had been examined and the probable cost of repairs had been carefully calculated.

Much new business was obtained in this way. It has been profitable to the repair firm and the customers have been well satisfied.

Gentlemen,

**We offer to do all your truck repairs at a moderate fixed price per year.**

Regardless of the length of your experience with motor haulage, you must have learned the importance of careful maintenance of your equipment, for the two purposes of protecting your investment and of keeping the equipment in the best condition for efficient and economical service. You will therefore, we believe, be interested in the following proposal:

**Free expert examination of your trucks.**

We are prepared to make now, or at your convenience, free of charge and without any obligation on your part, a thorough expert examination of your trucks and to give you a detailed report showing which parts require adjustment or repair, or are likely to require them in the near future. With the report we shall also submit an estimate of the price at which we are prepared to carry out such work. Afterwards we would make a general monthly examination and report, for the nominal fee of \$5 per truck per examination, with an estimate of the nature and cost of repairs, should any be necessary. In this way you would always have your vehicle or vehicles under the eye of a practical expert, you would be preventing breakdowns, and would always have each truck at work and in good condition.

**Advantages of monthly examination.**

Many of our clients find that our periodical examination proves a useful check on their drivers and prevents them from misusing their vehicles or shirking the greasing and small adjustments a driver is supposed to look after. In other cases we have been able to effect a considerable economy in fuel and oil consumption. You must know of cases yourself where the expenditure of a dollar or two in timely adjustment or repair would have saved a \$50 repair expense and the disorganization caused by your vehicle being out of service.

We have well equipped machine shops and we ourselves do all the repairs; there is no waiting. Should your trucks be garaged with us, we should make no charge for the periodical examination.

### **FIXED CHARGE PER YEAR FOR REPAIRS**

Or, instead of charging you for each repair job, we offer to charge you only a fixed sum per annum, payable in monthly instalments. By this method you would know in advance the cost of repairs. You will also see that it would be to our advantage, as well as yours, to keep your truck in good condition, always.

Our representative will be very glad to have the opportunity of calling and explaining the system to you in every detail, if you will inform him of your desire. If you need our service quickly, please telephone North 4000.

Yours very truly,

Gentlemen,

Having now examined your trucks, we are pleased to make you the following tender for repairs, per year.

For the ..... ton ..... truck, \$..... per annum  
 For the ..... ton ..... truck, \$..... per annum  
 For the ..... ton ..... truck, \$..... per annum

These charges to cover (1) all repairs to chassis and body, and (2) the re-

placing of any parts broken or worn past adjusting; (these spare parts to be obtained from the makers and charged extra, at makers' list prices) (3) one complete overhaul during the year, in which the body is to be repainted and the chassis completely stripped and all parts (engine, steering-gear, rear axle, transmission, etc.) dismantled for examination and reconditioning; (4) Going to break-downs and towing home, if necessary, from anywhere in the city; further afield extra, according to distance; (5) A weekly examination of each vehicle for minor adjustments and repairs. You to allow us reasonable access to the vehicles to make this periodical examination, and time to make any adjustments and repairs when we consider them to be necessary.

These charges do not cover cleaning, oiling and greasing, nor the supply of oil and fuel, the repair of damage caused by overloading or by gross negligence on the part of your drivers or employeés, or damage through lack of lubricant or use of unsuitable oils or greases, or through your driver's failure to report any small derangement which has led to extensive break-down. Nor does it include any damage by accidents which are covered by insurance, nor the repair or replacement of tires. New tires are to be supplied, when necessary, at makers' list prices, and fitted free of charge.

In case of any dispute as to the work, or in the reading of this agreement, the Motor Trade Association is to be asked to appoint an arbitrator whose decision shall be binding and whose fees shall be paid by the side against which the decision is given.

Payment to be made monthly, in twelve equal sums, at the end of each completed month.

It will be understood, of course, that the prices we quote vary with the kind of truck, its age and condition, the nature of its work, the size of its loads, etc. Experience has taught us many things about the importance of these and other factors and has furnished information by which we are able to give attractive and safe estimates of maintenance cost.

Yours very truly,

### Circular Letter to Introduce Soap

Dear Mrs. .... (Name filled in on typewriter; also, name and address typed above).

At the request of the Globe Electric Appliance Company, we are mailing, under separate cover, two cakes of LEHMAN'S BORAX SOAP which we would like to have you try the next time you use your washing machine.

It is generally admitted that, in mechanical washing, suds are an absolute necessity.

From experiments conducted in our laboratory, we have found that it is the soap suds, forced through the fabrics by the action of the washing machine, that clean clothes.

LEHMAN'S BORAX SOAP will produce the voluminous, long-lasting suds, rich in quality, necessary to release the dirt without injury to the clothes, the washing machine, or your hands.

(Detailed description here of how to use the soap.)

Feeling sure you will be pleased with the results of your next washing, and that you will become a Lehman user and enthusiastic booster, we remain,  
Yours, for cleaner wash and brighter homes,

### **Mailing Service**

Gentlemen,

I'd appreciate an opportunity of figuring on your next mailing, whether it be large or small.

I have a splendid equipment, plenty of room, excellent supervision, and a good reason for doing the thing just as you want it.

Cordially,

### **Fire Insurance**

Dear Sir,

Recently we had occasion to endorse your fire insurance policies, covering dwelling at the above location, showing Irving Bank-Columbia Trust Company, et al as mortgagees on the property. We take this opportunity of inquiring whether you are interested in insuring the contents, or any other form of insurance that you may think you might need.

We would welcome an opportunity to serve you in any way that is possible with your insurance.

Very truly yours,

## **HOW TO GET ORDERS FROM ABROAD BY MAIL**

As an example of what is done.

It is possible for a Paris firm to sell dresses, and articles for women, direct to U. S. A. customers. Names of wealthy people can be easily obtained from directories of society people. High import duties are no hindrance to the sale of articles of luxury; there is indeed a feeling that the imported article is in better taste, or of better quality, or of a newer fashion.

Each country can sell its own specialities by mail to other countries. It is essential, however, that the letters, catalogs, and descriptions should be in the language of the prospective customers. All dimensions and prices should also be translated. As import duties are charged on arrival, they are paid by the purchaser, so need not be taken into account by the seller. Of course the seller must stipulate that he is to be paid before shipment, as there is no C. O. D. arrangement for international parcel post. The seller should mention, in his sales letters or catalogs, that he can furnish bankers' and other references, so as to assure the buyer that he will be certain to receive the articles he pays for in advance and that he is dealing with a firm of good standing.

The selling appeal should be carefully drawn to suit the methods of selling and advertising used in the country addressed. American advertising and selling methods will not succeed in Great Britain or France, nor are British or French methods suitable for the U. S.

There are firms who specialize in foreign advertising; the best are those which have agents on the spot; the translation should be entrusted to the agents abroad, who are familiar with local conditions and preferences.

### CHAPTER 33.—SELLING FROM SAMPLES AND MODELS.

Samples are of great importance in the wholesale trade; for offers (tenders) of large quantities at fixed prices they form the bases of the contract or bargain. A buyer can insist on delivery of goods exactly similar to the samples received from the seller. If inferior qualities (grades) are delivered, he may cancel the order and claim damages for loss of profit through losing sales, or for any loss caused through having to buy elsewhere at higher prices.

For certain "grade" goods, such as cotton and sugar, in many cases no sample is sent, but the quality is described as a certain "grade" known to dealers, such as "best seconds," meaning the best grade of second quality. The goods delivered may then be checked by the standard samples of the various grades kept at the offices of the local associations of brokers or at the chambers of commerce. Where it is impossible to send patterns of the articles offered (as for furniture, clocks, and machinery) photographs or engravings are sent, with full details and measurements, and the materials used to make such goods are described. For domestic (inland) trade, small samples are usually sent by post and larger samples by express companies or by freight (by railway). Reduced postage rates are charged for samples, whether addressed to firms in U. S. or abroad. The regulations as to packing, weight, size, and rates of postage are stated in Chapter 95 of this book.

**Foreign Samples: Customs Duties.** Small samples mailed (posted) to foreign firms are usually admitted to foreign countries free of customs duty, if they are of little or no value, provided that a declaration to this effect has been made on the forms supplied by the U. S. post office.

Samples of value, such as watches, are charged the ordinary customs duties, the receiver (consignee) paying this charge on delivery.

Australia and a few other countries charge a tax on advertising matter sent there in quantities.

**Salesmen's Samples Taken Abroad.** Salesmen who visit foreign countries, to obtain orders, usually take considerable quantities of samples. Where these are small and incomplete, so that they have little or no selling value, as in the case of small samples of cloth, they are admitted free of duty.

Complete and valuable articles are usually admitted on the amount of the ordinary customs duty being deposited as security; this sum is usually repaid on the samples being re-exported within six months afterwards.

## EXPORT BUSINESS. SENDING SAMPLES TO FOREIGN BUYERS.

**Commencing an Export Business.** A new firm which commences an export business would employ department managers, called "Buyers." These men would be engaged on account of their knowing the foreign customers and the goods which would suit them.

Notice of the opening of the business of the new firm would be sent to the foreign dealers by means of a multigraphed circular letter, similar to that shown in later paragraphs. This would be followed up by a visit of the firm's salesman, who would carry a complete range (collection) of patterns, priced exceedingly low for the first trip (often at prices showing no profit), so as to secure trial orders.

Or, instead of waiting until the salesman calls, the new firm may send samples by parcel post and write a special letter to each customer, pointing out the cheapness and excellence of the goods and suggesting the length of credit to be allowed and the method of payment desired. If the business is to be one of buying on commission for the foreign customer (commission business), the commission rate proposed to be charged would be stated, and any special advantages, such as the extensive business experience of the heads of the firm, or of the department managers, or any facilities for buying cheaply, would be clearly and strongly stated.

These first letters would be sent to firms known to be large buyers and to have considerable capital.

When the new firm's salesman visits that country, he may probably find other customers, who, although not highly rated, might be safely traded with, on taking the usual precautions to ensure payment.

Foreign samples need to be prepared in very attractive styles.

For textiles (cloths of all kinds, including cotton prints and calicoes), small cuttings of the cloths are sent to buyers, to show the qualities, and shade cards or design cards are added, to show the varieties of colors or of the woven or printed designs.

Goods such as ironware, pianos, and machinery are shown by drawings, photographs, or illustrated catalogs.

Price lists of the goods, on separate sheets, are joined to the letters which are written to customers.

A telegraphic code word is usually added to the description of each article, to save expense when orders are cabled (telegraphed).

The following is an example of the introductory letter of a new export firm. Many foreign firms buy on American terms, that is, by American weights and measures, at U. S. dollar prices.

For firms unused to buying direct from the U. S., all prices should be quoted in the foreign money, and weights and measurements should be stated in the dimensions used in that country (usually the metric system).

**Letter sent by new export firm to customers, with samples.**

Dear Sir,

We have the honor to inform you that we have established a business at the above address for dealing in grey, white and printed cotton goods, suitable for your market. Our two partners, Mr. J. Smith and Mr. T. Brown, were formerly with Messrs. Arthur & Co., of New York, as buyers and salesmen. They made frequent journeys to your district and they have therefore an intimate knowledge of the goods suitable for your trade. One of our principals will shortly have the pleasure of calling on you in your town. Meanwhile, we take the liberty of sending by post, under separate cover, a range of quite new designs of printed muslins which are reserved to ourselves.

We have quoted, on the accompanying price list, our very finest prices for large quantities. We trust that you will find these samples to your taste and that you will be able to send us a trial order for them; special attention would be given by us to their being made up in first class style, in the way you desire, and carefully packed.

We offer you our most favorable credit terms, namely, 6 months credit, with 5% reciprocal interest on the account from invoice date; no commissions charged and no discounts. Expenses and charges will be invoiced at the lowest possible rates and we believe that you would make a considerable saving under this head on shipments made by us.

Our telegraphic codes are the A.B.C. (5th edition), Lieber, and Western Union. We have coded all the samples sent to you to-day, in case you should require any of them for early shipment, which we hope may happen.

We trust that we may soon have the pleasure of opening up business with your esteemed house and of proving that such a connection would yield you a considerable saving, while securing exceptionally careful and active attention to your interests.

Yours very truly,

**Samples.**

**Words for "sample."** Sample; pattern, type, (standard of quality); specimen, example, model; design, specification, cutting. Illustration, sketch, photograph, blue print, shape. Sample of quality, or, quality sample. Samples of color or shade, and colorings. Ways (samples showing colors and materials, widths and quantities of each in stock). Salesmen's (travellers') samples, full width samples, full size samples.

Sample of finish, rough sample (unfinished sample), standard sample of quality (type); samples of bulk, or bulk sample; fair average sample. Drawn sample, (taken or drawn from the bulk to show the average quality or grade). Grade sample, (to show special grade or class).

Note. The terms "traveller" or "commercial traveller" (two "l's) are used in Gt. Britain for "traveling salesman." The word "salesman" is used in Gt. Britain for those who do not make journeys.

For the term "domestic trade," used in the U. S., the English term is "home trade," or "inland trade". In England the word "domestic" is used only as referring to a house; domestic furniture and domestic servant are examples.

**Collection of samples.** Collection, range of samples, samples of our complete assortment, stock assortment (ways), a choice selection of samples, a set of salesmen's (travellers') samples. Shade card, sample card, pattern card, show card. Pattern bunch, (bunch of patterns) set of patterns. Pattern book, sample book, book of patterns, sheet of samples. Sample case, show case, sample exhibit display case.

#### Phrases asking for samples.

##### Please send samples

of the nearest you have in stock, to the enclosed pattern of Worsted Serge, at 50c to 60c, in Navy.

of Worsted Serges at 50c or, in all colors; ("or" means or nearest) of the best value possible in white shirtings, 36 inch, which we require for an advertising line, limit 18c.

of Pongee silk, exact to enclosed shade, 22 inch or wider, 36c or.

of what you have in stock in Tartan silk at 50c or, also samples of what you have coming round within the next two weeks (fortnight).

of good printing papers, double crown, glazed, suitable for 8vo. book, not exceeding 5c. State if in stock, or otherwise the time required for delivery of 50 reams.

of goods stated on enclosed sheet, which are required for delivery here not later than the 20th inst; state delivery time with your very lowest prices and best cash discounts.

of cheap foolscap envelopes, as advertised in the Blankshire Mail.

of good toilet soaps, in dozen boxes, not exceeding 60c per doz. tablets.

of nearest you have in stock to the enclosed sample of state book cloth; if nothing near, please procure; must be stock, urgently wanted.

Please send, at your earliest convenience, samples of ceiling papers, small designs, gold and cream, not over 70c per piece, subject to usual trade discount.

**Please send** your general catalog of tropical outfits, stating time required to make to measure.

particulars of the advantages of your advertising scheme to retailers.

list of your radio sets, with lowest terms for export.

full specifications of your 60 and 80 HP Motors, also sketches of various bodies; state best terms to ourselves, as agents, for the cars, (chassis) bodies, (carrosserie) and accessories.

**Other phrases.** Please send samples of qualities and designs of black lace.

Please send by return your latest models of ladies' felt hats.

We should be obliged by your forwarding specimens of your publications.

We send herewith bulk samples of Botany wool, lot AMY.

Enclosed is quality (grade) sample of serge, with colorings.

We have pleasure in sending enclosed illustrated catalog of our goods.

Our new designs have been addressed to you to-day, under separate cover.

The enclosed designs show our newest shapes for Spring.

By this mail we have sent you grade samples of American Egyptian cotton.

The sample sent herewith is a fair average of the bulk.

We should like to have three full ranges of your new samples for our salesmen (travellers) who leave here for their Spring journeys (trips) within a month.

Please submit samples and lowest quotations of your nearest to the enclosed pattern.

Send me samples of your best selling lines, with finest cut (lowest) prices.

We have pleasure in submitting herewith cuttings of the nearest in stock to your sample.

The goods must be exact to sample, both as to quality and finish.

The quality (grade), width, shade (color), and finish must be exactly as our sample.

The goods delivered do not come up to (are not equal to) sample. The goods in the bulk are very inferior to the sample from which we bought.

We cannot judge of these goods from such small samples; please send 9-inch patterns, full width.

We bought from your sample as being a fair average, but the goods delivered are almost all much inferior, both in quality and finish; we require a quality equal to, or better than your sample; not inferior.

Please compare our samples carefully with the goods you are now buying.

We want these samples for comparison with those of other makers.

These pieces have to be cut up for sample sets for our mail order business; we therefore request you to invoice them (bill them) at half price, as usual.

You may send seven-yard samples (samples of seven yards each), full width, of the assortment shown on the attached sheet.

**Trial order.** We should be glad of a trial order.

Please favor us with a trial order, so that you may see (be able to judge of) the goods in bulk; this, we believe, would be a more satisfactory test of the values we are offering.

You may deliver the following trial order on condition that we are to be allowed to return the goods if unsatisfactory (if unsuitable for our trade).

We are willing to supply samples, for your salesmen, at the usual reduction of 50%.

We strongly recommend you to favor us with a trial order at once, so that you may be able to secure a good assortment for the opening of the season.

We are daily receiving large repeat orders for these goods from our regular customers and cannot promise early delivery of goods ordered after the end of this month.

Please send a selection on appro. (on approval, with choice of returning if not liked).

We regret to inform you that it is not our custom to send selections of goods on approval.

We shall be pleased to send a selection on receipt of remittance for \$10 or on your furnishing us with two trade references.

We do not ship on consignment, (on sale or return) only on firm orders (sale outright).

## OPENING PHRASES FOR LETTERS SENT WITH SAMPLES OF SPECIAL GOODS.

With the view of commencing business with your (esteemed) firm we are sending by this mail a collection of choice samples for Spring trade. If you could favor us with a call, our President, Mr. John Smith, would be gratified if you would ask for him as he is anxious to give your requirements his special and personal attention.

In order to extend (to increase) our business with you;

In order to prove to you our desire for a closer business connection with your house;

In order to prove our desire for more extended trade with you;

By reason of having secured an exceptionally cheap quantity of ....., we are able to offer you the following lots at 20% below regular prices.

In order to keep you informed of exceptional bargains we have sent you samples of (we submit herewith samples of).

✓ We believe that we are serving your interests in asking you to compare the enclosed samples, both for quality and price, with the goods you are now buying elsewhere;

We learn that you buy large quantities of .....?... As we are amongst the largest wholesale dealers in these goods, we have pleasure in submitting herewith a range of samples marked with our lowest prices.

We are informed that you use large quantities of;

As manufacturers you probably require considerable supplies of articles such as those we make; we have therefore pleasure in submitting samples of several of our leading lines at our lowest prices; should you wish any changes to suit your special requirements we should be pleased to make your own designs without extra charge.

We believe that it would be to your benefit to send us samples of those qualities which you use most, so that we may quote you on them.

The goods which we understand (we believe) you use most are very largely made by our firm, as a specialty, and we should be glad to supply you direct instead of through middlemen (intermediaries, jobbers).

Being large makers of ..... we can supply them at the lowest trade prices.

I am a very large maker of .....

We are very large dealers in .....

We are sole agents for several of the largest manufacturers of fancy silk goods.

We have just received an especially fine consignment of Spring novelties which we shall be glad to show you, in advance of our usual opening day, if you would favor us with a call.

Having secured an exceptionally cheap lot of ..... we are giving the advantage of this bargain to our clients, as you will see by the enclosed details.

Being overstocked in ..... we are offering these goods at specially low prices, in order to clear them before our inventory (stock taking).

Hearing that you are in the market for ....., we have pleasure in sending samples of specially low quotations for our leading lines in these

goods; if these are not just what you require please furnish us with details of your needs, so that we may supply suitable samples from our extensive stocks.

Our buyers have just returned from their buying trips with an exceptionally fine range of spring samples of ..... of which we send you samples by post; we confidently expect heavy orders (a great demand) for these goods and as we have bought very largely, we are able to offer you the specially favorable prices shown on the attached list. We strongly recommend you to place your orders promptly in order to secure early delivery.

#### Closing phrases for offers with samples.

We assure you of our best attention to your future orders.

We assure you of our prompt attention at all times to your valued orders.

We assure you of our best services at all times.

We wish to assure you of our careful attention to any orders you may place with us.

We trust to be favored with a continuance of your orders.

✓ We hope to be favored with a trial order for these goods, which will have our careful and prompt attention.

We assure you of our special attention to any orders with which you may favor us.

We hope to have the pleasure of opening business with you in these goods.

We trust that the exceptional quality and low prices of these goods will induce you to make a trial of them.

The goods have been specially selected for your market and we trust that their excellent quality and the very low prices we have quoted to you will enable you to favor us with a trial order, however small, as we are convinced that it would lead to important business between us, to your advantage.

If you will favor us with a trial order, we shall be pleased to include your name in our newspaper advertisements of firms stocking our goods. As you may be aware, we do not supply the public direct, nor have we any subsidised depots.

We should be pleased to receive your orders for any of these goods.

Should these goods not be exactly what you require, we shall be very pleased to send you samples of any other descriptions immediately on hearing from you.

We enclose our complete catalog and should be pleased to supply details of our stocks in any other articles which may interest you.

It will give us pleasure to submit complete collections of any other goods you may select from the enclosed price list.

Any articles which you require, which are not mentioned on our lists, will be obtained for you willingly at the lowest possible price.

If these goods interest you will you please inform us by the 10th inst., up to which date we are reserving them for you.

As we are rapidly running short of stock, may we ask the favor of an early reply if you wish to secure any of these goods.

✓ As these goods are in great demand, we should be greatly obliged by your telegraphing any order you wish to place, as otherwise it is impossible to guarantee delivery.

You may rely on our special attention being given to any of your requirements.

We ask the favor of your careful examination of these goods and a comparison of our prices with those of competitors (of other firms, other houses, other exporters, of foreign makers, of imported goods).

As our firm is newly (only lately) established we are able to give exceptional attention to any orders with which you may favor us.

•As we are direct importers of these goods, we believe that you could save considerably by placing your orders with us, so saving the profits of intermediaries (middlemen, dealers, jobbers).

As we are a new firm, we are more anxious to create good connections than to make profits; we can therefore serve you much more cheaply than old established concerns.

Our very large output of these goods enables us to produce and sell at considerably less than ordinary prices; we therefore believe it would be in your interest to open up a direct connection with us.

The special prices which we offered you on the 9th inst. were for perfect goods, such as you have been ordering from us throughout the season; if you will clear the lot, we can offer you a further reduction of 2 cents per yard.

Any orders with which you may favor us (which you may be so good as to send us) will receive our most careful and prompt attention.

You will see that we are offering you every possible advantage in order to open up business with your esteemed firm and we believe that it would be to your advantage to make a trial of our goods.

We are anxious to have our goods introduced in your district through a firm of such excellent standing as yourselves, and we are making important reductions in our usual quotations in order to make it possible for you to take up our productions.

Our experience and special knowledge of your class of business enable us to offer important advantages in the execution of any orders with which you may favor us; we ask you to make a trial of our services at an early date and we believe you would be completely satisfied with the result.

We are undertaking a vigorous advertising policy for our goods and we are prepared to offer special advantages to those clients (customers) who assist us by stocking full ranges of our articles.

These goods are very largely advertised (advertised nationally) by us but, unlike most branded articles, they show a good average profit to the retailer, while ensuring a constant and improving quick turnover.

#### Offering samples.

Samples are at your disposal (will be willingly supplied free of charge).

Samples are (will be) furnished on demand.

I hold samples at your disposal (awaiting the favor of your reply).

I shall be pleased to send you a complete (a representative) range of samples.

Please say if we may submit samples.

If you would be so kind (so good) as to select from the enclosed price list the lines (the articles) which interest you (seem likely to suit your trade) we shall be glad to furnish samples without any charge.

Samples of any of these goods will be willingly supplied (supplied with pleasure).

If you are disposed to supply me with sufficient samples for six of my traveling salesmen (travellers) I would be willing to pay half the cost.

As your salesmen (travellers) will shortly commence their trips (journeys) with Fall (Autumn) goods, we should be glad to supply sample collections for them without any charge.

As you are aware, we do a very large mail order business and we should require a piece of 50 yards length of each grade (quality) we select, for cutting up into mail (post) patterns. Are you prepared to supply these pieces at half price?

**Sending samples.** As arranged at the interview with our salesman (representative) we enclose samples of .....

At the request of our salesman (traveller), Mr. Smith, we have sent (forwarded, dispatched) by parcel post samples of our complete range (collection) of Swiss embroideries.

In order to be certain of the kind of white figured satin you require for your order of this morning, we enclose (submit) quality patterns and design card; please retain this for reference and write us stating (quoting) the quality, price and design numbers which you wish us to send for the order in question.

Not having been favored for some time with your orders, we take the liberty of reminding you that we are the largest makers of silk ribbons in the trade and we wish to call your special attention to our newly graded range of neck ribbons of which samples are enclosed. We are booking large orders of these for March delivery, dated June 1st. and we recommend your placing your order early to secure delivery if, as we hope, the goods may be found suitable for your requirements.

In order to give you an opportunity of comparing our qualities and prices with those of other makers, we send herewith a few samples of our regular makes, which can be supplied in quantities from stock.

Each sample is marked with a code-word, for ordering by telegraph.

Samples have been sent by registered post; sample post; Express, (passenger train) by post marked "express delivery," Special delivery.

## LETTERS ENCLOSING SAMPLES.

### Sending Printer's Proofs.

Dear Sir,

We have pleasure in enclosing corrected proofs of your four page circular letter, together with revised copy and an estimate for ten thousand copies.

Kindly note the cost of corrections of the first proofs is not included, and that the charge for same will be \$3.

We await your further instructions and hope to hear that we may proceed with 10,000.

Yours very truly,

Enclos.

Estimate, proofs and revise.

**Post card of retailer, refusing samples.**

Madam,

In reply to your letter received today. We regret that the low prices at which we sell do not allow of the expense of sending samples. We should welcome a call from you to inspect the goods and we believe this would be more satisfactory to you.

Yours truly,

**Samples of clearing lots of ladies' coats.**

Dear Sir,

We have forwarded to you to-day, per American Express Co., prepaid, 2 clearing lines of ladies' coats as below.

These goods are perfect and in stock, and can be delivered by return.

No. 843,	about	130	ladies' coats
No. 653,	"	150	" "
No. 654,	"	150	" "
No. 655,	"	50	" "

We will take to clear, for No. 843, \$8, for Nos. 653, 4, 5, \$10.

We can assure you that these goods at the prices named, are 25% under cost of making and materials, without overhead.

We want to clear them, to make room for other numbers which are coming up from the factory.

Yours truly,

William Moore & Co.

To avoid disappointment please telegraph us to-morrow if you take them.

**Letter to dealers respecting distribution of samples from house to house.**

Dear Sir,

Next week we are sending a squad of men to distribute free samples of our Sunshine Wheat in your district. Our sample will be sufficient for one meal for a family of five.

If you want to benefit by the extra demand that will follow this sample distribution, please fill in and mail the attached card. We will then see that you get a prompt supply of perfectly fresh packages, either through your jobber or direct, as you prefer.

We believe that the best recommendation is the personal experience of the salesman, through his using our products. We would like yourself and each of your salesmen to know Sunshine Wheat by trying it. Will you please therefore take two packages for yourself, and two for each salesman in your employ, from the first case received, as gifts with our compliments, for use at your homes.

Send the invoice to us, at your retail price, and we will pay at once by check.

You will find that Sunshine Wheat is a delicious food, requiring only the addition of warm milk to make a tasty and nourishing meal.

Remember that the sample squad begins next week. By mailing the enclosed post card at once you will be ready for the profitable demand.

Yours very truly,  
Sunshine Wheat Co. Inc.,  
A. P. Usher.  
President.

**Sending price list, samples offered.**

Dear Sir,

Confirming my call on you, I have now pleasure in sending enclosed a price list marked with my finest quotations, which are subject to the special discount for you of 10% and 5% for prompt cash within three days of delivery.

I shall be very pleased to furnish samples of any of the lines which interest you, and you may rely on my careful and prompt attention to any orders you may favor me with.

Yours truly,

**Sending samples of new season's cloths.**

Gentlemen,

Our new Season's Coatings have just reached us from the manufacturers and, as you will see by the enclosed samples, they are specially choice productions in the most fashionable colorings. We bought well in advance before the recent rise in wool, and in consequence are enabled to offer you these goods at the old prices.

May we advise you to secure at once sufficient for your season's trade as it will be impossible for us to repeat these goods at anything near the prices we are now offering.

Yours very truly,

**Sample collection too costly.**

Gentlemen,

It is a usual custom here, in the case of samples which have been used by our salesmen, to give them away at the end of the journey, if the maker has given them to us, or charged only a small sum for them.

Such a way of dealing with them would be too costly in the case of your three sets of cartons which, at your discretion, you have made up in an expensive form.

Unless you can reduce your invoice of the 4th. inst. for these samples, we must request you to allow us to return them to you.

Yours truly,

**Offering to make special samples.**

Dear Sir,

Replying to yours of the 6th inst. re new samples, we shall have a range ready for you by next week.

We should like to know if there is any new shape or new style that you can suggest we should make, in addition. If there is, we shall have much pleasure in making it specially for you. Please let us know by return.

Yours truly,

**Samples not arrived.**

Dear Sir,

We wrote you on the 10th inst. asking you to be good enough to send us your range of samples in navy suitings.

No reply has yet been received, although we informed you that we wanted these samples urgently.

Will you please give this matter your early attention.

Yours very truly,

**Explanation; duplicates sent.**

Dear Sir,

We regret that you have not yet received the samples of navy suitings which you ordered. These were dispatched to you, by parcel post, on the 11th inst.; our letter, containing quotations, was enclosed.

To avoid any inconvenience to you, we have sent a further set of samples to-day, by mail, and have registered the parcel.

If you do not receive it shortly after this letter, will you please telegraph us, so that we may trace it (make enquiries respecting it).

The price list of these goods is attached hereto; for an order of not less than 10 pieces we can give you a special reduction of 5%, all round.

We trust you may find them suitable for your trade; the values are excellent.

Yours truly,

**Asking details of samples required.**

Dear Sir,

We are extremely obliged for your enquiry of the 1st inst. In reply thereto we ask you to please favor us with particulars of the papers you use (with small samples if possible), when we shall be very pleased to submit counter samples and quotations. We may say that we make such a large variety of papers, that we could not very well submit samples of the whole of them.

We hope to hear further from you by return, when the matter will have instant attention.

Yours very truly,

**CHAPTER 34.—NOTICES TO CUSTOMERS OF INTENDED CALLS OF SALESMEN.**

Most traveling salesmen send notice of their coming visits to regular customers at a distance, so that the stock can be looked through with a view to placing further orders. In some cases the notices are sent from the office of the firm, as a check on the salesman and to save him the clerical work.

These announcements can generally be handled better from the home office, by means of carefully prepared letters, graded according to the size of the customer's firm and his credit standing.

An announcement letter of this kind gives an opportunity for a friendly greeting, and for calling attention to articles which are greatly in demand or for which special prices can be given. Such news, and also information as to changes of fashion, is always interesting to the customer. The same kind of letter is useful also between the visits of salesmen and they will bring in orders which would otherwise be given to salesmen calling from competitors.

For the introduction of a new traveling salesman, or the offering of entirely new articles to dealers, letters should be sent to the customers shortly before the salesman's call.

An acknowledgment by a firm of an order given to its salesman should include a friendly message of appreciation.

If the salesman is to collect accounts, a statement of the customer's account should be enclosed with the notice of his intended call. A list of these amounts should be sent to the salesman, each week, in advance of his calls.

#### **Publishing trade.**

Dear Sir,

Mr. Llewellyn Carter, who is well known in publishing and advertising circles and is now associated exclusively with us, will shortly call upon you in the interest of our book department.

Mr. Carter wishes to be of assistance to you in promoting the sale of business books through your instrumentality.

If it will please you to kindly extend to him the usual courtesies of your office we shall appreciate this attention and endeavor to reciprocate it in any way we can.

As you doubtless realize, the demand for business books and services is on the increase.

Both the wholesale and retail book trade see in this growing demand an opportunity to enlarge their sales substantially, in co-operation with the publishers.

As publishers, we invite your co-operation in all possible directions, and would value helpful suggestions.

If you have anything to suggest whereby we might be of service to you will you not please send it along, to us, in writing, or speak to Mr. Carter about it.

Yours very truly,

#### **Firm's notice of salesman's call, to new customer.**

Dear Sir,

We are anxious to open a connection with one only of the leading firms in your district and as our goods are very largely advertised, and are quick selling lines at good profits, we believe that it will be to your advantage to stock fair quantities of them.

With this view we have asked our special representative to call on you during the coming week, to show you a complete sample assortment and to explain the special advantages of our makes.

We trust that this will lead to the opening of a mutually profitable connection with your firm.

Yours very truly,

**Salesman gives notice of call.**

Dear Sir,

I shall have pleasure in calling on you on the 8th, to show you some special samples which have been prepared for the particular requirements of your trade.

If the date named is not convenient may I ask you to be good enough to advise me when you could spare me a little time.

I shall be at the above address until the evening of the 10th, and should welcome a call or a note from you.

Yours very truly,

**Notice, by Salesman to office, of mail addresses on trip.**

Memorandum from.....19... ..  
 To the Office Manager:

You are informed that I shall leave the office on (Day of Week).....  
 (Date)....., 19....., and can be reached at the points named on  
 the dates given below. I shall return to the office on (Day of Week).....,  
 (Date)....., 19.....

Any change in itinerary will be reported by wire.

Itinerary

Date

Full Address

**Change in Salesman—Office notice to customers.**

Dear Sirs,

We wish to inform you that we have appointed Mr. W. R. Fleming to represent us in your district in place of Mr. Beard, who has ceased to be employed by us.

Mr. Fleming will shortly have the pleasure of calling upon you. His long experience with us and practical knowledge of the trade will, we hope, merit a continuance of your past favors, which shall always have our careful and prompt attention.

Yours very truly,

**Advising Salesman's visit.**

Dear Sir,

Our representative, Mr. John Brown, will have the pleasure of calling on you, on or about the 5th, to show you our newest samples and give you our lowest prices. He will be glad to receive any orders with which you may be pleased to favor us.

In the meantime, may we ask you to please look over your stocks.

Yours very truly,

(Note to reader. Omit last phrase, if thought desirable).

## CHAPTER 35.—REPORTS FROM TRAVELING SALESMEN AND SELLING AGENTS.

The work of the traveling salesmen and selling agents. Phrases and letters for reports.

Offer of selling agency to foreign commission agent. Reply of agent, stating terms. Information as to foreign customs duties from selling agent.

Traveling salesmen are employed to get orders, but to avoid making bad debts through selling to weak firms.

Their reports contain lists of orders obtained, cash received from customers, and details of any complaints or claims, with advice as to allowances to be made. A salesman may be asked to assist collections by urging customers to pay overdue accounts. He is expected to give information to his employers as to any changes in the financial standing of his customers and as to the state of trade in their districts.

The salesman is usually well informed as to what is being offered to customers by competing firms and he is expected to pass this information on to his own firm in his reports.

### **Offers made through agents or traveling salesmen. Their reports as to results.**

Enclosed are the remaining order sheets for St. Louis. You will notice that the total is larger than for my previous visit; please note that my address for the next three days will be Central Hotel, Nashville, Tenn.

The enclosed orders are the balance for this town; as it is early closing day here I am moving on to Omaha this afternoon, so as to arrange appointments there for to-morrow morning; address, Red Lion Hotel, Omaha, Nebraska.

Herewith are a few further orders; business is very quiet here on account of the coal strike, and as it is uncertain how long it will last, I have thought it prudent not to press for orders at present. For the same reason collections have been difficult, but I have obtained all possible and paid the total into the local bank for transfer to your credit at Chicago. See bank receipt and cash list enclosed herewith.

There is little doing here, and Johnson's salesman, who was here three days ago, has cleared the few orders which were open for assortments of stock.

Next addresses: Thursday, will be at Fox Hotel, Cincinnati; Friday to Tuesday afternoon, Mair's Hotel, Pittsburgh; Wednesday to Friday, Grand Hotel, Cleveland.

Brown & Co. tell me that they have ordered direct from you yesterday, in reply to the offers I made to them from Nashville; please see that this order is placed to my credit.

Jones Bros. complain very strongly of delays in delivery of recent orders, and of the extra expense caused by your sending so many small lots of remains;

please give instructions to prevent this in future; our competitors pay the charges on such small lots.

Enclosed is a further order for Robinson's; have this added to yesterday's order, and send in one lot.

There are very few orders obtainable here. Owing to the wet weather at the opening of the season their stocks are almost untouched. It is useless to press for orders this week, so I will call here on my return journey for any repeats and new orders.

Black & Co. would not order anything as they are annoyed at the pressure you put on them for payment of December purchases.

The order from Smith & Co. is conditional on your allowing them the date of May 1st; they have shown me a letter from Wilson's offering the same date, at prices almost exactly the same as our own. It would, therefore, be advisable to grant this date, as an exception.

The order for Roberts and Smith is larger than usual because they are having a special sale early next month and are already advertising it largely. Although the total is above their previous limit of credit, I should advise your executing the order; you will see I have arranged for half the total to be paid in a month, and the balance at three months, as usual.

Day & Sons have shown me a sharp letter from our credit manager about their account. This is unfortunate, because I had arranged with him that I would take up the question of their account with them on my call here and then report to him. They absolutely refused to place any further orders. May I suggest that it would be much better to consult me on these matters before writing customers on my territory (ground).

Enclosed are a few orders from Lincoln; I shall have to return here next week, as almost the whole of my day was taken up with Brown & Jones, and Thomas Smith & Co. with both of whom I am anxious to open business.

There was nothing to be done at Austin, as next week the local horse races take place. These last a week. I propose to call back on my return from Waco and Dallas. Please note not to dispatch any goods for Austin customers during the next ten days, as all the business houses will be extremely busy with sales.

Customers strongly object to taking up our branded goods, as they contend that it ties them to our firm (house). I am urging on them strongly that we help our customers with sales, by advertising them as holders of our stocks.

It is useless pressing Smith & Son for their account at present. They have overbought themselves but are preparing for a large clearing sale within the next few weeks, after which they have promised to remit direct at least half of their present account. Please note this as a firm promise and remind them if the remittance does not reach you within the time stated.

Business in Salt Lake City is very difficult. We have neglected this town too long and our competitors have secured a good hold of the trade and are offering special cut prices and liberal credits to retain it. I am using my finest quotations and best credit terms in order to get an opening.

Please see that special attention is given to the execution of my orders from this town, and that the samples or quotations which I have asked for are sent promptly and with persuasive covering letters.

On my return I shall lay before you details of a scheme for following up steadily the openings I am making with the best firms; there is a large business to be done here and the credits are first class, as the local trade is brisk and steadily improving.

## CHAPTER 36.—LETTERS TO HELP DEALERS AND TRAVELING SALESMEN.

The use of letters and local advertising. Branded goods, trade marks, and advertising; reasons for establishing brands. Examples of sales letters.

An ordinary sales letter or printed circular sent to a dealer usually gets no attention.

The best way to make an offer is to send a letter addressed to the dealer personally. It may be either a letter separately typed or a multi-graphed letter filled in with the name and address. This letter should point out, first, how the dealer may make good profits by selling the article; next, that the turnover will be quick, and that the article is thoroughly reliable.

It is wasteful to send printed circulars and booklets to a dealer, for distribution. He has not time to distribute them; yet it is essential to bring an article directly before the dealer's customers, if large sales are to be secured.

If the dealer will give a list of his customers, a manufacturer may offer to send multigraphed typewritten letters to them, with leaflets or booklets having the local dealer's name printed on them.

Many retail dealers refuse to give names of customers. This objection may be met by the manufacturer offering to send the booklets, and the multigraphed letters and envelopes, to an addressing firm or copying office in the dealer's town, so that the addressing may be done under the dealer's supervision, the manufacturer to pay the cost.

Another objection made by dealers is, that they lose business through customers sending their orders direct to the manufacturer. This objection, also, can be met by the manufacturer. He may either undertake to send all direct orders to the dealer for execution, or to allow him credit for the dealer's profit on such orders. It is to the manufacturer's own interest to educate the dealer's customers to buy his special product.

It is essential for complete success that the manufacturer and the distributor should work together. This can only be accomplished by openness and honesty on both sides.

When a manufacturer receives an enquiry for his products from a town or district where he has a selling agent, the enquiry should be sent to the agent for attention. At the same time a letter should be written to the enquirer, giving the agent's name and address and saying that the agent has been asked to reply to the enquiry. This enquiry

should be followed up later, by asking the agent what he had done and what result had been obtained.

**Branded goods, trade marks, and advertising.** The manufacturer (or the packer) of products to be sold under his own name, or with a trade mark, has generally only two ways of inducing the distributor to stock them regularly.

One way is to offer more than the usual profit on sales. The other way is to create a demand which will compel the distributor to stock them.

By the first way the extra profit to the distributor forces the manufacturer to cheapen production, generally by using inferior materials or workmanship, or by selling without a profit until a steady demand is secured.

Creating a demand requires either advertising or the employment of numerous salesmen.

Good advertising will cause a demand. Distributors will then sell the goods rapidly and can afford to take less profits on account of the quick turnover.

**Reason for establishing brands.** From the point of view of the manufacturer of sound articles, it is better to spend money on advertising to the public, because the demand then comes from consumers, who are not so likely as a dealer to buy a competing article because it is offered at a little less in price.

#### **Offer by manufacturer to advertise for local dealer.**

Dear Sir,

We have perfected a scheme to specially advertise "Imperia" men's clothing for you during the year, 19...

Our idea is to make the "Imperia" agency pay your shop rent and, in addition, to bring into your establishment a large number of people who might not otherwise become your customers.

What we propose to do is to put you into close personal touch through the post with 1,000 (one thousand) names to be specially selected by you—such being names of men earning say from \$2,000 to \$5,000 per annum. You will keep in touch with these people several times in the Spring and again several times in the Fall (Autumn). The precise way in which this will be done will, of course, only be disclosed to those of our agents who decide to test this plan. Our name will not appear in any way; yours will be used in every case.

Already in one instance where the scheme has been tried, our agent has been so successful that he has decided to open another store, mainly devoted to "Imperia" clothing.

The offer is, on account of its expense, only being made in the first instance to a very limited number of agents and will be withdrawn in a few days when

the number fixed on have accepted. We are most anxious to see your name on that list.

The only cost to you will be a part of the cost of postage (about half). Your contribution will not exceed \$25 in the Spring and \$25 in the Fall—no matter what the advertising may cost us. We ask this small sum from you in order to ensure great care being exercised in the selection of names.

From actual figures and facts we know that this scheme will stimulate your general business and add to your reputation for smartness, even though you may now be known as the most enterprising outfitter in your town.

We strongly advise you to give our idea a trial, because we know that you will be satisfied with the result. If you agree, will you please fill in the enclosed form and mail it to us to-day?

Yours very truly,

**Sample sent to dealer; notice of local advertising.**

Dear Sir,

The full sized package of "Scientific" dental cream we are sending you herewith, with our compliments, is free. Will you please place it upon your counter, for show.

This month every dentist in your district will receive a similar package, and at intervals of two weeks they will receive prescription blanks, scientific reports, samples, etc. Your name will be mentioned as a stockist of these goods. This advertising campaign has successfully introduced our goods elsewhere. It ought to bring you a demand for this cream.

We propose spending a considerable amount of money, over an extended period, in creating a genuine and ever increasing demand for it.

"Scientific" dental cream is proving to be the biggest seller in this country. Do not miss any sales, place a trial order with your wholesaler or jobber for early delivery.

Yours truly,

**Notice to dealer of special advertising campaign.**

Dear Sir,

You will be interested to hear that we intend commencing a vigorous advertising campaign in connection with the new 6 cylinder model, shortly before the forthcoming show in Los Angeles.

With the object of securing the fullest benefit from this publicity, and in order to be in a position to make as attractive an offer as possible to the public, we have decided to still further reduce the list price of the 6 cylinder models, which will be cataloged as under.

In these circumstances, we have been necessarily obliged to somewhat modify the agents' discount on this particular model. We give below the prices at which the various types will be advertised to the public, together with the prices to the trade. You will observe that the latter remain unaltered.

	Catalog price.	Net price to the trade.
Chassis only.....	\$	\$
Three-seated Car.....	\$	\$
Four-seated Standard Car.....	\$	\$
Six-seated Special.....	\$	\$

The trade discounts on the higher priced models will remain at 20 per cent. and, in addition, we propose to give our agents a bonus on the amount of business done in all models, according to the scale contained in our agency appointments.

Yours very truly,

### Sending samples of tea to advertise branch store.

Local Branch, Bradley Beach.

Dear Madam,

To secure attention to the exceptional value offered by Ceylondo tea we enclose a sample, in order to give you the opportunity of estimating its excellent value by a practical test.

In all departments of the food produce business we have organized facilities for securing first-hand supplies, and we thus command exceptional opportunities for distributing goods of the choicest quality, at prices which show a definite advantage over those prevailing at the ordinary retail establishments.

Our representative proposes to call upon you in a few days, when we trust to have the pleasure of opening regular business relations with you. We should welcome your use of our services.

Yours truly,

## CHAPTER 37.—LETTERS TO SELLING AGENTS.

Most selling agents are paid only by commission on sales. If the agent has to make calls in order to sell, it is necessary that he should be fully educated, by letter, as regards the good selling points of the article offered.

Only a few of these selling points should be named in the letter, preferably those which other agents have found successful.

If the article offered is not of a kind which can be easily explained to buyers by anyone of ordinary intelligence, it should not be offered through agents but through specially trained traveling salesmen, working from the head office.

The selling advice to a new and inexperienced agent should start from the point of view that he knows nothing whatever about the article. The instructions cannot be too simple because, although the agent may understand that special business, he may employ salesmen who know nothing of it. A letter to the agent should be based on the actual working experience of other agents or canvassers.

When giving explanations trace the whole procedure of the agent, just as if you were visiting customers with him. State the difficulties he

will meet with, and the arguments generally used against a purchase. Then show him how to overcome them.

Keep in constant touch with the new agent by letter and encourage him with new suggestions when he is unsuccessful.

Show him how other agents have had similar hard beginnings but have eventually succeeded by finding the right method of appeal.

Remember that the most important thing to an agent is a large amount of sales and a corresponding large sum in commissions.

Use this as the reason for urging him to work hard. The more they work, the more they will earn. Leave your own side of this out of your letters.

#### Letters from selling agents re orders.

Gentlemen,

*Martiot.* I have your letter of March 20 before me. How is it that you do not deliver the first order of the special design, which ought to have been delivered at the end of March. The firm is waiting for it, and they are surprised that you should be so much behind with the delivery.

Do your utmost to deliver this first order at once, also the first 50 pieces of the order of 200 pieces. If you can, you may deliver *all* the order at the end of April; it is better to be in advance than late and it will please this firm if you make early delivery.

Please have made, for me, one piece of each color of this order, this is, 5 pieces altogether; I will pay you cash for them.

Yours truly,

Gentlemen,

Your letter of the 10th inst. received. If you prefer to make, as a trial, 20 pieces of about 95 yards each, you may do so, but this must be done very quickly because we are behind time.

The 2500 pieces are required for delivery in Jan., Feb., March, and the balance in April. As you see there is not too much time, so that you must hurry round these 20 pieces.

As soon as the 20 pieces are ready please send them direct to, Messrs. Henri Piron & Co., Grands Magasins de l'Hiver, Boulevard Lafayette. New Orleans.

I expect that you will pay me a commission of at least 2% of the total of this transaction, to be payable of course after you have received the cash.

Yours truly,

#### Buying agent sends details of purchases.

Dear Sir,

Confirming your telephone message of this morning, we have pleasure in enclosing copies of purchases made to-day for your account.

Are you buyers of Linseed Oils for early delivery? There is only a small quantity available, because most of the importers prefer holding for an expected rise, but we could get you a moderate sized lot at ..... We do not think we could do better than this, although we would try if you wish us to

do so. If yes, please say the minimum and maximum quantity you would take, and your limits of price. We should, of course, do our best in your interests.

Yours truly,

**Confirming agency discount.**

Dear Sir,

Referring to Mr. Solomon's call on you, we confirm the quotation made of 33 1-3% off prices given in the enclosed catalog.

We shall have pleasure in sending you some small leaflets, similar to enclosed, with your name printed where ours now stands, if you think these would assist you to get sales.

We trust to be favored with your orders in the near future.

Yours very truly,

**Memo from Head Office to Selling Agency.**

*Rylands.* Coming back to the Watch question we should like you very much to induce Rylands to let you have samples of those styles they are chiefly buying in large quantities, say 2 or 3 of their chief lines. You will please send out these samples direct to Vevey, so that we may examine them thoroughly and then make our offer.

Of course it would very much assist us if you could find out what they have hitherto paid for them to the makers. Or better, if they could be induced to give us a limited trial order, we feel almost certain to beat everybody, especially in the silver lines. We are prepared to do the trade with a bare commission both for us and Vevey, as we attach great value to get into the trade with Rylands. Samples sent out by us will hardly give them any inducement to buy, but if we can get their samples and offer to supply the same kinds exactly, at cut prices, we may be able to secure an order. Do your best with this and report promptly.

Yours truly,

**Contract form sent to agent for signature.**

Gentlemen,

With reference to the conversation which our Mr. A. E. Richter had with your Mr. Barton, we now have pleasure in sending you herewith contract form as proposed and trust you will see your way clear to return same to us duly signed.

We hope mutually satisfactory business will result during the coming season.

Yours truly,

**Copy of contract sent to agent, option to cancel.**

Dear Sir,

In reference to our conversation of this morning we have pleasure in enclosing herewith copy of the contract which you recently signed with us and, as arranged with you, we agree that in the event of our increasing the prices of our tires while the present Dunlop List is current, you shall have the right to cancel this contract.

Yours very truly,

**Asking for revised proposal in writing.**

Dear Sir,

With reference to the call of our representative this afternoon, we understand that you would like us to give you a bonus of  $2\frac{1}{2}\%$  on the net turnover, after completion of the contract. We wish to point out to you that we have already quoted you exceptional terms and that we cannot possibly improve upon them.

However, if you are willing to state in writing that you will definitely accept our contract for \$25,000 of sales this season at  $25\%$  and  $7\frac{1}{2}\%$  for cash, in case we will allow you a further rebate of  $2\frac{1}{2}\%$  on completion, we will go into the matter again and let you have a reply within say 48 hours.

Yours truly,

**Agency terms stated; asking for confirmation.**

Dear Sir,

We confirm the arrangement between you and our Mr. Barton over the phone this morning, namely, that you are prepared to take from us \$25,000 worth of Cordex Tires within the next 12 months, at a discount of  $20\%$  and  $3\%$  off the current list price for the time being, and a further rebate of  $6\frac{1}{4}\%$  when you have taken this quantity.

Please let us have a letter confirming this arrangement, and at the same time you will oblige by letting us have a letter confirming our arrangement with you respecting Gorman Tires, viz., that you take from us \$25,000 worth of these before the last day of September of this year, at a discount of  $26\%$  off old list, subject to the terms of Messrs. Gorman's letter to us of Oct. 12 last year, a copy of which we sent you at the time.

We also wish to confirm the arrangement re Roberts Cord Tires, namely, that you will purchase from us \$10,000 value of these tires within the next 12 months, at a discount of  $23\frac{1}{2}\%$  and  $5\%$  off list prices.

In each case you will please protect us, as arranged.

Yours very truly,

**Acknowledging reduction of reserve price to selling agent.**

Gentlemen,

In accordance with your instructions on the telephone this morning, we have lowered the reserve on the 4 cyl. Morris Car, No. 2308, from \$650 to \$550. We will at once submit to you any offers we get.

Yours truly,

**Selling agent submits customer's offer.**

Dear Sir,

We have a likely customer for the car, but he will not go to more than \$500 for it. If you can see your way to accept \$475, leaving \$25 for us, we think the deal can be carried through. We have told our customer that we are submitting his offer to the owner, and we await your early reply.

Yours truly,

**Agent acknowledges information as to probable buyer; commission promised.**

Dear Sir,

We thank you for your message of yesterday, respecting car of Mr. Collins, and shall inform you if he buys and allow you the usual commission.

On your recommendation we are taking the matter up at once with this gentleman, before he buys his car elsewhere.

Yours truly,

**Offer to sell car on instalment terms.**

Gentlemen,

Referring to our telephone conversation of to-day, we make you the following offer: We will accept \$1500 for the 6 cylinder landaulett that we sent you on sale or return. We will also agree to accept payment on the following terms, namely, \$500 on delivery of the car and the remainder in ten monthly instalments of \$100 each; we should also charge 5% interest on the outstanding amount.

We enclose one of our deferred payment agreement forms, which we want your customer to sign. It is of course understood that the above arrangement is subject to our receiving satisfactory references respecting your customer.

Yours truly,

**Maker refers enquirer to dealer.**

Dear Sir,

We thank you for your enquiry, but we regret that we cannot sell our products directly to you.

We are accustomed to conduct the sale of our goods through the medium of the leading Glass Merchants, who are in a position to offer them on favorable terms, and from whom prices can readily be obtained. We shall, however, be very pleased at all times to submit direct, on application, any necessary samples and to give any information respecting them that may be required.

The nearest dealer to you who stocks our goods is Mr. .... We are writing him at once, asking him to communicate with you, and we are confident that he will do all possible to be of service to you.

Yours truly,

## CHAPTER 38.—REVIVING LOST TRADE.—RECOVERING FORMER CUSTOMERS.

It is just as important to keep customers as it is to obtain new ones.

Before the opening of every season lists should be prepared of all customers whose accounts have fallen off in amount, or from whom no orders have been received lately.

If there is no sufficient reason for a reduction in trade with them, letters should be addressed to each of these customers in the style given in this section. If the number of such customers is small it is worth while writing to each a separate and personal letter, but if there are a large number an imitation typewritten letter (multigraphed letter) may be used with the name and address typed in, as explained in previous pages.

**These circular letters will be of no use unless they give the impression that they are decidedly not circulars but strictly personal letters.** If they are not well enough prepared to look like this, they should each be typed separately.

A friendly personal remark, in writing, at the foot of such a letter, has an excellent effect.

Each letter should be signed by the owner of the firm, or by a partner, or a director of a corporation.

Replies received, in answer to reminder letters, should have special attention, because they may disclose some weakness in organization, or may give warning of being beaten by a competitor.

These reminder letters should always be sent in closed envelopes, as first class mail, and addressed to the head of the firm, for reasons which most business men will understand.

When sending reminders to former customers it may be mentioned that they have ceased dealing with you for some time but it is generally advisable to avoid asking them why they have stopped dealing with you.

Instead, treat them like prospective new customers, by making them special offers and by sending them new samples or price lists, or by sending them news likely to be of interest.

### How to Keep Customers.

Keep the customer's confidence in you, even at a present financial loss. His goodwill has cost you more to obtain than you would lose now by satisfying him.

Try to make him trust you so much that he will get the habit of giving you open orders, leaving you to make the price reasonable. Whatever the temptation, do not abuse that trust.

Although you may be busy, do not neglect a small personal matter for a customer; it may be of considerable importance to him or to one of his best customers.

Even though you have not heard from him for some time, let him know if you have anything specially good to offer him in limited quantities, and reserve some for him until he has had time to reply.

Prove that you are friendly, by helping him to make profits, as well as yourself. If he always makes money by his dealings with you he will not be easily persuaded to give his orders to other firms.

Answer his enquiries frankly and promptly. If delay is unavoidable, write to say when you can do what he wants. If you cannot do it, write at once and tell him, so that he may have a chance to try elsewhere. That is only fair to him.

All these attentions show him that you take an interest in his welfare. Personal like and dislikes creep out even in business and orders generally go to those who are liked and trusted.

If there is any disagreement, do not argue. Either admit a fault at once, or explain the facts; leave him to judge, and offer to settle the matter so as to satisfy him.

Customers are at times unreasonable, through illness or worry. Ignore their bad temper and keep to the facts in replying to unfriendly letters. Don't state your opinion, they don't want it and may probably resent your stating it. Many people have an irritating manner without knowing it and they think that people who are offended by it are bad-tempered.

Remember, finally, the old merchant's motto: "The customer is always right." You need to do business in order to make profits and you must either satisfy your customers, and keep them, or spend large sums continuously in advertising, so as to find new customers.

#### Reminders to former customers.

Dear Sir,

We have pleasure in sending you, under separate cover, a selection of samples of our new Spring goods. Of course these represent only a very small portion of the large assortment which we hold. It would give us special pleasure to receive a call from you, so that we could show you our new stocks and, as we greatly value your connection, we should be glad to offer you special terms.

May we remind you that your credit with us stands high; we shall be particularly gratified to see you make an early use of it.

Mr. Johnson, our President, sends his very friendly greetings and would be glad if you could call to see him on your next journey to town.

Yours very truly,

Dear Sir,

As we have not had the pleasure of a call from you, following our recent letters, we wish to ask you whether anything has gone wrong with the goods we supplied to you. If so, we want to assure you that we shall be glad to make it good, as we guarantee all our merchandise. Do not hesitate on account of the trouble and expense to us. We want to satisfy you fully.

If you have found our goods to be quite satisfactory we should be glad to see you, even though you are not quite ready to place an order.

Yours very truly,

Dear Sir,

In looking over our accounts, we were sorry to see that you had not recently favored us with your orders. We do not like to lose old customers; it makes us think that we have somehow failed to give them the service which they deserve.

If there has been any reason for dissatisfaction on your part we want you to feel that we are always desirous of adjusting the difficulty, so that you will be more than satisfied.

We should greatly appreciate your writing us to say whether this has been the case, or whether there is anything we can do to facilitate the renewal of your purchases from us.

Very truly yours,

Dear Madam,

You may remember that a few weeks ago we wrote to ask if you would be so good as to tell us if you were disappointed with our service, or whether there had been some lack of attention which had caused you to discontinue buying from us recently.

We greatly appreciate your patronage and we are anxious to see you use the charge account which is always at your disposal.

Will you please tell us, frankly, if there is any reason why you have not favored us with your orders lately. Our manager would be glad if you would call in to see him when you are next near our store. Or perhaps you could speak to him personally over the 'phone. He will be glad to hear from you.

Yours very truly,

Dear Sir,

Please permit us to recall our firm to your attention, at the beginning of this year. We notice with regret, that for some time your consignments for dyeing have been very rare. May we remind you that we gave you, at the beginning of this year, a very reduced price list, at your request, in the hope of doing a large trade with you. We enclose a price list for the present season, at specially favorable prices for your firm. We should welcome your orders.

Very truly yours,

Note typed on a blank statement addressed to a customer.

Your account with us last month was \$0.00. Was it our fault. Please advise.

Note typed at the foot of an ordinary monthly statement.

Your fine patronage is certainly appreciated by us. Next month we will offer some surprising value in our merchandise. WATCH FOR

**ANNOUNCEMENT**

Gentlemen,

As we have for some time been without any of your orders, we take the liberty of recalling our firm to your notice and of making you our offers of service for supplying stationery and books, for which we can give you special advantages, both as to price and the execution of your orders.

The recent extension of our works enables us to undertake larger contracts and, even though you are not in a position to favor us with very large orders, we wish to point out that the greater extent of our business enables us to give you the advantage of our exceptional buying facilities and cheapness of manufacture. We hope that you will be good enough to send us any orders which you may have for our class of goods or, in case of tenders, to give us the opportunity of quoting.

Our Mr. Halliday will call on you on his next journey in your district, and we should be pleased if you could make his visit the occasion for renewing our previous trade with you.

Yours very truly,

#### Letters as to discontinuance of trading.

Gentlemen,

We have been without any of your welcome orders for some two months and our salesman, Mr. Wilson, informs us that although he has called on you twice he has been unable to transact any business with you. It was merely with a view of bringing our house into closer touch with you that we requested Mr. Wilson to visit you, and his journeys to Chicago were made solely for the convenience of yourselves and one or two other very old customers, rather than with a view as perhaps you might have thought, of forming fresh connections.

We should be glad to learn if you find anything objectionable in these visits. If so, we should be pleased to revert to our old arrangement of doing business direct with you from the mill, by correspondence.

We await your reply with interest.\*

Yours respectfully,

#### (Replying to preceding letter.)

Dear Sir,

Replying to your letter of yesterday.

We have no reason to complain of the visits of Mr. Wilson. On the contrary we were pleased to meet him and to discuss with him various points regarding the completion of old orders, but we did not give him any new orders for the simple reason that we had bought all that we required in your class of goods from other makers, at the time of the recent advance. We told you that if you persisted in raising your prices to us we should have to buy elsewhere and, as you declined to allow us to cover our orders at old rates, we bought from other makers who were more anxious to oblige us.

We have still a fair quantity of these goods to take, sufficient to last us for the next three months, so that we regret we have no further orders to give at present.

Yours truly,

(Counter reply.)

Gentlemen,

Your favor of the tenth just to hand. I thank you for the explanation which you have been so kind as to give of the recent falling off in trade with your firm, compared with last year and I am anxious to personally explain the position.

The great advance in prices of two months ago was unfortunate for every one, as being based purely on speculation and not at all justified by the state of trade. It only brought about a temporary inflation of cloth prices. This of course some of us learned too late.

It was in following up this unfortunate advance that I was led to increase my prices 2 to 3 cents per yard. Unlike myself, you had no confidence in the advance, and you were wise.

I hope that when you have worked off the goods that you have bought elsewhere you will come back to my own cloths which you have stocked for so long and which have become associated with your name amongst your customers.

I am at present very full of orders but shall be laying down a large quantity of warps at the end of next week. If you think it likely that you will want any quantity within the next three months I should be glad to put them in work for you, and to hold them in stock in readiness for delivery from your contracts. This cannot but be an advantage to you since, as you are aware, the cloths would feed considerably in stock and give a better handle after finishing.

I enclose new price list which is rather below to-day's rates. As we are suffering from the reaction following the recent advance I think that we shall have higher quotations before very long, especially as orders are coming in very freely. I would advise you therefore to secure what you will require for the coming season at these quotations, while I have a chance of covering your contract by purchases of the raw material.

Yours very truly,

Gentlemen,

Enclosed we have pleasure in sending you price list, effective November 10.

The tea market to-day is in a very unsettled state but, as far as we can see, from now on the primary market tendency will be upward.

We have made sweeping reductions in our wholesale price list, and no further reductions are to be expected. Any purchase you may make now we consider to be an excellent investment.

Our tea is being extensively advertised in the newspapers and the largest national campaign ever run on package tea will start in the January issue of all of the important women's publications and in the Saturday Evening Post. This campaign will continue through the whole year.

Have your salesmen push our Orange Pekoe tea, so that you may obtain your share of the business on this most popular package.

Yours very truly,

Dear Madam,

Please remember that if you need any further supplies of fine stationery our large stocks of these are entirely at your service and we shall be glad to give particular attention to your wishes.

For some time we have not had the pleasure of filling your orders and we feel that we may unknowingly have failed to serve you to your entire satisfaction.

It would confer a favor on us if you would say whether we can be of service to you by submitting for your examination some choice novelties for Christmas, which have just reached us. We have only a limited quantity and we should be glad to let you have a first choice of the assortment.

A telephone call to our manager will bring them to you promptly, by a special messenger who will leave them with you for examination at your leisure.

Yours respectfully,

Dear Sir,

We had been hoping to receive a reply to our former letters. We do not wish to be in the slightest degree importunate, but it is an honor which we greatly value to almost invariably retain our old customers, because of the honest quality and value of our goods and the attention we do our best to give to all orders.

We feel sure you cannot be offered better values and so we write to ask if we may not have an early opportunity to show how well we can suit your taste and meet your wishes as to special details.

Your orders will always receive our prompt and careful attention.

Yours very truly,

Gentlemen,

We greatly regret that we have so rarely the pleasure of receiving your orders.

Desirous of increasing our business with your firm, we have pleasure in being able to offer you at present the benefit of an exceedingly cheap purchase we have made in veilings, of which priced samples and colorings are enclosed.

We offer you these, in lots of 30 pieces, or over, assorted, freight paid, delivery March 1st, dated May 1st, for payment July 10th, less 2½%.

As we were only able to obtain a limited quantity of these goods at this specially low price, we strongly advise you to place your order early, if they interest you.

We are not offering this line to any one else in your town, so that you need not fear competition.

To ensure your receiving the assortment and quantities you desire, may we ask you to be good enough to forward any order you wish to place not later than Wednesday next, the 24th inst.

Yours very truly,

Dear Sir,

We regret that we have not been favored lately with your orders for white broadcloths (shirtings).

If you are still buying these goods, we should be greatly obliged if you would give us the opportunity of quoting for them the next time you have orders to place.

Our business in them has greatly increased recently and we believe that you would be perfectly satisfied with our prices and qualities, as well as with the care which we should give to the execution of your orders.

Yours very truly,

Dear Sir,

We are sorry when we notice that a customer's account shows that we have had no orders from him for some time. We feel as if we had lost a good friend, etc., etc.

Dear Sir,

Please permit us to remind you that if you are in need of any....., we shall be pleased to be of service to you, and to place our experience and stocks at your disposal.

We have not lately had the pleasure of supplying you with our goods, and, as we are always anxious to give the utmost satisfaction to our clients, we should be glad if you would let us know if we could, in any way, further facilitate business with you.

We shall always be pleased to meet your special requirements.

Yours very truly,

## CHAPTER 39.—INSTALMENT SALES—HIRE PURCHASE BUSINESS—CONDITIONAL SALES—CHATTEL MORTGAGES.

(Other names; gradual payment system; instalment payment scheme; purchases on easy terms; deferred payment system; economical credit arrangement; partial payment system; payments from income system; hiring with option of purchase).

Explanations of trading methods; examples of forms of agreement for hire. Collection letters. Answering enquiries from customers; follow-up letters. Reminders to former customers. Phrases, paragraphs and letters.

Opponents of credit sales of this kind argue that excessive prices are charged to cover the risks of bad debts. Dealers doing instalment selling maintain that the retail prices need not be increased where ordinary care is taken to sell on such terms to responsible persons only. Many of the purchasers of furniture and household appliances look on the instalment payments as savings and they argue that they have the use and enjoyment of the articles bought while they are saving to pay for them.

The chief dangers of this system are that (1) the customer may buy more than he should in proportion to his average income and that, (2) in case of sickness or unemployment, he may lose heavily, by reason of being unable to continue paying the instalments, with the result that the goods are reclaimed by the seller, the amounts already paid being then treated as hire.

## OWNERSHIP OF GOODS BOUGHT ON INSTALMENT PAYMENT SYSTEMS.

Written agreements are used for sales made in this way; they provide that, although the goods are delivered to the buyer, he is not to become the owner until all the instalments have been paid, and that, if he fails to pay, the seller may take back the goods and the sale is then canceled.

There are three dangers in this method of selling, namely: (1) the buyer may sell or pledge the property and leave his own creditors unpaid, or (2) the landlord of the buyer, or some other creditor, may obtain a lien on the property, or it may be seized by a sheriff on behalf of a judgment creditor, or (3) the buyer may become bankrupt and the property be taken by the trustee.

To protect himself against these risks the seller must give public notice that he has reserved the ownership of the goods in the possession of the buyer. This notice is given by the seller filing the contract of sale in the office of the county clerk of the district where the buyer resides, or where he carries on business. Contracts filed in this way are open to public inspection, and all persons dealing with the buyer are presumed by law to have knowledge of them. If the seller neglects to file or record the sales contracts, he loses his right of lien. There are many forms of agreement for instalment sales, but most of them come under the heads of one of the two classes here explained.

(1) **Conditional sales.** The sales contract provides that the seller keeps the legal ownership to the property until the buyer has completely paid for it, or performed the conditions of the contract, and that after this has been done, and not until then, the buyer shall have the full right and legal title to the property.

The laws of all the states of the U. S. A., except Louisiana, recognize these rules. In Louisiana conditional sales are not legal.

(2) **Chattel mortgages.** These are sometimes called "purchase—money chattel mortgages." Under sales made by this method, the legal ownership of the property is transferred to the buyer at the time of sale, in the same way as an ordinary sale on credit, but, at the same time, the buyer transfers the ownership back to the seller, by a written agreement containing a condition that the ownership will return to the buyer when he has paid for the property. If the buyer fails to pay, he loses his right to the property.

**Letter to dealer, from a financing firm, explaining how dealer can sell  
on instalment plan and obtain complete payment at once,  
less commission.**

Dear Sir,

We wish to inform you that we can purchase, and pay you cash at once, for your sales of any good-class bicycles, motor cars, typewriters, phonographs,

radio sets, and similar goods sold by you on the easy terms or gradual payment system of ten to twelve equal monthly payments.

To understand our system it is necessary you should pay particular attention to the following details:

A customer selects a bicycle from your stock, at such a price as will allow you a fair profit after deducting our percentage. He fills up an order form (sample enclosed), handing you a deposit, (usually one-twelfth of the price of the machine) to insure his carrying out the transaction if his order is accepted: you then tell him that his order shall be attended to immediately but that your people take a few days to complete the necessary enquiries.

The order form is sent to us (let it bear your name in space provided at top) and we will make enquiries respecting your customer's respectability and status. If the enquiries are satisfactory we send you our agreement for his or her signature.

You then get the agreement signed and witnessed, as per instructions on page 3, and send it to us; we examine it and if it is in order we authorize you to deliver the machine.

When the bicycle has been received by your customer and he has given a clean receipt for it, you send us an invoice for the price of the machine, deducting a discount of 20% and 2½% and also the amount of deposit you have received from your customer. We then send you a check for the net amount.

The customer pays (remits) the instalments direct to us, after delivery of the bicycle and we send him receipts.

Our terms to you are:

20% and 2½% off a transaction of twelve monthly payments,  
15% only off a transaction of six monthly payments.

We pay all accounts to you immediately the machines are delivered, if we find all in order on both sides.

We need hardly point out that by this means you are enabled to extend your business indefinitely. It is indifferent to you whether your sales are for cash or for credit. In the latter case, as in the former, you realize your capital quickly and again at once turn it over in your business. *All your sales are cash sales.*

We trust that you may be able to avail yourself of our services and that we may be able to do business together to our mutual satisfaction. On hearing from you we shall be pleased to give you any further information or explanation you may wish for.

Yours very truly,  
The Northern Sales Co.

P.S.—For your guidance we may add that:—

- (1) We only ask you to use reasonable care and discrimination that those to whom credit is to be accorded are worthy of credit.
- (2) If the purchaser is the head of a family or a house owner, or occupies such a position as to warrant credit, his own signature will be sufficient. But as a rule, if he is not a houseowner, the signature is also required of one bona-fide guarantor (friend, parent, relative or guardian) to secure the due carrying out of the agreement.

The N. S. Co.

FORM FOR HIRE OF TYPEWRITER

With option of cash purchase within three months.

I, the undersigned, hold on hire the property of Messrs. ....19...  
 & Co., a .....Typewriter No. ....at \$.....  
 per.....to be paid in advance, from above date.

I also agree to be responsible for the said Typewriter until returned. I further agree not to remove same without the written consent of the owners, who shall be at liberty to remove and resume possession of the same without notice should I not keep up the payments as above agreed, or should I remove the machine or commit any act prejudicial to the owners.

I will during the term of hiring, keep the said Typewriter in my own custody and will not sell, or offer for sale, assign, pledge, mortgage or underlet, or otherwise part or attempt to part with possession of the said Typewriter, or remove the same, or cause or permit the same to be removed from the address mentioned below without the previous consent of the owners in writing.

I will return the machine with charges paid at the expiration of the period for which I have paid, unless within three months from date hereof I purchase and pay for it at cash price, as at foot hereof, when all amounts paid as hire are to be allowed in full as part payment.

Witness :	Signature .....
	Age .....
References :	Business Address .....
	.....
	Private Address .....
	.....
	Cash price of machine hired \$.....

Note. References must be from persons of position or house owners.

**Collection letters.**

Dear Madam,

You have on hire from us a Sewing Machine, for which we hold your written agreement to make regular payments at the rate of.....per..... We regret to see the account is now.....in arrears. We must therefore request you to at once send the amount overdue direct to the above address, or it may be paid to our collector taking from him our official printed and numbered receipt.

As the machine was hired to you on the understanding that regular payments would be made, we must ask that in future the terms of the agreement be strictly adhered to

Yours respectfully,  
 The Sewing Machine Co., Inc.

P. S.—Please reply on back hereof.

**Reply of dealer to enquiry for bicycle price.**

Dear Sir,

Replying to your esteemed enquiry respecting Victor bicycles (cycles).

We have much pleasure in informing you that we are their local agents for this district and should be very glad to give you our very best attention and show you the models if you could favor us with a call. We are open from 9 a. m. to 9 p. m. each day, excepting Thursday, when we close at 1 o'clock. We should be most pleased to give you any further particulars you may require. Respecting easy payments; we can arrange this quite easily, for you if you let us know the model and the amount you wish to pay per month. We have no doubt we can meet your requirements as we ourselves arrange the matter here so it does not have to go through the Victor Co.; we pay them cash and arrange the terms ourselves, then your future instalments are paid here, saving you time, trouble, and expense of forwarding postal orders each month. Also, if purchased through us, should any adjustment be necessary at any time we should be glad to do it for you free, under the guarantee.

We trust to hear from you at an early date.

Yours truly,

**Follow-up letter of dealer.**

Dear Sir,

We had the pleasure of writing you a few days ago respecting Victor bicycles.

May we ask if you have yet decided upon any model or can we send you any further particulars. We can supply any make of bicycle (cycle) and of course, if we have the pleasure of doing business with you, if any adjustment or alteration is required you can bring it here and have it done free of charge under the maker's guarantee, which we are prepared to take over. This saves you time, trouble, and the expense of having to deal with the factory. We can also supply any extra fittings on exactly the same terms as the makers. We should be glad to hear from you further.

Yours truly,

**Reminder, to get further orders from instalment payment customer.**

Dear Sir,

Accept our thanks for your prompt payments. We fully appreciate the orders we have received from you and hope for a continuance of your favors.

When you are in need of furniture or other household goods, we shall be pleased to be favored with your orders and will extend to you our most liberal terms. A Special Credit card is enclosed which we should be glad to see you use as early as convenient.

Promising the most courteous treatment to you and to any customers you may send us.

Very respectfully yours,

The — Co.

**Special Credit card.**  
(enclosed with reminder letter)

For the personal use of yourself and members of your family, which gives you the benefit of our modern method of "Economical Credit."

You can make all purchases and pay therefor in small amounts, weekly or monthly.  
The — Co.

**Hire purchase business—Collection letters.**

Dear Sir,

One of the conditions in the agreement for your lease of furniture from us is that unless instalments are paid regularly we are entitled to retake this furniture and to consider what you have paid as being rental for its use.

This would be a serious loss to you if it occurred now, and we have no desire to take this course. Unfortunately you have made no attempt to pay the \$80 instalments in arrear so you make our position difficult.

We suggest that you clear this overdue portion by adding one quarter of the arrears to each of your next payments. This would mean that, instead of paying \$20 per month, you would pay \$40 per month for the next four months, and \$20 monthly afterwards.

Unless we hear from you this week that you are prepared to do this, we shall be compelled to recover possession of the furniture.

We seriously advise you, in your own interest, to give this matter your prompt attention. Why not call to see us and make a definite arrangement which you can carry out. You will find us very reasonable.

Yours truly,

Dear Madam,

It hardly seems fair to us to be obliged to write you again about the overdue instalment on your account. At first we considered it an oversight, but surely after receiving a statement and notice you could not forget to make the payment.

When we placed this instrument in your home we made you the best possible terms, expecting payment to be made promptly without notifying you each time.

These letters are an expense to us and an annoyance to you. You can stop them by sending the payment past due and making future payments at the exact dates they become due.

Yours truly,

Dear Madam,

Failing to receive the courtesy of a response to our letters of recent date relative to the arrears of instalments on your account, we regret to advise that unless you call and see the writer on or before Feb. 25th, we shall, without further notice to you, instruct our attorneys to adopt such immediate and drastic measures as they deem expedient for the liquidation of the account.

It is sincerely hoped your compliance with the foregoing will obviate the adoption of the harsh measures cited.

Very truly yours,

Dear Madam,

We acknowledge with thanks receipt of your remittance of \$10, under date of February 27th, but due to the fact that this only pays your account to Febru-

ary 19th, we ask you to favor us with another remittance of \$10. principal, also \$40 for interest, in order to bring your payments up to date.

Your prompt attention in this matter will be greatly appreciated.

Yours very truly,

Dear Sir,

You have not sent your remittance for the monthly instalment on the Electric Cleaner leased from us.

Doubtlessly this has been overlooked.

While the amount in itself is small, you can readily see that arrearages can soon run into a large sum, inasmuch as we have hundreds of just such accounts as this one.

Your prompt remittance therefore will be appreciated.

Yours truly,

Dear Madam,

We respectfully advise that a payment of \$5.00 on your Electric Sweeper falls due on May 15.

Please arrange to have the remittance reach us promptly as stipulated in your lease.

Yours truly,

Dear Sir,

We notified you a few days ago that a payment was past due on your account and we expected to receive it immediately after that notice, as we felt positive that it was only an oversight on your part that payment was not made on the day it was due.

We do not want to write you continually, and we are sure you do not want to receive these collection letters, but it is quite essential that all payments, should be made promptly on the day they are due.

We will expect to hear from you at once, with a remittance.

Yours truly,

Dear Sir,

We have your promise of April 22nd, at which time you advised us you were working on a contract, same to be paid within the month of June.

We would ask you whether or not we can have your check at the present time for the balance on your account, due as per promise. If you cannot pay the entire balance, we would ask you to favor us with your check, to bring your account to date, for the amount of \$42.40.

Kindly give this matter your immediate attention. We have granted you the extra time, therefore we expect you to live up to your promise.

We thank you for this in advance.

Yours truly,

(Note. For other collection letters see the Chapters on Collections in Part VII.)

## CHAPTER 40.—SELLING STOCKS, BONDS, AND MORTGAGES BY MAIL.

Offers of bonds by corporations to brokers; brokers' letters to other brokers. Circular sales letters of bond brokers, and follow-ups. Stockbrokers' letters to customers. Offers of farm and house mortgages.

In the U. S. A. stocks and bonds are usually sold by financial firms and banks, investment brokers, issuing houses, and stockbrokers. These firms buy them from corporations, taxing authorities, and cities, generally at a discount from the par value (full or face value, called in Gt. Britain the "nominal" value).

The brokers sell the stocks and bonds to the public, at a smaller discount, or at par value, or at a premium.

Stocks and bonds of the more important corporations are afterwards bought and sold (traded in) on the New York, Chicago, and other stock exchanges.

It is not usual to add auditors' certificates of balance sheets and earnings to the advertisements or other publicity for selling stocks and bonds of American corporations.

Issues of stocks and bonds (called "shares" and "mortgage bonds," or "debentures"), of companies already established as going concerns, should be accompanied by statements of the annual earnings of the companies and copies of balance sheets certified by public accountants. Investors should not buy stocks or bonds without these financial details and certificates.

In Gt. Britain all corporations (public limited companies) are compelled by law to have yearly audits of their accounts by independent public accountants, elected by the stockholders, and the audited balance sheets must be registered (filed) at the government Registry of Joint Stock Companies, where they may be inspected by the public. In the U. S. A. corporations are not compelled by law to have audits nor to publish balance sheets.

The business of dealing in stocks and bonds is too complicated to be dealt with in this book. For full information on this subject readers are referred to another book, "American & Foreign Stock Exchange Practice and Stock and Bond Trading," and to other books available in the field.

The selection of letters which follows will give a general idea of the style of correspondence used for selling securities by mail.

**Stock Exchange Dealings—Customer to Broker.**

What margin do you require for bear operations in Canadian Pacifics?

Please state what margin you require on American Rails for the rise.

State the best terms on which you could obtain a call option on 1000 Canadian Pacifics for 2 months, and the margin you require for such a purchase.

I will remit 10% further to-morrow without fail; please hold stocks until then.

Enclosed I remit \$500 further margin by certified check, please acknowledge receipt.

I cannot remit further margin at present; unless the market rises to-morrow please close the deal at the best.

I am not disposed to remit further margin and, seeing that these stocks appear to have touched bottom, I think it is not unreasonable to ask you to hold them on the present deposit of 20% until next week.

**Broker to Customer.**

Please forward check for deposit of 25% if you wish us to buy at once.

We shall be pleased to execute your buying order on receipt of deposit for the customary margin of 20%.

As these securities are only dealt in for cash we should be obliged if you would send a deposit of \$2,500 to enable us to execute your order promptly.

We shall be pleased to give prompt attention to any of your orders, if you will be good enough to remit the margin, as shown on the attached list.

Unless you remit at once the margin requested, we must sell out the stock we bought for you.

We shall have to close your deal unless further margin is remitted by return.

Canadian Pacifics have fallen 3, please remit the margin necessary to restore 10% cover.

Remit certain to-night 10% extra margin.

We will sell for you on deposit of margin of 20%, which must be kept up to that proportion of the market price.

All purchasing orders for options must be covered by remittance for the full price payable.

Your margin was only sufficient for 50 shares; if you wish us to purchase the balance, please remit a further \$1,000.

**Letters from corporations offering Bonds to investment brokers.**

Dear Sir,

We have \$80,000 left to sell out of an original \$1,500,000 issue. The unit is a \$100, 8%, cumulative Preferred Stock and one share of Common Stock, \$5.00 par value, selling for \$100.00. We have sold by our own organization, in Chicago exclusively, approximately \$700,000 on this basis.

If you would be interested in handling any part of the \$800,000 left, at a figure mutually satisfactory, let us send you prospectus and other literature, or write to us a proposal.

Yours very truly,

Gentlemen,

We would like to make arrangements with your company to sell \$100,000.00 to \$300,000.00 of 8% cumulative, preferred stock, of this company, at \$10.00 per

share, interest payable August 1st and February 1st. This will be straight preferred, with no common stock. We have no bonds issued, only \$100,000.00 of common stock, which is the total capital of the company, so the preferred stock would have the first lien on the properties of this company.

Would you please advise us if you would be interested in handling this preferred stock, on which we will be willing to make a reasonable contract for its sale.

We would like to have you advise us promptly, also entering our name on your mailing list of stocks which you have to offer from time to time.

Yours very truly,

Dear Sir,

We are preparing for a \$100,000.00 or \$150,000.00 stock issue in the very near future and are looking for the proper organization to handle the marketing of it.

We are manufacturers of vinegars, ciders, pickles and sauerkraut, and are adding other lines from time to time. We have a modern, fully equipped and practically new factory built of steel, hollow tile, and concrete, and valued at about \$200,000.00.

The officers and directors are men of experience, ability and good standing. The company has made money from the very start in 1919 and the future prospects are very good. The money raised will go for expansion and addition of other lines which can be handled very nicely in conjunction with our present business.

If you would be interested in underwriting this issue we would, without obligating ourselves, appreciate an outline of your proposition that we may go into the matter in detail.

Yours very truly,

**Stock offered to broker.**

My dear Mr.....

Are you in a position to handle any part of 2500 shares of the issue of which details are attached? Balance has been taken care of. We will furnish printed matter and allow 30% for selling.

Cordially yours,

**Letter from investment broker to other broker.**

Dear Sir,

Our firm has contracted, upon a very favorable basis, for \$2,500,000, of 7% Cumulative Preferred Stock of the Blacktown Packing Company of Blacktown, a corporation organized under the laws of the State of Delaware, with an authorized capitalization of \$5,000,000 divided into \$2,500,000 of Preferred, which is retirable after five years at \$55 per share, and \$2,500,000 of \$10 fully paid and non-assessable common.

The corporation owns title to a modern, sanitary, fire-proof, five story packing plant, located in the city of Blacktown, which has a capacity of 800,000 cattle, 200,000 hogs and 120,000 sheep per year. The management of the organization contemplates a very rapid expansion, but even upon the present

basis of operating only two hundred days per year the corporation is in a position to show potential profits of almost eight times the requirements for preferred dividends.

The replacement valuation of the plant has been conservatively estimated at \$2,500,000.

We have now in the course of preparation a prospectus which is fully descriptive of the corporation, its present condition and possibilities. We are also having prepared a sales kit which we believe will be the equal of any yet produced on an issue of this type. Notwithstanding the fact that this organization has assets to the extent already mentioned, we are in a position to offer you the privilege and opportunity of participating with us in the distribution of these securities upon a most advantageous basis.

We will be pleased to have our representative call on you at your convenience for a full discussion of this matter, at which time he will be pleased to explain the co-operation which may be expected from our house, which includes a sufficient supply of prospectuses, sales kits and other publicity matter for use in your offering.

We have taken the liberty of reserving on your behalf \$150,000 of the 7% Preferred and 30,000 shares of the common, which are to be publicly offered on the basis of one share of Preferred and one share of Common at \$50 per unit. Inasmuch as this is an extremely desirable issue we anticipate a substantial over-subscription, and we request, that if for any reason you are not in a position to take advantage of the reservation, you may immediately advise us so that we may make other arrangements.

Very truly yours,

#### **Circular sales letter of bond broker.**

Dear Sir,

Are you doing yourself an injustice?

Are you working hard for the money you get—and failing to make that money work for you? Are you permitting all your funds to lie idle—if not, are they bringing you a satisfactory interest return?

A great many people make this mistake simply because they do not know where to invest safely and still get the liberal interest return to which they are justly entitled.

We have for some time recognized the need for accurate information on this subject, which would show both large and small investors how to obtain a satisfactory income from their funds with unquestionable safety.

We have, therefore, published a booklet which explains how it is possible to obtain a good income from surplus funds in amounts of \$10, \$500, \$1000 and more—without taking any risk whatever. As a matter of fact, this booklet explains how you can get an absolute guarantee of both principal and interest. The interest rate is 50% higher than you can obtain ordinarily from funds on deposit—it is the highest rate obtainable consistent with the guaranteed safety provided.

We are distributing this booklet without charge or obligation to those interested. It will be well worth your while to get this information.

To receive it, simply fill out and return the enclosed card.

Very truly yours,

**Letters of stockbroking firm to individual customers, offering investments.**  
(Follow-up to a former enquirer).

Dear Sir,

You will no doubt recollect that in December last you wrote, stating that for the moment you were not prepared to make any changes in your list of investments. We mention this point, in case you have now capital for investment, and because we are in a position to give you particulars of a South American security which to us seems to be an essentially advantageous purchase at the moment.

The Bonds to which we refer are amply covered as to capital and income and are at practically the lowest point that they have ever reached. Further, they are redeemable by semi-annual drawings at par, which commence next year, and therefore a purchaser not only secures a remunerative yield upon his capital, but very fair chances of increase in capital value.

It occurred to us that this investment is exactly the class of security suited to your requirements, and as the Bonds in question are only obtainable at the present price in limited amounts, we shall be glad to hear from you if you are interested, when, if desired, we shall be pleased to send you particulars.

Yours very truly,

(To a new prospective customer.)

Dear Sir,

We are in a position to give you particulars of a well secured Bond, which at the moment can be bought at a discount to yield nearly  $5\frac{1}{2}\%$  on the purchase price.

This Bond is redeemable by semi-annual drawings at par, which commence next year, and a buyer therefore not only secures a remunerative yield upon his capital but very fair chances of increase in capital value.

At their present price these Bonds are at practically the lowest figure they have ever reached and, if you happen to have capital available for investment, we think that this security might appeal to you.

If the matter is of interest to you we shall be glad to hear from you, when we will, without delay, forward you particulars.

Yours very truly,

(To a regular customer.)

Dear Sir,

As you have no capital in the Asiatic Division, and in case you have further funds available, we are writing to inform you that there are some Hokkaido Colonisation Bank  $5\%$  Debentures on offer at  $96\frac{1}{2}\%$ , plus accrued interest, the yield being about  $5\frac{1}{2}\%$ .

These Debentures may be regarded as equivalent to a Japanese Trustee Stock, the government exercising a direct control over the business of the bank, and holding a large proportion of the ordinary share capital (Common stock). The Finance Department of the Japanese government is authorized to invest postal savings in the debentures, and the progress made during recent years is shown by the dividends of  $9\%$  which have been paid on the ordinary shares, and also by the substantial reserve fund which has been built up.

The semi-annual drawings by means of which these debentures are redeemable

at par<sup>1</sup> have already commenced, so that, not only is there some scope for capital increase, but the risk of loss should also be reduced to a minimum.

We enclose the latest details for your inspection, and if you decide to effect a purchase, we shall be pleased to carry out your instructions on hearing from you.

Yours very truly,

**(Follow-up to regular customer.)**

Dear Sir,

We have not heard from you in reply to our letter of 8th January, and therefore assume that the Bonds of the Blank Electric Company did not appeal to you.

Investment stocks, amply covered as to capital and income, can still be bought to return  $5\frac{1}{2}\%$  to  $6\%$ , though with the recent improvement in markets it seems quite possible that sound but cheap securities will not for long be available at present prices.

There are one or two cases in your list where, in our opinion, your capital could be more remuneratively and satisfactorily employed than is the case at present and, in these circumstances, we put to you the following suggestion:

*Sell:* (details given of total income from certain bonds, and the total proceeds of sale).

*Buy:* (similar details given).

By this change, simultaneously with maintaining the safety of your capital, you will secure a permanent annual increase in your income of \$120, and a cash balance of \$650.

From the particulars we are enclosing you will see that the Newtown Traction and Lighting Company controls an Electric Street (interurban) Railway and a Gas Company, owning a perpetual franchise for the supply of gas in the municipalities of Springfield and the surrounding territory, and that the annual earnings of both companies show a steady increase.

At  $9\frac{1}{2}\%$  the return to a buyer is  $5\frac{3}{8}\%$ , which, for this class of security, is an attractive yield.

Bonds of Public Utility Companies are fast becoming a popular form of investment, because they supply neither luxuries nor intermittent wants but absolute and permanent necessities. Consequently, no matter what conditions may prevail, their business must go on. As the bonds named above are redeemable after 19....., by drawings at  $105\%$ , a buyer not only secures a remunerative return on his capital, but very fair chances of increase in capital value.

The Winner Ice & Cold Storage Company's business consists of the manufacture of ice and the cold storage of perishable goods. The bonds are well secured as to capital and income and as they are redeemable by drawings, after 19..... at  $105\%$ , they afford chances of capital appreciation. It is seldom that an investor has an opportunity of securing from a cheap but sound investment a yield of over  $6\%$  and such chances of appreciation.

On a prior occasion we believe you expressed your disinclination to exchange municipal and government bonds for the bonds of industrial companies. Providing the latter are well secured and are redeemable by annual drawings at a price above their purchase figure, we think that you would find this class of security a more permanently satisfactory channel for investment than even government or municipal bonds. The former in any case are subject to political and other influences, which render them essentially of an unstable character. The bonds

to which we have called your attention are on offer at the price named in only limited quantities and, if the suggestion appeals to you, we should be glad to hear from you at an early date, and to receive your instructions.

Yours very truly,

**Information offered to Stockbrokers by company about to offer stock for public subscription.**

To the executive who answers customers inquiries about securities:

Dear Sir,

In a few days we will make a general offering of the securities of our corporation, as outlined in the enclosed prospectus, and inasmuch as some of your customers are likely to submit inquiries to you in connection with this issue, we want you to have some material for your files, and any other information which you may require in order to make an absolutely unbiased report.

We therefore invite you to call at, or phone to, our general office for information in connection with any phase of our business that may be obscure to you now.

We want to make it emphatically clear that while this corporation functions within the motion picture industry as a financing or buying and selling enterprise, it is in no way identified with the ordinary hazards of the motion picture business.

We do no producing. We have no studios. We have no directors or actors. We simply merchandise or finance those completed productions from which, in the judgment of our experienced staff, we can make money.

In consideration of the fact that the highly attractive yield of 15-5/6% on this issue may create a bit of scepticism, we wish to point out that in determining the price—which naturally governs the yield—we decided to offer this issue for quick subscription, not on its income value or dividend worth, but purely *on its book value* as established in the certified balance sheet herewith.

We are allowing a 10% commission to all banks or financial houses which assist us in the distribution of this issue and if any purchases originate through your house we shall be very glad to allow this concession.

The officers and directors of this corporation are not nationally prominent. But they are the practical experienced business men who have largely made possible the success of the corporation of which this is an outgrowth.

We trust that in the interest of your own customers and ourselves, before expressing an opinion relative to the value of our offering, you will carefully analyze the facts in connection with our business and place yourself in a position to do justice to all parties concerned.

Yours truly,

**Details of finance of new company.**

Dear Sir,

Java Rubber & Coffee Estates, Inc.

The following are the financial details of this flotation, as given to me by Mr. Burrows on Monday last.

The intermediary company is to be the Java Syndicate, Inc., which is to receive a purchase consideration of \$175,000 from the Java Rubber Company.

The Vendor is to pay \$20,000 in cash, (part of his purchase consideration of \$150,000) to a New York bank towards guaranteeing dividends of 6% per annum on the Common stock of the company for the first two years.

This \$20,000 is to be deposited to the order of a trustee, and to be used to make up any deficiency in the 6% per annum dividends for the first two years; any surplus is not to be returned to the Vendor nor to the Java Syndicate, but to be dealt with by the trustee, at his discretion.

Financial Details.	
Purchase price to original Vendor.....	\$150,000
To Vendor's Nominee.....	10,000
Promotion Profit .....	25,000
Organization Expense.....	22,500
	207,500
Working Capital.....	75,000
	282,500
Margin .....	17,500
	\$300,000

*Title.* I have no details as to this, but it will require to be inserted in the prospectus.

These Java titles are very tricky. It will be well to see that the intended company is duly registered in Holland, as an American company operating in Dutch territory, and that the Vendor's title to the property may be recognized there. Please excuse my giving you these hints.

*Prospectus.* A draft will be sent to you on Thursday morning  
Yours sincerely,

#### **Declining offer of participation in concession.**

Dear Sir,

My client, Mr. Hunter, requests me to return to you the enclosed documents relating to the San Jacinto Oil Concessions and to express to you his thanks for the opportunity afforded for their examination. Mr. Hunter regrets that he is not able to entertain this matter at present.

Yours truly,

#### **Acknowledging preliminary offer.**

Dear Sir,

We are favored with your letter of 24th inst. and note that you will be sending us shortly a draft prospectus for our perusal. We shall be happy to consider the document, and to see you thereafter as suggested.

Yours very truly,

#### **Instructing banker to offer underwriting.**

Dear Sir,

The Alaskan Star Oil Co., Inc.

We hereby authorize you to offer to brokers, who may be helpful to us in the future, in accordance with the list given you, underwriting up to \$200,000 in the above company, on the following terms:

Five per cent. underwriting commission and one per cent. over-riding commission and a special fee of \$1,000 for each broker.

It is understood that you give no broker more than \$20,000 of underwriting, as our clients are desirous of spreading it.

Yours truly,

**Offer of stock, by company to investor.**

Dear Sir,

With reference to enquiries which you have previously addressed to us regarding investments in our stock, I have pleasure in enclosing copy of a circular which was issued by us to our own stockholders a few weeks ago.

As some of the new Preferred stock is left over after satisfying the requirements of the stockholders, the directors gladly avail themselves of the opportunity of offering an interest in The South American Trust to friends who hold an interest in the companies which the Trust represents, and if it suits you to send in an application on the enclosed form my directors will endeavor to make an allotment in accordance with your wishes.

From the circular you will see that the Preferred stock constitutes an absolutely safe and reliable 5% investment, as it ranks in front of the whole of the existing Capital stock of the company, both as regards capital and dividend, and we anticipate that in due course it will command a premium on the Stock Exchange.

There is also the additional advantage that by applying for the stock now you acquire the investment at par, free of brokerage and other expenses.

If you decide to apply, please be good enough to send in the application through your stockbroker (whose commission will be paid by the company), to reach us not later than mid-day on Tuesday, 28th October, which is the latest date on which applications can be entertained.

Yours very truly,  
Arthur Smith, Secretary.

P. S. Please note that this offer is made for your own personal benefit only, and we must stipulate that in the event of your not being able to avail yourself of it that you will not pass it on.

**Offer of Farm Mortgages.**

To Our Customers,

For a number of years, Farm Mortgages have enjoyed the enviable position of being the world's safest security. Short of total destruction of our government, there is no probable calamity or catastrophe which could destroy the security behind them—sound, substantial land, the foundation of all wealth.

During the last 38 years, the firm of ..... has specialized in the handling of Farm Mortgages. During that time more than \$60,000,000 has been invested in more than 15,000 separate Farm Mortgages without loss to any investor of either principal or interest. From this experience, we have acquired a sure and certain knowledge of Farm values, and the absolute safeguarding of Farm Mortgages.

Called "The Cream Jug of the Continent," the upper Mississippi Delta Region offers, in our opinion, probably the finest security in America. It is extremely prosperous and progressive, producing enormous yields of all crops grown.

The Edmund R. Faison Mortgage, described in detail in the enclosed folder, is a splendid example of this very superior upper Mississippi Delta Security.

As you will observe, this farm is exceptionally well managed and has been extensively improved and developed.

The interest rate is  $6\frac{1}{2}\%$ —an attractive return for such exceptional property with such a large margin of security.

If you hold low yield or early maturing bonds, our trading department will be glad to advise you exactly what favorable exchanges may be made—an extremely wise measure to take before interest rates decline further.

These Bonds also may be reserved for future purchase, if you anticipate having funds in the near future.

Owing to the unusual desirability of this issue, we suggest that you place your order or reservation *now*, as later we doubtless could not be able to give you the maturities you wish.

No matter what your investment problems may be, we shall be always ready to give you our counsel, either in person or through the mail.

Very truly yours,

## CHAPTER 41.—ADVERTISING.

Where and how to advertise; checking the results of advertising.

All advertisements in ordinary newspapers should be general in character, and should aim at bringing enquiries from persons likely to become customers. Sufficient interesting detail should be given to induce possible clients to call, or to apply by letter, for full particulars. A personal and individual reply should, if possible, be made by letter to all postal enquiries.

Advertisements in "trade" papers should give details. As a rule, advertising in those journals which are only circulated amongst the advertiser's competitors is an absolute waste of time and money.

The dominant idea in advertising should be to offer the service or goods to those persons or firms, only, who are likely to want them and are able to pay for them.

Advertisements are dear or cheap according to the results obtained from them, and not according to the number of times they appear or the space they occupy.

A register of results should be kept, in the style here shown, to ascertain what business is obtained from each of the different styles of advertisements and from each newspaper.

**Audited circulations.** There are some magazines and periodicals which live entirely on income from advertisements and have practically no circulation. Paying for advertisements in them is a waste of good money.

All reputable newspapers and magazines are members of the Audit

Bureau of Circulations, an association which investigates and certifies the quantities of copies circulated and paid for.

### Checking Advertising Results.

Money spent on advertising is wasted unless it brings profitable enquiries or orders. A properly worded advertisement should bring enquiries which can be turned into orders. Even a good advertisement will not give profitable results if it is placed in the wrong kind of newspaper or magazine. Large advertisers check the results obtained from each series of advertisements, so as to find whether these reach the class of people who can buy what is offered.

The following is a summary of the results of an advertisement offering a semi-grand (baby-grand) piano at a special reduction.

**Offer.** S. G. Piano, #6, @\$650 cash; \$685 installments.

**Newspaper.** N. Y. Daily Echo.

**Date and Space.** December 6, half page.

	Dec. 6	7	8	9	10	11
Stores Sales .....	3	5	2	4	2	3
Orders .....	2	2	1	..	..	..
Enquiries .....	8	20	8	3	2	..
Total cost of advertisements.....				\$.....		
Total sales and orders.....				\$.....		
Percentage of advertising cost to total sales.....				%.....		

(*Note.* Further information as to advertising is given in earlier chapters of this Part.)

## CHAPTER 42.—FURTHER COMMENTS ON ADVERTISING —HOW TO GET RESULTS CHEAPLY.

Necessity of advertising; publicity agents; quackery in advertising; small advertisements; how to draft an advertisement; advertising to help sales letters. Advertising as part of mail selling scheme.

**Necessity of advertising.** One of the largest advertisers in the world, the late Sir William Lever, head of Lever Bros., making "Sunlight," "Lux," and other soaps, which are advertised in every civilized

country, gave the following statement as to the necessity of advertising :

"Bold advertising is essential for the manufacturer. The man who spends nothing in advertising is not giving his business a fair chance. He must let the merits of his goods be known."

Typewriting machines are indispensable in any business office and it might be thought that business men would buy them without much persuasion. Yet, even for these articles it is necessary to advertise and use the services of salesmen.

The facts are stated in the following extract from an account of an interview with the manager of one of the leading typewriter companies.

"I do not know any business in which the cost of selling is so high, irrespective of the cost of production. But if we did not incur these expenses I doubt very much whether we should sell more than one in ten now sold."

"You think we have not even yet reached a point at which the public, if left to themselves, would come to you and buy a typewriter in the same way as they would buy a loaf of bread?"

"Suppose we put it to them this way. 'We do not want all this money for selling you a typewriter, Mr. Public. Just come along to us and buy your typewriters as you want them.' I do not believe on those lines we should sell one where we now sell ten, and the demand for typewriters would fall off."

"Then some education is still necessary, you think?"

"Not education to convince people that a typewriter will be useful to them, but education to remind them constantly that they ought to buy one now. A great deal of persuasion is also necessary to get people to change an old and partly worn out machine for a new one.

"It may seem a stupid thing that one should have to spend such a large proportion of the selling price of a typewriter on selling it, but that is still the case, and I can well imagine that in a business less highly organized than our own is, the expenses of selling might be higher than even we find them."

**Publicity agents.** If the maker or the inventor of an article wishes to create a demand for it through extensive advertising, it is better for him to put the advertising in the hands of an experienced man who makes publicity his business.

This specialist should plan the whole of the advertising so as to make the best use possible of the money to be spent. Very large amounts are spent by manufacturers in advertising "branded" articles, which means articles marked with a trade mark, or described by a special name, or sold as the product of the makers. The services of an experienced advertising manager are indispensable in such cases to avoid serious waste.

The work of the advertising specialist has been defined as follows by one of the leading men in this business :

"My mission is simplification; I take a mass of 'talk' and reduce it to a form which is clear and concise, and above all, readable. I take the facts given to me by the manufacturer and I present technical subjects in a way which the lay mind can understand. I can take the 'fog' out of the mass of detail and make it clear. I can make the truth more interesting than the lie."

**Quackery in advertising.** The reader is warned against the kind of advertising agent who proclaims loudly and insistently that he can analyze the inner soul of the buying public and foretell how people will "register reactions" to advertising. He generally recommends "aggressive" methods. Such an agent is to be pitied, but severely left alone.

The following letter of the "Dictation Dave" series, written by Mr. C. L. Funnell, hits good-humoredly at the impudent pretensions, and the methods of advertising their services, of this class of self-styled "experts."

Well Miss Hopper I suppose that wrist watch of yours is a half hour fast so I won't keep you too long and take a letter to the Merchandising Engineers, Inc., Bombasity Boulevard. City. Gentlemen colon paragraph.

It certainly is kind of you to take the time to analyze our advertising as you say you have done and to make a study of our market potential and present with a view to finding out how we can reorganize our publicity in order to put it on a paying basis and I am more than interested to learn about the man who was advertising phonographs in the Lipreaders' Review, the magazine that goes to the patients in hospitals for the deaf until you investigated his market for him and saved him \$239.63 the first month period paragraph.

It is also kind comma for you to have had your copy chief Mister Hyhatt criticise our advertisement on our Moulded Melody Pianos entitled colon The Melody Brings Rythm and Romance Into the Household and we are willing to accept his judgment that the heading violates every fundamental of psycho-salesmanship there is semi-colon as to your request that we sign the slip and have a representative of your organization call and present a real plan for our advertising. I turned the letter over to our own advertising expert comma copy writer comma space buyer and head tea taster comma Mister Cogslipper comma and he said you might be right about the ad but he thought we better keep on for a while violating psycho-salesmanship because that ad sold twenty-eight pianos period.

Yours for pertinent publicity,  
SUPREMACY EMPORIUM.  
Per.....D. D.

With acknowledgments to the North American Newspaper Alliance.

**The sure way.** The only sure way to find what kind of advertisement will bring profitable results is to try several kinds in a small way and to watch their results in dollars and cents. Common sense is a good guide in advertising, just as it is in other things.

'Any kind of an advertisement is a good one if it brings good profits, after paying its cost.

**Small advertisements.** The advertisement of a small dealer should aim at persuading the reader to write for information, or for a free illustrated booklet, or a sample.

Advertising is costly and it is not possible to put much persuasion into a small advertisement. For this reason it should limit itself to arousing sufficient interest to make the reader want to know more and to write for additional information.

Regular advertising in the monthly magazines and weekly newspapers usually gives the best results to the small advertiser.

**Drafting the advertisement.** It should be designed so as to catch the attention of anyone turning over a page rapidly.

There should be a word or a phrase in type big enough to catch the eye, and the wording should be crisp and striking. A drawing may be used, instead of words, as the key-note of the advertisement.

There should be a forceful persuasion to write for more information, and at once. That is about all that the small advertiser can usually expect from a magazine or newspaper. The actual persuasion to buy must come from the samples, booklets, and sales letters.

The following two specimen newspaper advertisements are good examples of offering to sell goods against payment by instalments.

#### **Furnish Out of Income On a Wanamaker Budget**

The restrictions are these and only these:

1. A little money in the bank from which to make a first payment on the purchase.
2. A steady job with an income that warrants the purchase on a budget plan.
3. Personal character—which we take for granted, without embarrassing questions or inquiries, upon assurance, by personal interview, of the steady job and some money in the bank.

#### **Furnish Out of Income Upon Establishment of Credit**

Hundreds have taken advantage of it. Perhaps it can help solve your problem, too. Briefly, it is this: You may furnish out of income upon establishment of credit. And your credit is established on the basis of thrift, character and ability! Worth looking into! Especially at this time.

Here is an advertisement of another store, intended to dissuade people from buying on credit.

### What happens when you say "Charge It"

You gain convenience. You don't wait for change. But whenever you say "charge it" you are really saying: "I agree to pay a little more."

No patron of Macy's ever says that!

Macy's has no charge accounts, no bad debts owing to it, no costly system of bookkeeping and billing. Such things are expensive; and yet they usually are much less expensive than something which Macy's almost entirely escapes.

It is the "return evil"—the wasteful, uneconomic, but entirely human habit of returning goods to the stores from which they came.

Only a tiny fraction of all the goods bought for cash at lowest prices at Macy's is returned. What is sold for cash is bought carefully—and seldom sent back. This is a cardinal reason why Macy's prices are so amazingly low.

### A striking advt. of Savings Banks.

#### Would You Work 10 Years Without Pay?

Would you labor with every ounce of your strength and brain and heart for 10 years and not get one dollar in return? Preposterous—yes.

But isn't it the same thing to work 10 years for pay and spend all of that pay as you go along and not have a dollar to show for your labor at the end of 10 years?

It is not how much you earn but how much you save—And you can save without sacrifice.

Just a few dollars laid by each week in a Mutual Savings Bank, drawing interest, will some day be a perfect "God-send" to you.

Be sure the bank you select has the word "Savings" in its name—A *Mutual Savings Bank* where the earnings are solely for the benefit of its Depositors.

Mutual Savings Banks of New York, Bronx and Westchester Counties.

**Occasional advertisements.** Much money is wasted by including useless words. On the other hand, essential facts are often omitted. The following are examples of the details which should be stated.

(1) **Furnished house for rent.** Town or district; distance from business centre and schools; whether to be reached by train, trolley or subway; any special advantages, such as near sea, lake woods, or park; whether it is a house, bungalow, flat or apartment; to rent for what time, from what date; rent per month; total number of rooms and the number of bedrooms; how heated in winter; if electricity, gas and telephone connected; whether garage included; if a garden and what size; any special conveniences. Name and address (near to the house) where application is to be made by enquirers.

(2) **To sell a business.** Kind of business, (what trade); average recent weekly trade, (total receipts); district and position; whether on main thoroughfare; rent payable, whether portion sublet and for how much. How long established; how long under present management; whether premises held on lease, and if so how many years unexpired; if any Sunday trade; price for goodwill, fixtures, and fittings and how payable; if stock to be sold and what total amount; reasons for selling; description of premises and whether containing living rooms and bedrooms; address where application should be made.

**(3) To sell a second hand motor car.** The following advertisement shows what a prospective buyer wishes to know:

Studebaker 6 cyl. 19 . . . . model, 7 passenger touring; lamps, etc., all ready for driving away; body excellent, mechanism and tires perfect, just overhauled by makers photo, trial; \$. . . . . immediate cash, cost \$. . . . ., absolute bargain. Seen 960 Broadway.

**Writing the advertisement.** First write it in full, including all the important facts. Then strike out all that would be considered usual and be taken for granted. That should leave only the unusual facts, in other words, the special advantages of the offer.

Notice how this is done with the advertisement of the motor car, shown above; notice also the striking phrases "all ready for driving away," and "just overhauled by makers."

Don't be afraid to ask the help of the newspaper men in drafting your advertisement; it is to their interest that your advertisement should be profitable to you. Experience has made them wise and they know what kind of an advertisement will attract the attention of the people you wish to reach. That experience they will willingly place at your service without charge if you ask in a tactful way.

### **Advice by Advertising Experts.**

Firms which spend large sums on advertising, in order to sell their goods over large areas, usually place the direction of all their magazine, newspaper, and other advertising in the hands of advertising agents or companies.

These advertising specialists have to know their business thoroughly, and they must obtain results for the money spent, in order to satisfy their clients.

The advice of such men, based on their experience, is of value to all business men with goods or services to sell.

The now standard book "Masters of Advertising Copy," edited by J. George Frederick, contains articles by the leading American authorities on advertising.

The following extracts give a few of the important features of the articles; the book itself should be thoroughly studied by all who are interested in selling by advertisements.

#### **Article by T. F. McManus.**

**"Return from advertising.** The rate of selling commission paid to salesmen is generally

by houses which advertise, 2½% to 7% ;

by houses which do not advertise, 7%, 10%, or 12%.

"Of course the public pays the cost of advertising, as it has always paid the cost of selling."

"Advertising is not an **additional** expense, it is only an **altered** or **more visible** expense; a **lower** cost, instead of paying salesmen, sending circulars to the trade, and sending samples."

"**Simple words.** All the great things in life are one-syllable things; child, home, wife, fear, faith, love, God."

**James Wallen.**

**"Three principles of copy writing.**

(1) **Brevity.** See the New Testament parables; these parables are short and simple; that is why they have lived. One of the greatest poems ever written is the 23rd psalm 117 words long, beginning 'the Lord is my shepherd, I shall not want.'

(2) **Simplicity.** No advertisement is great unless all of it can be understood by a child of intelligence.

Notice the parables and consider their phraseology. 'a man built his house upon the sands', 'a certain man had two sons.'

(3) **Sincerity.** The parables are of human interest because of their genuineness. We cannot make other people believe in something we do not believe in ourselves.

If you cannot enjoy things you cannot make other people look forward to enjoying them by describing them."

**"Advertising must be friendly. There should be an emotional appeal in advertising.** For example; in selling tea we are not dealing with ugly, shrivelled leaves, which color water brown, but with a cozy fire, the silver tea set, the memory of a lovely woman or one's mother serving the tea, and a thousand rich and beautiful experiences, and pictures of hillsides and sunshine where the tea grows."

**"For learning description.** Read Arnold Bennett, John Galsworthy, and Frank Swinnerton."

**Claude V. Hopkins**

**"Try out ads first in a small way.** In 25 years I have put thousands of ads to the test. I found on one line of goods that a certain appeal cost \$14.20 per reply; another appeal cost 42¢ per reply.

An advertisement on another line of goods cost \$17 to get a coupon request for a sample; another advertisement, telling almost the same story, cost 35¢ per reply.

The advertisements which everybody favored were often the ones which cost so much to obtain results that they made it impossible to obtain a profit from advertising.

My success has been through never spending much money on a gamble or a guess. I have compared results from hundreds of small advertisements before spending largely. On one line of goods I tried out 56 sets of advertising and, after trying for 5 years, I found a way to bring results for one-fourth of the cost of the best previous ways.

I always tested the cost to obtain each customer, and the amount sold to each customer. I limited losses in this way.

**Value of information.** A man selling canned pork and beans was ready to spend \$500,000 on advertising. I sent investigators from house to house to learn the situation. We found that 94% of the housewives were baking their own

beans, and only 6% buying them baked and canned. Yet several makers were spending large sums on that 6%.

I went after the 94% of home bakers; told them of the 16 hours required for soaking, boiling, and baking, and the possible spoiling by home cooking. Then I told them of how we cooked the beans by steam, and how appetizing they were and easy of digestion. The advertising was a great success.

**Take pains.** Do the work for the reader of the advertisement. "Hard writing makes easy reading."

**Joseph H. Appel.**

**"The aim of Advertising.** To bring people into the store to see the goods.

Until the people examine them, goods are dumb; on being seen, they speak louder than words.

Simple, direct and plain language makes the best advertising speech.

Advertising saturated with human interest is bound to be most widely read."

**J. F. Fraser.**

"Do not talk about what your product *is*; what it *does* is more important."

**Chas. Addison Parker.**

**The Poetry of Common things.**

"Someone said the ordinary things that are advertised have no special sense of poetry about them.

I find thousands of references in the Bible to the commonest things in life; a mustard seed, interest on money, loaves of bread, yokes of oxen, olive oil, honey, and sparrows, and each one is charged with a sense of mystery and poetry."

"Put the deep feeling of reality into advertising; the little shoe that a baby has worn; the vase that has held flowers; the flowers she put there.

'Make Mary a lady' has sold lots of pianos."

**Wanted by the Dear Public.** "Please, Mr. Advertiser, **tell me stories**; tell me about a picnic on a hill top and the girl who put English mustard in the sandwiches, because that was the way the boy liked them. Tell me about daddy carving a boat for his little boy with the new knife he bought at the hardware store, just for that. Tell me about the small girl who cried every time she brought home her school report card, and how pasteurized milk changed her school life into a song. Tell me about the man who never married, because he brought up his widowed sister's children, and about the tears that glistened in his eyes when he heard 'Dream Faces' on the Victrola. Give me a lump in my throat once in a while. Give me a little poetry—life's so full of it and advertisements are so empty of it. Please give me more to hope for, more to believe in, more to love. Don't you know that this is the kind of thing that gets me, you should, everything I do proves it. Start in to be human with me in the first twenty words of your advertising."

"Advertisements in magazines and newspapers should be drafted so as to arrest the attention of the man who is looking through, *but not reading.*"

**Mrs. Christine Frederick.**

**Selling to Women.** "Every woman is for tight and rigid economy for all things useful, and is lavish on things to decorate herself. She likes to imitate the best people. She likes to be in the fashion. She is not interested in mechanics or abstract ideas."

**John Starr Hewitt.**

**The human appeal.** "A man's everyday life is pretty dull but his mind is constantly reaching out beyond this routine.

He has the vision of getting ahead; everything he buys is a partial fulfillment of this vision.

He may dream for months about buying a car. It will be a dream *not* of a body and chassis and an engine with wheels; it is a dream of his wife and children and himself, and the pleasure they will have in driving about in the car, and the places they will see."

"Short simple words make easy reading; they are more musical and they 'snuggle' into the car."

**A. Holmes.**

**The appeal of the printed word.** The power of the printed word is in its appeal to human nature."

**H. M. Bourne.**

"In advertising, say it **humanly**, say it **simply**, say it **convincingly**"

**"Essentials.** Make the advertisement stand the page-turning test. Paint a human story picture. Dig hard for the big selling factors, and then present them simply."

**"Successful advertising is hard because it has to be simple. Do not make the advertisement clever—make it simple—if it is simple it is clever."**



PART III  
PURCHASING GOODS  
AND HANDLING ORDERS



## CHAPTER 43.—GIVING AND HANDLING ORDERS FOR GOODS—DIRECT AND THROUGH AGENTS.

Essentials for descriptions, asking quick delivery, orders to buying agents, buying conditions, time of shipment, firm offers. Canceling orders. Phrases and paragraphs.

### Standard Order Forms and Enquiry Forms.

In Chapter 78 examples are given of new forms for enquiries as to prices, order forms, and invoices. These forms have been drawn up to meet the requirements agreed to at conferences of purchasing agents of important manufacturing and trading firms with officials of railroad companies and delegates of Chambers of Commerce.

The use of these standard forms is recommended, in order to avoid misunderstandings and to assist in prompt fulfilment of the conditions named by both buyers and sellers.

**Descriptions.** Every order should be written in clear language, and care should be taken to give the descriptive numbers or marks referring to the goods which are used by the person (or firm) to whom the letter is addressed.

Orders for a variety of goods, when sent to large firms, should show clearly to which departments the orders refer.

Small samples, or illustrations of the goods required, should be sent with the orders when possible, unless they are regular articles included in the current price lists.

Details as to the following should be given fully:

1. **Price.** If this has not been already settled, the purchaser should state the limit (the highest price) he can pay for the article; thus: "15¢ to 17¢," "15¢ or," (about 15¢) "limit 17¢" (not over).

2. **Quality.** State exactly the exact nature, or strength, or weight required. It is an advantage to explain the purpose for which the article is to be used; the seller is then responsible if he supplies an unsuitable grade or kind.

3. **Dimensions, weights, sizes, colors, etc.** These should be stated exactly, together with any margin of difference which can be accepted. Measurements should be in the dimensions used in the country where the order is to be executed, or in the metric system.

4. **Quantities.** It should be stated whether more or less will be accepted, and whether part may be sent if it is impossible to supply the whole quantity within the time allowed.

5. **Deliveries.** The time when delivery is required should be stated, together with the limit of delay allowed.

6. **Forwarding.** The class of packing required should be named (as this affects the cost of freight) and also the method of conveyance, whether parcel post, parcel express, freight train, or by canal, or class of steamship, &c.

7. **Payment.** Unless the seller's terms are known and agreed to, the buyer should state his proposals for payment, whether prompt cash, check after credit of say 2 months, or by trade acceptance at 2 or 3 months.

8. **Urgent Orders.** In order to avoid delay in case the exact class of goods ordered cannot be supplied, it should be stated within what limits of price and qualities substitutes may be sent. If it is desired to know quickly whether the goods can be supplied or not, an addressed telegraph form should be enclosed with the order.

For foreign orders, the writer's cable address should be given, and the name of the telegraphic code used, such as "Lieber Code."

9. When sending orders to new firms, and to firms abroad, the instructions should be full and precise.

As the person receiving such instructions will follow them for future orders, a copy should be carefully preserved by the sender, so that he may give notice of changes desired. Trade or Bank references should also be given and the proposed terms of payment should be stated clearly.

**Receipt of Order.** All orders received should be acknowledged by return of post, if they cannot be executed on the same day.

Reasons should be given, promptly, why any particular goods cannot be supplied at once; the time required for delivery should be rather over-estimated than under-estimated.

It is not sufficient to state that certain goods cannot be supplied at all; the person ordering should be informed what is the nearest which can be sent. If sufficiently near, the substituted goods should be sent at once, with a letter of explanation, giving the customer the option of returning them if he thinks they are unsuitable.

This is much better, for both parties, than letting the customer lose the chance of sale.

In the case of goods ordered for future delivery, an acknowledgment of the order should be sent to the buyer, repeating the details, stating the expected time of delivery and mentioning any special conditions.

This is still more necessary, if the order has been given through a traveling salesman.

**Billing (invoicing).** The invoices of goods dispatched should be sent promptly and separately, by mail. They should always state how the goods have been sent, and whether they have been insured or not, if they are valuable goods or intended for shipment.

Invoices should not be enclosed with the goods, for several important reasons. (See standard invoice forms, in Chapter 78.)

All invoices should be typed or written on one side of the paper only, to allow of easy checking by the receiver.

A letter should be sent, with the invoice to new customers, stating how payment is expected, expressing a friendly greeting, and a desire for further orders.

Any necessary remarks, as to the execution of the order, should be made in the same letter.

If the seller is waiting instructions for shipping, or a remittance before delivery, it is not sufficient to send the invoice bearing remarks as to this; a separate letter should be sent, pointing out this fact, and asking for prompt reply.

Drafts sent for acceptance should be accompanied by the invoices, or the statements of account, referring to them.

#### **Remarks on orders sent direct to sellers.**

As this article sells very slowly with us we regret that we are not able to take the usual minimum quantity you require; please oblige us by supplying the small quantity stated, or obtain it for us from one of your customers.

Our turnover in this article is rapidly increasing; we therefore ask you to invoice this lot at your very lowest prices, to encourage us to push your make.

Our consumption of this quality is very large and, if you can supply us on satisfactory terms, we are prepared to place a contract, on condition that you hold stocks always ready for immediate delivery.

We do an enormous mail order business and can only take up your goods provided you are in a position to deliver large quantities from stock.

We will take 1,000 pieces for delivery as we require between March and June.

You may book 1,000 gross for delivery from stock, as required, from August to November.

We take 1,000 pieces firm, details of coloring will be sent you end December, goods to be delivered Feb. 15th.

We only require the small quantity named, to complete our assortment, please oblige us by supplying these, as an exception.

**Must Be from Stock.** As we are completely cleared out, please send us the nearest you have in stock. If you cannot supply from stock, please telegraph us, as we are without stock and must obtain the supplies immediately.

We are quite without stock and are missing sales daily; if you have no stock yourselves please procure a supply for us, and forward them immediately to keep us going until your own supplies are to hand.

We cannot wait for you to submit samples of nearest, as we have absolutely no stock; we rely on your discretion to send us the nearest suitable for our purpose at the lowest price possible.

If you cannot supply exactly please send a selection of the nearest to submit to our customers.

As you are without stock we have sent a selection; please return immediately what you do not require, as we have other orders waiting to be filled and we can use these goods at once.

Send us a supply to keep us going, even 2 cwt., if you cannot send more to-day.

On account of your being without stock, we have obtained a supply for you from outside, and have billed (invoiced) these goods to you at exact cost, as they are slightly above your limits.

**Goods urgently wanted.**

We are in urgent want of these goods.

We are completely without stock, and therefore request immediate delivery;

We are most urgently in want of the . . . . .;

We need them urgently and, to ensure immediate delivery, we enclose Bank draft to cover the invoice amount.

We have immediate need of them.

As we have absolutely no stock left, we require them at once.

Please forward immediately by express, as they are for an urgent order.

These are urgently required for a mourning order (funeral).

This is an urgent order for shipment (export) and the goods must reach us on the 20th inst., at latest, or they will miss the steamer and be useless.

Immediate delivery is of the utmost importance, therefore send us samples of stock goods only, (only of goods you can supply from stock).

These are urgently wanted, therefore please procure or send nearest at once;

As you were in urgent need of these goods, we have substituted 50 pieces of the better quality, and charged them the same price, in order to keep you going until we can forward your own grade (quality) on the 20th inst.

**Asking for quick delivery.** These goods are for immediate shipment, and must reach us by Thursday morning next, without fail.

We have promised delivery to our client for Friday next; please forward immediately or advise us at once, so that we may have time to procure them elsewhere if you cannot supply.

We request delivery within 3 days; otherwise please cancel.

Prompt delivery is of the utmost importance; send nearest, where exact article is not in stock.

Unless you can deliver at once, please cancel, and write us without delay.

The latest we can allow you for delivery is Wednesday next, the 18th inst.; please send immediately samples of any substitutes, so that we may confirm by wire; the goods must be dispatched Wednesday night, without fail.

Please wire me the earliest time for delivery of 100 pieces.

Do your utmost to deliver a good shipment by the 12th inst., for my special Show Days; the remainder can be sent the following week.

You can send me a further 60 dozen, provided you can deliver on Friday next, otherwise they will be useless.

We repeat that your special attention is requested to sending none but absolutely perfect goods.

We particularly request prompt delivery, as the goods will be useless if not delivered on or before the 3rd inst.

We request you to put this order in work immediately and to advise us 10 days before completion, so that we may send you shipping instructions at once.

We enclose with this order a delivery form, on which please enter the dates at which you can deliver each lot. We ask your special attention to this, it is important; we have to give fixed dates for delivery to our own customers.

Please acknowledge receipt of order and state earliest time for delivery.

Please note that delivery is required in weekly lots of 500 pieces, to reach us Friday mornings, commencing next week.

Pay particular attention to the packing and do not spare the straw (packing).

We must ask you to hurry forward the goods ordered 3 weeks ago, as we are completely without stock and losing sales daily; we rely on your forwarding a portion immediately.

Please dispatch immediately the goods ordered by me on the 20th ulto. to await delivery instructions; I rely on receiving these on Thursday, at the latest.

Please send me 6 dozen laces, as detailed at foot, by Express, C. O. D. (to be paid for on delivery).

In reply to your enquiry for references, we prefer to pay cash for this lot, as they are urgently wanted; please forward immediately on receipt of this letter by American Express Co., with instructions to collect the amount.

You will greatly oblige us by urging forward the dyeing of our order No. 732, to which we asked your special attention for quick delivery; we know these goods usually require 3 weeks for dyeing and finishing but it is generally possible to give an urgent order a preference, and so save 3 or 4 days. We request you to do this, as this trial order is for shipment to a new client, from whom we expect to receive important repeats. Do not, in any case, permit the dyeing and finishing to suffer by being rushed; both color and finish must be perfect.

#### Orders to buying agents.

Please buy at once for our account, the following goods.

Buy, on joint account of ourselves and Messrs. Brown, the quantities as details enclosed:

Buy in lots offered at favorable prices.

Buy as soon as the prices have touched bottom.

Buy immediately prices move upwards.

Buy freely for prompt shipment, before prices recover.

Buy carefully, as prices are likely to decline.

Buy from hand to mouth, only sufficient to cover our minimum requirements, take options at any sign of advance, and report by wire.

Buy freely up to 1,000 tons per month; July to December deliveries, at anything below \$4.

Buy only with discretion until prices appear fixed for the Season; then secure any cheap lots obtainable for prompt payment; draw on us in payment at 3 days sight, up to \$50,000 in total.

Buy very carefully until after the first day of the wool sales; then cover our season's requirements, if favorable prices can be secured for prompt payment, otherwise buy at the auction at best possible.

Buy only the inferior descriptions named on our list; we have bought the better qualities direct.

Buy 1,000 bales at your quotation, sell 500 in your market if a profit of 2 cents per pound is obtainable; otherwise ship all here.

Buy all the lot offered at 20c; sell half carefully, in small lots, at each rise.

Buy small lots only, at each decline, but when prices touch bottom buy any balance of our order and a further 1,000 cases; report each purchase by cable and wire average buying price and quantity immediately your buying is completed.

Search diligently for any lots offering below current rates, for prompt payment. Use fully the bank credit opened for you, in buying any exceptionally cheap lots; report when further funds are needed.

Take option and wire us the offer, but wait instructions before buying firm.

Buy 200 bales more, in transit, at same price or lower, but not over 5% higher.

Either buy or wait, as your opinion of the market tendency decides you.

Buy any cheap small lots and warehouse them and insure, pending shipping instructions.

Do not buy unless prices fall at least 10%.

Go on buying until we telegraph (wire) you to stop.

Stop buying until contrary instructions cabled (wired) you.

Stop buying until prices decline 5% at least.

#### Buying conditions.

Buy at not more than .....net;

Buy f. o. b. (free on board).

Buy f. o. b. with freight to Boston (f. o. b. Boston).

Buy f. o. b. Philadelphia with freight and insurance (same as c. i. f.).

Buy landed New York (buyer pays customs duty).

Buy delivered in bond New York (buyer pays customs duty).

Buy delivered Boston (foreign seller pays freight, marine insurance and customs duty in U. S.).

Buy delivered Paris, duty paid.

If you cannot execute in London at the limits named, send the order to the cheapest market, Manchester, Glasgow or elsewhere.

Unless you can fill this order on day of receipt, please wire (telegraph) at our expense, so as to enable us to fill it elsewhere, as we must ship by the date named; you may submit samples of nearest by mail, but do not fail to wire if you cannot execute order exactly.

If exact designs (patterns) cannot be supplied, submit samples of nearest stock goods.

Unless they can be supplied exactly from stock, submit best can be done, to ensure delivery here in time for next steamer sailing 3rd prox.

Telegraph a further order to the makers for 100 pieces, delivery with first lot if at all possible, otherwise shortly afterwards.

This order is in force for 3 days; telegraph result.

This order is open until cancelled by telegram; wire immediately if filled.

After time limit has expired, wire best obtainable, if order is unexecuted.

The whole order must be delivered in one lot or none at all.

Do not delay filling this order at once, as we are advised that prices may soon rise sharply.

Do not allow dealers to send any substitutes except at their own risk.

We were very dissatisfied with your execution of our last order and now ask your special attention to the present one.

### Enquiries re execution of orders.

Report progress made when filling each of our orders; be sure to quote number of orders.

Telegraph what has been done to fill our orders;

Ask makers to send us, by return mail, their acceptances of orders; it is essential to state dates of delivery, which must be strictly observed.

### Time of Shipment for export and import orders.

Buy spot only, for immediate shipment by steamer.

Buy stocks only and ship by first steamer.

Buy spot, for shipment by sailing vessel, payable by 3 days' sight draft as soon as exchange is in our favor.

Buy to arrive within a week.

Buy to arrive by vessel due within 10 days.

Buy to arrive by vessel due in 4 weeks.

Buy in transit (afloat), for delivery within 14 days.

Buy afloat (on ship at sea) for delivery within 14 days.

Buy afloat by steamer.

Buy shipping or shipped.

Buy for forward delivery.

Buy April delivery; buy for April shipment.

Buy landed Boston or Philadelphia, April 1st to 10th delivery.

Buy for forward shipment, April to June.

If you can buy cheaper for earlier deliveries, please do so.

Buy a second lot, for delivery a month later, if you can secure them at the same price, S. D. B. L. terms (payable by sight draft, with marine bill of lading attached, to be given up on payment of draft).

Wire us if bought, and quote lowest for repeat of same quantities at a month later.

We rely on your buying them as much under these limits as possible.

### Firm offers.

NOTE: The party to whom the letter or message is addressed is shown in parentheses, ( ).

(Letter to agent). Can you obtain firm offer, subject to cabled reply?

(To agent). Get a firm offer, f.o.b. New Orleans, or c.i.f. (freight and insurance paid).

(To agent). Submit all reasonable firm offers by cable.

(Letter to seller). Make a reasonable firm offer for 3 days and we will try our best to get it accepted.

(From seller). Can you give us a firm offer for our lots, as samples?

(To seller). Wire firm offer for 3 days, at your lowest prices, stating exact shipment date.

(To seller). We cannot offer your lots subject to sale; cable whether we may offer them firm for two days at prices quoted;

(To buyer from agent). Lot offered has been bought for you, to arrive, at your exact quotation; do you want more?

(From agent to seller). The lots of your firm offer have been sold at slightly above your limits, have you any more?

(To buying agent). Cable best obtainable if firm offer declined.

(From buying agent). Firm offer received, but no use; makers demand 20% more, at least; can you confirm?

(From selling agent to principal). Brady is offering these 6¢ less; can you offer firm at their prices?

(From buying agent to principal). Have obtained option for two days at 60¢; if cannot accept wire firm offer at best.

(From buying agent to principal). We have got time extended until to-morrow noon, wire best firm offer within time allowed, otherwise will be sold;

(From buyer or seller). Our firm offer stands good for 48 hours;

(From buying agent to buyer). Your firm offer was received too late, market rising, lowest now is 10% advance.

### Replies from buying agents.

#### **We have bought**

within your limits of prices;

at the following prices, which are well within your limits;

at slightly less than your limits;

at slightly over our first estimate, but within the margin you allowed us;

on joint account with yourselves, as arranged;

the goods exactly similar to your samples;

grades rather better than your samples, at less than your limits;

for delivery in August, f. o. b. New York.

(for other phrases see "Orders to buy.")

We have made a contract with J. Brown & Sons for deliveries of 5,000 pieces altogether, 1000 per month, beginning April 3rd, with option to increase to 2,000 per month at the same price, within the same delivery time.

We have been able to buy much cheaper than your limits, having secured a suitable lot which had been shut out from a South American steamer.

#### **Goods cannot be bought**

##### **We cannot buy**

at within 10% of your limits, wire margin you can allow, as quotations are rising, especially near deliveries.

any more at the price of your last lot, lowest possible 60 cents, option expires noon to-morrow.

f. o. b. your port, under price cabled yesterday.

within your limits, for delivery before May; spot can be bought at 35 cents, f. o. b. Manchester.

There is nothing suitable for your order on the market at present, can you allow a further month for making.

Makers are all booked up for early deliveries, unless you can extend your limits by 7½ to 10%, there is nothing offered for 2 months.

We have enquired in all local quarters but have not been able to buy at your figures; the lowest quotations are 5% higher; wire if you can extend limits.

The market having been strongly rising, we have not been able to get any rubber since receiving your order; do you prefer to wait or to allow us at least 7½% margin?

Your order is impracticable at limits named;

We cannot buy within 10% of your limits;

We see no prospect whatever of filling your order at your limits on the present rising market.

We can only obtain half of the quantity at your limits, do you confirm; lowest for remainder, 5% higher.

We have covered one-third of your order and expect to secure balance before shipment date.

Your order has been executed and the goods will be shipped by British steamer, (or ship, barque, brig, schooner).

The order has been filled at your exact limit, and we can repeat if desired.

We have filled your order at slightly below your limit but could not repeat except at slightly over.

We had difficulty in obtaining a sufficient quantity at your limit; we advise you to repeat, even at slight advance, because prices are likely to rise.

Your order has been executed but steamer freights increased, may we ship earlier by British barque.

We have secured buying option at your limits, but cannot obtain freight limit by sailing vessel, will steamer do at 60/—, sailing 30th inst.?

We cannot execute your order at such a low limit within the short time allowed; to secure cheap lots it is necessary to search and negotiate; can you extend time by 10 days.

We believe that prices will shortly be lower and we are waiting a few days longer before filling your order.

There is no chance of obtaining these new goods at such low prices; may we substitute similar good designs of last season, if cheap.

Makers will not accept such small lots to make to special designs; can you double quantities or reduce the number of designs in each quality (grade).

Your order can be filled immediately at limits named but there are no steamers loading for your port earlier than departure 5th prox.

Prices may remain low for a few days only; if you are open for more, telegraph us and we will try to get in cheaply.

Brown & Co. will not supply; may we buy elsewhere?

If the market is easier before this letter reaches you, we shall rely on your giving us the full benefit of all reductions obtainable.

Execute all you can of this order, and ship by the earliest steamer without waiting for completion; ship balance as delivered from makers.

Do not execute unless you can supply exact descriptions, strictly within our limits.

This order must not be executed on a falling market until you are convinced that prices have reached their lowest.

### Cancelling Orders.

**Phrases.** All unexecuted portions of this order must be cancelled; differences of price are to be submitted by letter (telegraph, cable); nearest samples are to be sent by first mail.

Cancel our order of the 21st inst. and replace by the order on attached sheet.

Substitute the following pattern for that ordered in ours of the 21st inst.

The present order cancels entirely the one sent you by French mail steamer on the 21st inst., which will reach you after the present letter sent by British steamer.

Telegraph us, immediately on receipt of this, whether cancel (cancellation) is in time.

**Replies.** We have made the change in patterns as instructed.

The telegram cancelling your order arrived too late, the goods having been already bought.

Although we had placed the order before receiving your cancel, we have succeeded in having it countermanded.

We have succeeded in having your order countermanded, although we had placed it before receiving your cancel.

We regret that the cable cancelling your order arrived too late; the order for making had been placed a week ago, and the manufacturer will not allow of a cancel unless he receives a heavy compensation.

Your wire, instructing us to cancel, reached us too late; the goods had already been delivered and bill drawn and negotiated.

### Letters cancelling orders.

Dear Sir,

Will you please cancel the order for shoes sent you last night. We find that the stockkeeper overlooked a portion of our stock and we shall, therefore, not require any further supplies at present.

We regret any trouble this may have caused you.

Yours very truly,

Dear Sir,

Respecting our order date August 15.

As the weather has now become considerably colder, foreshadowing an early Fall (Autumn), we should be glad if you would cancel the order named, so far as it relates to muslins, sunshades, ladies' hats, and both men's and ladies' light hosiery and underwear.

We trust that this will cause you no inconvenience.

Yours truly,

## CHAPTER 44.—ORDERING GOODS BY LETTER— FURTHER REMARKS AND EXAMPLES.

Orders, and the letters accompanying them, should be drafted with the greatest care, as considerable loss will result if the wrong kinds of articles are delivered through carelessness in ordering.

The order should contain all the following details:

(1) exact description of the goods; (2) price; (3) reference number, quality number, colors, sizes, weights, or other exact particulars; (4) how to be packed; (5) how to be sent; (6) when to be sent; (7) address to which to be sent; (8) date and reference number of the order; (9) terms of payment and discount, unless these have been arranged previously.

If the exact price is not known, a limit should be stated, thus: 12¢ to 13¢, which means not less than 12¢ nor more than 13¢. Any price between these two limits would be acceptable. For important and varied orders it is better to write the orders on separate sheets containing all the above details. The packing and shipping details may be stated on another sheet. Each article ordered should be on a separate line, to avoid any item being overlooked; this is important.

**Order Forms.** To ensure that none of the essential details of orders are omitted, forms are usually printed with blank spaces for the particulars. (See Chapter 78 for standard order forms.)

A carbon copy should be made of each order, for checking its execution, and to settle any disputes which may arise later.

Some firms make copies of all orders and contracts by the copying press; the order form is then printed in copying ink so that both the form and the written or typed details are shown in the copy.

**Special instructions.** Unless the order is small the time of payment, amount of remittance, and similar information, should be on separate sheets, because these details are usually kept in the offices, while order sheets are handed to the clerks who have to select the goods.

### Order sent to buying agent (commission house).

Dear Sir,

Enclosed we hand you indents of cotton goods, for account of several of our clients. Will you please buy these on the best terms obtainable, and as much within the limits quoted as possible.

The goods are to be forwarded to us, in Boston, not later than the dates given;

any which cannot be supplied within the time must be cancelled. If you cannot supply in time please notify us promptly, so that we may obtain the goods elsewhere.

Payments will be by prompt cash within 7 days from delivery.

We require all invoices to be in triplicate, of which one copy only to have the prompt cash discounts deducted, as well as all trade discounts.

For yourselves, you must obtain a commission of 1% from the sellers, but do not allow them to make any compensating increase in the invoice prices.

We rely upon your usual careful attention.

Yours very truly,

**Acknowledgment of order, sending confirmation**

Gentlemen,

We have pleasure in giving below the confirmation of your order. We tender you our thanks for this favor.

Yours very truly,

(Details of order and delivery dates &c., follow.)

**Building contract changed.**

Gentlemen,

Change #2 to Agreement #123-3

Under the same terms and conditions governing our Agreement #123-3 with you, dated Aug. 21st, for certain labor and material required in connection with the above job, we hereby authorize you to:—

(a) Furnish all labor and material required or necessary to raise the grade of all the houses on the above project by 1'1", in accordance with instructions received from the Architect.

For the above mentioned change, we will pay you, in addition to the amount mentioned in the original agreement, the sum of Two Hundred Ninety-four Dollars and Seventy-one Cents (\$294.71), in accordance with your statement dated Oct. 14. For your information, this amount is arrived at as follows:

For extra work, as per your statement of Oct. 14th .....	\$1,058.31
For credits, as per letter of Oct. 14th .....	763.60
	<hr/>
	\$ 294.71

As a matter of record, please be advised that our books show the total amount of the above mentioned agreement and extras or credits thereto, in connection with this job, after adding this extra, to be the sum of \$50,288.81.

Please write us at once if your records do not agree with ours. Failure to hear from you within ten days from date will be held equivalent to a reply that your records do agree with ours.

Very truly yours,

**Example of terms and conditions printed at foot of an order.**

**Quality.** When Manufacturing Specifications are referred to on the face of this order, such Specifications shall be deemed to be an integral part hereof as if fully set out herein. (Contd.)

All deliveries furnished on this purchase must be of the quality specified, or in event no quality is specified, must be of the best, and will be subject to the inspection and approval of the Purchaser. If materials are rejected, the Purchaser shall by writing so notify the Seller, and the Purchaser, at its option and at the expense and risk of the Seller, may either return such rejected materials to the Seller or hold them for such disposal as the Seller shall indicate.

**Quantity.** The quantity of material, as indicated on the face hereof, must not be exceeded without authority in writing being first obtained from the Purchasing Department of The ..... Company.

**Deliveries.** Failure to deliver material of the quality and within the time or times specified shall, at the option of the Purchaser, relieve it of any obligation to accept and pay for such material, as well as any undelivered installments if there be any; and upon failure to deliver as specified the Purchaser may buy elsewhere and charge the Seller with any loss incurred thereon, unless deferred shipment be arranged for in writing. Any failure by the Purchaser to exercise this option with respect to any installment shall not be deemed to constitute a waiver with respect to subsequent installments.

**Packing and cartage.** No charge will be allowed for packing, boxing or cartage, unless agreed upon at the time of purchase, but damage to any material not packed to insure proper protection to same will be charged to Seller.

Each package must contain a memorandum showing shipper's name, contents of package and Purchase Order Number of Purchaser.

When this Purchase Order is issued for the purchase of Cotton, Fabric or Yarn, the case or burlap must be stenciled with roll number, yards, pounds, shipper's name, Purchase Order Number and Code Number. The same data must also be shown on a linen tag attached to the outside of the package and a tag with like information must be placed inside of the roll between paper and fabric.

**Invoices.** Invoices must be rendered in duplicate, and no invoice will be paid unless goods have been ordered by the Purchasing Department of The ..... Company.

#### Domestic orders.

Dear Sir,

We are in receipt of your samples. Please book for us, as a further order, 3 pieces 572; this is in addition to the one piece already ordered from your representative. Also book 1 piece each of 450 and 455.

We request you to cancel from our order, as against this:—

1 piece each, 547, 610 and 599

We want design 572 at once, please sent us at least one piece immediately. Forward the remainder of the order at the earliest moment.

We request you to send us copies of this order by return.

Yours truly,

Dear Sir,

In reply to your favor of yesterday, we now ask you to cancel our order of the 3rd inst., as we cannot wait for delivery until the date you mention.

If you can obtain any similar goods for prompt delivery, please submit by return samples and prices.

Yours truly,

Gentlemen,

Enclosed is an order, to which we ask your special attention as regards time of delivery. It is important that we should receive these goods on the exact date named, for a special sale which we have advertised largely.

Oblige by writing us promptly if there is any difficulty in your supplying the exact goods ordered; you will of course submit samples of the nearest for any goods you are out of stock, but please let this be done promptly, as the whole order must be delivered complete and no remains must follow.

Yours very truly,

Dear Sir,

With this we send you an assorted order in your goods, in accordance with the promise made to your salesman (traveller) Mr. Williams. As this is a trial order we need hardly impress on you the importance of your quoting the very lowest prices and of your careful selection of the goods.

If we are satisfied with this trial we should be glad to give you the opportunity of quoting for our regular supplies.

Yours truly,

Gentlemen,

We thank you for the samples of stripped shirtings, received to-day.

Enclosed we hand you a trial order, for delivery April 5th, dated April 20th.

You will please send in one lot, complete, packed in burlap (canvas). Ship by freight, New York Central line, to Albany depot, to our order.

Yours very truly,

Dear Sir,

We have pleasure in sending herewith our Season's order in coatings. Will you please note that these goods are required for delivery in one complete lot by 6th January. If you cannot deliver any of the exact shades or grades (qualities) ordered, oblige by submitting promptly samples of the nearest. All remains must be cancelled.

You will of course date this invoice 6th February, as usual.

Yours truly,

Reply

Dear Sir,

We thank you for your order received this morning and have carefully noted your remarks as to the prices and selection of the goods. You may rely on our giving careful and particular attention not only to this trial order but to all orders with which you may favor us.

The goods will be ready for dispatch within the next three days. We should be obliged if you would send us shipping instructions at your earliest convenience.

Unless we hear from you to the contrary, we shall pack the goods in our usual way for sending by freight. We trust this trial will lead to a long and satisfactory connection between our firms.

Yours very truly,

## CHAPTER 45.—REFUSALS OF OFFERS OF GOODS.

### Phrases, paragraphs and letters.

#### **We have no need of these goods, because**

we have ample stock at present.

our Season for them is almost over.

we have just bought a large quantity of the same goods.

we require only small quantities, and buy them as required.

we only buy them to order, owing to the small demand.

they are out of our line.

owing to the present high prices, we are only buying them from hand to mouth.

we have sufficient for our requirements for several months.

we do not use them in our business.

we do not catér for that class of trade.

the quantities are too small to interest us.

we have no outlet for them (no call for them, no sale for them).

we only need small quantities, and these we obtain locally.

we import them direct from England.

we have them made specially for us, to our own exclusive designs.

#### **We regret we cannot avail ourselves of your offer of these goods because**

the goods do not suit our trade, being too dear.

we are buying to better advantage elsewhere.

your prices are higher than we are now paying.

we are at present buying cheaper.

we have at present sufficient stock for our requirements.

we have no demand for such goods.

we have already tried these articles and had to clear them at a loss.

we buy direct from the makers (from the growers, producers).

we are already supplied from satisfactory sources and see no reason to change.

we are ourselves importers of these goods (we import direct from the country of origin).

we have our own factories for making similar goods.

we buy all our goods in bond.

we are not disposed to take the risk of importing from your country.

the lot is much too small to interest us.

our requirements in these goods are too small to be of interest to you.

neither the goods nor the prices suit our trade.

recent political events have made it impossible to sell goods made in your country.

we have just bought large quantities of similar goods.

your goods are not suitable for my business of making waterproof garments.

we have already tried such goods, and had to discontinue them through the complaints of our customers.

the term of credit you offer is too short.

we never accept bills as a condition of receiving credit.

our clients prefer foreign made articles of this kind as they think they are more durable.

this special article is outside our ordinary trade and it would not pay us to advertise it specially.

We thank you for your offer, and regret that it does not at present interest us.

We are greatly obliged for your samples, which we have returned to-day, as we do not deal in this class of goods.

They are too high for our class of trade.

They are not suited for our trade; have you nothing better?

We thank you for the samples just received, but at present we are rather overstocked; when we are in the market again we will give you an opportunity of quoting.

Although we are not in want of any at present, we should be glad if you would submit prices in about 6 weeks from now.

Although we are not in need of these goods at present, we shall bear you in mind for future requirements.

We regret that we cannot do business with you. You have probably underestimated the importance of our firm; we can buy from your competitors at very much less than the prices you quote.

Cannot you reduce your prices to us, in order to keep our business; your competitors have almost identical goods at from 10% to 15% cheaper.

We cannot pass you an order at this higher price, because the raw material has for some time past been declining in price and we see no justification for the raising of your quotations.

### Letters declining offers.

Dear Sir,

We return, by this mail (post) under separate cover, the samples of leather goods which you were so kind as to send to us.

We regret that we are not able to pass you an order for them as we have already made a complete selection for the season, and our samples are now in the hands of our travelling salesmen (travellers).

On future occasions, we should be glad if you would submit your collections at the end of January, which is our usual time for buying. We could then give them fair consideration.

We thank you for your offer.

Yours very truly,

Gentlemen,

Your letter of the 5th, to hand, with statements of trade terms. It will be quite impossible for us to do business on these terms as we can do better through intermediaries than the 20% and 5% you offer. We should be obliged by your revision of these terms, so that we may send you trial orders.

Yours truly,



QUOTATION WANTED FOR WORK

To .....  
.....

Date .....

Please quote, by return, your lowest price for carrying out the following work at ..... to the satisfaction of our .....

Work to be begun .....

Work must be completed by .....

(These times must be strictly adhered to).

Materials to be supplied by .....

Order form with printed conditions.

Gentlemen:

Please quote us your best price and delivery date on—

(details of articles)

Yours very truly,

Conditions

Our regular terms are "f. o. b. Dayton, Ohio, discounted 15th prox.," and, unless otherwise specified, we will assume that these are covered in your quotation. Please state anticipated shipping date, whether partial or entire, and how long quotation may stand.

No allowance for containers, shipping accessories, packing or cartage, unless otherwise specified.

To expedite disposition of this matter, mark your reply for the attention of the writer.

This inquiry does not authorize you to make any charge for samples.

Do not ship samples for which you expect payment without our formal purchase order.

Dear Sir,

I would appreciate receiving a copy of your catalog at your earliest convenience, together with your best trade discounts.

Yours truly,

Gentlemen,

Catalogs. We are opening out a trade here in Office Furniture of all kinds, and should be glad to receive, at your earliest convenience, illustrated catalogs of your office desks, chairs, tables, filing cabinets, and bookcases.

Stock. Please state what you stock, and mark stock Nos. in some distinctive way on your lists; for others, state delivery time.

Terms. State extra discount for prompt cash payments, which we prefer. Trade references will be forwarded in due course.

Prompt reply. Oblige by sending the catalogs &c., at once, so that, if they contain anything likely, our Mr. Redfern may call on you Saturday next, when he will be in your town.

Yours truly,

Dear Sir,

Referring to our enquiry of the 22nd April, we shall be glad if you will let us have your quotation, together with all price lists and particulars, in duplicate, in time to send to South Africa by this week's mail.

Yours truly,

Gentlemen,

We have an order to fill for a quantity of School Desks, box-top, iron-standards, raised-backs. Please send particulars of likely regular lines, which you can deliver quickly. Quotations without delivery time will be of no use.

State clearly **lowest price for competition**, giving full details as to cost of freight, packing, and your best trade and cash discounts.

References will be sent with first order.

Yours truly,

Gentlemen,

Messrs. Parker & Son of Springfield, Mass., are enquiring for a 60/80 or 100 H.P. 4-seated used car (second hand), and they wish full particulars and photograph.

We have referred them to yourselves, and trust that business will result.

Yours very truly,

Dear Sir,

We thank you for your letter of the 12th inst. We are taking the matter up with Messrs. Parker & Son, of Springfield, Mass.

Should the transaction go through, we will reserve you a rebate of 5%, in accordance with our usual custom.

Yours very truly,

Gentlemen,

To all business connections.

We have full confidence in our buyers, but there is one thing we want to remind you of. You are as much interested as we are to see that the goods which our house purchases from you are the right goods in quality and in style, and the house that sells us goods should watch to see that we do not get in our establishment goods that are not salable. While we will blame our own buyers in that respect, we also cannot help but think that the house that sells us such goods is not a house for us to deal with. Very frequently we feel that some of the goods purchased by our buyers are purchased because they are influenced by your salesman, because the salesman had some goods to sell that he must get rid of. That does not do your house any good, for if the goods that are purchased from you stay on our shelves, and have to be sold at a sacrifice to get rid of them, it is no credit to our buyer, but also no credit to your house. We will not be able to continue dealing with a house that does not take care of our interests to the fullest extent when selling to us. Our house is a house that pays promptly and deals fairly with everybody, including yourselves.

We believe greatly, in fact very greatly, in co-operation, and we ask your co-operation to see to it that the goods that you sell us are the right goods, at the very lowest possible prices.

Yours very truly,

Gentlemen,

Please give us a quotation for a series of advertisements to appear on Mondays, Wednesdays and Fridays of each week, for a period of 13 weeks commencing from Monday next, November 6th.

The advertisement marked "A" will be required to appear from Monday next, (for at least 12 insertions) and would be substituted by "B," on our instructions.

Accounts to be rendered to us for payment on the 10th of each month.

Yours very truly,

#### Replies to above letter.

Gentlemen,

In reply to yours of the 1st inst., we wish to inform you that the charge for inserting your advertisement, to occupy half-an-inch, according to copy submitted, three days a week for 13 weeks, would be \$150. Kindly note, however, that the order would have to be prepaid, as we have no account open with your firm.

Yours very truly,

#### Alternative endings, asking for prepayment.

We must ask you to let us have check along with the order.

These prices are net and all advertisements must be prepaid.

On receipt of remittance your advertisement will be inserted.

On receipt of check we will at once proceed with insertion.

#### Letters asking for prices, with samples.

Gentlemen,

We are open to purchase, for immediate delivery, 10,000 dozen of a ladies' 188, 200 or 220 needle, cotton or lisle hose, in black and white, weighing about one pound two ounces, to one pound six ounces. The highest price we can pay for this class of goods is \$2.00 per dozen, and it must be first quality merchandise.

If you have anything similar to the above, in weights and price, you may send us samples with price quotation, stating quantity you have for immediate delivery and the packing charges.

We could buy any lesser quantity you may have to offer, but we would prefer to have the 10,000 dozen of one number.

We trust that this may be the means of opening continued future business relations with your firm.

Very truly yours,

Dear Sir,

We are in receipt of your letter of enquiry of the 20th ult. There is a great demand here for White and colored Wipers. If you have some on hand and will send us samples along immediately, we would no doubt be able to realize good prices for you.

Very truly yours,

Dear Sir,

We are obliged for your price list of tinfoil papers to hand. Will you please send us sample sheets each of Demy, 14 and 25 lbs., and of Double Crown 26, tinfoils; state your lowest price, with best discount for these sizes and weights,

Yours truly,

## CHAPTER 47.—BARGAINING WITH SELLERS.

Requests and replies as to price reductions, price increases, times of payment, trade and cash discounts, dating forward, payment of freight charges and packing.

Phrases, paragraphs and letters.

**Reduction in Price.** Allowance; reduction; concession; rebate.

### We Are Making You an Allowance

in order to open an account with you;  
 in order to increase our trade with your firm;  
 in order to show our desire to oblige you;  
 in order to be agreeable to you;  
 in order to show our willingness to meet any reasonable claim:  
 in order to prove that we will not allow our clients to suffer from unfair competition.

### Buyers' Replies to Offers—Asking Reductions

In reply to your revised quotation of the 5th inst., we are asking our buying agent in your town, Mr. Smith, of 6 Centre St., to call on you with a view to making a trial of these goods. As we are buying elsewhere, at almost equal prices, we trust you will be able to make us a still further reduction and to give us the date of September, like your competitors.

We should be more inclined to take the goods offered by you yesterday if you did not ask for prompt payment. With the usual month's credit, less  $2\frac{1}{2}\%$ , they might interest us.

Referring to your samples of cuttings, just received; while we are favorably impressed with them, we are not disposed to take the lot; if you will split it we will take half at the price named, usual credit.

In reply to your offer of a special lot of Cretonnes, we will take these goods if you will allow us an extra month's credit.

Your samples of clearing lots of lace to hand. These goods seem likely but we should not be disposed to alter our usual terms for prompt cash, namely 3% discount, instead of the  $2\frac{1}{2}\%$  you offer.

We thank you for your samples submitted, but we are already buying lower; are these the best prices you can offer?

The lots submitted do not tempt us at the prices named; state the very lowest you can accept and we will wire you "yes" or "no."

While we are open for similar goods, for an intended special sale, we do not see any advantage in your quotations; have you no better value to offer?

We are surprised to receive your advice of an increase in the price of these goods as we can see no justification for it, the raw material having fallen considerably since the beginning of the season.

We find, by offers recently made to us by other firms, that we have been paying you at least 5% more than the prices obtainable from your competitors;

unless you can put us on the best terms in future, we shall have no alternative but to place our orders elsewhere.

We have never objected to your charges before, as we relied on your giving us your most favorable rates, seeing that we have dealt with you so long and always paid promptly, but we must now ask you to submit quotations in future and to wait our reply before commencing deliveries of our orders.

When instructing you to buy at the best price obtainable we never expected you would have paid such exorbitant prices as those invoiced. Please inform us by return what reduction you can offer, as the goods are useless to us unless you can charge considerably less.

If you wish to continue doing business with us, you must adopt the rule of quoting your lowest prices at first; we are somewhat tired of having always to obtain other makers' quotations to test your prices and of having constantly to ask you for reductions.

Cannot you reduce your prices to us, in order keep our business; your competitors have almost identical goods at from 5% to 10% cheaper.

At the price you quote for this article, we should not care to touch it, as it is impossible to produce a serviceable article at so low a figure.

Your competitors are offering considerably lower prices and unless you can reduce your quotations considerably we shall, to our regret, have to buy elsewhere.

We prefer to continue buying from your house, but you must help us to do so by bringing your prices to the same level as those of your competitors.

### Seller Refuses Reductions

1. *However desirous we may be*  
of increasing our business with you,  
of meeting your wishes,  
of executing your orders,  
of commencing business with your firm,
2. *We regret that we cannot*  
grant the reduction you ask,  
accept the price you offer,  
reduce our quotation to your limits,  
execute your order at the prices named,  
execute your order on the terms offered,
3. *Because*  
the price has already been cut as fine as possible.  
we quoted our lowest price at first.  
the price you offer would leave us no profit.  
it is quite impossible for us to even buy the goods at your figures.  
there is little or no margin of profit on these low qualities.  
we work on only a small margin of profit.  
we ourselves pay more than you offer.  
we should ourselves be glad to buy at the prices you name.  
the goods cost us more than you offer.  
we could not replace the goods at the prices we offered you.  
we are selling the goods freely at 10% above the prices quoted to you, and  
the market is rising.  
we should be glad if we ourselves could buy wholesale at the price you name;

although you may have been offered such prices we are of opinion that it is only bluff and that you could not obtain delivery.

It is quite impossible that you can buy these goods at less as I am the sole maker (importer) of this specialty, and I have sold to no one at less than the prices offered to you.

We regret that it is not possible to accept less as we quoted our very lowest prices at first, after a most careful calculation of the cost of production.

You are perhaps not aware that there has been a very great demand for these articles, and that buyers are paying any price asked for goods from stock; we can, therefore, only quote subject to sale.

At your earnest request we will reduce the price of the lowest quality by 1c per yard to 11c, on condition that you take at least twice as many of the higher qualities. Unless you do this we should lose considerably on the transaction.

I regret that it is not possible to accept the reduced price you offer, nor even to meet you half way; the raw material has advanced 20% within the last month and we shall shortly be issuing an advanced price list.

I have gone carefully into the cost again, and am foregoing all my profit in offering you this line at a further reduction of 25c per dozen.

If you will reserve to us your season's orders for these goods, we can offer you a special reduction of 5% on the prices already quoted.

The price quoted was for the small lot you named, 3 cwt.; we can offer you 10% off for a one-ton lot.

If you will buy 10 barrels we will make you a special reduction of 5%, and pay carriage to your factory.

We cannot accept less for quality A, but we enclose sample of a lower quality, which is exactly the price you name as your limit, 33c per yard.

As our traveller offered you a special reduction, we will agree to it, although prices have since advanced. In order to meet your wishes we have reduced the price 25c per cwt. and enclose credit note accordingly for goods last invoiced; please note this special price only applies to ten-ton lots.

It is quite correct we offered the price you name, but it was for ten-ton lots, which means 10 tons ordered at the same time; of course you ordered 10 tons but as they were in 5 lots, at different times, we had to pay 5 lots of freight, which cost us considerably more; we regret that we cannot therefore afford to reduce the price invoiced.

May we point out that our prices include packing and freight (carriage) to the port of shipment; you have probably understood that it was for goods taken at our Works.

I can only suppose that you have made a mistake in asking for a reduction, as the price quoted to you is 10% less than you paid 2 months ago.

We regret that we cannot take less; if you will enquire from other dealers (merchants) you will find that there has been a considerable rise and that our prices are based on the old rates.

I will accept the reduction on this quality as an introductory line.

Please take note that, owing to the advance in the raw material, our list prices will be advanced by 10%, all round, from the 20th inst. and until further notice.

Your limits are much too low, especially considering the small amount of your order.

We regret that it is impossible to reduce the price but, to assist you, we will allow an extra  $\frac{1}{2}\%$  for prompt cash, making 3%.

We are aware that Johnson & Co. are offering a competing quality at less, but it is not nearly such good value, nor is it so good as our cloth; if you desire a lower priced cloth we will make one for you but we cannot deliver our standard quality at less than the price first quoted.

Although we greatly desire to extend our trade with you, we regret it is impossible to execute your order at the prices named, as they would leave no profit; the best we can do are as follows:—

Although we are anxious to open up business with you, we regret that we cannot allow the reduction asked. Our prices have been cut to the lowest possible point, after closely examining our cost calculations.

We have worked out very carefully the cost of quality A and the price now quoted, 25c per cwt., is the very lowest possible; at this figure our margin barely covers standing expenses.

In order to meet you, we will, as an exception, allow 2c per yard reduction; we trust this will induce you to reserve to us your future orders in this line.

After going carefully into the price again, I have decided to make a further concession of 2c per yard, in the hope that this will result in increased business between us.

For regular purchases of fair quantities, we are disposed to allow you 10% off our list.

### Bargaining Letters

#### LETTERS FROM BUYERS

##### Buyer replies that prices are high

Gentlemen,

I am in receipt of the samples you sent in reply to my enquiry A.B. 30-5, for which I am obliged. Your prices however are on the top side and you must see if you cannot meet me with either slightly lower prices or a shade lower quality. Please send me an eighth of a yard, full width, or  $\frac{1}{4}$  yard, if it can be spared, of all designs in numbers 1, 3, 4, 5, 7 and 10, and upwards. With reference to the serge sample which you sent me to match my cutting, the price you quote is actually more money than that which my customer is paying me and you can quite understand I cannot do business on those lines. Will you therefore send me a good selection of patterns asked for above, of a cloth to cost me a good deal less money, not more than 18c at the outside.

Yours truly,

**Buyer wants more discount.**

Dear Sir,

We wish to inform you that our Mr. Barton has this day been up to the city to settle price terms and get your signature to the contract, which is in order in all but one respect, the exception being the question of discount. On comparing your prices with those offered by the Universal Tire Co., we find that your tires will

cost us a good deal more. If you will allow us 25% discount and 5% rebate, instead of the 20% and 2½% you offered, we will be pleased to sign and return the contract to you.

Yours very truly,

**Buyer complains of lower prices given to competitors.**

Dear Sir,

Your favor to hand with quotations for suitings for A 112 to C 114. These are much above what we expected, as your A 112 cloth is now being sold to some of our clients at under \$1.40 per yard by other wholesale houses. We have had a pattern of the cloth sent to us and we recognized it as unmistakably your cloth.

It must, therefore, have been bought below the price you quote us. When Mr. Edmunds requested us to send our orders through you, as his selling agent, instead of direct to himself, he said that you would always give us the very lowest prices, as he had done. It does not seem in this case that we have been put on the most favorable terms, and we wish to point out that this means a serious loss of business to you.

Yours very truly,

**REPLIES FROM SELLERS TO REQUESTS FOR REDUCTIONS  
IN PRICE, ETC.**

**Better article substituted at reduced price.**

Gentlemen,

We have received your order of yesterday, for which we thank you; the goods will be shipped this week.

For the Black Velvets, quality A25, which you order at \$1.25 our lowest list price is \$1.40, but we are prepared to meet you half way by billing (invoicing) the 25 pieces you require at \$1.32.

Please inform us by return if we may add them to your other goods at this price.

Yours very truly,

Dear Sir,

We thank you for your order received this morning. The goods have been shipped to you by express this afternoon.

We notice that you have ordered the travelling bags at lower prices than last billed (invoiced), although a considerable advance has taken place in these goods since your last purchases. We have met you by billing them at the old prices, although, as you are aware, our list prices are 10% higher. This is a considerable sacrifice on our part to prove our desire to extend business with you.

Yours truly,

**Prices advanced; asking confirmation of order.**

Dear Sir,

Your order of yesterday, for which we thank you, has been put in work for delivery on the 25th inst., with the exception of the brass door furnishings

ordered by you at 25% off January list. On the 10th ulto. we advised you of a reduction of the discount to 17½%, owing to the important advances on all brass fittings.

In order to assist you, we will allow you 20% as an exception, but this is the utmost we can concede as prices are rising further.

Please inform us by return if you confirm your order at this price; we cannot leave the offer open beyond Thursday morning, the 20th inst., to reach us.

Yours very truly,

#### **Refusal of Seller to pay freight charges.**

Gentlemen,

In reply to your request that we should pay freight on the goods ordered by you, we regret that we are compelled to decline. All our prices are for goods delivered on rail at our town. You will easily see that if we paid freight we should have to quote different prices for every town to which we sent goods or, in the alternative, we should have to overcharge some of our customers by increasing our prices all round, in order to provide for these freight charges.

We prefer quoting the very lowest prices possible, for delivery at our town, leaving our customers free to make such economies as are possible on the shipping expenses.

We trust you will see the reasonableness of our rule, which is really for the benefit of all our customers.

We look forward with pleasure to your further orders, to which we shall always give special attention.

Yours very truly,

#### **Seller gives reasons to customer why he refuses to pay freight.**

Gentlemen,

With further reference to the payment of freight mentioned in your letter received this morning. We are aware that several of our competitors offer to pay freight, but you know that, as we sell these goods on a very small margin of profit, it is quite impossible for us to pay these expenses at the prices already quoted to you.

One of our customers has sent the "freight paid" quotation of a competitor, for similar goods to those you order from us. These are shown below, in comparison with our quotations, and also the approximate cost of freight. You will see the "freight paid" prices are from 7½% to 10% above our own prices, after allowing for paying the freight charges.

This difference arises to some extent from the fact that a wholesale house, when quoting for goods "freight paid," must protect itself by providing for the heavy charges on small lots.

We prefer our own system of permitting our clients to benefit directly by every possible saving they can make on the freight.

We regret that we cannot see our way to alter our rule. If we were not so convinced of its being so greatly in the interests of our customers, we should not be so unwilling to meet the request of such valued clients as yourselves.

If it would be any convenience to you, we should be pleased to obtain for you the very best terms possible from the railroad and express companies by prepaying the carriage and adding the charge to your invoice.

Please let us know if you would prefer this method; we believe that it would be a small saving to you.

Yours very truly,

**Seller's reply to complaint of customer that competitors are offering him lower prices.**

Gentlemen,

We regret we cannot agree with your views as to our competitors quoting less than the prices we submitted to you on the 15th inst. We watch very closely the prices offered by other houses and our salesmen have their competition to meet every day. It is scarcely possible that they could buy better than ourselves as our large turnover enables us to work our business on the minimum of overhead (standing expense).

The price which has been offered to you is probably for an inferior quality, specially made for offering at a lower price, against a thoroughly satisfactory article. If you would care to send us a sample of this competing line, we shall be very pleased to point out to you the technical differences in its manufacture, as compared with our own article. Or, on the other hand, should it prove equal to ours, we will at once reduce our price, if you will favor us with a view of the lower quotation in writing.

We think that this is a reasonable offer which should meet with your approval.

Yours very truly,

**Seller's reply re advanced prices.**

Gentlemen,

Your favor of the 24th April to hand. I am surprised to hear that you have bought below the price I quoted you, 18c, but I cannot blame you for having bought up a stock lot at a job price where the maker has been so foolish as to offer it on a rising market. For my own part I had to pay 1 cent more than my selling price to you for the 20 pieces to complete the last lot of 200 I sold you and, as the advance has become more marked since then, I have sold today at 20c the 100 pieces I offered you at 18c which you refused. It is therefore impossible for me to take less than 18c for any you wish to order.

I keep this quality regularly and I usually have from 150 to 300 pieces in stock, but there has been rather a run on this quality lately and I am behind in deliveries for several clients who gave me orders to make. In the ordinary way you may always reckon on stock; I could not foresee the recent demand for this cloth in your market as, in the ordinary way, it is below your limit. As I expect that when prices return to the usual level you will buy the next better cloth again, I hesitated about putting a very large quantity in work for you. If you think that you will be running this line regularly we should like you to give us a firm order, say for 500 pieces, with option up to 1000 pieces, for which we would take 18c. We will then put in work a large quantity and you could take them during the next four months. We cannot undertake to hold to this price without a firm order

from you, as the profit is too small on this low quality, and it is always more subject than any other to fluctuations in the price of wool.

Yours very truly,

**Price on order too low, Seller offers substitute.**

Dear Sir,

We are favored with your order for 1,000 boxes of Envelopes, No. 121, for which we thank you, but we believe that you have made an error in stating the price at \$1.25 per M. (per 1,000). The sample received from you is that for which we quoted you \$1.35 on the 25th June. It is quite impossible for us to deliver this quality 121 at less than \$1.35, but if you are limited to \$1.25, we should be glad to supply No. 110 at that price, as previously quoted. To avoid any misunderstanding, we enclose new samples of both 110 and 121.

Will you please inform us which grade you prefer for the execution of your order.

We await the favor of your reply,

Yours very truly,

**Seller cannot accept customer's offer; suggests compromise.**

Gentlemen,

I thank you for your letter of yesterday and for the order you enclosed, which I have put in hand at once for delivery at the time you name.

I regret that I am unable to supply the Cretannes at the reduced price you offer. Considering the small margin of profit which I have on these goods, the best I can do to meet you is to allow one cent on the price of 25c already quoted you, making the lowest price to be 24c.

Will you please inform me if you wish the goods booked at the price named, 24c.

Yours truly,

**Seller wants customer to buy better grades to secure reduction in prices.**

Dear Sir,

On returning from a journey today, I find your letter of the 22nd inst., awaiting reply. Contrary to what you appear to believe, I am very desirous of doing a large business with your house, but in order to secure this it would be necessary for you to order other qualities than the three lowest numbers which I make (A., B. and C.) and to take some of the finer cloths which you now buy from other makers. You only buy from me the lowest numbers and yet you wish me to put you on better terms than those of my clients who order from me the whole range from A. to V. Here are the prices at which I shall be glad to book to your orders at present (details stated).

Yours very truly,

## CHAPTER 48.—COMMON AND STATUTORY LAW RELATING TO THE SALE OF GOODS.

What is common law?; agreements; common contracts; two parties necessary; when sales agreements are binding; sale by sample; sale by description; defects; credit; "on approval" and "sale or return" or "memo" goods; delivery; part delivery; ownership—when the goods become the property of the buyer; rejected goods; insurance in transit; stoppage in transit; contracts made by letters; offer and acceptance; withdrawal of offer; offers with conditions; general offers; time of acceptance; contracts by telephone; void contracts; when credit terms are understood and when not; who pays freight, etc.; offers followed by counter offers; void and voidable contracts; international contracts; refusal to take goods.

Following is a brief survey of common and statutory law regarding sales, contracts, agreements, and the various problems connected with sales. The business man should acquaint himself with at least the general outlines of this phase of law, since the problems with which it deals frequently arise. Further information related to business law is given under appropriate headings elsewhere in this book (for specific information consult the index).

**What is Common Law?** The "common laws" relating to sales of goods are those rules which are recognized by traders of all nations as being fair and just. In addition, each nation makes its own "statute" or written laws applying to all sales of goods in that country, whether for delivery there or abroad. Disputes between buyers and sellers are settled by law courts according to the common laws and the additional rules laid down by the laws of their own states or countries. The following are the chief rules generally adopted by all states and all nations.

**Agreements.** Goods may be bought and sold by spoken agreement, or by actions, without any formal contract in writing. If a written contract is made, it need not be in any special form, so long as it is clear. If there is no formal written contract, letters or telegrams may be used as evidence of the bargain made.

**Common contracts.** Many people think that the only legal agreements are those which are prepared by lawyers, or drawn up in legal style and properly signed. This is a mistake. Like the man who had been writing prose all his life and had not known it, we are making contracts every day. For example, when you take a journey on the railroad or on the street car, you are understood to agree to pay the fare and, in return, the owners of the railroad agree to carry you safely and without delay. In a similar way, when you mail a letter you agree to pay the proper postage and the Government agrees to carry your letter promptly to the address shown on it.

**Two parties necessary.** In every case there must be two persons, or "parties," as they are called, one to offer something and the other to agree to accept. For example, a railroad company agrees to carry you to a certain place for a

certain sum; by purchasing a ticket you accept the offer and make the contract complete.

**When sales agreements are binding.** (1) Sales of goods below a certain value (varying from \$50 to \$500 in different states), may be made without any evidence in writing.

(2) Contracts for sale of goods over the value so fixed cannot be enforced by law unless the buyer has (a) received the goods or part of them, or accepted them; or, (b) has paid a deposit or "earnest money" to bind the contract, or has paid part of the purchase money; or; (c) unless the party liable to be sued (the purchaser) or his agent, has signed a written contract or some memorandum in writing (a letter or order form is sufficient).

(3) "Month" means calendar month, (Jan., Feb., &c.), unless otherwise stated.

**Sale by sample.** The goods delivered must be like the sample; the buyer must be allowed to compare the sample with the bulk of the goods delivered; the goods must not be unsaleable or have any defects which are not shown in the sample.

If the goods have been sold by sample and description, they must correspond with the description, as well as with the sample.

**Sale by description.** The goods must correspond with the description and they must be merchantable, that is, saleable goods.

**Defects.** Goods sold by sample or description are implied to be perfect goods, unless (a) declared imperfect by the seller; or, (b) sold by a sample showing the imperfection; or, (c) the buyer has examined them under such conditions that he ought to have seen the defects by using ordinary care.

**Credit.** If the buyer has agreed to deliver on credit he cannot afterwards refuse to deliver until he is paid, unless the buyer is apparently insolvent.

**"On Approval" and "Sale or Return" or "Memo" Goods.** The sale is held to be final and complete for such goods (1) when the buyer states that he will keep the goods, or when he acts as if he intended to keep them; (2) if he does not return the goods within the time allowed, or if he keeps them beyond a reasonable time without informing the seller that he will not buy the goods.

**Delivery.** Trade customs vary as to whether the seller must deliver the goods or the buyer must bring them away. This should be definitely stated when purchasing. Delivery must be made or taken within a reasonable time, where no time is fixed. If the seller delivers too much, or too many, the buyer may refuse all, or he may take the proper quantity and refuse the rest. If too few are delivered, the buyer may accept or refuse them. If some of the goods delivered are according to contract and others are inferior, the buyer may refuse those not according to the contract. The seller must not deliver earlier than the time fixed.

**Part delivery.** Unless otherwise agreed, the seller must not deliver by instalments. If delivery by instalments has been agreed to, (each instalment to be paid for separately), it will depend on the terms of the contract made, or other facts, whether the contract is made void (called in law "avoided") through the seller's neglect or refusal to deliver, or the buyer's neglect or refusal to accept or pay for any one instalment.

Where a portion of an order has been delivered, but the buyer has not paid as agreed, the seller may refuse to deliver more, except against cash.

**Ownership**—When do the goods become the property of the buyer. If the buyer examines the goods before buying (and there are no concealed defects) the sale is complete on their being delivered to him, or on his agreeing to send for them, or to accept delivery at a later date. If the goods have not been previously examined by him, the buyer is not held (presumed) to have accepted the goods until after he has had a reasonable time to examine them, after delivery. If the buyer deals with the goods as if he were the owner, or if he keeps them beyond a reasonable time for examination, he cannot afterwards hold that he has not accepted them.

**Rejected Goods.** Goods which have been rightfully rejected (refused) must be collected by the seller from the buyer's premises, on the buyer giving him notice of rejection. The buyer is not bound to return them to the seller, but he is bound to give him notice that he refuses to accept them and he must protect them from damage or theft.

**Insurance in transit.** For goods sent by sea the seller (consignor) may insure or not against sea risks while in transit, as he pleases. If he has agreed to deliver the goods safely (f. o. b.) at a foreign port, the risk of loss at sea is the risk of the seller.

If the seller (vendor) agrees to sell the goods and deliver them on a vessel lying at a port in his own country, the buyer runs the risk of loss or damage during the sea voyage. In such a case the seller must either insure the goods against sea risks, at the expense of the buyer, or he must inform the buyer that no marine insurance has been made. It is only fair that the buyer should be given the chance to insure if he wishes. If the seller neglects to insure the goods against sea risk, and does not take the trouble to write or telegraph the buyer that they have not been insured, then any loss at sea, or damage to the goods during transit, will have to be paid by the seller.

**Stoppage in transit.** From the time when goods bought have been handed to a carrier for sending to the buyer, they become the property of the buyer. It does not make any difference that the seller may be paying the freight. So far as the seller is concerned the goods have left his possession, and the carrier is the agent of the buyer.

There is one exception to this rule allowed by law, and it is intended for the protection of the seller when goods have been sold on credit.

If the seller learns that the buyer is insolvent, that is, that he is unable to pay his due debts, he may tell the carriers not to deliver the goods which are on the way to the buyer. The seller can then recover possession of these goods, provided that the buyer is found to be insolvent.

If the goods have already reached the buyer's town and the railroad company have written him to say that they were at his disposal, it is too late for them to be stopped in this way.

If the delivery of the goods was stopped and the buyer afterwards proved to be perfectly solvent he would have the right to claim damages from the seller for injuring his credit, and for causing him to lose the profit on the sale of the goods.

Goods sent "C.O.D." that is, to be paid for at the time of delivery to the buyer, do not become his property until he actually pays for them. If he gets possession of them by fraud, for example, through paying for them by a worthless check, the seller is entitled to recover possession.

**Contracts made by letters.** A contract may be made by one letter or by a series of letters, provided that the two (or more) parties come to a final decision. If an agreement is reached, either of the parties has the right to require the other to abide by it. More contracts are made by letters than in any other way, so it is important to know how they are made and when they are binding.

**Offer and acceptance.** If Smith writes Jones to say that he will sell him a certain book for \$5, that is an offer. If Jones writes and mails a reply that he will buy the book at that price, the bargain is complete. Because Smith has made the offer through the mail, it is understood that Jones may also use the mail to accept the offer. Smith made the government post office his agent to carry the offer to Jones. So the moment that Jones hands the reply to the post office, by mailing his letter, the bargain is complete and Smith cannot withdraw his offer. The effect would be the same if Smith had sent a messenger to Jones with the offer. In that case the moment Jones gave his letter of acceptance to the messenger, the contract would be complete.

**Withdrawal of offer.** Smith, who makes the offer, can withdraw his offer any time before Jones mails his reply, but the withdrawal only becomes effective at the moment it reaches Jones, not when it is mailed. If Jones has already mailed his reply, the withdrawal has no effect; it is too late. If Jones can prove that he mailed his reply before the notice of withdrawal reached him, the bargain stands good, even though the reply is lost in the mails. The letter of acceptance must, however, have been properly addressed and stamped. He has given a reply to Smith's agent, that is, to the post office. Smith must carry out the contract in that case. He cannot sue the post office for damage, because the law will not allow him to do so, the government has a special exemption in such cases.

**Offers with conditions.** Smith, when making the offer, can make special conditions as to the way in which the offer must be accepted, or within what time. For example, he may make the offer "subject to acceptance by telegram." Then the bargain is complete at the moment when Jones promptly hands his telegram of acceptance to an employé of the telegraph company. If Smith telegraphs to Jones that the offer is withdrawn, and this telegram reaches Jones before his acceptance is given to the telegraph company's clerk or messenger, then Jones has no longer the right to accept the offer. Or, Smith may make the offer subject to the condition that it is to be accepted by return of post. If it is accepted later, Smith may either agree to the sale or refuse. If the offer is made "subject to sale," which means, unless it is sold to someone else before the reply is received, then Jones' acceptance is not binding on Smith if he has already sold the book. Where an offer is by a circular letter, or by a newspaper advertisement, then it is always understood that the offer is subject to sale. The persons who read the offer cannot compel delivery of the advertised articles at the advertised price.

**General offers.** It is, in fact, generally agreed that a printed circular or advertisement is not an offer, but that it is merely a notice that a certain article is for sale to the public. Then anyone may make an offer to buy it and the seller may either agree to sell it or not, as he pleases. There are cases where this argument does not hold good, but it is generally understood that an offer must be made to a particular person or firm before the buyer can insist on delivery on

paying the agreed price, or the seller can insist on the acceptor taking delivery and making payment. Damages may be claimed by either party if the other does not carry out the bargain agreed upon.

**Time of acceptance.** If no time is stated within which an offer must be accepted, it is understood that it must be within a reasonable time. A contract may be made by an exchange of telegrams. In this case, it would be understood that the telegraphed offer must be accepted by a telegraphed reply at once, unless the offer gave a longer time for reply. Then the acceptance would be complete at the moment the reply telegram was handed to an employee of the telegraph company if within the time allowed.

**Contracts by telephone.** Or, the contract may be made by telephone, but in order that there may be something to show (to prove the contract) the buyer or seller sends a written confirmation of the bargain to the other party. The bargain is completed by the spoken words, but the writing proves that both parties were in agreement.

**Void contracts.** If both parties are not in agreement, then no contract exists and neither party has any claim on the other. For example, one man advertised offering "turf" at a certain price per square foot. What he was offering was grass turf for lawns. Another man accepted the offer, but he thought the word "turf" referred to the turf which is used for fuel. The contract was void, because there was no real agreement as to the article offered.

A person making an offer cannot compel the other man to accept; it must be a willing acceptance. Agreements obtained by threats, violence, or fraud, or by misrepresentation or lies, are not legal and cannot be enforced.

The man who asks a court of law to compel another man to keep to his bargain must not himself have done anything dishonest or illegal with regard to the agreement. If he has misled the other party the law will not help him to get the agreement carried out. The man who offers or accepts in such a way as to "trick" the other party cannot claim to have his own meaning put on the tricky words he used. The other party would be entitled to claim that the words meant what he understood them to mean.

**When credit terms are understood and when not.** Unless the two parties agree that the sale is to be made on credit, it is understood that the buyer must pay before he receives what he has bought. Where a wholesaler offers goods to one of his customers who has a credit account, it is understood that the customer can accept the offer and have the goods delivered on the usual credit terms. That is, he need not pay for them before he gets them. The wholesaler can alter this by making his offer for cash before delivery, or he may fix other terms at the time of making his offer. He cannot alter the conditions after the offer has been accepted.

**Who pays freight &c.** If goods are offered by a wholesaler in New York to a retailer in Chicago it is important to state who should pay the freight, unless there is a recognized rule as to this between the two firms. Where this is not specially stated, the buyer must take delivery at the place of business of the firm making the offer. For example, automobiles are offered at certain prices at the factory. Then the buyer pays the freight to his own town. Or the offer may be "packed f. o. b. Detroit." This means that the automobile would be delivered at the freight yard at Detroit, and the buyer must pay the freight from there and

make his own arrangements for delivery from the freight yard in his own town. "F. o. b. New York" would mean that the seller would pay the freight to New York and the loading there on to a steamer named, but that the buyer must pay all expenses from that time and place.

**Offers followed by counter offers.** It has already been said that the person who offers and the one who accepts must be in agreement. If the book named had been offered by Smith at \$5 and Jones replied agreeing to buy it at \$4, there is no agreement. What happens is that Jones' reply is considered to be a new offer to buy at \$4. If Smith accepts this price, then the bargain is complete. If he does not, there is no contract. Jones cannot claim that there is a bargain if Smith gives no reply. A definite reply from Smith is necessary, agreeing to accept \$4.

**International contracts.** The present law relating to contracts has been gradually built up by the agreement of merchants during the last 2,000 years, and it is almost the same in every country.

There are very slight differences but it is impossible for any business man to undertake to know all these variations. This is awkward, because the general rule is that the buyer can claim that the law of his own State, or his own country, applies to the agreement, because he accepted the offer there. If the seller wishes to avoid this, his offers made in writing should state that the law of the seller's own state or country shall alone apply to the bargain, just as if the purchase has been completed within the seller's state or country. The reason for this is that the seller may afterwards want to sue the buyer, either to compel him to take delivery of what he has bought or to pay damages instead, or to make the buyer pay for the goods after delivery. It is more convenient, and less expensive, for the seller to sue in his own district.

For foreign trade, a disadvantage to the American exporter is that a judgment of a U. S. court has no force in a foreign country. Law suits against foreign customers must be entered in the foreign courts.

**Refusal to take goods.** Where the seller has informed the buyer that the goods are ready and waiting his instructions for delivery, if the buyer neglects or refuses to take them he is liable for any loss which may occur, and also for the expense of storing the goods. Or, the seller may sell the goods and claim any loss which may result, or he may keep any profit on the re-sale.

**Claims for breach of contract.** All agreements are contracts. Where one of the parties to a contract neglects or refuses to carry out his portion of it, the other party may claim damages, unless he has also broken the contract. Where goods are refused by the buyer without proper reason, the seller can sell the goods for the best price obtainable and claim for loss on the re-sale. If there is no loss on the price he cannot claim damages, but he may keep any profit. In the same way a buyer who cannot obtain delivery of the proper goods from seller may buy the goods elsewhere and claim from the original seller any excess price he has been compelled to pay. If he buys elsewhere at the same price, or less, he cannot claim damages, unless there are other losses through the delay in delivery, such as the loss of profit through a portion of the orders being cancelled.

## CHAPTER 49.—BUYING TERMS AND CONDITIONS FOR GOODS.

### Words, phrases and paragraphs.

**To buy.** To purchase, to take, to take up an option, to acquire, to select, to make a purchase, to secure, to secure on specially advantageous terms; to pick up, to buy firm.

We have made a purchase on specially favorable terms.

We have bought a splendid lot of perfect goods at job prices. I have just entered into an extensive contract for the purchase of.

We have bought up the whole stock of Messrs. Blank Bros. We have bought by tender from the liquidator, (receiver), the complete stocks of.

We have bought at ridiculously low prices.

We buy at first hand from the makers, from the manufacturers, from the factories, from the growers in the chief centres of production, in the country of origin, where produced.

We buy direct from the patentees, direct from the sole makers, direct from the sole licensees.

We buy retailers stocks, from the public, from all comers, for our own account, as principals, for selling only to the trade, for re-sale, for distribution to retailers, for our multiple shop-business, for our chain stores.

All purchases for the branches are made by the head office; this is a chain store (multiple shop) business, in which all goods are bought by the head office, which distributes to the branches; branches are not allowed to make purchases; all offers by manufacturers and others must be referred to the head office.

We buy businesses as going concerns.

We are open to buy the goodwill of any business in this trade and to take over the stock at a valuation.

We buy stocks in any part of the country and will submit tenders on application.

**To arrange a transaction.** To make a bargain, to make a deal, to close a deal, to arrange a contract, to fix up an order, to negotiate, to enter into negotiations, to close a deal, to arrange an option, to give an option, to exercise an option, to enter into an engagement for selling, to give a firm quotation, to quote subject to sale, to quote subject to market fluctuations, to quote without engagement, to tender for a contract, to withdraw a tender, to submit an offer, to make a provisional agreement, to make an offer, to conclude a contract, to cancel a contract.

**To buy on credit.** To buy on short credit, long credit, on terms to be arranged, on usual credit terms, on the usual trade terms, for payment by trade acceptance at one month, payment by three months note.

**To buy for cash.** For prompt cash, for cash on delivery, cash with order, cash on completion; half cash with order, other half before delivery; deposit is payable with order, balance on completion; cash before shipment, cash against documents, cash against mate's receipt, payment in New York or Chicago exchange, payment in sterling, payment in gold or equivalent exchange.

**Words for "orders."** Command, favor, indent, an extensive order, an important order, a season's order, a trial order, an urgent order.

**Phrases.** The order which you have been good enough to give us (to entrust to us).

We thank you for your order just to hand, special attention will be given to your remarks re delivery.

We acknowledge receipt of your order of.

We are doing our utmost to expedite your order (hasten your order).

Will you please send me as early as possible.

Oblige by shipping (sending) promptly by freight (luggage rails) the following goods.

Please forward the goods named below at the earliest possible moment.

Oblige by sending in, for enclosure, to Brown & Co.

**Repeat orders.** Repeat our order of 25th, but for double the quantities, earliest possible delivery.

We send you herewith repeat order which please prepare for delivery on the 1st of next month.

Please repeat goods delivered yesterday and ship (forward) on the 6th inst. at the latest.

I should be pleased to receive your repeat orders for this line.

**Phrases re orders.** Herewith I send you order for goods for delivery to the branches named. Please give particular attention to the delivery instructions and note (notice) that the priced invoices are to be sent direct to the head office; only delivery notes without prices are to be sent with the goods to the branches. This is important.

Enclosed is order which please execute at your earliest convenience, as we are urgently in want of the goods.

Please have the goods carefully examined and all imperfect pieces rejected; we rely on your special attention to this.

Enclosed I send you an order which please execute at your very lowest prices. It is our first trial of your goods and we shall carefully examine their values.

Do not on any account exceed our prices by more than 5%.

I entirely rely upon you to make a good selection of designs.

We ask you to select these goods as carefully as if they were for yourselves.

Please acknowledge receipt of this order, and state earliest time for delivery; this is important.

Please note delivery is required in weekly lots of 500 pieces; to reach us Friday mornings, commencing next week.

Pay particular attention to the packing and don't stint the straw in making the trusses, (trusses are bales made with straw packing between the goods and the outer covering of canvas or burlap).

We are fully booked with orders for this month, and therefore cannot promise delivery before the 15th or 20th of next month.

Will you please send me not later than . . . . .; as early as possible. Oblige by sending as quickly as possible, promptly, by freight (luggage rails) the following goods, (the goods named below).

Please forward to-day by express train (passenger train). We enclose an order which please pack and deliver to Messrs. Jackson & Co. of your town, for enclosure to us.

Oblige by enclosing to Messrs. Johnson of 20 Main Street.

Goods must be delivered in one lot, cancel any remains.

**Cancelling the order.** Please countermand our order for.

Oblige by cancelling our order of yesterday as we do not now require the goods.

Please omit from our order of this morning the following goods, and substitute for them 10 pieces, as attached sample, at 30¢ per yard.

We telegraphed (wired) you this morning to cancel our orders sent last night and we now wish to confirm our wire.

**To stop buying from.** To cease (stop) trading with a firm, to close the account of a firm; to break off business, (connections with); to withdraw orders from; to sever all connection with; to cease all connection with.

**To buy more.** To increase trade with a firm; to extend business with, to increase the turnover with.

**Merchant.** The wholesale merchant, jobber or wholesaler; retail merchant; retailer, middleman, warehouseman, job dealer, dealer, shopkeeper, hawker, huckster, business house, firm, fent dealer.

**Agent.** Manufacturer's agent; commission firm, broker, factor, produce broker, representative, resident buyer, buying agent, export agent, import agent.

**Business house** (the kind of business). Special trade, branch of business, line of business, export business, the Baltic business, colonial trade, dry goods trade (wholesale drapery) lumber trade (timber trade), importers, import business, foreign shippers, shipping trade merchants importers, exporters, shipowners, merchant-bankers, commission agents, commission house, exporters' agents, importers' agents, buying agency (agent), selling agency, selling agent, sales agency.

**To open out business.** To commence business; to establish a business house.

**Conditions of price, style, delivery, etc.** At your very lowest prices.

Not over 60c per yard.

At from 25c to 30c.

At 25c or, limit 28c.

At 5% off your list.

At 15c, unless you can do better.

Exact to enclosed pattern, which costs us 30c for small lots, but we expect you to do better than this figure.

Goods to be exactly as quality previously supplied.

Goods exact (exactly) to our pattern enclosed, in quality, design, and finish.

Goods of perfect quality, without flaws, (blemishes), in choice qualities and new designs.

In the newest styles and colorings.

We request you to put this order in work immediately, and to advise us a few days before its completion, so that we may send you shipping instructions in good time.

We enclose with this order a shipping form on which please enter the dates on which you can deliver each lot; we ask your special attention to this.

How long do you require for delivery? Please inform us at once.

**We Are in Want of—We Require.** We need; we are open for; we have an opening for; we want a line to cost not more than 50c.

We want a specially good value article at not more than \$2.50 per gross.

We require another quality (grade) half way between your 12c and 19c, and of equally good value, to complete our range for the season.

**Our Requirements** in these goods, our demands, our wants, our turnover, our sales of, consumption of, orders in, needs of, calls for.

1. *Are only small*, very small, only trifling, inconsiderable, greatly diminishing; irregular; negligible.

2. *Are continuous*, steady, gradually increasing, steadily growing, becoming more important each year, improving.

3. *Are very large*, very considerable, growing rapidly, important, enormous.

We only require the small quantity named, to complete our assortment, please oblige us by supplying these, as an exception.

As this article sells very slowly with us, we regret that we are not able to take the minimum quantity you usually require; please oblige us by supplying the small quantity stated, or obtain it for us from one of your customers.

Our turnover in this article is rapidly increasing; we therefore ask you to invoice this lot at your very lowest prices, to encourage us to push your make.

Our consumption of this quality is very large, and if you can supply us on satisfactory terms we are prepared to place a contract, on condition that you hold stocks always ready for immediate delivery to us.

We do an enormous mail order business and can only take up your goods provided you are in a position to deliver large quantities promptly from stock.

We will take 1,000 pieces for delivery as we require, between March and June.

You may book 1,000 gross, for delivery from stock, as required, August to November.

We take 1,000 pieces firm, details of colorings will be sent you end December, goods to be delivered Feb. 15th.

We take 10,000 firm, to be delivered in weekly lots of from 1,000 to 2,000, as we request.

### Asking Buying Prices from Buying Agent

Have you bought yet for our order of the 9th inst? Has our order of the 9th inst. been filled, and at what price; wire (télégraph), if not already reported by letter.

Please write us by return, stating at what price you can buy ex-quay Marseilles (Marseille).

Wire lowest price at which you can buy repeat of Ceylon tea, quality as last, f. o. b. New York.

Cable (télégraph) finest prices at which you can repeat order 681, free on board London, with freight and insurance, by steamer.

### Conditions of Payment

C. O. D. (cash on delivery). C. W. O. (cash with order). C. B. D. (cash before delivery). G. A. P. (goods against payment). D. A. P. (delivery against payment).

Prompt cash. Cash against invoice.

Half with order; half on advice of completion.

Payment by bank draft before delivery.

Payment in cash against documents (against Mate's receipt or bill of lading).

Payment immediately on receipt of goods.

Delivery of documents against accepted draft.

Usual conditions of payment; conditions as before.

Usual trade terms and discounts.

Payment end of month when billed (E. O. M.).

Payment by sight draft.

Payment by 30 days' sight draft.

Payment by 60 days' bank acceptance.

Payment by trade acceptance at one month

Payment by approved bills on London.

Payable net at 2 months, or 2½% discount prompt, or 1% 30 days.

Payable net without discount, or plus 1% interest @ 60 days.

Payable within one month, for purchases up to 20th of each month.

All goods sold up to 20th will be dated for Spring Season, at 3 months' net terms.

All accounts must be paid within 10 days after the close of each month.

One month's credit is allowed for purchases up to 20th of each month.

Cash with order, and where remittances are made by check (cheque) the goods cannot be dispatched until check has been cleared. For this reason clients are recommended to send postal or money orders, or bank drafts, when goods are urgently wanted.

New clients are requested to remit with order, or to furnish two trade references to firms in our town.

All goods are to be paid for in New York or Chicago exchange, before shipment.

### Giving Security for Payment—Agents' and Brokers' reports.

The maker requires deposit of 20% with order; please instruct us.

Smith's decline to fill order without 25% cash, balance against Mate's receipt.

Maker will not accept until order covered by confirmed banker's credit in New York.

Contract cannot be placed until bank credit for £2,000 (\$10,000) opened by you in London.

Maker of machinery requires half with order, balance on completion; can you arrange bank credit here to cover?

In the present state of the market it is impossible to place your orders without a margin, ("margin" here means discretion as to paying more).

How much margin (cash deposit) do you require to enable you to hold the property?

We cannot send more margin (cash); dispose of the property on best possible terms.

The margin (cash deposit) on your purchase of U. S. Steel Stocks is only 10%; as these stocks are rapidly moving downwards please send us 10% further margin, or we shall be compelled to close out your purchase.

## CHAPTER 50.—GRADES AND MEASURES OF GOODS.

Words, phrases, and abbreviations used for descriptions.

Explanations of the weights and measures used in commerce in the U. S., Gt. Britain, Canada, Australia, and in all other countries.

The Metric System explained.

### Quality.

Bad; imperfect; unsuitable; inferior; unsatisfactory; unsalable.

Ordinary; low; common, cheap, got up for appearance, low grade, auction qualities.

Opening lines; introductory lines; cut lines .....

Medium qualities; good medium; good selling grades; middling, fair quality.

Best qualities, superior, perfect, excellent, finest, high class, guaranteed perfect, first class A-1 grade, all perfect goods; extra fine, without faults, very fine qualities, selected, superfine; exquisite.

According to quality sample; qualities suitable for making—; good quality and latest novelties; the newest qualities and designs; quality up to sample, equal to—; quality equal to our sample.

No portion of this order must be below the qualities of our samples.

Lots averaging under and over will not be accepted.

The last lot was slightly under the average, this we cannot accept for future deliveries.

The goods must be in all respects fully equal to our samples, inferior goods will be rejected.

Send good selection in best quality, (or second, 3rd, medium, good, ordinary, usual, serviceable, lightest qualities or grades.)

Send guaranteed grades (qualities) only.

Or nearest quality lower; next better quality; quality half-way between those previously supplied.

We do not limit you to this exact price if better value can be obtained at slightly more.

If you cannot obtain all wool at this price substitute union (mixture of wool and cotton).

It is important that you should insist on all wool goods, and virgin wool, not shoddy.

Of quality guaranteed to contain 60% of animal fat.

Dealers insist on the condition that any lots falling below the average will be allowed for on independent valuation but no lots are to be thrown on their hands for slight inferiority.

The grade (quality) of the last shipment was very unsatisfactory (only middling, only medium, very bad.)

### Abbreviations used for Materials, Clothing, Textiles, etc.

*A. c.*, all colors; *Am.* or *Amern.*, American; *asstd.*, assorted; *a. w.*, all wool.

*B.* or *blk.*, black; *b.* and *c.*, black and colors; *bd.*, bound or broad; *Bfd.*, Bradford; *bkfd.* or *B'fd.*, bookfold; *blea.*, bleached;  $\frac{1}{2}$  *blea.*, half bleached, scoured; *blks.*, blankets; *bordd.*, bordered; *bro.*, brown; *b'stead.*, bedstead; *butts.*, buttons; *bx'd.*, boxed.

*C.*, cream; *cal.*, calico; *can.*, canvas; *card.*, cardinal; *cen.*, centre; *chk.*, check; *chlns.*, children's; *circr.*, circular; *clo.*, cloth; *col.*, colonial; *cold.*, colored; *colls.*, collars; *cols.* colors; *coml.*, commercial; *cot.* or *cott.*, cotton; *covs.*, covers; *cpt.*, carpet; *crets.*, cretonnes; *crim.*, crimson; *curts.*, curtains; *c. wp.*, cotton warp.

*D. B.*, double-breasted; *dbl. wp.* or *dwp.*, double warp; *diag.*, diagonal; *dim.*, dimity; *dk.*, dark; *dom.*, domestic; *drwg.*, drawing.

*Egyptn.*, Egyptian; *embd.*, embroidered or embossed; *enamd.*, enamelled; *Eng.*, English; *excl.*, exclusive.

*Fam.*, family; *Fch.*, French; *fcies.*, fancies; *fcy.*, fancy; *fgd.*, figured *fin.*, finish; *finng.*, fingering; *flanette* flannelette; *fre.*, furniture; *frgd.*, fringed.

*Gd.*, good, grand, or ground; *gds.*, goods; *g. gr.*, great gross (12 doz.); *gy.*, grey.

*H/bone*, herringbone; *h/comb*, honeycomb; *hdkf.*, handkerchief; *h'hld.*, household; *holl.* or *hd.*, holland; *hk.*, hank; *hmd.*, hemmed; *huck.*, huckaback; *hy.*, heavy.

*Illust.*, illustrated; *imit.*, imitation; *impl.*, imperial; *Ir.*, Irish; *Ital.*, Italian.

*Jac.*, jaconette; *jkt.*, jacket.

*Ktd.*, knotted, knitted.

*L'cloths.*, Longcloths; *Lester.*, Leicester; *lge.*, large; *lim.*, limit, not to exceed; *lin.* linen; *lings.*, linings; *lt.*, light.

*Mach.*, machine; *machy.*, machinery; *mad.* or *mdpm.*, madapolam; *matt.*, mattress; *mdsc.*, merchandise; *med.*, medium; *met.*, metal or metallic; *mid.*, middle; *milly.*, millinery; *mks.*, marks; *moh.*, mohair; *mus.*, muslin.

*N. & B.*, navy and black; *nat.*, natural (fawn); *novies.*, novelties; *n'sook.*, nainsook; *Ny.*, navy.

*O/coat.*, overcoat; *or.*, about (3c. or=about 3c.); *ordy.*, ordinary; *origl.*, original; *O. S.*, out sizes (large sizes); *oxfds.*, oxfords.

*Pat.*, patent; *pat.*, pattern; *pce.* or *ps.*, piece; *P. D.*, piece dyed; *pkg.*, packing; *pkgc.*, package; *pktg.*, pocketing; *pprs.*, papers; *pol.*, polished; *pr.*, per, pair or price; *prtd.*, printed; *ptd.*, painted or printed.

*Qlt.*, quilt; *qty.*, quantity; *qual.*, quality.

*R & p.*, reed and pick; *R/c.*, recharge; *rd.* or *regd.*, registered; *r. h.*, right handed; *rib'd.*, ribbed; *R/M.*, ready-made; *Rx.*, Roubaix.

*S.*, small; *sat.*, satin (silk) *satt.*, satteen (cotton or wool); *scd.*, scoured; *scf.*, scarf; *sclt.*, scarlet; *sec.* or *seeds.*, seconds; *Sco.*, Scotch; *sing.* or *sgl.*, single; *shrt.*, shirt; *shrtg.*, shirting; *sht.*, sheet; *shtg.* or *slng.*, sheeting; *Sil.*, Silesia; *sing. wth.*, single width; *skt.*, skirt; *Span.*, Spanish; *spcl.*, special; *spec.*, speculation; *spl.*, split; *std.*, standard; *stk.*, stock; *sth.*, stripe; *sub.*, subject or substitute; *sup.*, super. or superior; *S. W.*, small women's size; *S. B.*, single breasted.

*T.* or *t.*, tare, twist, tons; *tale quale*, just as they are; *tapy.*, tapestry; *T'cloths.*, grey calico, or tablecloths; *thd.*, thread; *thy.*, turkey; *trmgs.*, trimmings; *trsr.*, trousers; *trvg.*, travelling; *tw.*, twill, degrees Twaddel; *t. w.*, twist way (yarn).

*U/clo.*, underclothing; *umb.*, umbrella; *unn.*, union; *U/vest.*, undervest; *var.* various; *veg.*, vegetable; *vel.* or *v'vet.*, velvet (silk); *V'teen.*, velveteen (cotton).

*W.*, White; *wcy.*, wincey; *wid.* or *wdth.*, width; *wf.*, weft (or wharf); *wht.*, white; *wl.*, wool; *Woms.*, or *W.*, women's; *wp.*, warp; *w. proof.*, waterproof; *wrot.*, wrought (iron); *wstd.*, worsted; *w/w.*, weft way (twist of yarn).

*X'over.*, crossover; *Y. D.*, yarn dyed; *yd.*, yard; *Zeph.*, zephyrs;  $4/4$ , four quarters, 1 yd. wide;  $6/4$ , six quarters,  $1\frac{1}{2}$  yds.;  $2/3$ , from 2 to 3.

**Abbreviations used in orders and for descriptions of goods and materials**

*a.*, air; *aut.*, automatic; *a. g. b.*, any good brand; *abt.*, about; *agrl.*, agricultural; *A-I*, first class; *Am.* or *Amerm.*, American; *art.*, article; *assmt.*, assortment; *assid.*, assorted; *Austn.*, Austrian, Australian; *avge.*, average.

*B.*, bale, bag; *bbl.*, barrel; *bdl.*, bundle; *betw.*, between; *Bgham.*, Birmingham; *B. W. G.*, Birmingham wire gauge; *B. H. P.*, Brake horse power; *bott.*, bottle; *Brit.*, British; *B. T. U.*, British thermal unit; *bu.*, bushel; *bx.*, box, boxes.

*C/125*, case no. 125; *c.*, cent, centime, cask, cubic; *cc. c/m.*, cubic centimeters; *ca.*, circa (about); *Can.*, Canadian; *c. i.*, cast iron; *cl.*, class; *cmes.*, centimes; *col.*, colonial, colored; *colln.*, collection; *contg.*, containing; *cque.*, contremarque (reference number); *c. s.*, colliery screened coal; *cott.*, cotton; *ct.*, current or count; *cub.*, cubic.

*Dbl.*, double; *deg.*, degree; *descbd.*, described; *diam.*, diameter; *dk.*, dark, deck; *dozs.*, dozens; *dwg.*, drawing; *dyg.*, dyeing; *dy.*, penny (10 dy. nails); *dyn.*, dynamo.

*Ea.*, each; *el.*, electric; *e. m.*, electric motor; *encl.*, enclosed; *encl.*, enclosure; *Eng.*, English, engineer-ing; *eq.*, equal, equivalent; *excl.*, exclusive; *exd.*, examined, explained; *exp.*, express.

*F. a. q.*, fair average quality; *Fch.* or *Fr.*, French; *fcy.*, foolscap (size of paper); *fcy.*, fancy; *fm.*, finish; *Fr.*, French, France, francs; *ft.*, foot, feet, freight.

*G.*, gallon, gauge; *gd.*, good, ground, grand; *gds.*, goods (merchandise); *genl.*, general; *Ger.*, German; *G'gow.*, Glasgow; *gl.*, gill; *g. m. b.*, good merchantable brand; *g. m. q.*, good merchantable quality; *g. o. b.*, good ordinary brand; *g. t. c.*, good till cancelled; *gy.*, grey, gray (cotton) greasy (wool).

*Hf.*, half; *h. p.*, horse power; *hydr.*, hydraulic.

*I. H. P.*, indicated horse power; *illust.*, illustration, illustrated; *inter.*, intermediate, interior; *ital.*, Italian, italics.

*K.*, *kg.*, *kilo.*, kilogramme.

*L.*, angle iron or steel; *l.*, litre; *lb.*, pound in weight; *Ldn.*, London; *lge.*, large; *l. h.*, left hand-ed; *l. s.*, left side; *lt.*, light; *l. t.*, long ton (2240 lbs.).

*M.*, thousand-s; *m.*, metre; *mkg.*, making; *machy.*, machinery; *max.*, maximum; *M/chr.*, Manchester; *mdse.*, *m/se.*, merchandise; *memo.*, memorandum; *met.*, metal, metallic metre; *mfr.*, manufacture-r; *med.*, medium, medical; *mid.*, middle, middling; *min.*, minimum, minute; *mks.*, marks; *mkt.*, market; *M. M.*, Messrs.; *M. M.*, Mercantile Marine; *M. M. A.*, Merchandise Marks Act; *mm.*, millimetres; *M. O. D.*, mail order department; *m/se.*, merchandise; *m/u.*, making up.

*N. c.*, new crop; *n. g.*, no good; *Ngham.*, Nottingham; *N. S.*, new styles, new series; *n. t.*, new terms, net tons.

*O/c.*, overcharge, old crop; *o. p.*, out of print, over proof; *O. R. O. G.*, on receipt of goods; *ordy.*, ordinary; *origl.*, original; *o. s.*, out of stock, outstanding, old style; *ovo.*, 8 *vo.*, octavo, in eight; *oz.*, ounce.

*P.*, per, page, pro; *P. A.*, purchasing agent; *partrs.*, particulars; *pat.*, patent or patron, (French for pattern); *pat.*, pattern; *pce.* (*pcs.*), piece, pieces; *Pchsg. Agt.*, purchasing agent; *pcl.*, parcel; *pk.*, pick, peck, pack; *pkg.*, packing, picking; *pneu.*, pneumatic; *pol.*, polished; *pp.*, pages; *p. p.*, per piece; *pr.*, per, price, pair; *prem.*, premium; *prog. no.*, progressive number; *provns.*, provisions; *ptd.*, printed, posted.

*Qr.*, quarter, quire; *qt.*, quart; *qts.*, *4to.*, quarto, in four; *qty.*, quantity; *qual.*, quality.

*R.* and *p.*, reed and pick; *R/c.*, recharge-r; *Rd.*, *Regd.*, registered, regulated; *ref.*, *refce.*, reference; *R. F. D.*, rural free delivery of mail; *ret'd.*, returned; *r. h.*, right hand-ed; *rlwy.*, railway; *rm.*, ream; *r. o. p.*, run of paper (printing), return of post; *rotm.*, rotation; *R. P.*, reply paid, return post; *R.R.*, railroad; *rt.*, rate, right, root; *rtms.*, *rets.*, returns.

*S.*, sellers, South, Stock, steamship, small, single; *s. a.*, subject to approval; *s. a. p.*, soon as possible; *sch.*, schedule; *sec.*, seconds, section, secretary, security; *s. f.*, self feeding; *s. g. d. g.*, sans garanti du gouvernement, without government guarantee, mark on French patented articles; *shd.*, shade of color; *shpmt.*, shipment; *Sil.*, Silver; *sk.*, sack; *spec.*, *spl.*, special; *Span.*, Spanish; *sp. gr.*, specific gravity; *sq.*, square; *std.*, stated, standard, stored; *s. t.*, short ton (2,000 lbs.); *Staffs.*, Staffordshire; *staty.*, stationery; *std.*, standard; *stg.*, sterling, strong; *stk.*, stock; *stpd.*, stamped, striped; *sup.*, super, superior.

*T.* or *t.*, tare, tons, twist (warp); *t. c.*, till countermanded or canceled; *tcs.*, tierces; *t. q.*, tale quale, just as it is; *Tw.*, degree Twaddel; *typ.*, typography (printing).

*U/cls.*, underclothing; *un.*, union; *u. p.*, under proof; *u/w.*, underwear.

*Val.*, value, valuation; *var.*, various, variety, *via*, by way of; *vol.*, volume.

*W.*, water, warp, watts; *w. b.*, waybill; *wf.*, weft, wharf; *W. G.*, wire gauge, Whitworth gauge; *wht.*, white; *wl.*, wool; *w. o. g.*, with other goods; *wp.*, warp; *w'proof*, waterproof; *wrot.*, wrought iron or steel; *wt.*, weight or wrought; *w/w.*, warehouse warrant, weft way (twist of yarn).

*Xtra.*, extra; *xtrdy.*, extraordinary.

*Yd.*, yard; *yr.*, year.

*Z.*, zinc or zone.

**#**, in U. S. means number, in Gt. Britain means bales or cases.

### Abbreviations--Weights and Measures

*A.* or *a.*, acre, acreage, air; *amp.*, amperes; *av.*, avoirdupois.

*B.* or *b.*, bale or bag; *bbl.*, barrel; *bdl.*, bundle; *bott.*, bottle; *bu.* or *bush.*, bushel; *bx.*, box.

*C.*, 100; *c.*, cent, cubic, or centime; *cc.* cubic centimetre *ca.*, about; *cbm.*, cubic metre; *Cent.* or *C.*, Centigrade; *C. G. S.*, centimetre-gramme system; *chm.*, chain; *chd.*, chaldron; *cir.*, circular, circumference; *ck.* or *c.*, cask; *c. m.*, common metre or measure; *cm.*, *c/m.*, or *c/mets.*, centimetres; *cmes.*, centimes; *cmm.*, cubic-millimetres; *c. p.*, candle power; *cub.* or *c.*, cubic; *cwt.*, hundredweight, 100 lb. in U. S. & Canada, 112 lbs. in Gt. Britain, Australia, New Zealand & South Africa.

*Deg.* or  $^{\circ}$ , degree; *dbl.*, double; *diam.*, diameter; *dols.* or  $\$$ , dollars; *doz.*, dozen; *dr.*, dram; *dwt.*, pennyweight.

*Ea.*, each; *eq.*, equal; *equivt.*, equivalent.

*F.* or *Fahr.*, Fahrenheit; *f. fr.* or *fc.*, franc; *fo.*, folio; *ft.*, foot, feet; *fthm.*, *f.*, fathom; *fur.*, furlong.

*G.* or *gr.*, gramme; *gal.*, gallon; *gl.*, gill; *gr.*, grain or gross; *gro. wt.*, gross weight; *gt. gr.*, great gross.

*Hectog.* or *hg.*, hectogramme; *hectom.* or *hm.*, hectometre; *hf.*, half; *hgd.*, hogshhead; *hl.*, hectolitre.

*I. M.*, imperial measure; *ins.*, inches.

*K.*, *Kg.*, *Kilo.*, or *Kilog.*, Kilogramme; *Kilom.*, or *Km.*, Kilometre; *Kil.*, Kilderkin.

*L.*, litre; *lb.* or *lb. av.*, pound, avoirdupois; *lb. t.*, pound troy.

*M.*, metre, mile, month, or meridian; *M.* or *em.*, per 1,000; *met.*, metallic or metal; *mg.*, milligramme; *mm.*, millimetre.

*Nil.*, nothing, none.

*%*, per 100, per cent; *o/oo*, per 1,000; *°*, degree; *oz.*, ounce.

*P.*, peso, perches, per; *pce.* or *p.*, piece; *po.*, pole; *pt.*, pint.

*Qr.*, quarter; *q. s.*, quantum sufficit, enough; *qt.*, quart.

*R.*, rood; *R.* or *Re.*, Réamur; *rm.*, ream.

*Sq.*, square; (*sq. ft.*, square feet); *st.*, stone (14 lbs.), steamship.

*T.* or *t.*, tons or metric tons; *tcs.*, tierccs; *tonn.*, tonnage; *Tw.*, degrees Twaddell.

*V.*, volt; *Wt.*, weight or wrought (iron and steel); *X.*, ten; *Yd.*, yard; *2' 2"*, 2 ft. 2 inches; *2te.*, in duplicate; *3te.*, in triplicate; *4to.*, quarter, in four; *8vo.*, octavo, in eight; *12mo.*, duodecimo, in twelve; *6/4*, six-quarter, 1½ yards; *#*, in U. S. means number; in Gt. Britain, means bale or job lot of imperfect goods.

## THE METRIC SYSTEM

(Prepared for the U. S. Government by the Bureau of Standards, Department of Commerce.)

It is permitted, by law, to use the metric system in the U. S. and in Canada and Great Britain. All European countries, except Great Britain and Russia, use the metric system.

### Units of Weight and Measure

The fundamental unit of the metric system is the meter (mètre) the unit of length. From this the units of capacity (liter) (litre) and of weight (gram) (gramme) were derived. All other units are the decimal subdivisions or multiples of these. These three units are simply related, e. g., for all practical purposes 1 cubic decimeter equals 1 liter and 1 liter of weight weighs 1 kilogram (kilogramme). The metric tables are formed by combining the words "metre," "gramme," and "litre" with the six numerical prefixes, as in the following tables:

PREFIXES.	Meaning.		Units.	PREFIXES.	Meaning.		Units.
milli-	=one thousandth	.001	"metre" for length	deka-	=ten	10	
centi-	=one hundredth	.01		hecto-	=one hundred	100	
deci-	=one-tenth	.1	"gramme" for weight or mass.	kilo-	=one thousand	1000	"litre" for capacity.
Unit	= one	1.					

All lengths, areas, and cubic measures in the following tables are derived from the international meter, the legal equivalent being 1 meter = 39.37 inches (law of July 28, 1866). In 1893 the United States office of Standard Weights and Measures was authorized to derive the yard from the meter, using for the purpose the relation legalized in 1866, 1 yard = 3600-3937 meter. The customary weights and likewise referred to the kilogram (Executive order approved April 5, 1893). This action fixed the values, inasmuch as the reference standards are as perfect and unalterable as it is possible for human skill to make them at this time. All capacities are based on the equivalent 1 liter equals 1.000027 cubic decimeters. The decimeter is equal to 3.937 inches in accordance with the legal equivalent of the meter given above. The gallon referred to in the tables is the United States gallon of 231 cubic inches. The bushel is the United States bushel of 2,150.42 cubic inches. These units must not be confused with the British units of the same name, which differ from those used in the United States. The British gallon is approximately 20 per cent larger and the British bushel 3 per cent larger than the corresponding units used in this country. The customary weights derived from the international kilogram are based on the value 1 avoirdupois pound = 453.5924277 grams. The value of the troy pound is based upon the relation just mentioned and also the equivalent 5760-7000 avoirdupois pounds equal 1 troy pound.

## Definitions of Units

## LENGTH.

**Fundamental Units**—A meter (m) is a unit of length equivalent to the distance between the defining lines on the international prototype meter at the International Bureau of Weights and Measures when this standard is at the temperature of melting ice ( $0^{\circ}$  C).

A yard (yd) is a unit of length equivalent to 3600-3937 of a meter; 1 meter (mètre) equals 39.37 inches. For rough calculations, a mètre may be reckoned as 40 inches; 1 inch would be  $2\frac{3}{4}$  centimetres.

**Multiples and submultiples:**

1 kilometer = 1000 meters.  
 1 hectometer = 100 meters.  
 1 dekameter = 10 meters.  
 1 decimeter = 0.1 meter.  
 1 centimeter = 0.01 meter.  
 1 millimeter = 0.001 meter = 0.1 centimeter.  
 1 micron = 0.000001 meter = 0.001 millimeter.  
 1 millimicron = 0.000 000 001 meter = 0.001 micron  
 1 foot = 1-3 yard = 1200-3937 meter.  
 1 inch = 1-36 yard = 1-12 foot = 100-3937 meter.  
 1 link = 0.22 yard = 7.92 inches.  
 1 rod =  $5\frac{1}{4}$  yards =  $16\frac{1}{4}$  feet.

1 chain = 22 yards = 100 links = 66 feet = 4 rods.  
 1 furlong = 220 yards = 40 rods = 10 chains.  
 1 statute mile = 1760 yards = 5280 feet = 320 rods.  
 1 hand = 4 inches.  
 1 point = 1-72 inch.  
 1 mil = 0.001 inch.  
 1 fathom = 6 feet.  
 1 span = 9 inches = 1-8 fathom.  
 1 nautical mile } United States = 6080.20 feet.  
 1 sea mile } = 1.151 553 statute miles.  
 1 geographical mile } = 1853.249 meters.

## AREA.

**Fundamental Units:**

A square meter is a unit of area equivalent to the area of a square the sides of which are 1 meter.

A square yard is a unit of area equivalent to the area of a square the sides of which are 1 yard.

**Multiples and Submultiples:**

1 square kilometer = 1,000,000 square meters.  
 1 hectare or square hectometer = 10,000 square meters.  
 1 are or square dekameter = 100 square meters.  
 1 centare = 1 square meter.  
 1 square decimeter = 0.01 square meter.  
 1 square centimeter = 0.0001 square meter.

1 square millimeter = 0.000 001 square meter = 0.01 square centimeter.  
 1 square foot = 1-9 square yard.  
 1 square inch = 1-1296 square yard = 1-144 square foot.  
 1 square link = 0.0484 square yard = 62.7264 square inches.  
 1 square rod = 30.25 square yards = 272.25 square feet = 625 square links.  
 1 square chain = 484 square yards = 16 square rods = 100,000 square links.  
 1 acre = 4840 square yards = 160 square rods = 10 square chains.  
 1 square mile = 3,097,600 square yards = 640 acres.

## VOLUME.

**Fundamental Units:**

A cubic meter is a unit of volume equivalent to a cube the edges of which are 1 meter.

A cubic yard is a unit of volume equivalent to a cube the edges of which are 1 yard.

**Multiples and Submultiples:**

1 cubic kilometer = 1,000,000,000 cubic meters.  
 1 cubic hectometer = 1,000,000 cubic meters.  
 1 cubic dekameter = 1000 cubic meters.  
 1 stere = 1 cubic meter.

1 cubic decimeter = 0.001 cubic meter.  
 1 cubic centimeter = 0.000001 cubic meter = 0.001 cubic decimeter.  
 1 cubic millimeter = 0.000000001 cubic meter = 0.001 cubic centimeter.  
 1 cubic foot = 1-27 cubic yard.  
 1 cubic inch = 1-46656 cubic yard = 1-1728 cubic foot.  
 1 board foot = 144 cubic inches = 1-12 cubic foot.  
 1 cord = 128 cubic feet.

## CAPACITY.

**Fundamental Units:**

A liter is a unit of capacity equivalent to the volume occupied by the mass of 1 kilogram of pure water at its maximum density (at a temperature of  $4^{\circ}$  C, practically) and under the standard atmospheric pressure (of 760 mm). It is equivalent in volume to 1.000027 cubic decimeters.

A gallon is a unit of capacity equivalent to the volume of 231 cubic inches. It is used for the measurement of liquid commodities only.

A bushel is a unit of capacity equivalent to the volume of 2150.42 cubic inches. It is used in the measurement of dry commodities only.

The above bushel is the so-called stricken or struck bushel. Many dry commodities are sold by heaped bushel, which is generally specified in the State laws to be the usual stricken bushel measure "duly heaped in the form of a cone as high as the article will admit" or "heaped as high as may be without special effort or design." The heaped bushel was originally intended to be 25 per cent greater than the stricken bushel.

**Multiples and Submultiples:**

1 hectoliter = 100 liters.

1 dekaliter = 10 liters.  
 1 deciliter = 0.1 liter.  
 1 centiliter = 0.01 liter.  
 1 milliliter = 0.001 liter = 1.000027 cubic centimeters.  
 1 liquid quart = 1-4 gallon = 57.75 cubic inches.  
 1 liquid pint = 1-8 gallon = 1-2 liquid quart = 28.875 cubic inches.  
 1 gill = 1-32 gallon = 1-4 liquid pint = 7.21875 cubic inches.  
 1 fluid ounce = 1-128 gallon = 1-16 liquid pint.  
 1 fluid dram = 1-8 fluid ounce = 1-128 liquid pint.  
 1 minim = 1-60 fluid dram = 1-480 fluid ounce.  
 1 firkin = 9 gallons.  
 1 peck = 1-4 bushel = 537.605 cubic inches.  
 1 dry quart = 1-32 bushel = 1-8 peck = 67.200625 cubic inches.  
 1 dry pint = 1-64 bushel = 1-2 dry quart = 33.6003125 cubic inches.  
 1 barrel (for fruit, vegetables and other dry commodities) = 7056 cubic inches = 105 dry quarts.

The barrel capacity was fixed by United States statute, approved March 4, 1915.

## MASS.

**Fundamental Units:**

A kilogram is a unit of mass equivalent to the mass of the international prototype kilogram at the International Bureau of Weights and Measures.

An avoirdupois pound is a unit of mass equivalent to 0.4535924277 kilogram.

A gram is a unit of mass equivalent to one-thousandth of the mass of the international prototype kilogram at the International Bureau of Weights and Measures.

A troy pound is a unit of mass equivalent to 5760-7000 of that of the avoirdupois pound.

**Multiples and Submultiples:**

- 1 metric ton = 1000 kilograms.
- 1 hectogram = 100 grams = 0.1 kilogram.
- 1 dekagram = 10 grams = 0.01 kilogram.
- 1 decigram = 0.1 gram.
- 1 centigram = 0.01 gram.
- 1 milligram = 0.001 gram.

1 avoirdupois ounce = 1-16 avoirdupois pound.  
1 avoirdupois dram = 1-256 avoirdupois pound = 1-16 avoirdupois ounce.

1 gram = 1-700 avoirdupois pound = 10-4375 avoirdupois ounce = 1-5760 troy pound.

1 apothecaries' pound = 1 troy pound = 5760-7000 avoirdupois pound.

1 apothecaries' or troy ounce = 1-12 troy pound = 480-7000 avoirdupois pound = 480 grains.

1 apothecaries' dram = 1-96 apothecaries' pound = 1-8 apothecaries' ounce = 60 grains.

1 pennyweight = 1-20 troy ounce = 24 grains.

1 apothecaries' scruple = 1-3 apothecaries' dram = 20 grains.

1 metric carat = 200 milligrams = 0.2 gram.

1 short hundredweight = 100 avoirdupois pounds.

1 long hundredweight = 112 avoirdupois pounds.

1 short ton = 2000 avoirdupois pounds.

1 long ton = 2240 avoirdupois pounds.

## STANDARDS FOR MEASUREMENT.

Units of measurement should be distinguished from standards for measurement, particularly in the case of length and capacity. Units of length are fixed distances, independent of any other consideration, while length standards are affected by the expansion and contraction with changes of temperature of the material of which the standard may be composed. It is therefore necessary to fix upon some temperature at which the distance between the defining lines or end surfaces of the standards shall be equal to the unit. The same is true of standards of capacity, which at some definite temperature contain a given number of units of volume. The temperature at which metric length standards are customarily made correct is 0° C, although 20° C is also used for steel tapes and some other standards intended for use at room or average outdoor temperatures. The temperature at which standards of length of the customary systems are made correct is 62° F.

For measurement of high precision it is also necessary to specify the manner of support of the standards, whether at certain points only or throughout their entire length, and in the case of tapes it is also necessary to give the tension applied to the tape when in use. In the United States the capacity standards, both metric and customary, are made to hold the specified volumes at 4° C. Standards of capacity are usually made of brass so the capacity at any other temperature may be computed by the use of the coefficient of cubical expansion, usually assumed to be 0.00054 per degree centigrade. In the purchase and sale of liquids a more important consideration than the temperature of the measures is the temperature of the liquid when measured, for the reason that the large coefficient of expansion of many liquids makes the actual mass of a given volume delivered vary considerably with temperature. For this reason, the custom of buying and selling liquids by weight instead of by measure is recommended. It is further recommended that, when liquids are sold by volume, 68° F or 20° C be adopted as the standard temperature of the liquid.

While the temperature of a weight does not affect its mass, it is nevertheless important that when two weights are compared in air they both be at the same temperature as the air. If there is a difference between the temperature of the air and the weights, convection currents will be set up and the readings of the balance will be thereby affected. Also, since weights are buoyed up by the surrounding air by amounts dependent upon their volumes, it is desirable that the weights of any set be of the same material. If two weights of the same density balance in air of a certain density they will balance in vacuo or in air of a different density. Brass is the material most widely used for standard weights, although platinum is quite commonly used for weights of 1 gram or less. In the absence of any knowledge as to the actual density of weights, those made of brass are assumed to have a density of 8.4 at 0° C, while those of platinum are assumed to have a density of 21.5 at 0° C.

## SPELLING AND ABBREVIATION OF UNITS.

The spelling of the names of units adopted by the National Bureau of Standards is that given in the list below. The spelling of the metric units is in accordance with that given in the law of July, 28, 1866, legalizing the metric system in the United States. Following the names of each unit in the list below is given the abbreviation which the Bureau has adopted. Attention is called to the following principles: 1. The period is omitted after the abbreviations of the metric units, while it is used after those of the customary system. 2. The exponents, "2" and "3," are used to signify area and volume, respectively in the case of the metric units instead of the longer prefixes "sq." or "cu." In conformity with this principle the abbreviation for cubic centimeter is "cm3," instead of "c. c." or "c. cm." The term "cubic centimeter," as used in chemical work is, in fact, a misnomer, since the unit actually used is the "milliliter," which has a slightly larger volume. 3. The use of the same abbreviation for both singular and plural is recommended. This practice is already established in expressing metric units and is in accordance with the spirit and chief purpose of abbreviations. 4. It is also suggested that, unless all the text is printed in capital letters, only small letters be used for abbreviations except in the case of A. for acre, where the use of the capital letter is general.

**U. S. Weights and Measures**

**Apothecaries' Weight:** 20 grains = 1 scruple; 3 scruples = 1 dram; 8 drams = 1 ounce; 12 ounces = 1 pound.  
**Avoirdupois Weight (short ton):** 27 11-32 grains = 1 dram; 16 drams = 1 ounce; 16 ounce = 1 pound; 25 pounds = 1 quarter; 4 quarters = 1 cwt.; 20 cwt. = 1 ton.  
**Avoirdupois Weight (long ton):** 27 11-32 grains = 1 dram; 16 drams = 1 ounce; 16 ounces = 1 pound; 112 pounds = 1 cwt.; 20 cwt. = 1 ton.  
**Troy Weight:** 24 grains = 1 pennyweight; 20 pennyweights = 1 ounce; 12 ounces = 1 pound.  
**Shipping Ton for Sea Cargo;** 2240 pounds.  
**Circular Measure:** 60 seconds = 1 minute; 60 minutes = 1 degree; 30 degrees = 1 sign; 12 signs = 1 circle of circumference.  
**Cubic Measure:** 1,728 cubic inches = 1 cubic foot; 27 cubic feet = 1 cubic yard.  
**Dry Measure:** 2 pints = 1 quart; 8 quarts = 1 peck; 4 pecks = 1 bushel.  
**Liquid Measure:** 4 gills = 1 pint; 2 pints = 1 quart; 4 quarts = 1 gallon; 31½ gallons = 1 barrel; 2 barrels = 1 hogshhead.  
**Long Measure:** 12 inches = 1 foot; 3 feet = 1 yard; 5½ yards = 1 rod or pole; 40 rods = 1 furlong; 8 furlongs = 1 statute mile (1,760 yards or 5,280 feet); 3 miles = 1 league.  
**Mariners' Measure:** 6 feet = 1 fathom; 120 fathoms = 1 cable length; 7½ cable lengths = 1 mile; 5,280 feet = 1 statute mile; 6,085 feet = 1 nautical mile.  
**Paper Measure:** 24 sheets = 1 quire; 20 quires = 1 ream (480 sheets); 2 reams = 1 bundle; 5 bundles = 1 bale.  
**Square Measure:** 144 square inches = 1 square foot; 9 square feet = 1 square yard; 30¼ square yards = 1 square rod or perch; 40 square rods = 1 rood; 4 roods = 1 acre; 640 acres = 1 square mile; 36 square miles (6 miles square) = 1 township.  
**Time Measure:** 60 seconds = 1 minute; 60 minutes = 1 hour; 24 hours = 1 day; 7 days = 1 week; 365 days = 1 year; 366 days = 1 leap year.

**British Weights and Measures**

THE British imperial bushel is about 3 per cent larger than the U. S. Standard bushel. The former contains 2219.36 cubic inches, and is defined as the volume of 80 pounds of pure water, at 62° F, when weighed against brass weights in air at a pressure of 30 inches of mercury; while the latter measure contains 2150.42 cubic inches. The English ton is 2,240 lbs. avoirdupois, the same as the long ton, or shipping ton, of the United States. The English hundredweight is 112 lbs. avoirdupois, the same as the long hundredweight of the United States. The English stone equals one-eighth hundredweight of 112 lbs., or 14 lbs. avoirdupois.

The Imperial gallon, the basis of the system of capacity, involves an error of about 1 part in 1,836; 10 lbs of water = 277.123 cubic inches.

NAMES.	Pounds of Water.	Cubic Inches.	Litres.	United States' Equivalents.
4 gills = 1 pint.....	1.25	34.66	0.56793	1.20032 liquid pints.
2 pints = 1 quart.....	2.5	69.32	1.13586	1.20032 " quarts.
2 quarts = 1 pottle.....	5	138.64	2.27173	2.40064 " "
2 pottles = 1 gallon.....	10	277.27	4.54346	1.20032 " gallons.
2 gallons = 1 peck.....	20	554.55	9.08692	1.03152 dry pecks.
4 pecks = 1 bushel.....	80	2219.36	36.34766	1.03152 " bushels.
4 bushels = 1 coomb.....	320	8872.77	145.39062	4.12606 " "
2 coombs = 1 quarter.....	640	17745.54	290.7813	8.2521 " "

A cubic foot of pure gold weighs 1,210 pounds; pure silver, 655 pounds; cast iron, 450 pounds; copper, 550 pounds; lead, 710 pounds; pure platinum, 1,220 pounds; tin, 456 pounds; aluminum, 163 pounds.

**Philippine Weights and Measures**

1 pulgada (12 linea)	= .927 inch.	1 libra (16 onzo)	= 1.0144 lb. av.
1 pie	= 11.125 inches.	1 arroba	= 25.360 lb. av.
1 vara	= 33.375 inches.	1 catty (16 tael)	= 1.394 lb. av.
1 gantah	= .8796 gallon.	1 pccul (100 catty)	= 139.482 lb. av.
1 caban	= 21.991 gallons.		

**Shipping Weight for Cargoes by Sea**

The U. S. Great Britain, Canada, and almost all countries except France, use the British ton of 2,240 pounds. France and a few other Latin nations, use the metric ton of 2204.6 pounds and the quintal of 220.46 pounds.

The freight on bulky goods is charged by measurement of the space occupied, 40 cubic feet being charged as one ton. Shipowners have the option of charging by weight or by measurement for packages carried; this option is shown by the abbreviation W/M, meaning weight or measurement.

**Knots and Miles**

THE American and the English Statute Mile is 5,280 feet, 1760 yards. The British Admiralty Knot or Nautical Mile is 6,080 feet. The Statute Knot is 6,082.66 feet, and is generally considered the standard. The number of feet in a statute knot is arrived at thus: The circumference of the earth is divided into 360 degrees, each degree containing 60 knots or (360x60), 21,600 knots to the circumference. 21,600 divided into 131,385,450—the number of feet in the earth's circumference—gives 6,082.66 feet—the length of a standard Sea Mile or Statute Knot.

1 knot	= 1.151 miles	4 knots	= 4.606 miles	20 knots	= 23.030 miles	600 feet	= 1 cable
2 knots	= 2.303 miles	5 knots	= 5.757 miles	25 knots	= 28.787 miles	10 cables	= 1 knot
3 knots	= 3.454 miles	10 knots	= 11.515 miles	6 feet	= 1 fathom		

## Foreign Weights and Measures

DENOMINATIONS	Where Used	American Equivalents	DENOMINATIONS	Where Used	American Equivalents
Almude	Portugal	4.422 gals.	Fanega (dry)	Central America	1.5745 bu.
Ardeb	Egypt	7.6007 bu.; and, at Cairo, it equals 4.02 Imp. bu., or 5.07 Winch'r bu.	"	Chile	2.575 bu.
Are	Metric	0.02471 acre	"	Cuba	1.590 bu.
Arabe	Paraguay	25 lbs.	"	Mexico	1.54728 bu.
Arshine or libra	Portugal	1.011 lbs.	"	Morocco	Strike fanega, 70 lbs.; full fanega, 118 lbs.
Arroba (dry)	Argentine Republic	25.3175 lbs.	Fanega (liquid)	Uruguay (double)	7.776 bu.
"	Brazil	32.38 lbs.	Feddan	Uruguay (single)	3.888 bu.
"	Cuba	25.3664 lbs.	Frail (raisins)	Venezuela	1.590 bu.
"	Portugal	32.38 lbs.	Frasco	Spain	16 gals.
"	Spain	25.36 lbs.	Frasila	Egypt	1.03 acres
"	Venezuela	25.4024 lbs.	Fuder	Spain	50 lbs.
Arroba (liquid)	Cuba, Spain, and Venezuela	4.263 gals.	Funt	Argentine Republic	2.5006 qts.
Arshine	Russia	28 in.	Garnice	Mexico	2.5 qts.
Arshine (sq.)	"	5.44 sq. ft.	Gram	Zanzibar	35 lbs.
Artel	Morocco	1.12 lbs.	Hectare	Luxemburg	264.17 gals.
Bari	Argentine Republic and Mexico	20.0787 gals.	Hectoliter: Dry	Russia	0.9028 lb.
Barrel	Malta (customs)	11.4 gals.	Liquid	Russian Poland	0.88 gal.
"	Spain (raisins)	100 lbs.	Joch	Metric	15.432 grains
Berkovets	Russia	361.12 lbs.	Ken	"	2.477 acres
Boll, or Bole	Scotland, Ireland	4 Winch'r bu.	Kilogram (kilo)	Austria Hungary	2.538 bu.
Bongkal	India	832 grains	Kilometer	"	26.417 gals.
Bouw	Sumatra	7.096 5 sq. meters	Klaffer	"	1.422 acres
Bu	Japan	0.1 inch	Koku	Japan	6 feet
Butt (wine)	Spain	140 gals.	Korree	Metric	2.2046 lbs.
Caffso	Malta	5.4 gals.	Kwamzme	Russia	0.621376 mile
Candy	India (Bombay)	529 lbs.	Last	Japan	216 cu. ft.
"	India (Madras)	500 lbs.	"	Russia	4.0620 Imp. bu.
Cantar	Egypt	99.05 lbs. av.	"	Russia	3.5 bu.
"	Morocco	113 lbs.	"	Japan	8.28 lbs.
"	Syria (Damascus)	575 lbs.	"	Belgium, Holland	85.134 bu.
"	Turkey	124.7036 lbs.	"	England (dry malt)	82.52 bu.
Cantaro (cantar)	Malta	175 lbs.	"	Germany	2 metric tons (4.480 lbs.)
Carga	Mexico, Salvador	300 lbs.	"	Prussia	112.29 bu.
Catty	China	1.333 1/4 lbs.; at treaty ports, 1.33 1/2 lbs.	League (land)	Russian Poland	11 1/8 bu.
"	Japan	1.31 lbs.	Li	Scotland, Ireland	10 quarters
"	Java, Siam, Malacca	1.35 lbs.	Libra (lb.)	Spain (salt)	4,760 lbs.
"	Sumatra	2.12 lbs.	"	Paraguay	4,033 acres
Centaro	Central America	4.2631 gals.	"	China	2,115 ft.
Centner	Bremen, Brunswick	117.5 lbs.	"	Argentine Republic	1.0127 lbs.
"	Darmstadt	110.24 lbs.	"	Central America	1.043 lbs.
"	Denmark, Norway	110.11 lbs.	"	Chile	1.014 lbs.
"	Nuremberg	112.43 lbs.	"	Cuba	1.0161 lbs.
"	Prussia	113.44 lbs.	"	Mexico	1.0146 lbs.
"	Sweden	93.7 lbs.	"	Peru	1.0143 lbs.
"	Vienna	123.5 lbs.	"	Portugal	1.011 lbs.
"	Zollverein	110.24 lbs.	"	Spain	1.0144 lbs.
"	Double or metric	220.46 lbs.	"	Uruguay	1.0143 lbs.
Chetvert	Russia	5.7748 bu.	"	Venezuela	1.0161 lbs.
Chih	China	14 inches	Litre	Metric	1.0567 quarts
Cho	Japan	2.4507 acres	Livre (lb.)	Greece	1.1 lbs.
Comb	England	4 bu.	"	Guiana	1.0791 lbs.
Coyan	Sarawak	3,008 lbs.	Load	England (timber)	Sq., 50 cu. ft.; unhewn, 140 cu. ft.; inch planks, 600 superficial ft.
"	Siam (Koyan)	2,667 lbs.	Manzana	Costa Rica	1.5/6 acres
Cuadra	Argentine Republic	4.2 acres	Marc	Nicaragua, Salvador	1.727 acres
"	Paraguay	78.0 yds	Maund	Bolivia	0.507 lb.
"	Paraguay (sq.)	8.077 sq. ft.	Meter	India	82 207 lbs.
"	Uruguay	Nearly 2 acres	Mil	Metric	39.37 inches
"	Metric	35.3 cu. ft.	Mil.	Denmark	4.68 miles
Cubic meter	"		Milla	Denmark (geographical)	4.61 miles
Cwt. (hundred-weight)	British	112 lbs.	"	Nicaragua and Honduras	1.1493 miles
"	United States and Canada	100 lbs.	Mna	Prussia	3,3069 lbs. av.
Cwt. (hundred-weight)	Russia	2,6097 acres	Morgen	Greece	0.63 acre
Desiatine	Spain	1,509 bu.	Ocque	Egypt	2.84 lbs. av.
Drachme	Greece	Half ounce	Oke	Greece	2.84 lbs.
"	"		"	Hungary	3.0817 lbs.

DENOMINATIONS	Where Used	American Equivalents	DENOMINATIONS	Where Used	American Equivalents
Oke.....	Turkey.....	2.82838 lbs.	Stone.....	British.....	14 lbs.
	Hungary and Wal-		Suerte.....	Uruguay.....	2,700 cuad. (see
	achia.....	2.5 pints			cuadra)
Pic.....	Egypt.....	21¼ inches	Sun.....	Japan.....	1.193 inches
Picul.....	Borneo and Celebes	135.64 lbs.	Tael.....	Cochin China.....	590.75 grs. (troy)
	China, Japan, and		Tan.....	Japan.....	0.25 acre
	Sumatra.....	133½ lbs.	Tchetvert.....	Russia.....	5.77 Imper. bu.,
	Java.....	135.1 lbs.			or 5.95 Win-
	Philippine Islands	137.9 lbs.	To.....	Japan.....	chester bu.
Pie.....	Argentine Republic	0.9478 foot	Ton (for bulky		2 pecks
	Spain.....	0.91407 foot	cargo).....	United States, Brit-	
Pik.....	Turkey.....	27.9 inches		ain, Canada.....	40 cu. ft.
Pood.....	Russia.....	36.112 lb..	Ton, weight....	United States and	
Pund (lb.).....	Denmark & Sweden	1.102 lbs.		Canada.....	2,000 lbs.
Qr. cwt. (general	Great Britain.....	28 lbs.	".....	Great Britain.....	2,240 lbs.
goods).....	London (coal).....	36 bu.	Metric ton.....	France.....	2,204.6 lbs.
Quarter (grain)	Argentine Republic	101.42 lbs.	Tonde (cereals).	Denmark.....	3,94783 Winch'r
".....	Brazil.....	130.06 lbs.			bu.
Quintal.....	Castile, Chile, Mex-		Tondeland.....	".....	1.36 acres
	ico and Peru.....	101.41 lbs.	Tonne métrique	France.....	2204.62 lbs. av.
	Greece.....	121.2 lbs.	Tsubo.....	Japan.....	6 ft. sq.
	Newfoundland (fish)	112 lbs.	Tsun.....	China.....	1.41 inches
	Paraguay.....	100 lbs.	Tunna.....	Sweden.....	4.5 bu.
	Syria.....	125 lbs.	Tunnland.....	".....	1.22 acres
	Metric.....	220.46 lbs.	Vara.....	Argentine Republic	34.1208 inches
Rottle.....	Palestine.....	6 lbs.		Central America.....	32.87 inches
	Syria.....	5¾ lbs.	".....	Chile and Peru.....	33.367 inches
Sack.....	England.....	4 bu.; of flour, it	".....	Cuba.....	33.384 inches
		is 480 lbs.	".....	Curacao.....	33.375 inches
Sagene.....	Russia.....	7 feet	".....	Mexico.....	33 inches
Salm.....	Malta.....	490 lbs.	".....	Paraguay.....	34 inches
Se.....	Japan.....	0.02451 acre	".....	Spain.....	0.914117 yd.
Seer.....	India.....	1 lb. 13 ozs.	Vedro.....	Venezuela.....	33.384 inches
Shaku.....	Japan.....	11.9305 inches	Vergees.....	Russia.....	2.707 gals.
Sho.....	".....	1.6 quarts	Verst.....	Isle of Jersey.....	71.1 sq. rods
Standard			Vlocka.....	Russia.....	0.663 mile
(Leningrad) ..	Lumber measure ..	165 cu. ft.	Wey.....	Russian Poland ..	41.98 acres
				Scotland, Ireland ..	5 quarters

For further information regarding various specifications for goods, see other chapters in this Part, or consult the index.

## CHAPTER 51.—WHOLESALE TRADE—ORDERS RECEIVED; RETURNS.

Handling orders for goods; filling the orders; fixing prices, treatment of unfilled orders; remains, omits, and substitutes. Acknowledging receipt of order, stating delivery date; giving reasons for delays; offering substitutes; asking time for making; stock goods; queries re-orders; returns. Order forms. Phrases, paragraphs and letters relating to orders.

### Handling Orders.

Methods of handling orders obviously vary among different firms. The outline of methods given in the following pages may, however, be considered representative of efficient practice in many wholesale fields.

**Orders Received Book.** To ensure that all the goods for each customer may be shipped at the same time, a method is adopted, in most large business houses, of booking what each client buys or orders by mail.

Each order received by mail is entered in an Order Book kept in the general office. This shows the name and address of the customer, the quantity of goods ordered from each department, and the shipping instructions.

The original order is sent to each of the departments in turn, so that they may enter the details of the order in their own order books.

The order is then returned to the office and filed for reference.

**Traveling Salesmen.** As most of these salesmen are paid partly by commission and partly by fixed salary, it is important to take note of what orders they obtain, so that the commission they earn may be placed to their credit.

The salesman's initials (or name) are written at the foot of the orders he sends and entered from it in the Order Book. The total value of the orders obtained by each salesman is drawn up at stated periods (usually monthly), his commission account being credited with the amount earned.

**Classing Customers.** In every trade there are different prices for different classes of customers. Those who buy large quantities and pay promptly, and who know the value of the goods, always obtain the lowest price, and may be called Class A. Those who buy only moderate quantities, and who take credit, will be charged the medium price, and may be called Class B. Customers who are only in a small way of business, and to whom the firm does **not** give credit, are charged full list price, on account of the extra trouble and expense in dealing with these small quantities, and also because they have not the same competition to meet as the larger customers. These customers may be called Class C, or "Cash" customers, because they have to pay cash at once, instead of being allowed credit.

**Price List.** Before the orders are sent to the departments to be copied, they are marked, by the credit manager or someone in authority, with these distinctive letters for the class, so that the price may be charged accordingly. Each department has a price list of its own goods. The highest price, usually written or printed in plain figures, is called the "list price." The lowest possible price (lower than the list price, of course) is marked in a secret sign, or in letters of the alphabet which take the place of figures. Class A would be charged the very lowest

price, Class B would be charged about half way between this and the list price, while Class C would be charged "full list" price.

**Packer.** Where there are several packers in the shipping room they are numbered, so that the porter may know to whom the goods are to be taken, from the department, in order to be packed.

**Checking Quantity Packed.** In order that none of the goods may be left out of the quantity packed, the packer books the quantity packed in each package, or case. Where possible it is advisable to supply a copy of the billing slip to the packer with the goods, so that he may check the quantity. He signs the billing slip to show that he has received all the goods named on it, and then sends the slip to the billing clerk.

**Remains.** Any goods not supplied when the bulk of the order is shipped are called "Remains," if they are to follow later.

**Omits.** If the goods cannot be supplied at all, either because they are sold out, or because the price at which they are ordered is too low and cannot be accepted, they are called "Omits," because they are omitted to be sent.

**Substitutes.** Any class of goods sent in the place of others, which cannot be supplied of the exact description ordered, are called "Substitutes" or "Subs."

**Exact.** If a customer in ordering goods wishes to have nothing but the exact kind ordered, he usually adds the words "Exact or Omit," or "No Subs."

**Or.** If he wishes to have the nearest article, if the exact description he orders is not obtainable, he writes after the description "Or nearest," or simply the word "Or." If, in the same way, he wishes for the nearest price, he writes, "or" after the price, thus; "7 cents or," meaning 7 cents or the nearest, either better or lower, meaning anything between 7 and 7½ cents or slightly over. Better is usually preferred.

Unless an order for goods forbids substitutes, the nearest article should always be sent, either from stock or after being "procured" from other dealers.

**Orders not Executed.** Another reason in favor of booking all orders and sales is so that none may be overlooked. Some firms find it pays them to employ men to do nothing else but hunt up any parts of orders which have not been executed, and to press for delivery from salesmen or the men who attend to the filling of orders.

**No Profit on Goods not Supplied.** There is no profit made on failing to supply goods, either by the merchant or the retailer, and if goods cannot be supplied when ordered, it is of no use asking for orders. You might as well give up business and tell your customers to order

from firms which can supply them. The moral of this is, always send the nearest article and write explaining that you have done so. The customer will usually return the goods unless you explain by letter.

But it is better for both of you to give him a chance of selling what you have in stock, if what he wants cannot be supplied.

### ACKNOWLEDGING RECEIPT OF ORDER.

Unless specially authorized to accept contracts firm, a traveling salesman has no power to bind his employer by accepting an order. His duty is to solicit orders and to send them to his employers, who alone should have power to accept or refuse them. In the case of a corporation doing business in other states, it is important that all orders should be taken subject to acceptance or rejection at the head office. Until an order has been either definitely accepted by the selling firm in writing, or the goods have been shipped, the order may be cancelled by the buyer or refused by the seller.

Where goods are ordered for later delivery, or for making, or where the question of credit to be allowed remains to be decided, orders are usually acknowledged by the seller sending to the buyer a post-card, or a partly printed form filled in.

In such cases the wording of the acknowledgment is important in deciding whether the order has been finally accepted or not. Courts of law have held that the following phrases were not acceptances of orders by the sellers and did not bind them to supply the goods ordered: (1) "Your order is at hand and will receive our prompt and careful attention"; (2) "Your order has gone forward to the mill for their attention". In both these cases the sellers were held to have had the right to afterwards refuse the orders.

When a buyer sends an order on his own order form, and states that the order is subject to the terms and conditions printed or written on that form, those terms and conditions are binding on the seller, unless he dissents from them in writing. But if the seller acknowledges the order on his own form, containing different terms and conditions, the buyer must decide on one of these three courses: (1) he may legally refuse to accept the seller's terms and conditions and write him cancelling the order, or (2) he may legally refuse to accept delivery on the seller's terms and conditions, or (3) he may accept delivery of the goods without making objection to the seller's terms and conditions; in this last case they are legally binding on him, instead of his own terms.

**Phrases.** We thank you for your order of yesterday, and have pleasure in enclosing invoice (bill) the goods having been shipped (dispatched) to-day by freight (goods train).

We are obliged for your order # (No.) 325 just to hand, the goods will be shipped to-morrow by N. Y. Central, as instructed.

We thank you for your trial order for veilings, for delivery on the 20th inst. Careful attention will be paid to your instructions as to the boxing and packing. We trust that the result will lead to your favoring us with further orders.

We note with pleasure that you have favored our salesman (traveller) with an order for our special makes of Flanelettes. These goods have been dispatched to-day and we should be glad if you will examine them carefully and compare

their prices with what you have previously been paying. Please give us the opportunity of quoting for any of your other requirements, however small.

## (POSTAL CARD.)

New York,.....19.....

We thank you for your order of.....which has just been received. It will be given our prompt attention.

Should you find it necessary to write regarding the order, please mention Mail Order No.....

We thank you for your order of yesterday, which has been put in work at once for delivery between the 20th and 25th of next month; we have carefully noted your instructions as to the finish and will submit a sample, as requested, before the dispatch of the goods. We await with pleasure your further valued orders.

**Acknowledging receipt of order and stating time of delivery.**

We thank you for your order, which we have noted for delivery on the 20th inst.

for the first week, in January (beginning of Jan.).

for the middle of Feb. (Feb. 15/20).

for end of March (March 20/25).

April 20/25, dated June 20th (bill or invoice dated "April 20 as June 20"; time of credit runs from June 20).

on the 20th inst., which is the earliest date we can promise.

on the 5th of next month, which is the earliest we shall receive these new goods from the makers (manufacturers).

at the time stated by you, namely 20th March.

**Slight delays.** The goods stated below we regret we are unable to send to-day; we expect them round in the next 7 days, and will advise you immediately they arrive. (List of goods follows.)

We have to-day shipped (dispatched) the goods of your order of yesterday, with the exception of the fancy buttons which are now in transit and which will follow in about 5 days; we trust this slight delay will not inconvenience you.

We regret that it is impossible to forward to-day the.....of your order just to hand, because, &c.

We are at present out of stock of.....but have a delivery due within the next 7 days; we will forward them then, unless we hear from you to the contrary.

We are waiting deliveries from the manufacturers which we expect within the next few days, when we shall dispatch them without delay.

Owing to the great demand for these goods the makers are late in delivering.

The demand for this article has been so great that all our early supplies were sold before delivery.

Our mills are at present unable to keep pace with the extraordinary demand for this line (this article, this grade, this pattern).

We are doing our utmost to hurry them forward and will dispatch your goods from the first delivery (first lot) to hand. We trust this delay will not seriously inconvenience you.

Although we shall not be able to execute your order in full from the next deliveries, you may rely on our sending you a sufficient supply for your urgent requirements. We assure you of our regret for any inconvenience this delay may occasion you.

#### Offering other goods. (Offering substitutes.)

If you could make use of the quality as sample enclosed we could deliver immediately from stock.

The quality of —, of which we enclose sample, is equally good value (or, better value) and we could dispatch what you need at once on receipt of your reply. We are reserving them for you, please let us know your decision as early as possible, so that we may not disappoint you.

We have sent by express 3 pieces of an almost similar cloth, at the same price, which we hope will enable you to supply urgent orders.

Owing to the uncertainty of receiving the exact color (shade) within the next few days, we have ventured to substitute the nearest from stock, which we trust will suit your purpose (your customer).

#### Making goods—Words.

**Making.** Manufacturing, building, weaving, spinning, casting, founding, erecting, producing, designing, fitting up, preparing.

The finishing, dyeing, bleaching, printing, embossing, carving, painting.

To complete. To finish, to complete, to execute, to make.

**The factory.** Works, mill, factory, workshop, foundry, weaving shed, dyeworks, bleachworks, machine shop, engine shed, motor works.

**Tools.** Machinery, machine tools, plant, accessories, equipment.

**Staff.** President, Vice President, Chairman of the Board, Director, Manager, Plant Superintendent, Works Manager, Chief Engineer, Office Manager, Credit Manager, Secretary, Treasurer, Chief Chemist, Drawing Office staff, draughtsmen, mechanics, workmen, apprentices, laborers.

**Phrases for making.** How long will it take you to make?

What time do you require for making and finishing?

What is the earliest date you could complete an order?

How long is needed for bleaching?

If you place your order now, we can deliver in 3 to 4 weeks.

Making one of these articles would be very expensive; they are usually made in quantities (series).

The making is very difficult and requires considerable time.

We cannot hurry the making; it requires 10 days at least.

We cannot undertake to deliver at the time promised unless you send dyeing instructions by return; the dyers are very busy and will not give preference to any special orders; they insist on orders taking their proper turn.

We only make to order, to clients' own designs and specifications.

These machines are made to special designs; delivery time 2 months.

We could make exactly to your own special design in 3 weeks, to which time must be added two weeks for dyeing and finishing.

If you will send us a pattern we will make them specially, provided you order 100 gross.

These designs can only be satisfactorily produced by using the best qualities of raw materials; this is what we have quoted you for.

We do not make such goods; Messrs. ....of..... may be able to supply you.

This class of machine is not in our line; please write to Jones & Co., of Kansas City, Mo.

The sample of imperfect silk you sent us is not our make.

In reply to your complaint as to the loose dye, we have to inform you that the sample received has never been dyed by our firm.

**We regret that we cannot make the article you require, because** it is not in our line.

we could not promise delivery earlier than 4 months.

we are full of orders for the next 6 months.

we are not equipped for making such goods.

their making requires special machinery which we do not possess.

we do not make in such small quantities.

making to your special design would be much too costly; we only make these goods in quantities of 1,000 or over.

we could not obtain the raw materials in time to make and deliver at the date named.

we could not make less than 10 pieces to a design.

our workmen are not accustomed to the process you wish us to adopt in finishing.

**Other phrases.** Please hurry forward the making of these goods.

We shall have to make these goods and that will take 3 weeks; can you wait; please let us know at once.

As soon as the casting is finished, we shall write you.

The making of one machine of this design would cost much more than double the price you offer, but we can supply another machine to do the same work equally well, at \$300; specification is enclosed.

#### **Replies re quick delivery and delays.**

We shall hasten delivery to the very utmost, in order not to disappoint you.

We have not lost a moment in pressing forward the making of your goods.

Enclosed are samples and prices of proposed substitutes; if you will reply by return, or telegraph, we can dispatch the goods completed on Wednesday, as requested.

The goods will be ready on Wednesday morning; oblige by sending at once packing and shipping (forwarding) instructions.

To avoid delay we request you to send us shipping instructions at once; without waiting for our advice (notice) of the goods being ready.

As we had no small cases in stock we have taken the liberty of sending one of 50 dozen, to avoid delay; you will save considerably on the freight by our doing so, as your recent purchases of small lots must have been costly to you for express charges.

In order to keep within your limits of price we have sent you a full piece, as a cut length of 20 yards only would have cost you 2¢ per yard extra.

The making of a special case for the 10 gross would have delayed delivery,

and have cost you \$3 for the case; we have therefore ventured to send you an original case of 20 gross, the case itself being free.

To avoid delay we have sent this grade (quality) at the specially reduced price of \$1.95 and trust you will be able to accept this quotation. Should you prefer to return these goods, will you please do so at your earliest convenience, so that we may not lose the sale.

On account of the recent floods, deliveries from the Works have been considerably delayed and we have only received a portion of our usual supplies; to save further delays we have sent you to-day 25 pieces of the grade better than the A25 ordered by you, and have charged 2¢ per yard extra, instead of the usual 4¢ difference; the remaining 75 pieces will be forwarded in the A25 grade early next week.

The goods mentioned in your letter of yesterday have been ready for a week; we advised you of this three days ago; they have been dispatched to-day by freight, as requested. We trust they will have reached you promptly, and in good order.

We have not had the pleasure of doing business with you before and therefore, as you require these goods immediately, we have taken the liberty of sending them by American Express Co. with instructions to collect payment. Will you please favor us with two trade references, if you wish to open a credit account with us.

We are doing our very utmost to hasten the completion of your order, and expect to deliver it complete about the 20th inst.; certainly before the 23rd inst.

We regret that it is not possible to deliver goods exactly to your sample before the 10th of next month; may we send you from stock the quality as sample enclosed.

**Orders for stock goods.** We have ceased to keep stock of #42, and have therefore sent you a new line, #46, which we consider superior value, although costing no more.

Those sent were not of our open stock numbers but we have sent the nearest possible.

We have never supplied this article from our stock.

We do not stock these goods in the low grades (qualities).

We only stock these goods in the lower priced grades.

They are stocked only in cwt. drums (in pieces, which we do not cut), (in boxes of 100 which we do not break), (in complete sets which we do not split).

If you cannot forward the whole, please send those you have in stock, and let the remainder follow as quickly as possible.

The present is a trial order, if we find these goods sell freely we will stock them.

We had sent all our stock of this line to our Seattle house, but we have telegraphed instructing them to ship (send) you 10 cases direct.

We are out of stock, but are having 10 pieces sent to you, direct from the dyers, within the next 3 days.

We are cleared out of this grade but have sent you the nearest better and have met you in the price.

Being completely sold out of stock of this color, we have sent you a remainder

of a piece, from which we have been cutting our salesmen's samples; we hope it will be sufficient for your purpose.

Our stock of ½-cwt. cases being short for the moment, we have sent you a 1-cwt. case rather than keep you waiting.

There has been a heavy run on the half-pound packets; we have therefore sent you 100 of 1 lb. packets (packages); you may return those which remain unsold when you receive the supply of ½-lbs on Friday next.

All our stock of this number (grade, line) was bought up yesterday, but we have 200 pieces in transit from the factory and, unless we hear from you to the contrary, we shall send your 5 pieces immediately on arrival, Wednesday next.

If they are not your make, please procure them for us and send 50 dozen promptly, at the best (lowest) possible (prices).

This old design is now out of stock (discontinued); we have sent you the nearest of the new patterns.

We cannot supply such small quantities from stock but we have sent you a full piece and have reduced the price in order to enable you to readily dispose of the remainder at a profit.

Owing to the recent rumours of war, all available stocks of army blankets have been bought up for abroad and the earliest time for delivery is now 6 weeks; if you can wait, please confirm the order at once, as there will be none making for stock for at least 10 to 12 weeks.

We have promised delivery of this to one of our best customers; if you have no stock please procure this small lot for us, whatever it may cost, within reason.

**Delivery has been delayed because:**

- the recent bad weather had made shipments impossible.
- the recent bad weather has kept vessels in harbor.
- the recent bad weather has delayed the harvesting of the crops.
- the recent coal strike has caused the railroad (railway) companies to refuse all freight traffic.
- of the disorganization of the railroad traffic through the strike.
- of the heavy traffic on account of the Christmas (Xmas) holidays.
- of the recent rains having caused a flood at the factory.
- of the workmen having been called up to their regiments (to the colors) in the recent war crises.
- of fire on the manufacturer's premises.
- the works (factory, mill) have been stopped for the local holidays, through an accident to the steam engines (electric installation, motive power).
- through a breakdown of the electrical driving plant.
- through a shortage of raw material on account of the cotton corner.
- for want of water (gas, coal).
- by scarcity of workmen (labor).
- for the annual inventory (through stocktaking).
- through a change of ownership.
- through the changes consequent on a transfer of ownership.
- through a severe accident to our steam boilers, by which several of our men were severely injured.
- in order to make an installation of electrical driving power, in place of steam power.

**Cannot deliver in time allowed.**

It is impossible to deliver within the time you allow; can you extend this to 10 days?

It would take 10 days to have the goods specially finished for you; if the finish as sample enclosed will suit you, we can deliver at once from stock.

These goods are outside lines, and have to be specially made; this requires 14 days; unless you can allow this time we recommend your allowing us to send you the newer articles of which we enclose samples.

We greatly desire to meet your wishes as regards delivery of the nets within 10 days, but unfortunately this is impossible; the earliest time would be 15 days, even by postponing other urgent orders so as to give yours the preference. If we rush the dyeing and finishing the result would not be creditable to ourselves, as dyers, nor to you as merchants. If you wish us to proceed for delivery in 15 days, please telegraph (wire us); otherwise the delivery time will run from date of receipt of your reply in confirmation.

We regret to inform you that we cannot deliver your order, just to hand, before the 20th of next month (20th prox.). We are full of orders, and are working double shifts of men, but even with the increased output we shall not overtake the present demand for at least 3 months. If you can wait until the 20th June please inform us at once; otherwise we cannot guarantee delivery.

**Complaints of late delivery.**

We have again to complain of non-delivery of goods ordered by us for immediate dispatch, which you stated were in stock.

The goods which, 7 days ago, you promised to dispatch on the 19th inst. have not yet reached us; it is now the 21st. You are laying a great strain on our goodwill towards your firm in continually making deliveries after the latest date allowed; how do you think it is possible for us to keep our trade when we have to continually disappoint customers (clients) who rely on the promises we make, based on your statements?

Once more we ask you to note that we prefer you should not accept our orders unless you can deliver on or before the exact dates requested; we promise delivery to our own clients in the expectation of receiving the goods from you. We should be sorry to think that you gave other firms the preference in delivery but you must admit that we have recently had considerable cause to complain. In future, if you cannot safely promise punctual delivery, we should prefer your stating this at once, so as to give us an opportunity of obtaining the goods elsewhere.

We are in receipt of your letter promising delivery for this week-end; this is the third time you have postponed delivery. Unless the goods are shipped on Saturday next, we must ask you to cancel this order, and all other orders which you have on hand from us.

We regret to have to ask you to cancel our orders of the 3rd Jan. for brushes; owing to your repeated delays in delivery we have had to procure the goods elsewhere.

We have now to inform you that unless you deliver within the next 3 days, we shall be compelled to buy elsewhere and debit your account with any higher price paid.

Unless you can promise delivery by a fixed date, please cancel this order. I am urgently in want of these goods and unless you can deliver by the 25th inst., certain, they will be useless to me; please inform me by return if this is possible.

We confirm our wire of this morning, stating that the goods ordered 3 days ago will be too late unless dispatched tomorrow certain (without fail).

As you have not replied to my recent urgent requests for prompt delivery, I must now ask you to cancel the order.

#### Queries to purchasers re deliveries.

We regret to inform you that it is impossible to deliver grade (quality) N2 earlier than 3 weeks, but we can supply N3 or N1 from stock. To avoid delay we will forward N3 at the special price of 60¢ unless we hear from you to the contrary by return mail.

Your order just received for black linings does not state the quality or finish; please inform me by return if they are to be as last, namely quality X.Y. Empress finish, at 18¢.

We thank you for your order of to-day for lace, quality 25, at 7¢ but we notice that you mention "white", although the sample attached to the order is écreu, (cream) which is the shade you have always previously ordered. Will you please telegraph (wire us) immediately stating whether white or écreu is required. We have both in stock and await your confirmation before sending.

In your order No. 870 of yesterday's date, for which we thank you, you quote the quality No. M8 at \$1.70, which is obviously an error as this quality is only listed \$1.30. We presume, (suppose, believe, think) that you mean, (desire, require, need) M12, as last (as before, as previously supplied, as ordered previously by you). Will you please inform us by return which quality we may supply (we are to supply).

#### Details asked from purchaser before filling order.

The sample named in your order was not enclosed, please send it at once.

We cannot trace the design number you quote, please send sample.

We cannot trace the grade number you mention and no price is quoted on your order; please send sample of what you require and quote price desired.

The descriptions you order have been sold out and replaced by the new goods of which we enclose samples; please say which of these we may supply; they are all in stock.

The prices you quote are on the basis of last year's rates, since then there has been a great advance; our lowest present prices are stated below. Please inform us if we may book your order at these limits.

We have several kinds of Eau de Cologne at the price you name; please state the make you prefer, or whether you leave the selection to ourselves; in this latter case you may rely on our supplying the best article at the lowest price within your limits.

We regret that it is impossible to supply these goods in ½-gross lots; 1 gross boxes are the minimum sold at wholesale prices; as this is an article in instant demand we think you would run no risk with the extra quantity; please say whether we may send one gross of each.

We regret that we are unable to send these goods on approval, owing to their fragile nature; we should be pleased to supply them to your firm order.

We can only execute orders from new clients when accompanied by two trade references, or against cash in advance.

We can only make to order for regular customers, or on payment of a deposit of 50% with orders from new customers, balance on delivery.

We do not supply our standard goods on sale or return (on memo) but we shall be pleased to supply any firm orders with which you may favor us.

As this is the first order which we have had the pleasure of receiving from you, we should be obliged if you would favor us with two trade references in San Francisco or Los Angeles, unless you prefer payment on delivery. We await the favor of your reply.

We regret that we are unable to supply these goods on credit as we do a strictly cash trade; we should be pleased to execute your order at once on your favoring us with a remittance of \$..... to cover the cost.

We regret that it is impossible to accept your proposal of a 3 months' note (bill), our invariable terms are cash against documents, (or cash on delivery; C. O. D.).

Our profits are too small to allow of our giving credit; please inform us whether you can accept our terms of documents against bank draft on San Francisco.

Please inform me if you confirm your order of the 5th in the designs submitted to you on the 8th inst. I have reserved the goods sampled and am missing sales of them; your prompt reply would be greatly appreciated.

Please telegraph collect (at our expense) whether we are to substitute these articles for those named in your order #1853 of Jan. 10.

#### · Letters acknowledging orders.

Dear Sir,

The special window show cards of your order of Sept. 25 have already been put in work. We thank you for having entrusted this order to us and we shall do our utmost to make the cards so artistic and striking that they will bring you considerable results.

Mr. Smith, who is giving his personal attention to your order, will have pleasure in submitting the first proofs to you on Oct. 2nd.

Yours very truly,

Dear Sir,

We thank you for your order of yesterday, which we are attending to at once. If it should be necessary to submit alternative prices or other differences to you, we shall write you within the next few days.

Your order has been booked as #234. Please use this number in any letters referring to this order.

Yours truly,

Gentlemen,

The samples of red bookbinders' cloth attached are the nearest we have in stock to the color ordered by you to-day. We believe you would be pleased with #C 26, in shade 32; it is a thoroughly fast color and has a handsome appearance.

May we fill your order in this cloth, or in any other which you may prefer?

Yours truly,

Gentlemen,

We thank you cordially for your order of No. 25 Refrigerators, received to-day, but regret that we cannot deliver these in less than three weeks. We shall give your order all the preference possible, if you can confirm your order by return. As you will understand, delay in replying may cause a further delay in shipping, so we shall be glad if you would telegraph your wishes and charge us with the expense.

Yours very truly,

Gentlemen,

*Your order No. 864, of August 26.*

Our factory writes us that this order will be ready for shipment Sept. 20. Will you please send us packing and shipping instructions, at your earliest convenience.

Yours very truly,

Dear Sir,

We thank you cordially for your order for Sept. 20. We much appreciate this first order from you and we hope that it will be the beginning of a long and friendly connection between us. We shall try to justify your confidence in us by paying particular attention to your requirements.

Yours very truly,

Dear Sir,

We are glad to receive your order of yesterday. As regards your request for a 60 days' credit on these goods, instead of 30 days, we are pleased to grant you this extra time, both for this and future purchases. We hope that this will help the great progress which your business has been making, on which we congratulate you.

Yours very truly,

Dear Sir,

Your order of Oct. 2 just received will be given immediate attention. Thank you.

Yours very truly,

Gentlemen,

We thank you for your order of March 24, with check enclosed. The goods have been sent to-day by American Railway Express. We hope they will reach you in good condition and that you will be pleased with them.

Yours very truly,

Dear Sir,

We have the pleasure to acknowledge the receipt of your order for *Brilliant Letters* value \$10 *Lettering, Cars—8"*; *for sale or hire—3"*; which shall receive our most careful attention.

We solicit a continuance of your orders.

Yours very truly,

Gentlemen,

We thank you for your esteemed order No. 1090x received to-day, which has our best attention.

Yours truly,

Dear Sir,

We thank you for your order of yesterday's date, for Scenic artists' colors.

In reply to your remarks re prices, you may rest assured that we will always put you on our best terms, and every attention will be given to your orders to see that the best quality goods are supplied.

Yours very truly,

Acknowledgment sales order No. 3013.

Price—\$. . . . .

Gentlemen,

This memorandum is an acknowledgment of your valued order, and shows in detail the order as it has been entered on our records.

If we have not succeeded in correctly interpreting your wishes in the matter please notify us immediately.

Thanking you for the order, we are,

Yours truly,

Dear Sir,

We have been expecting to have your confirmation of the order you were good enough to leave with us for brown wrapping paper. Will the substance of the enclosed sample, which is equal to 36 x 45 130 lbs., be heavy enough for your size 50 x 38 and 42 x 30, and do you want the 60" stuff delivered in rolls and of the same substance as the thick sample herewith? We await your reply.

We can deliver in 7 to 10 days. The price is \$4 per cwt.

Yours truly,

Dear Sir,

I acknowledge, with thanks, the receipt of your instructions of yesterday's date and, in accordance therewith, I am inserting your quarter of a page advertisement in the March issue of this magazine at the charge of \$20. I am having the matter (copy) set up carefully and will send you a proof by an early mail.

Thanking you.

Yours truly,

Dear Sir,

I herewith confirm the order you gave me yesterday for the following: (details shown below).

Yours truly,

(Postcard)

Date as postmark.

Dear Sir,

We thank you for your Order No. . . . . which is having immediate attention.

Yours faithfully,

Gentlemen,

We have received your favor of the 9th inst., and have put in work the 800 pieces Shirtings C. W., for which we had warps ready in stock. We feel sure that you will be quite satisfied with this lot.

According to your instructions we will submit sample pieces before sending them to the bleachers.

Yours respectfully,

Dear Sir,

We have pleasure in acknowledging your order given to Mr. Blank on the 12th inst., as below.

Enclosed we forward samples of quality and designs.

Delivery will be made Sept. 10, as arranged, unless you advise us (inform us) otherwise.

Yours truly,

*Details of your orders*

.....  
.....

**Copies of export orders, sent to purchasers.**

Dear Sir,

We have the pleasure to hand you, at foot, confirmation of your esteemed order, which we have received through M.....

Please acknowledge receipt of this copy of order; if not acknowledged we shall assume that the specification as below is correct in every particular.

We thank you for your favors.

Yours very truly,  
Maurice & Co.

Number of pieces.	Width in inches	Length in yards.	Description of Goods.	Quality.	Price.	Remarks.

Dear Sir,

We thank you for your order received this morning, and have carefully noted your remarks as to the prices and selection of the goods. You may rely on our giving careful and particular attention to not only this trial order but to all orders with which you may favor us. The goods will be ready for despatch within the next 3 days. We should be obliged if you would send us shipping instructions at your earliest convenience. Unless we hear from you to the contrary, we shall pack the goods in our usual way for sending by freight (luggage rails, goods train).

We trust that this trial will lead to a long and satisfactory connection between our two firms.

Yours truly,

**Substitutions in filling orders.**

Dear Sir,

We were unable to find an exact match of the color you ordered, at the price you named. We tried other wholesale houses, but they had nothing so near as the one we had. Rather than keep you waiting we have sent the nearest in stock, which we hope you will be able to use. If this is not just what you wish, please return this piece, and we will send you credit note.

Yours very truly,

Gentlemen,

We thank you for your order of October 12, but regret that we are unable to supply #841 at the price you name. This article was a special purchase we made in March last and we explained then that it could not be repeated. The nearest we have is our #326, of which we send sample attached. Our usual lowest price is \$3.50, but, to help you in offering this to replace #841, we will reduce the price to \$3, for the quantity you need. We await your confirmation before sending.

Yours truly,

Dear Sir,

We hope that this treatment of your order will meet with your approval. If you should be unable to use what we have sent you, please return the goods, as early as possible. We shall be glad to change them for any other kind you prefer, or we will credit them, if desired.

Yours truly,

Dear Madam,

For the #25 Alpha corsets of your order of 16th October, we have sent the same size but a smarter design, by the same maker. Although this costs us more, we have charged you the same price as for the older design, which is now discontinued.

We hope you may find this new style suits your trade better; our other customers find it a quicker selling line and better value.

Yours very truly,

**Orders—Delays in delivery.**

Dear Sir,

The demand for check gingham has been so heavy during the last few weeks that our large stocks have been completely sold out. We are doing our utmost to hasten new deliveries, which should reach us in 2 or 3 weeks. May we book your order for delivery from the first new arrivals. Please inform us without delay, so that we may give you an early preference.

Yours very truly,

Dear Sir,

Unless you write us to the contrary, we shall supply your order from the first goods to hand in 2 or 3 weeks from now. By this post we have sent you samples of a similar article which we can supply at once. If you wish to have your order executed in this quality instead, please inform us by return, as it will be sold quickly.

Yours truly,

Gentlemen,

We regret that we cannot supply these goods from stock as all our production for the next 4 weeks has been ordered three months ago. The earliest we can promise delivery is 5 to 6 weeks from date of your confirmation of order. If you wish us to reserve the goods for you, will you please write us at once.

Yours very truly,

Dear Sir,

The goods of your esteemed order of December 2, for which we thank you, will be sent to you direct from our mills during this week. Our large stocks have been exhausted, owing to the unusually great demand, but we are giving your order a preference from the goods now on the looms and almost completed.

Yours truly,

Dear Sir,

We are in receipt of your order of the 21st inst., which has been put in hand at once, for delivery at the times you have stated.

We regret that we shall not be able to supply the brown serge, M3, color (shade) 722, at the time required; we are completely sold out of this color and no further lots will be received from the dyer before the 12th of next month.

Enclosed we hand you samples of a similar cloth, of exactly the same color, which we have in stock; although our usual price is 2¢ per yard more than for M3, we are prepared to meet you by billing (invoicing) it at the same price. Please state by return whether we may substitute this cloth.

You have not instructed us as to the shipping (forwarding) of these goods, nor as to how you wish them packed. If you prefer to leave this to us we will act to the best of your interests, but if you have any special preferences in this matter, we should be glad if you would inform us as early as possible.

Yours very truly,

Dear Sir,

Your favor of yesterday, enclosing check for \$300, on account, is to hand. The amount has been placed to the credit of your account, with thanks.

We now have to inform you (to advise you) that your order of the 9th inst., is being pushed forward as quickly as possible. The greys, white shirtings, and prints will be despatched in the course of the next few days. The alpacas we cannot, however, promise under ten to fourteen days. With regard to the waterproofs, we cannot do them at any less than the prices quoted by our salesman and we assure you that our rule is always to quote as low as possible, at the first.

We respectfully beg to remind you that your remittances lately have been very irregular and we notice that you always deduct the full cash discount. This practice we cannot allow.

Yours truly,

**Reply re dates for delivery of orders.**

Gentlemen,

We are in receipt of your letter of the 23rd inst. and reply as follows.  
**Order 875.** Enclosed we hand you invoice for these goods, which we will ship to you to-morrow.

**Order 216.** We would accept a 50 piece order in Serge of this quality, at 60c per yard, for 35/36 ins. black and colors.

**Order 819.** The 20 pieces 43/44 ins. 12X, (and not 30 pieces as you stated, probably by error,) have been confirmed for delivery the first half of August, but in consequence of a stoppage in our Spinning Department we have been obliged, as stated by us in our letter of the 23rd July, to defer delivery until the end of August.

These 20 pieces will reach us from the dyers on the 29th inst.

As you will see by referring to the copy sent you, the confirmation of the contract stated "within six weeks after receipt of the dyeing particulars."

We expected that you would have given us these particulars immediately but we observe you waited four weeks before giving the details for this 0/819, and in the meantime we had disposed of the grey pieces which we had been reserving for you, as we were pressed for them by other customers; we have had to wait till a further lot came off the looms before we could put your dyeing order in work.

The same thing occurred for the dyeing particulars which you sent us for the balance of the contract; you sent these particulars on the 6th., 7th., and 9th., of July, being about six weeks after the date of the contract.

**Order 843.** This order has been confirmed for delivery the second half of September.

We have to-day sent 10 pieces, 11X. All the other pieces, except 13X, are undyed at the present moment, and should be ready for the end of next week.

As regards your remark that we do not keep our promises as to delivery, we cannot admit this at all.

As soon as we have known that we could not make the deliveries at the times stated we have informed you of it at once, and we have not waited, as you say, until the date for delivery was passed before advising you.

Enclosed we hand you a statement, showing all the orders at present on hand for you, with those which have been completed during the last two months.

You will see that the dates we actually shipped the goods generally correspond with those of the promises we gave in our confirmations of your orders.

We strongly advise you to check this list with regard to the orders not yet completed, so that you may know exactly when they are due for delivery. If you wish to have any of them earlier than first requested, please let us know promptly.

**Contract May 15th.** With regard to the contract of May 15th., you have given dyeing particulars for only 20 pieces; you have still 80 pieces to color up for the following month.

In case you cannot give us these dyeing particulars by return, we shall be unable to deliver this order during October as promised when you gave us the order for weaving, because, if we agree to deliver dyed by a certain time, it is understood that you give us dyeing particulars as soon as the pieces are ready in the grey. Otherwise we cannot get them dyed in time, as we dare not rush the dyeing process, unless you take the risk of any defects in the work.

**Contract July 26.** Of this there still remains 48 pieces 35/36 ins., and 2 pieces 38/39 ins. to particularize. We are also waiting for dyeing order for these.

Yours very truly,

**Delivery dates for orders.**

Gentlemen,

I have received your two letters of the 15th July.

**Delivery.** Not knowing the extent of your orders it is impossible for me to fix definitely the date of delivery. Mr. Green will arrive this evening from the mill at New Haven and will probably be able to give me these particulars. I will then at once write you, giving you the information you require. Your remarks on the subject of delivery are not justified, because I can assure you that I never gave the orders of any other house preference over yours. The only reason that I cannot make deliveries as rapidly as usual is because I am very short of grey and I cannot put your goods on the looms until we have finished weaving several large orders with which all the looms are at present engaged. As these warps run out I am filling the looms with your orders and I will hurry delivery all possible.

**Finish.** I have written to the dye-works respecting the special finish that you asked for. I have asked them to run you through a few sample finishes on single pieces of the large lot now in work. These will be submitted for your approval and the remainder held back until we hear from you which finish you prefer.

**Claim.** I wrote to-day to the agents for the N. H. & H. Railroad regarding the damage on the pieces of A. 31. These people will deal directly with you for the amount which they ought to allow you for this damage, for which they are entirely responsible.

**Order 387.** The pieces for your order 387 are at present on the way to you. Invoice will be sent to you to-morrow.

**Extra widths.** I do not make cloths so wide as 72 ins. and as my looms are continuously engaged on the usual widths, I regret that I cannot undertake to make any of this width for you at present. I should have to buy other looms to do so, and even then I should be at a loss to find space for them, as I am using my weaving shed to its utmost capacity at present. We are looking out for a larger mill and if we succeed in obtaining one, or if we decide to build, we shall be pleased to consider further the question of making cloths of extra widths, in case you find that there is a steady demand for them. Otherwise, we cannot afford to lay ourselves out for that trade, as we work at such a small profit that we cannot afford to leave machines idle.

Respectfully yours,

**Goods not sent (omits).**

Gentlemen,

We have never kept stocks of silks at prices so low as those named in your enquiry of June 13.

Enclosed are samples of our lowest priced Japanese and Italian silks, which we can recommend as good wearing articles, smart looking, and fast colors.

We shall be glad to supply any of these at the specially low prices shown on the attached price list.

Yours truly,

Dear Sir,

The quality A. 357, supplied to you previously, has been withdrawn from stock and it would have to be specially made for you. The time required would be eight weeks, and the maker would require an order of at least 1,000 yards.

Our quality B. 360, of which sample is enclosed, is very near to A. 357 and costs less. We could supply it from stock. Possibly your customer may find it equally suitable for his needs.

Will you please tell us if we may send the B. 360.

Yours very truly,

Dear Sir,

The boots with fawn cloth tops, #632, were omitted from the shipment sent to you on August 24, because we could not trace this style number and no price was given in your order. In such cases we send a note with the invoice, explaining the reason for the omission. We regret that you have not received such a note.

We should be glad to fill your order at once if you will make a selection from the illustrated price list enclosed. Please select the color from the accompanying color card.

Yours very truly,

Gentlemen,

We regret that we are unable to supply the stamped silk Velvet, as we have discontinued selling it. Our customers have found woven designs more durable and we are keeping a good selection of these. Under separate cover we have sent you samples of some fine designs near to your price, and a color card. We hope that you will be able to make from them a selection which will please your customers.

Yours truly,

Gentlemen,

We greatly regret that we cannot send the low quality Lyons silk you order. The Japanese silks have replaced them with our customers. By this post we are sending you samples and shade cards of Japanese silks, about your price. We shall be glad to ship promptly any selection you may make from them.

Yours truly,

Dear Sir,

We are sorry that we cannot send the fine wire netting you order. We only stock these goods in Spring and Summer. If you will tell us the purpose for which it is required, we may be able to help you to find something which would be of use to replace the kind you order.

Yours very truly,

Gentlemen,

Your order, for which we thank you, names prices similar to those of six months ago. Owing to the considerable rise in all woolen goods since the new tariff came into effect, we are no longer able to supply at the old prices. A new price list is attached. We shall be glad to execute your orders on our very best terms, of 10% discount from the list prices. Will you please confirm your order, if this is agreeable to you.

Yours very truly,

Dear Sir,

We welcome your first order of Nov. 16, for which invoice is enclosed, amounting to \$18.40. You enclose a check for \$18, for which we thank you.

The amount of the boy's suit, \$6.50, which you ordered, was not included in your remittance. Instead of waiting, your reply as to this, we have sent the other

articles at once. If you will please send us a check for this further amount, and add the 40¢ balance of our invoice, altogether \$6.90, we will send the suit at once by parcel post, so that you may not be inconvenienced.

Yours very truly,

Gentlemen,

We are afraid that you have confused our catalog particulars with those of another firm, as we cannot recognise the numbers you give in your order of Feb. 16, for rain coats.

We send you to-day a catalog of our best values, for which we quote you specially favorable prices on the attached sheet. If you will confirm your order in our qualities, we will send the goods at once.

We believe you would be perfectly satisfied with the good material, the stylish shapes, and the lowness of our prices.

Yours very truly,

Dear Sir,

We thank you for your order just received. The dining room sets you mention have been replaced in our stocks by newer styles. The enclosed catalog will give you an idea of the designs of the newer furniture, but we should be glad if you could call to examine our stocks. It is only in this way that you can judge of the good workmanship and handsome appearance of these goods. We shall be glad to help you to make a good selection and we shall make the prices the lowest possible.

Yours very truly,

Dear Madam,

We sincerely regret that we cannot break the dining room set #85. They are sold in complete sets only, but we will make you the two extra chairs you want, to the same design, if you could wait four weeks. They will be an exact match in every way, and we shall be glad to do this for you if you will please confirm your order.

Yours truly,

Gentlemen,

We regret that it is not possible to obtain the same design that we sold you 2 years ago, for export. We have tried all the other wholesale houses but can find nothing likely to be of use. We wish there was a way to help you with this, but apparently the design you want would have to be specially made, and that would be costly, while delivery could not be made under 3 months. Is it possible for your customer to use a contrasting design, like those on the illustration attached? If there is anything more we can do to assist you, please let us know and we will gladly do it at once.

Yours very truly,

Dear Sir,

We thank you for your order #62, of January 4.

The goods will be shipped in one lot, as instructed, with the exception of the following items. For the reasons shown opposite each item we await your reply, so that these goods may be included in the same shipment.

Please reply by return, to avoid delay.

Men's gloves, size 7½. Ordered \$2.50. Nearest prices in this color are \$2.25 and \$2.60. Which do you prefer?

White silk scarves, #82. Cannot deliver before 6 weeks. May we send a dozen #84, which many customers prefer? The price is the same.

Men's Ties, design 1120. The nearest in stock is 1110, a slightly lighter color, at the same price. May we substitute?

Yours very truly,

**Returns—Wholesale trade.**

Dear Sir,

We are sorry that you do not find the goods we sent you on October 6 to be suitable for your trade. If they are in as good condition as when received from us we will gladly exchange them for other goods, if you will please tell us exactly what you require, and at what prices. You will, of course, pay the packing and forwarding charges on the returns.

Yours very truly,

Gentlemen,

We regret to hear that you are dissatisfied with the velvets sent to you March 26. On referring to your order we find that we sent exactly what you named and at the exact price you wanted, although this was lower than our usual price.

You know it is a trade custom that goods sent exactly to order are not returnable, but we shall be glad to help you in the following way. Return the velvet without delay, carefully packed and charges prepaid. We will credit it to your account towards the cost of your future purchases. We think this is fair, and we hope it will be acceptable to you.

Yours truly,

Dear Sir,

Enclosed is credit note for \$48.40 for the black silks returned and the allowance for the outward freight charges. We thank you for your attention to the packing and forwarding of these goods.

Grade (quality) A 27, to replace the quality returned, was sent to you by express on the 7th November and we hope you will find it suitable for your needs. We should be glad to hear whether you would like us to reserve more of this quality for you; we have only a limited quantity remaining and, as it was a special purchase, we cannot repeat at this figure.

Yours truly,

Gentlemen,

The boys' shoes invoiced December 23 reached us on December 27, too late for the Christmas trade. Our order of December 10 named December 17 as the latest date for forwarding. We are therefore returning these goods to-day, at your expense. Please send us credit note for the amount of the invoice.

Yours truly,

Gentlemen,

We thank you for informing us so early that you are overstocked in the ladies' goods #73, because your timely notice gives us the opportunity of selling them to other customers who bought more sparingly. Will you please return all

that you can spare, without delay, and we will credit you with the full purchase price, if in good condition.

We are glad to be of service to you in this case and hope you will not hesitate to consult us in any similar event in future.

Yours very truly,

**Permission to return goods refused.**

Dear Sir,

We regret to hear that the goods invoiced to you two months ago, August 24, are not according to your order and that you wish to return them.

We have referred to our records and find that these goods were selected by you personally, when you visited our store August 22d.

May we ask you therefore to please reconsider your request.

Yours truly,

**Allowing return of purchase.**

Dear Sir,

It is unfortunate that your customer refused to accept delivery of the China set after giving you a firm order for it. Your order to us was also firm, but we are glad to be able to help you out of a difficulty. Will you please return the set to us, after carefully packing it and marking the case "breakable." Most of our customers require a deposit with orders for articles which they do not stock regularly. Although your only loss in this case is the freight, we would suggest that you follow their custom for future orders of unusual lines.

Yours truly,

**Refusal to allow return of goods.**

Dear Madam,

You will understand that it would be impossible for us to continue selling such goods as ladies' hats if our customers were allowed to return them several months afterwards, when the fashions had changed.

It is three months since you bought the hats you returned this week and we have no longer any demand for these styles. You are more likely to sell them in the retail. We should be glad to help you by taking them back if we had any opportunity of selling them to other customers, but their demands for these styles ceased two months ago.

Unless you wish us to dispose of the returned goods in some other way, we will send them to you by freight at the end of this week.

Yours respectfully,

**Suggested withdrawal of claim.**

Dear Madam,

You are perfectly right in saying that we allow customers to return articles with which they are not perfectly satisfied. The gloves returned, through having been broken at the seams, appear to have been torn open by some unusual force. The break is quite new, although the gloves appear to have been worn for some time. We cannot guarantee gloves not to break under any circumstances. We suggest that you reconsider your request to hold us responsible for the damage.

The gloves are mailed to you today, for re-examination.

Yours truly,

## CHAPTER 52.—RETAIL TRADE—CASH AND CREDIT ORDERS RECEIVED BY MAIL; RETURNS.

Acknowledging cash with order; asking for cash; returns and refunds. Asking reference from credit customers; collection of accounts; goods on approval; returns.

### Retail—Acknowledging cash received with orders.

Dear Madam,

We thank you for your order with check. Sending the goods by "Express Collect" would cost you \$3.50. By parcel post, insured, the cost would be \$1.23. If you would like us to make the saving for you, please send us \$1.23. Or, we could send the parcel, by parcel post, c. o. d. for the charges, but there would be a further 13c to add, (making \$1.36), if the post office is to collect the charges and remit them to us by money order. Addressed envelope is enclosed for your reply.

Yours truly,

Dear Sir,

We are obliged for your order for the Navy Pilot cloth coat. We regret that we are out of stock of the size you require at the price named, but we have a better quality coat, of a finer appearance, at \$10 more. If you would like us to send this, instead of the one ordered, we would make you an allowance of \$5, charging only \$5 more instead of \$10. We think you would be pleased with it. If you approve, we should appreciate your sending the balance of \$5 and we will send the coat at once. An addressed envelope is attached, specially marked to secure prompt attention.

Yours truly,

Dear Madam,

The gloves advertised last Friday were completely sold out the same day. Since then we have secured another bargain, at a slightly higher price, \$2 a pair, worth \$3.50 in the ordinary way. If you would like us to fill your order in this new quality, will you please let us know at once, to prevent disappointment, and send a new check. Your former check is returned enclosed. We also enclose an addressed envelope, specially marked so that your reply may receive prompt attention.

Yours very truly,

Dear Sir,

We have ventured to send you a better quality hat at a reduced price. If you wish to keep it, please send check or money order for the difference of \$1.50 as shown on bill enclosed. Should you wish to return it, please send it by parcel post and write us; we will at once refund the money you sent.

Yours truly,

Dear Sir,

We regret that it is impossible to execute your order for coal at the prices of last month's list. As you know, our quotations are subject to market fluctuations, and there has been a steady advance in coal during the last 2 months. To meet your price as nearly as possible, we quote you \$15 per ton, subject to your telegraphic reply. We wish we could do better but even this is much below the prices which will have to be charged next month.

Yours very truly,

Dear Sir,

We are in receipt of your remittance of \$. . . . . and have pleasure in forwarding the sample collar herewith. We await your further instructions before making the full quantity for your order. Particulars of your order are registered as No. 2673.

These collars are pure linen throughout, and the construction, style, and quarter sizes form a combination of collar value never before approached.

Yours very truly,

Dear Madam,

We thank you for your order for satin waist (blouse) together with your remittance in payment.

We have dispatched the waist by parcel post today and trust you will find it to be satisfactory in every way.

We can supply this model in all the newest fashionable shades, also in black, if desired.

We thank you for past favors, and assure you of our best attention to your future orders.

Yours very truly,

Madam,

We acknowledge the receipt of \$2.20 for goods we now have the pleasure of dispatching. We trust these articles will give you every satisfaction and that we shall continue to be favored with your orders.

Your kind recommendations to friends will be greatly appreciated by us.

Yours very truly,

To Mr. . . . . .

from DIXIE BOOK SHOP

140 Greenwich St., New York Date . . . . .

We have received your remittance of \$. . . . . covering your book order and have entered this according to your instructions.

The books as below will be sent to you within a few days.

.....  
.....

We appreciate the privilege of caring for your requirements.

Yours truly,

**Acknowledging retail orders. Cash asked for.**

Dear Sir,

Your order of March 3 has just arrived. We thank you for it and enclose invoice, amounting to \$47.

Our prices are low simply because we buy and sell for prompt cash, on a small margin of profit. Our customers help us in this, by sending cash with their orders. We should be glad if you could make it convenient to send a check or draft for the amount of your order, so that delivery may be made without delay.

If you will mail the remittance in the enclosed envelope (which has been marked for special attention) the goods, which have been already carefully selected and packed, will be sent the day your confirmation is received.

Yours very truly,

Dear Sir,

We respectfully inform you that the boots to your order are now quite completed, and we await the favor of a call at your convenience to fit same.

When you call, will you please say whether you wish us to open a monthly account with you or if you prefer to pay cash for your purchases.

Yours very truly,

Dear Sir,

We respectfully advise you that the goods to your order are now quite ready. As we have not the honour of your name on our credit ledger, we enclose a proforma invoice for these goods. On receipt of your remittance we shall have much pleasure in at once forwarding the goods to you. Or, if you desire us to open a credit account for you, we shall be glad to do so if you will please furnish us with a trade reference in this city.

Yours very truly,

Dear Madam,

We thank you for your order of the 2nd inst., for a selection of Fancy Hosiery on approval.

As we have no record of your name on our credit ledger, we enclose a proforma invoice for these goods and on receipt of your remittance we shall have much pleasure in forwarding the goods without delay.

Should they not meet with your requirements we shall be pleased to at once return the money (cash) so that you see there is no risk on your part. Or, should you prefer to open a credit account with us, we shall be glad to do so if you will please furnish us with the name of a local dealer to whom we may refer.

We await the favor of your reply.

Gentlemen,

Referring to your order of the 5th for

.....  
we enclose invoice and shall be glad to send this article on receipt of your remittance.

Yours very truly,

**Cash received with orders—Refunds.**

Dear Sir,

The invoice enclosed amounts to \$17.25. Your check, for which we thank you, was for \$18.25. We have attached a \$1 bill in settlement. The difference arises

from a special reduction of \$1, for to-day only, on the shoes you ordered. We are, of course, giving you the benefit of this reduction.

Yours very truly,

Dear Sir,

Since sending you our price list, a few months ago, prices have been falling. In accordance with our custom of fixing our prices at the lowest possible, always, we have been giving our customers the benefit of our savings on purchases.

Therefore, in filling your order we have charged the new and lower prices. This makes a saving to you of \$5.10, for which we enclose a bill and postage stamps.

Yours very truly,

Dear Sir,

We thank you for your order, just received. We have already sent the goods. Enclosed is check for \$2.50 due to you on account of our invoice amounting to less than your remittance. If this does not agree with your understanding of the transaction, please hold our remittance, and return this letter, after writing your remarks on the back of it.

Yours very truly,

#### Credit references.

Madam,

With reference to the goods which you kindly ordered from us, we respectfully wish to inform you that Messrs. Dash, whose name you gave us as a reference, have replied that they are unable to trace your name on their books at the address shown.

Will you, therefore, please furnish us with further particulars, to enable us to take up the matter with them.

We wait the favor of your reply.

Yours respectfully,

Madam,

With regard to the goods of your esteemed order, we wish to inform you that Messrs. Blank, whose name you kindly gave as reference, inform us that their account with you is a cash account. We therefore enclose our pro-forma invoice and on receipt of your remittance we will have much pleasure in sending the goods without delay.

We trust this will meet with your approval,

Yours respectfully,

#### Retail Collections.

Dear Madam,

In reply to your letter of yesterday. Your account with us is noted as a monthly one on our books, at your request, and therefore is much overdue, hence the application for a settlement to be made. However, should it be more convenient to you, we are agreeable to alter these terms to a Quarterly account which is the extent of credit permitted by our Directors.

We trust this will be agreeable (suitable) to you and we assure you of our best attention to your valued orders.

Yours very truly,

Madam, **re Account \$110.**

We have received your letter of yesterday, and exceedingly regret that you should have been annoyed at having had an application from our legal department (lawyers) for a settlement of the above account. Your account with us is noted as a monthly one and it is therefore considerably overdue. As no replies were received to our numerous applications for payment we had no alternative but to place the matter in the hands of our legal advisers.

We note that you will send a check for \$50, on account, in the course of the next few days. In consideration of this we are agreeable to withdrawing the matter from our lawyer's hands (from the legal department) and to allow the balance to remain over until the 31st inst.

Yours very truly,

Dear Sir, **re Account \$57.50.**

We regret that no notice has been taken of our numerous applications for a settlement of the above overdue account. We have now to inform you that unless a remittance for at least \$25 is in our hands on or before the 10th inst., together with some reasonable proposal for payment of the balance, the matter will pass from our hands without further notice.

We trust you will see the necessity of avoiding legal expenses for the collection of this account.

Yours very truly,

**Sending samples asked for.**

Dear Madam,

We thank you for your enquiry and have pleasure in enclosing patterns of materials of Boys' Overcoats, with prices. We trust you will be able to make a selection from them.

We should be pleased to supply a hat or a cap to match any coat you may select, should you so desire.

Allow us to assure you of our best attention to your orders.

Yours very truly,

**Asking confirmation of order.**

Dear Sir,

We have been favored with an order for livery from your chauffeur and, so that there may be no misapprehension in the matter, we enclose samples of the materials from which we propose making it, together with estimate of the cost. We should be greatly obliged by your confirmation of the order, when we will immediately put the garments in hand, to be completed without delay.

Yours very truly,

Dear Madam,

We have been favored with (received) an order for Boots, Ties, Hosiery and Cap from Mr. Blank, junr., who instructs us to charge these goods to your account. Will you please furnish us with your written permission to do this, so that the matter may be quite in order.

We thank you for the courtesy of your reply.

Yours respectfully,

**Thanking customer for recommendation.**

Dear Sir,

We have been favored with an order, and a request for an account to be opened on our books, from A. Blank Esq., of ..... who informs us that he has been recommended by yourself. We tender you our sincere thanks for this courtesy (your kind recommendation).

Yours very truly,

**Returns to retailers.**

Dear Madam,

We wish to acknowledge receipt of your letter of Jan. 15, together with the goods returned from approval, and much regret that they were not suitable. We should be pleased to forward a further selection, if you would kindly inform us in what respect the goods returned do not meet with your requirements.

Please accept the assurance of our best attention to your orders.

Yours very truly,

Dear Madam,

We thank you for your enquiry of the 1st inst., and have much pleasure in forwarding a selection of goods for your approval, and trust you will find same quite satisfactory.

We appreciate being favored with your orders.

Yours truly,

Dear Madam,

We wish to acknowledge receipt of goods returned from appro. (approval) and exceedingly regret that they did not meet your requirements. We should be pleased to forward a further selection, if you will kindly allow us to do so and say what exact kinds you desire.

Yours very truly,

**Return requested.**

Dear Sir,

We regret to hear that you do not like the brown coat sent for your order of November 25. If it has not been worn, please return it and we will refund the amount paid. Instructions for the return, and a printed label, are attached to this letter. We should be obliged if you would write us the same day that you return the coat; please return the invoice in your letter to ensure the correct credit refund. May we send you another coat which would be more to your liking?

An illustrated catalog of some very smart new coats is enclosed. Or, could you favor us with a visit, so that we could show you our newest styles, and help you to make a selection which would exactly suit you.

Yours very truly,

**Return of worn coat not allowed.**

Dear Madam,

We are sorry to learn that you no longer like the coat you bought from us exactly a month ago, on September 20. This coat was selected by you personally,

on your visit to our store. You are correct in saying that we allow customers to return goods which do not please them, but it is understood that the return is to be made at once and before the articles are used. From your letter we gather that you have worn the coat for a month. Therefore, it would not be possible for us to sell it to another customer as new. We suggest that you may find amongst your friends some one who will buy it from you. Then you would be able to purchase a new one which would be more to your taste. We regret that we cannot accept the return which you propose.

Yours very truly,

#### **Refusal to permit return.**

Dear Madam,

We are in receipt of your letter on the 12th inst., and wish to inform you that we are unable to take your gown back, as this was made to your own design and special colorings, and also because it has been worn. Therefore, you will see that it would be quite useless to us for stock purposes.

Yours truly,

#### **Acceptance of price for envelopes.**

Gentlemen,

We acknowledge receipt of your letter of yesterday and herewith accept the estimate therein for 50,000 envelopes at \$3 pr 1,000. We also agree to the charge of 25c per 1,000 extra, for lettering. The above acceptance is conditional on the envelopes being delivered before the 30th inst.

Yours truly,

#### **Asking customers to call for fittings.**

Dear Madam,

We are in receipt of your letter and much regret that the shoes supplied to your order are not quite comfortable.

We should esteem it as a favor if you will call on us, at your convenience, to enable our fitter to see the shoes tried on we shall be pleased to make the necessary alteration to ensure a perfect fit (fitting shoe).

We apologize for any inconvenience you may have been caused and assure you of our best attention.

Yours truly,

Dear Madam,

We have received your letter of May 10 and in reply wish to say that we feel sure that if favored with a call, at your convenience, to enable our fitter to see the Coat on you, we could make an alteration which would ensure the garment giving you every satisfaction.

We apologize for any annoyance you have been caused.

Yours very truly,

## CHAPTER 53.—HANDLING COMPLAINTS AS TO FILLING OF ORDERS.

Making complaints; refusal of the goods; replies from sellers; offers to correct the errors; denying responsibility; giving satisfaction. Claims and disputed claims; proposals of settlement; arbitration of differences. Sending wrong goods; goods lost or missing, tracers. Phrases, paragraphs, and letters from both sides.

(See also Chapter 9 for replies to complaints.)

No matter how perfect an organization may be, complaints from customers are certain. The reasons are that, when sending orders, many customers do not give sufficient details, or they want at once articles which have been sold out, or they name prices much below current prices for the quality of the article ordered.

However unreasonable the complaint may be, it should be dealt with promptly, because it is then easier to learn the facts concerning it. If a reply cannot be given at once, the customer should be written to say that the matter is being taken in hand immediately, and that reply will be sent later. The blame should not be accepted in that letter, but the customer should be assured of the firm's desire to always give him complete satisfaction, and regret should be expressed for the trouble and annoyance caused to the customer.

Send special delivery letters in reply to serious complaints. The extra "fee" is only ten cents, the speed in replying helps towards a settlement.

If the complaint is found to be justified, it should be admitted at once, and the settlement should be as liberal as possible. This takes the sting out of any annoyance the customer may have felt, and stops him from thinking of his grievance.

Write long letters in reply to complaints and explain fully. One adjustment manager usually telegraphs a reply to any customer who makes a serious complaint. He says it generally takes all the fight out of the other man to find that the party to whom he complained is so anxious to meet his wishes that the matter is dealt with by telegraph.

One experienced salesman, who had to call on hard-bargaining Scots buyers, said that he found the only way to deal with their complaints was to agree fully with the customer, to sympathize with him in the annoyances he had to endure and to let him talk. Then, when the customer had talked himself out of breath and calmed down, the question of further orders was mentioned, as if no trouble had ever arisen.

When replying to letters evidently written in anger, it is good policy not to reply to, nor even mention, any offensive or unjust remarks made to you. Reply as to the facts only. If the complaint is unjustified the customer will generally be reasonable after his feeling of annoyance has passed. If he is an unreasonable man, it will not help any adjustment to tell him your frank opinion of him. You can say it to yourself, as emphatically as you wish.

The aim of an adjustment is to keep the goodwill of the customer, but any customer continually making unjustified claims should be treated firmly.

If the customer wishes to return saleable goods, or to do other things which cause you some trouble but not much expense, agree to his request cheerfully and at once.

You increase the customer's friendly feeling towards you if you grant such favors with good grace and immediately.

Even a considerable favor, granted unwillingly, would do harm instead of good.

Customers at times ask favors which appear unreasonable, but there may be serious reasons behind the requests, reasons, which the customers do not think it necessary, or have not time, to tell you, which would cause you to grant the favors at once if you knew all the facts.

**Investigations of Claims and Disputes.** Make investigations of complaints without delay. It is easier to get the true facts before other events have crowded them out of the memories of the persons concerned.

Absolute truth should be insisted on from all employés. The natural inclination is for them to make misleading statements so as to avoid blame. It should be pointed out to them that we are all liable to make mistakes, and that it is better to admit a mistake or carelessness at first, when questioned, because the fault is then less. Trying to avoid blame, by making untruthful statements, is a serious fault. The person investigating the complaint is unable to deal with it satisfactorily if he is misinformed. The customer making the complaint would, in such a case, consider that the adjustment clerk or correspondent was deliberately mis-stating the facts; the result is humiliating if the customer sends proofs justifying his complaint and proving that an employé had made an untruthful statement to you.

**Expressing regret.** Whether the fault is your own or the customer's, do not fail to say that you regret that the result has been to cause him annoyance. That is always true.

Even if he is wrong, do not say so bluntly; state the facts only and let the customer judge. But if the blame is yours, accept it at once, in full. Do not point out that he might have prevented it by taking more care, or that he should have done something to prevent some mistake made by your employés. He has a right to expect careful attention to his orders and he also expects that you employ intelligent and competent assistants.

Remember too, that it is to your own interest that complaints should be made, because they point out weaknesses in your organization. While some customers may complain of carelessness, others may become disgusted and cease buying from you, without telling you the reason why.

**Phrases to avoid.** Do not use the following phrases; "we are at a loss to understand"; "we do not see how we could have"; "which you allege," "you say that," "which you say," "we have taken steps to prevent any such occurrence in the future," "we have discharged the employé who was to blame."

Do not show, or imply, in your reply, that you disbelieve what the customer states.

It is better to treat the complaint, at first, as having been made in good faith. Instead of saying that the fault will never occur again (a foolish statement), say how you propose to prevent it recurring. Do not use the word "complaint," mention the trouble in other words, use the word "adjustment" where possible.

### Refusal of goods.

We regret that we must place these goods at your disposal.

We regret that we are compelled to refuse acceptance of these goods.

We have to inform you that we have rejected this consignment (shipment).

We shall have to decline these goods (refuse acceptance of these goods).

We hold these goods to your order, as it is impossible for us to accept delivery.

### Because

- ✓ they are not according to our order.
- ✓ they are not like our pattern, (to our sample, or design).
- they are of a much inferior (poorer, cheaper) quality.
- they are not nearly as good as your sample from which we ordered.
- they are not within the limit of price we fixed (much too dear, beyond our limits).
- they are not in accordance with your description (the description given by us when we ordered them).

they are much inferior to previous lots received from you.

they are almost all imperfect (old stock, out of date, old designs).

they are unsuitable for our trade.

they are unsuitable for the purpose we stated when ordering.

they are much too late to be of use; we asked for immediate delivery.

they were delivered too late, the vessel having already sailed (our customer having bought elsewhere).

the quality is too low (too poor, too inferior) for our trade (of a kind we should not care to handle).

they are not worth anything near the invoice price (the price billed, charged).

they have been packed so carelessly that they are almost all damaged.

they have been so damaged, in consequence of careless packing, that we could not sell them.

they are mildewed (faded, discolored, broken, chipped, stained, damaged by water, full of faults, full of imperfections; seconds, jobs, evidently old stock).

they are too common (too out of date, extreme in style for our district, for our customers, our clients, our patrons, our clientele).

their style and finish are very unsatisfactory.

they appear to be old stock.

our client has rejected them as unsuitable.

we cannot make use of the large quantity you have sent.

the prices are much too high; we can buy better locally.

we cancelled them on the 7th inst., on account of the delay in forwarding (in shipping).

we have had to buy, elsewhere, through your delay in delivering.

it was clearly stated in our letter that all remains were to be cancelled.

#### Replies to refusal of goods—fault recognized.

**The error has been caused through; (This unfortunate mistake has arisen through;)**

the inattention of one of our assistants (staff, clerks).

a misunderstanding of your order (the illegibility of your order).

the neglect of the packer to observe our perfectly clear instructions.

the carelessness of the forwarding agent, (non-observation of instructions by the Railroad Company).

our factory having crossed your goods with those intended for another client (customer).

an excess of zeal on the part of one of our employés, for which he has been severely reprimanded.

Severe measures have been adopted to secure the most careful attention to your orders in future.

We have taken steps to prevent any similar occurrence in future.

Alterations (changes) have been made to secure a more effective check on such matters in future.

We have immediately adopted measures to prevent any similar mistakes in future.

✓ We cannot but agree that your complaint is perfectly justified.

We extremely regret that you should have had any cause of complaint.

We are glad that you have informed us so promptly of your dissatisfaction with the goods sent yesterday, as it has given us an opportunity of satisfying you; with this view we have sent a further lot of our newest designs by parcels express (passenger train) this morning.

You were perfectly within your right in refusing acceptance of our shipment (consignment) of the 3rd inst. We sent the nearest in stock at the time but we have since received delivery of a choice lot of new goods of which we send to-day a full selection by express for your approval; please return those you do not require.

It is understood that you may return these rejected goods at our expense; please also invoice to us (bill us with, charge to us) the freight paid by you.

✓ Please debit us with freight both ways, and with the re-packing.

✓ This unfortunate error was made by the Railroad Company.

✓ The mistake arose through the negligence of our new shipping (forwarding) clerk.

#### Proposals to correct (repair) the error.

✓ We have immediately sent you the correct goods.

The goods of the exact description you require have been immediately forwarded by express (passenger train).

A further lot has been put in work for you and will be dispatched with all speed.

We have telegraphed our Works to send immediately a fresh lot of perfect goods by the quickest route, at our expense.

A fresh lot, carefully selected, has been despatched to-day, prepaid, packed in strong boxes to ensure protection against any possible damage.

We have immediately shipped (forwarded) a repeat of your order, packed in zinc lined cases, all charges prepaid (carriage paid).

The goods intended for you have now been dispatched from Dayton, Ohio, where they had been sent in error.

The prices billed (invoiced) were incorrect; enclosed is corrected invoice.

Corrected invoice is enclosed (attached); please substitute it for the one first sent.

We have asked the express company (carrier) to collect these goods from you at once and return them to us at our expense.

Please hand them to the railroad agent for our account, and debit (charge) us with the cost of re-packing and the freight you have paid.

✓ Please return them at our expense.

Oblige us by having the necessary alterations made at our expense.

In order to avoid the heavy expense of returning these goods we offer to make you any reasonable allowance.

✓ So as to avoid the loss of the freight and customs duty on these goods we suggest that you should fix an allowance which would satisfy you (allow you to dispose of them without loss).

As the goods would be considerably depreciated by the return journey, we should prefer your having a survey made to appraise the amount we should allow you for the damage.

We trust that you will help us to avoid too heavy a loss through the error, and therefore we ask that you should be so good as to sell these goods for our account at the best prices obtainable.

#### Offer made of allowance.

We offer the following reductions in price if you will accept (keep) them. We offer an all-round reduction of 15% if you will keep them; this, as you will understand, results in a heavy loss to us.

✓ We propose to allow you an extra 3 months' credit, if you can keep them. It would oblige us if you would sell them at the best price obtainable and credit us with the proceeds.

Please say what you are willing to pay for them, with an extra 3 months' credit.

Have the goods repacked and sent at our expense to our Agent at Salt Lake City.

Oblige us by returning the goods to the shipping agents, to wait our orders (our instructions).

We should be obliged if you would have them valued by an expert appointed jointly by yourselves and the U. S. Consul; we will at once credit you with any difference they find to be due to you.

Please have the goods sold by auction, through a reputable broker, for our account, and credit us with the proceeds.

Oblige us by returning these goods to the Shipping Co. to be held to the order of the Shawmut Bank of Boston.

We should be obliged if you could store these goods until our representative (our traveller) Mr. Smith, calls on you in about 3 weeks from now.

What reduction (allowance) would you like us to make, to allow of your disposing of them without loss (with your customary profit).

Please dispose of them to the best advantage for us and credit us with the amount received, less your usual trading profit.

At what price would you be able to dispose of them?

We are entirely in your hands and ask you to make our loss as small as possible; what can you pay for them?

#### Fault not admitted.

The delay in delivery of your goods was certainly most annoying, but it is the fault of the Railroad Co., we dispatched this lot on the 5th inst. and it should certainly have reached you on the 7th at the latest. We are making a strong complaint to the railroad agent and suggest that you should do the same from your end.

We have referred to the original of your order of the 20th inst. and find that it mentions black lace, as sent by us, not white as you thought, you will see that we are hardly to blame for having executed your order as stated. To-day we have sent the same quantity of white lace, for which invoice is enclosed. If you will return the black, we will willingly pass it into stock and credit you with it.

We regret that you are dissatisfied with the prices of the goods we obtained from other firms for you; you are no doubt aware that it is at present difficult to obtain supplies of these goods at present at any price whatever and, although we had to pay more than the usual price, we believed that we were still obtaining

them at a figure which would leave you a profit. We ourselves made no profit on the transaction, and therefore cannot make any allowance, but if you will return the goods promptly, we will credit them to your account and dispose of them at our own risk.

The goods which you mention you have refused were selected by your buyer, Mr. Smith, on his call here on the 5th inst and no written order was given to us. We should be obliged if you would give the Railroad Co. instructions to re-deliver, as otherwise surcharges will be incurred.

The goods which you mention as not being according to your order were sent to fill the order (in execution of the order) received from you on the 7th inst., which you have probably overlooked. They are exactly as ordered, and at the limits you fixed. We trust that you will find this to be correct (in order).

**Error not admitted: but satisfaction given.**

We have to-day sent a fresh selection of Furs in place of those of which you complain; we believe, however, that, on further examination you will find the first lot to be rather above the average.

We have sent by express, carefully packed, three bottles of polish to replace those received by you smashed yesterday; we are taking up the question of this damage with the express company as we always pack these goods most carefully to avoid such accidents.

In place of the three yards, advised by you as short, we have sent to-day a length of 6 yards, which will make up for any loss in cutting; we should be obliged if you would return the ticket of this piece, so that we may trace the shortage, as these lengths are guaranteed to us as correct by the manufacturer.

To replace the two boxes of envelopes which you mention as short, we have sent two boxes to-day but we should be glad if you would make further enquiry respecting this at your end, as all quantities of our goods are checked twice before dispatch, and it is possible that they have been left in the case with the packing material when the goods were opened out at your end.

Enclosed is credit note for \$2, for the damage to cloth received by you yesterday; will you please examine the burlap (wrapper) of this bale to ascertain whether the piece has been damaged in transit; we always examine every piece carefully before dispatching and if the railroad company is to blame we are anxious to take up the matter with them.

With this we hand you credit note for the 2 yards short measure on the black serge No. N 24; will you please cut off and return to us by parcel post the stamped end of this piece, so that we may trace the error. Every piece is carefully measured before being made up, and the exact length is stamped at the open end; we are therefore most anxious to discover how such a mistake could have occurred. We regret to give you this trouble but this is a matter of confidence between a customer and ourselves and we feel that we ought to spare no trouble to justify that confidence in us and to prevent any recurrence of such an error.

We should be obliged if you would return to us, in the original burlap (canvas), the 6 pieces of coatings of which you complain as spoiled by moisture; we will replace them at once. May we point out that almost all our other clients have these goods packed in cases, with waterproof packing, as recommended by us. The small extra cost of freight is more than saved by the goods arriving in perfect condition. As you will see by the printed notice on our bill heads (invoices)

we do, not hold ourselves responsible for damage unless this style of packing is adopted. May we pack your next shipment (consignment) in this way?

Referring to your complaint as to the mildewed condition of the muslins shipped to you on the 6th inst. We always recommend that these goods should be packed in zinc-lined cases, to guard against mildew on the voyage. Although we guarantee that all our goods are perfect when shipped, it is impossible for us to protect them thoroughly against damage when patent packing only is used for case linings. As an exception, and to prove our goodwill to your house, we have allowed the claim received but we strongly recommend your authorising zinc-lined cases being used for future shipments, as otherwise we cannot be responsible for damage in transit by water or sea air.

We regret that you should have had occasion to complain of the 3 kegs of butter received by you yesterday; please return them at once, all charges forward. A further 3 kegs have been sent to-day prepaid and we trust they will arrive in perfect condition. The first lot was quite perfect when dispatched from our store (warehouse) but the kegs have probably been loaded by the Railroad Co. close to some strong smelling goods which have tainted them. The Railroad Co. usually demands that the consignee (not the shipper) should make the claim in such cases; to save you any inconvenience we will make it direct, but we should be glad if you would, in any future case, take the matter up with the railroad agent at your end, immediately on the arrival of the kegs.

We are rather surprised to receive your complaint as to the condition of the preserved fruits which we delivered to you three months ago. From your description we gather that they have been stored in an unsuitable keeping place (storeroom). As we carefully examine each lot before dispatch, it is practically certain that they were in perfect condition on leaving our works. In order to prove our willingness to meet you, we have allowed in full the amount you claim but we should be glad if you would take note that these goods require to be stored in a cool, dry place and that otherwise it is impossible for them to continue in good condition.

To show our desire to extend our trade with you, we have allowed the \$3.50 you claim for excess freight but we should be obliged if, for future orders, you would specify the method of shipment (means of conveyance) as otherwise we follow the usual rule of sending all goods up to 28 lbs. by express companies and over that weight by railroad. We had no means of knowing that you had special contracts contrary to this recognised custom.

We quite agree that you have reason to complain of the condition of the biscuits received but as they were dispatched to you as received, in the original tins, the damage could not have occurred in our warehouse. We are communicating at once with the makers and will see that a sufficient allowance is made to you.

### Disputed claims; arbitrations

With regard to the allowance you claim, we propose that this should be submitted for settlement to an arbitrator to be appointed by your local Chamber of Commerce (the Chamber of Commerce of your trade).

We are quite willing to submit your claim to the decision of two umpires, one to be appointed by yourselves and the other by us, and, in the case of disagreement, a referee to be appointed by our Chamber of Commerce.

Our conditions of sale provide for disputes being referred to the arbitration

of our Chamber of Commerce; we are ready to adopt this course and should be glad to hear from you as to your arrangements for the submission of your claim.

We regret that we cannot make any further concessions and we must now ask you to be prepared to submit your case to the arbitration of the Leather trades section of the Chamber of Commerce, as provided by the conditions of sale (sale conditions, contract note, our formal notice of acceptance of your order).

Please note that this proposal is entirely without prejudice and that, if not accepted, we shall have to leave the question to be decided by arbitration, in accordance with the contract.

With regard to the writ issued against us for the claim of Messrs. Smith Bros., please apply to the court for the appointment of an Official Referee to deal with the matter.

We have taken up the award of the arbitrator and find that it dismisses your claim and entitles us to our costs against you; we should be obliged by your making an appointment for going into these accounts, so as to make an early settlement of this unfortunate business. We regret that it was not possible to settle this matter earlier, between ourselves.

We have now to give you notice that unless you agree to submit the question to arbitration, we shall instruct our lawyers to take legal proceedings (legal action) against you for the amount of our claim.

We offer to submit this dispute to the arbitration of any two independent trade experts (valuers, brokers).

We consider the arbitrator's award to be unsatisfactory, owing to his having admitted improper evidence. Although we are not satisfied with the conduct of the arbitrator, on the ground of his having refused to admit all our evidence, we have decided to accept his decision in order to close this dispute in a friendly way. This should prove to you our willingness to be fair.

We now give you notice that we are appealing against the arbitration on the ground that the arbitrator's decision is against the weight of evidence and also because it is contrary to law.

The case has been referred by the Judge to an Official Referee, who is empowered to employ experts to assist him on technical points.

We should very much prefer a friendly arrangement of this dispute; can you make an appointment to go into the matter with our Manager?

We wish to treat you perfectly fairly and to convince you of our good faith; we therefore propose that we should both meet in a friendly conference to settle the question; this will be much more satisfactory and speedy than dealing with the dispute by correspondence; will you please name a time and place for the interview.

We confirm the arrangement made between your Mr. Smith and our Mr. Brown, by which we are to allow you \$50 in full settlement of your claims for faulty shirtings; we have pleasure in enclosing our credit note for this amount. Please acknowledge receipt of this letter as settling the matter.

**Order not received.**

Dear Sir,

Your letter of Feb. 12, about your order of Feb. 8, received our immediate attention. We regret that we were unable to find any trace of this order having been received, so we at once telegraphed you this information and asked that the

order should be repeated. As soon as your letter reaches us we shall rush the shipment, so as to avoid any further inconvenience to you.

Very truly yours,

1/10/16

**Order not filled.**

Gentlemen,

On hearing from you that the carpets of your order of April 20 had not been sent we at once made enquiries and find that your order sheet had been held by another department, through carelessness.

We frankly admit the fault and regret the inconvenience it has caused you. In order that these goods may reach you at the earliest possible moment we have sent them immediately by express, at our expense.

We have issued stringent (strict, severe) instructions which we hope will prevent any similar annoyance to you.

These goods should reach you within 24 hours after this letter. If there is any further delay, please telegraph us at our expense; we are anxious to make amends for the trouble we have caused you.

Yours very truly,

**Wrong color sent, order contradictory.**

Gentlemen,

We regret that you should have been inconvenienced through the mistake in sending you black, instead of brown, gloves for your order of April 20. The fault was entirely ours. The number you gave for the color was 32, which is a shade of black, but your order distinctly said "brown" gloves. We ought to have written to ask which color was required. Unfortunately the order clerk guessed, instead of asking.

We are anxious to make amends for this error, so we have immediately sent three dozen of the brown gloves by parcel post, insured. Will you please return the black gloves and charge us with the proportion of expense for freight. If you can sell them instead of returning, we should be glad to make you an allowance of 10% on the price at which they were billed.

Yours very truly,

**Carelessness in filling order.**

Dear Sir,

Immediately your letter of January 10 arrived, I personally made a thorough investigation, to discover the reason of the mistake. Our clerk was clearly at fault. Your order was perfectly clear, and there was no excuse for misreading it. What would you like us to do? We are ready to do anything which you consider fair. Meanwhile, we have at once sent you the exact article you ordered. The express freight has been paid by us and we have marked the parcel "urgent, for immediate delivery." We hope that it will reach you promptly.

We greatly regret that you should have been inconvenienced by our carelessness; will you please excuse it.

All your future orders will have my personal supervision, so that you may not be again annoyed by anything of this kind.

Yours very truly,

**Order lost.**

Gentlemen,

Your letter of October 24th, advising us of the non-arrival of the goods sent October 20, has not reached us. We have to-day sent an urgent tracer to the express company, asking them to telegraph their office in your town about the parcel and to report to us without delay.

If not already done, will you please also make enquiries from the express company's office at your end. Would you like us to send a duplicate lot of the same goods; if so, please telegraph us, at our expense.

We regret that you have been inconvenienced by the delay. Unfortunately we had not heard until to-day that the parcel had not arrived or we should have acted earlier.

Yours truly,

**Enquiry not answered.**

Dear Madam,

We thank you for reminding us that your enquiry for further details respecting the Baby-Grand piano had not been answered. We regret this and have pleasure in now replying. Although our illustrated catalog tries to anticipate the questions of our clients, we are pleased to have enquiries on other points, as we are anxious to supply pianos which will meet all the wants of purchasers. We answer your questions below in the same order that they appear in your letter. (&c.)

**Order not acknowledged.**

Gentlemen,

Your order of May 2, for which we thank you, was received by us May 3. As it was to be delivered during the same week we did not send a formal acknowledgment, as we find most customers prefer not to be troubled with such communications. In all cases where the shipment would be delayed, or where we are not able to execute an order exactly, we write to our customer at once. Your goods were despatched May 6, and they should have reached you before the arrival of this letter.

We hope you will find them exactly what you want, and that they will find a ready sale with you.

Yours very truly,

**Order not received.**

Dear Sir,

The order named in your letter received this morning does not seem to have reached us. We have made a careful search, but can find no order from you later than September 20th. If you will send a duplicate of the missing order we will execute it promptly and send the goods by the quickest route.

Very truly yours,

**Shipment lost, new lot sent in replacement.**

Dear Sir,

We were sorry to hear that the goods sent to you December 8th had not reached you up to December 16. We have made up an exactly similar selection and have sent it to you to-day by express, so that it will reach you within the next

three days. If the first lot arrives also, you may be able to sell all of them. Otherwise, please return either lot, at our expense.

Besides repeating this order, we are making urgent enquiries from the railroad company to ensure the original shipment being traced. Please write us as soon as it arrives.

Yours very truly,

**Substitution; sending nearest to kind ordered.**

Gentlemen,

We are sorry to hear that you were not pleased with the colors we had sent you as being the nearest to your order. It is our rule to send the nearest possible, always, so as to give our customers an opportunity of showing these to his own customer. Very often a sale results.

If you do not wish us to do this with your future orders, will you please mark them "no substitutes." Or, a reply to this effect will be sufficient for us to give these instructions to our order clerks.

Of course you may return any of the goods which are not exactly what you wanted. We regret that the changes should have caused you inconvenience.

Yours truly,

**Sending nearest to price ordered.**

Dear Sir,

We regret that the men's shoes invoiced July 20th did not suit your customer. As you know, styles change from year to year, and it is not always possible to repeat the same designs and qualities. The shoes sent are good value at the price charged; they are a better quality than you ordered and we reduced the price specially to meet you. Although this is a model of a lighter weight of leather, we think your customer would find these shoes to stand even harder wear than the grade we previously supplied. If you cannot sell them you may, of course, return them to us, but please do this soon, to give us the opportunity of disposing of them.

Yours truly,

**Reply to complaint as to value of goods; shipment re-sold.**

Dear Sir,

We have received your letter of July 10th complaining of the values of the check gingham to fill your order of July 6th.

We are sorry you cannot make use of them at the prices named. May we ask you to have these goods delivered, at our expense, to the Acme Dress Company of your town. We have sent them a delivery note entitling them to receive these goods from you for our account. Their order arrived after yours, but we were unable to supply it because our stocks were sold out. On hearing from you that you have transferred the goods, we will immediately send you credit note.

Yours truly,

✓ **Inferior grade supplied.**

Dear Sir,

We regret that the tea cloths sent to you on July 6th appear to be of an inferior quality to those previously bought from us. Owing to the great advance

in prices of all linen goods, it is impossible at present to obtain these goods at the old prices and many of our customers find that purchasers are prepared to pay more rather than accept inferior qualities. As your order mentioned price only, we sent you the best possible quality at that figure. If you can persuade your customer to pay the advance, we shall be glad to send you a selection of better qualities from which to make a choice. The unsold portion may be returned at our expense, together with those already sent.

We regret the inconvenience this matter has caused you and trust you may be able to make a friendly arrangement with your customer.

Please write us as to what settlement you make and say what you would like us to do to put the matter right for you.

Very truly yours,

**Sent express instead of freight.**

Gentlemen,

We admit at once that our clerk was careless in sending the goods by Express, instead of by freight, and we wish to assure you of our regret for this annoying mistake. Will you please send us a bill for the difference in the charges and we will at once credit you with the amount.

Mr. Smith, the head of our shipping department, has been instructed to personally supervise all shipments to you, so as to prevent any similar occurrence in future. We are sorry you have been inconvenienced by this error.

Very truly yours,

**Wrong address used.**

Dear Sir,

We regret that our letter of February 4th was delayed through being sent to your former address. The change has now been recorded in our books.

It would prevent inconvenience to you in future if you would give formal notice of your change of address to your local postmaster. He will then re-direct all your letters free of charge.

Yours truly,

**Order filled carelessly**

Dear Madam,

I sincerely regret that your order of April 10 was filled so carelessly. I have given personal attention to put this matter right for you, and have given strict instructions to have a closer supervision of the execution of your orders. I hope that this will prevent any further inconvenience. Your letter pointing out this inattention was appreciated by me as a favor. I am glad to be told when a customer is dissatisfied with our service, because that gives me an opportunity to put the matter right at once and to prevent any similar trouble in future. Please accept my regrets for the inconvenience caused you.

Yours very truly,

**Late returns; refusal to accept.**

Dear Madam,

We regret that we cannot credit you with the case of ladies' hats received from you to-day. These are Spring goods, and it is now Fall (autumn), and therefore impossible for us to sell them. Some of them, we notice, have been

bought from other firms. We hold these goods at your disposal. Will you please tell us whether we are to deliver them to the railroad company for re-shipment to you.

Yours very truly,

**Mdse. not up to sample; allowance offered.**

Gentlemen,

You were perfectly right in pointing out to us that the white shirtings sent to you were not up to sample. We see, by the small cutting which you sent us, that they are not so fine as those last supplied to you.

Mr. Johnson will be calling on you next week, in the course of his journey, and we should be glad if you would discuss this matter with him, so that you may, in a friendly way, agree on an allowance which would enable you to keep the pieces sent. We regret the trouble caused to you. We very rarely find imperfect pieces of this quality, because they are generally carefully examined by the maker, who guarantees them to us as perfect. When any trouble arises, as in your case, we are always glad to put the matter right, to the satisfaction of our customer. We are pleased to hear that you expected we would do this.

Yours very truly,

**Wrong goods sent.**

Dear Sir,

With reference to your complaint of wrong goods sent to you. We greatly regret this mistake and the inconvenience it has caused you. Prompt measures have been adopted to prevent any recurrence of such annoyance to you.

The correct goods ordered have been dispatched this morning, charges prepaid, and we trust that they will reach you in time to be of use.

Yours truly,

**Wrong size packages sent.**

Gentlemen,

Immediately on receipt of your letter of yesterday we telegraphed our factory (works) to send to you direct, at once, a fresh shipment (consignment) of the  $\frac{1}{2}$ -lb. boxes.

We greatly regret the error of sending you 1-lb. boxes and trust that the slight delay will not inconvenience you seriously. May we ask you to return the first case we sent. If you will please bill us with (send us an invoice for) the freight paid by you on this lot we shall be glad to credit your account with the amount (to pass the amount to your credit).

Yours truly,

**Goods delivered too soon.**

Gentlemen,

We regret that our Spring goods were forwarded at once, instead of on Feb. 20th as you requested. In order to correct (repair) this error we have dated your invoice May 1st, instead of April 1st. We trust this will, in some measure atone for any inconvenience you may have been caused by the error.

Yours very truly,

**Wrong parcel sent.**

Gentlemen,

We extremely regret the inconvenience which has been caused to you by the unfortunate crossing of your shipment (parcel) with that intended for another firm.

To correct this error we have repeated your order (shipment, consignment) and have sent the goods by the American Express Co., this morning, at our expense, (charges prepaid) with instructions to deliver to you immediately.

We trust that it will arrive (reach you) in time to be of service. Meanwhile, if you can make use of the goods already delivered, we shall be pleased to allow you the charges you have paid. Of course you are perfectly at liberty to return all or any (any part) of this shipment (parcel) at our expense.

We again assure you of our regret for the error.

Yours very truly,

**Notice to cancel order if delivery delayed.**

Gentlemen,

Will you please telegraph me at once whether or not you can supply the dining room suite I ordered June 10, to be delivered within a week. I need it for a special occasion and if you cannot supply it at once I wish to have a chance to obtain a suite elsewhere.

If no telegram from you reaches me to-morrow, please consider this letter as canceling my order.

Yours truly,

**Reply telegram.** Dining room suite being sent to-day by our motor van. Regret delay caused through waiting drying after polishing.

**Reply as to goods missing from case.**

Gentlemen,

The 12 gross buttons short, from (shown on) our invoice of the 3rd inst., appear in our books as having been shipped (forwarded) to you on that date but to prevent any inconvenience we are sending a further 12 gross to-day. Meanwhile, we should be greatly obliged if you would have a search made for the first lot at your end as our packer assures us that they were included with the other goods to your esteemed order. It is possible that they have been overlooked by your assistants, and that they may still be in the case, but hidden by the loose straw and paper.

Yours very truly,

**Wrong goods sent; return asked.**

Dear Sir,

We greatly regret that our salesman (traveller) appears to have misunderstood your order for Linoleums. If you will be so kind (so good) as to hand them back to the Railroad Co., for our account, (for return to us), we should be greatly obliged. Please send us bill (debit note) for the charges paid on this

portion of the shipment, so that we may credit you with the amount. If you can possibly keep these goods, we should be glad to pay the freight charges and to allow you 5% off the billed (invoiced) prices.

Yours very truly,

**Wrong quality (grade) sent.**

Dear Sir,

Replying to your complaint re black silk lace. It is evidently through a mistake of one of our order clerks that the better quality has been sent. What allowance would you like us to make on the 10 pieces sent. Or, would you prefer to return them and have the quality you usually order. We greatly regret this mistake and we are anxious to satisfy you either by reducing the price of the goods you received or by sending a fresh lot at our own expense. Please telegraph us, "collect", stating which you prefer.

Yours truly,

**CHAPTER 54.—INSURANCE OF GOODS IN TRANSIT.**

Explanation of inland and marine insurance of goods in transit; what risks are covered by ordinary insurance and what other risks must be specially named and paid for; general average and particular average; insurance of profits; how to make claims; limitations of claims; franchises. Insurance of goods as a contract of indemnity. Domestic and foreign shipments. Marks for cases and packages. Marine insurance. Abbreviated terms used in shipping, transport, and marine insurance. Phrases, paragraphs and letters respecting packing, shipping, and insurance.

**Ocean and Inland Marine Insurance.**

(With acknowledgment and thanks to Messrs. Hoey and Ellison, Underwriters, of 99 William St., New York, who have furnished this information).

The marine insurance contracts in general use commonly indemnify parties in interest (owners or persons having liens or claims on the property) against losses accidental in character and beyond the control of the insured. Losses occasioned through the negligence of the carrier, or inherent vice of the merchandise, are not basically proper subjects to be covered under the marine policy, but because of war and post-war conditions, and for competitive reasons they are sometimes included in the coverage.

**Ocean Marine.**

**Hull.** Policies on hull indemnify against fire, sinking, stranding, collision, heavy weather damage, explosion, bursting of boilers, damage to hull and machinery through negligence of masters, mariners, engineers, etc., latent defect

in hull or machinery and pay claims for damage done to other vessels in collision. Rates vary according to the age, construction, and condition of the vessel, the trade and management record.

**Cargoes.** The basic cargo policy covers losses caused by or arising from fire, sinking, collision and stranding. (The following risks are not covered by the ordinary insurance. They must be named specially and paid for separately). Theft, pilferage, sweat of steamer hold, mould, inherent vice of the merchandise, hook damage, fresh water damage, extra dock, truck, railroad, and warehouse risks, and lighterage risks, as well as breakage leakage oil stains and contact with other cargo from any cause whatsoever may be covered at additional rates. Rates are based on the susceptibility of the cargo to the various perils covered, season, carrying vessel and voyage.

**Specie and/or bullion.** (This means specie or bullion, or both specie and bullion together). Shipments of specie may be covered against all risks of transportation and navigation, including theft and pilferage, from door of shipper to door of consignee.

**Profits and/or increased value.** On ship, when vessels are in demand, can be covered against risks of total and/or constructive total loss only.

On cargo, coming to a demand market, are covered on the same conditions as the merchandise itself.

**Customs duties.** Duties may be insured to follow the cargo conditions, but at a lower rate, in view of the fact that no claim is collectible unless the duty has been paid.

**War risks.** Damage or loss caused by mines, aeroplanes, bombs, submarines, seizure by enemies, and other warlike acts, are insured against by the marine companies.

**Shipbuilder's risks.** Vessels under construction may be covered against fire, collapse of ways, damage during launching, expenses incurred if the launch is unsuccessful, and marine perils while on trial trip. Materials being prepared in other plants are covered against fire, derailment, and collision while on the way to the plant, and against marine risks while water-borne in the port at which the vessel is being built.

### **Inland Marine.**

(Great Lakes, rivers and canals)

**Hull.** Policies on hull indemnify against perils of seas, bays, harbors, rivers, etc., fires, and damage received in collision, damage to hull and machinery through negligence of master mariners, engineers, etc., latent defect in hull or machinery and damage done to other vessels in collision. Collision and stranding risks in connection with a vessel being towed by the insured vessel may also be covered by special agreement.

**Inland Cargo.** Policies on cargoes shipped on inland vessels (in lakes and rivers) are generally written free of particular average under 5% or F. P. A. E. C. (meaning; free of particular average except through collisions). Damage to cargo caused by negligent stowing, loading or navigating is not covered.

**New York lighterage cargo.** Policies on cargoes on lighters in New York Harbor cover ordinary sea perils, excluding claims from lack of ordinary care or skill in navigation or loading, overloading or explosion. A watchman must be on board at all times, and in addition \$100 is deducted from every claim. (This

amount of \$100 is called a \$100 "franchise." No claim can be made for damage or loss of less than this sum. This prevents trifling claims being made. See later paragraph on this subject.)

**Transit risks covered—Theft and pilferage.** Policies covering merchandise in transit throughout the country indemnify against all risks of transportation and navigation, including theft of an entire shipping package. Pilferage may generally be covered on payment of an additional premium.

**Truck transit.** Policies covering merchandise shipped by truck cover against fire, collision, and overturning, and may generally be extended to cover theft and pilferage.

**Registered mail.** Policies are issued which indemnify senders of securities, etc., by registered mail against losses of any nature, from door of shipper to door of consignee.

**Yachts.** The policy protecting small pleasure boats covers perils of the sea, fire, collision sustained, etc., including theft of the entire boat. Fittings stored on shore are covered against fire up to 10% of the value of the vessel. Damage to propellers, shaft, and machinery are not covered unless caused by burning, sinking, or collision with another vessel. Damages to hull and machinery through negligence or latent defect, explosion of boilers and breakage of shafts, are not covered unless the vessel is valued at over \$2,500.

Policies protecting larger vessels cover sea perils, fires, collision sustained, stranding, damage to hull and machinery through negligence of master, pilots, and engineers, latent defects, and explosion of boilers. The damage must amount to \$100, which, however, is not deductible.

Applications in writing on the companies' form must be filled out, showing particulars of the risk.

### **Important Conditions in use in Connection with Cargo Policies.**

**Particular average.** A particular average is a loss upon any one interest (one shipment) which is not a total loss, caused by a peril insured, and to which no other interest contributes. Sea water and fire damage to a particular interest (shipment) are examples.

**Average. (Author's note.)** The word "average," when used for insurance has not the usual meaning. It is an anglicised translation of the French words "avarie" or "havarie" meaning loss. A "particular average" means a loss on the goods of one particular shipper, or damage to those goods, the loss falling on the owner, unless insured.

A "general average" means a general loss or common loss, which must be borne by the whole of the owners of cargo and the owners of the ship. A general average loss would be the value of goods thrown overboard to lighten a ship in a storm. The loss would be assessed over the value of all the cargo and of the ship and its equipment. Each would pay a share to the owners of the goods sacrificed in this way in order to save the whole of the cargo and the ship.

The amounts to be paid would be fixed by special valuers, called "**average adjusters,**" (loss adjusters). A deposit to cover these proportions of loss would have to be paid by the persons to whom the shipments were addressed before the goods would be delivered by the shipowners.

**General average.** A loss resulting from a voluntary sacrifice or expenditure, in time of peril, for the safety of hull, cargo and freight, and repayable by all

interests benefited, is a general average. Interests contribute in general average on the basis of their sound arrived value.

**F.P.A. American conditions.** *"Free of particular average unless the vessel being stranded, sunk, burnt, on fire, or in collision."*

In order to recover on merchandise insured subject to these conditions, it is necessary for the loss to have actually been caused by the vessel having been sunk, burnt, on fire or in collision.

**F.P.A. English conditions.** *"Free of particular average unless the vessel be stranded, sunk, on fire or in collision."*

In contradiction to the "American conditions" it is not necessary for the merchandise so insured to have been damaged through the actual peril, but that during the voyage the vessel encounter one of these perils, i. e., goods so insured are not protected against ordinary sea water damage, but if during the voyage the vessel has touched bottom or been on fire, the warranty is then opened, and such water damage is collectible.

The above warranty may be extended to include recovery of the insured value of any package or packages totally lost in loading, transshipment or discharge, or any loss or damage attributable to fire, collision or contact of the carrier with any external substance (ice included) other than water, or to discharge at a port of distress.

**3% Particular average.** *"Each case, shipping package or shipping piece subject to particular average if amounting to 3%."*

Under this clause all partial losses are paid in full if they amount to at least 3% of the value of each piece.

**Franchise. (Author's note.)** Large shipments are insured in separate small lots, to get the benefit of the 3% limitation of claims.

For example, if 1000 cases of goods are shipped, each worth \$50 (total value \$50,000) no claim could be made for damage of less than \$1,500, if they are insured in one lot, with a 3% franchise.

It is better to insure them in ten lots of 100 cases each, of a total value of \$5,000 per lot. Then damage or loss amounting to over \$150 (3% of \$5,000) is covered by the 3% franchise clause and can be claimed for.

Clauses extending the policy to cover the risks of pilferage, breakage, fresh water, etc., simply state the risk covered, and generally are so worded that claims may be collected in full. Leakage is usually payable if amounting to 3% of the insured value of each barrel or container after deducting 1% for ordinary or natural leakage. Lighterage, explosion, strike, and riot risks are also covered. The policy is generally extended to cover the merchandise from the time it leaves the shipper's warehouse until it arrives at the consignee's warehouse, but not in the warehouse prior to shipment or after arrival. Import shipments may be covered while in bonded warehouses and/or U. S. appraisers' stores awaiting appraisal and/or removal. Certain bag, bale, or bundle commodities are often written to pay partial loss if amounting to a fixed percentage on a certain number of packages, i. e., 5% particular average each 25 bags of sugar, 10% particular average each 50 bales of hops, 5% particular average each 10 bundles of rattan.

### **Making Claims for Loss or Damage.**

In order to substantiate an ordinary average claim on CARGO, the following papers must be presented: Certificate or Policy of Insurance, Bill of Lading, Original Invoice, Survey, Master's Protest, Statement of Claim.

In the event of theft, pilferage, or other claim for which the carrier seems to be liable, claim should be filed against the carrier immediately after arrival, and copy of the claim filed and the carrier's reply, as well as affidavit of packer, should be sent to the insurer in addition to the above documents.

In the event of a partial loss on HULL, the following documents are necessary: Policy of Insurance, Master's Protest, Survey, Proof of Interest (ownership or lien), Repair Bill.

In the event of total losses of either hull or cargo, the same documents are required, with the exception on hull, or the repair bill, and, if lost at sea, the survey.

Hull claims and general average losses should be placed in the hands of competent average adjusters who are equipped to attend to the intricate details incident to the adjustment of such losses.

**Insurance as a contract of indemnity.** (Authors' note.) Insurance of goods is intended to save an insurer from loss, not to give him a profit.

Therefore, when making claims for loss or damage, the insurer is expected to claim only the cost price of the goods lost, plus expenses actually paid on them. In claiming for damage the loss is understood to be the difference between the undamaged value (the sound or perfect value), at cost plus expenses, and the damaged value on the same basis.

Anticipated profits on sale of goods coming from abroad can be included in the amount insured, but this profit must be declared to the insurance companies when insuring. Losses cannot generally be claimed on merchandise which is unsalable before being damaged.

## ABBREVIATIONS OF TERMS USED FOR SHIPPING, TRANSPORT AND MARINE INSURANCE.

*A. a. r.*, against all risks; *ackgc.*, acknowledge; *a. o.*, for account of; *at S. O.*, at shipper's option; *A.A.-1*, highest class rating of ship; *A-1*, first class rating of ship; *AE-1*, second class rating of ship; *A. B.*, able bodied seaman (British term); *Amn. or Amern.*, American; *@ p. lb.*, at per pound; *A. T.*, American terms, or association terms; *Aus. T.*, Australian terms; *authy.*, authority; *ad val.*, ad valorem; *a. r.*, all risks; *avge.*, average (loss); *av. ac.*, average accustomed.

*B.*, ball or bag; *Bags/bulk*, part in bags and part in bulk; *B. B.*, below bridges; *bbl.*, *brl.*, or *bart.*, barrel; *B. Ch.*, Bristol Channel; *B/D.*, bar draft; *bd.*, board, bound; *bdl.*, bundle; *bds.*, boards; *bg.* or *br.*, brig; *bkgc.*, brokerage; *B/L.*, bill of lading; *bldgs.*, buildings; *bly.*, barley; *B. of T.*, British government Board of Trade; *boat load*, 8,000 bushels of grain in a canal boat; *bott.*, bottles; *bque.*, barque; *b. t.*, berth terms; *bu.*, bushel; *bulk*, whole cargo in bulk; *bx.*, box or boxes.

*C.*, cases, or cask; *Cal. T.*, Californian terms; *cap.*, captain or capital; *cert.*, certified; *c. f. o.*, Cork or Channel for orders; coast for orders; *c. f.*, cubic feet, cost and freight; *C. G.*, coast guard; *C. H.*, custom house; *chges fwd.*, charges forward; *chges ppd.*, charges prepaid; *c/i.*, certificate of insurance; *cif.*, *cfi.*, or *c. f. and i.*, cost freight and insurance; *cif. c. and i.*, cost, freight, insurance, commission and interest; *c. l.*, car load; *cl.*, class; *cld.*, cleared; *C. M.*, certificated master, or chief mate; *cntr.*, centner; *%*, care of; *comm.*, commission; *consgt.*, consignment; *consgce.*, consignee; *cnor.* or *consor.*, consignor; *Cont.*, continent of Europe; *cont.*, contents; *contg.*, containing; *contl.*, continental; *C. P.* (or *c. py.*),

charter party; *c. p.*, custom of port; *c. pd.*, carriage paid; *c. p. d.*, charterers pay dues; *C. P. R.*, Canadian Pacific Railway; *cque.*, contremarque (reference number); *C. R.*, company's risk; *C. T.*, Californian terms; *ctge.*, cartage; *c. t. l. o.*, constructive total loss only; *cu., cub., or c.*, cubic (ins., ft., or yds.).

*D/A.*, clause, vessel must discharge afloat; *d. a.*, discharge afloat, or documents against acceptance; *D. B. and B.*, deals, battens and boards; *dbk.*, drawback; *dbl.*, double; *D. C.*, deviation clause; *d. d.*, double draft; *dd.*, delivered; *dd./s.*, delivered sound; *decln.*, declaration; *deld., delvd., dd., or d/d.*, delivered; *dely., or delvy.*, delivery; *descbd.*, described; *dischge.*, discharge; *dk.*, dock, deck, dark; *d. l. o.*, dispatch loading only; *d/o.*, delivery order; *D/P.*, documents against payment; *d. p.*, direct port; *dr.*, draft; *dreading.*, option of general cargo; *duple.*, duplicate; *D. v.*, Deo volente, by God's will; *d/w.*, dock warrant, or dead weight, or double warp.

*E. and O. E.*, errors and omissions expected; *ea.*, each; *e. h. o. p.*, except herein otherwise provided; *ex.*, out of (steamship or warehouse), or exchange; *exd.*, examined; *ex-mill, ex-quay, ex-ship, ex-store or warehouse.* The buyer is responsible for charges after the seller delivers at these points; *exp.*, express.

*F.*, fathom; *f. a. a.*, free of all average; *f. a. s.*, free alongside ship; *fcc.*, franco, free of expense; *f. c. s. or f. c. and s.*, free of capture and seizure; *f. d.*, delivered free at docks, free dispatch; *f. f. a.*, free from alongside, free foreign agency; *f. g. a.*, free of general average; *F. H.*, fore hatch; first half; *f. i. a.*, full interest admitted; *f. i. b.*, free into bunker (coal); *fir.*, firkin (butter); *five ports.* (see at end); *fl.*, florin, floating landing; *fms.*, fathoms; *f. o.*, for orders, firm offer, full outturn; *f. o. b.*, delivered free on board; *f. o. g.*, full outturn guaranteed; *for. or fgn.*, foreign; *f. o. r.*, delivered free on rail (at railroad depot); *ford. or fwd.*, forward; *f. o. t.* free on railroad trucks; *f. o. w.*, first open water; *f. p. a.*, free of particular average; *f. r. and c. c.*, free of riot and civil commotion; *frt. or ft.*, freight; *ft.*, foot, feet; *f. t.* full terms; *fthm.*, fathom.

*G.*, gauge or gallon; *g. a.*, general average or general agent; *gal.*, gallon; *G. B.*, Gt. Britain; *G. C. A.*, general claims agent; *gds.*, goods (merchandise); *genl.*, general; *g. m.*, good merchantable; *G. M. T.*, Greenwich mean time; *gro. wt.*, gross weight; *gt. gr.*, great gross; *G. V.*, grande vitesse, quick goods train, fast freight; *gy.*, greasy (wool).

*H.*, hour; *hgd.*, hogsheads; *H. M. C.*, His Majesty's customs, or consul; *H. M. G.*, His Majesty's Government (British); *H. M. S.*, His Majesty's Service (governmental); *h. p.*, horse power; *hy.*, heavy; *hydr.*, hydraulic.

*I. b.*, in bond; *I. C.*, iron cokes, tinplates; *I. H. P.*, indicated horse power; *incl.*, included; *incl.*, inclusive; *incldg.*, including; *ins.*, inches; *insce.*, insurance; *inspr.*, inspector; *inter.*, intermediate, international; *intl.*, international; *inv.*, invoice; *isl.*, island; *i. tr.*, in transit.

*J/A. or jt. %.*, on joint account.

*Ko.*, Kilo.

*Lat.*, latitude, lateral; *Ldn.*, London; *liq.*, liquid; *ldg.*, loading; *l. h.*, last half; *long.*, longitude; *L'pool.*, Liverpool; *L. T.*, Liverpool terms; *lugg.*, luggage; *lug. rls.*, luggage rails, by freight train.

*M.*, thousand, or mile; *m.*, metre, mile, meridian; *machy.*, or *mchy.*, max., maximum; *M/chr.*, Manchester; *mdse. or m/se.*, merchandise *measmts.*, measurements; *merc.*, mercantile; *M. H.*, main hatch; *min.*, minimum, minute; *MIP.*, Marine insurance policy; *mks.*, marks; *mkt.*, market; *M. L.*, main line; *M. M.*,

mercantile marine; *M. M. A.*, Merchandise Marks Act; *M. R.*, mate's receipt, for cargo; *ms.*, metres; *M. S. A.*, Merchant Shipping Act; *M. S. C.*, Manchester Ship Canal; *m. u.*, making up; *m.r.*, *mir.*, mixed.

*N.*, north, navy, new; *N. A.*, North America; *n. a.*, no advice; *natl.*, national; *naut.*, nautical; *nav.*, naval; *N. B.*, New Brunswick; *n. c.*, new charter; *N. G.*, no grade; *n. m.*, no marks (on cases or other packages); *n. o.*, no orders; *No.*, or #, number; *no red.*, no reduction; *N. R.*, North River; Naval Reserve; *n. t.*, new terms; *n. u.*, name unknown; *N. Z.*, New Zealand.

*O/*, order, our, over; *o/a*, *o/act*, on %; on account of; *o/c*, overcharge, open charter; off coast, vessel at port of call waiting for orders; *O. H. M. S.* (British) on his majesty's service; *O. K.*, in correct form, all right; *o/o*, per 100, or care of; *o/oo*, per 1000; *o. p.*, oper. policy, on passage; *options* (see end of this list); *o. r.*, on rails, at owner's risk; *or*, or nearest price; *origl.*, original; *o/s.*, old style, outstanding, on sample; *o. t.*, old terms; on track or railway (railroad).

*P. A.*, particular average or power of attorney; *p. a.*, per annum, *partrs* particulars, details; *passr.*, passenger; *P. A. T.*, petroleum association terms; *pmt.* or *paymt.*, payment; *pce.*, *pc.*, *ps.*, piece or pieces; *pcl.*, parcel (part of a cargo); *P/D*, proof of delivery; *pd.*, paid; *per pro.*, per procuracy, (per power of attorney); *p. k.*, pack, peck, pick; *pkg.*, packing; *pkgc.*, package; *P. L.*, partial loss, *P. lb.*, per pound; *pm.*, premium; *p. m.*, post meridian, afternoon; *p. o. c.*, port of call; *poss.*, possible; *possn.*, possession; *P. & O.*, Peninsular & Oriental Steamship Co.; *P. o. d.*, pay on delivery; *p. p.*, picked ports, parcel post, per piece, per procuracy, particular ports; *p. p. i.*, policy proof of interest; *p. pro.*, *p. pn.* or *p. p.*, per procuracy; *ppt.*, prompt loading; *pr.*, pair; *prcm.* or *pm.*, premium; *prog. No.*, progressive number; *P. S.*, post script or public sale; *P. T.*, per ton, private terms, by passenger train (parcels); *pt.*, port, point, part, print; *pt. shipt.*, prompt shipment; *ptd.*, printed; *P. V.*, Petite Vitesse, by freight train, goods train, luggage rails.

*Qty.*, quality; *Q. M. G.*, Quartermaster General (Army); *qr.*, quarter, quire; *qt.*, quart; *qty.*, quantity; *quad.*, quadrant; *quotn.*, quotation.

*R.*, rule, rupee, rate; *R. C. H.*, railway clearing house; *rd.*, *recd.*, *recvd.*, received; *R. D. C.*, running down clause, (marine insurance); *remr.*, remainder; *rept.*, report, representative; *retd.*, returned; *retns.*, returns; *R. I.*, reinsurance; *rl.*, rail (transport); *rly* or *ry.*, railway; *R. M. S.*, Royal Mail Steamship; *R. N.*, Royal Navy; *R. N. R.*, Royal Naval Reserve, (auxiliary fleet); *R. O.*, receiving office, receiving order in bankruptcy; *R/p.*, by return of post; *R. R.* railroad; *Rs.*, rupees, rates; *R. S. O.*, rural sub post office; *rt.*, rate, right, root.

*S.* South, Steamer, Shilling, Stock, Single; *S. A.*, South America—n, South Africa—n; *S. a. p.*, Soon as possible; *Sawn*, Sawn timber, per standard; *S. C.*, Suez Canal, Ship Canal, South Carolina; *sch.*, schooner; *schd.* or *sched.*, schedule; *S. D.*, Sea damaged, Sight draft; *S. D. B. L.*, or *S/D. B/L.*, Sight draft with bill of lading attached; *s. d. s.*, sea damaged, for seller's account; *sec.*, second, section; *secy.*, secretary; *sev.*, several; *sgd.*, signed; *shipmt.* or *shipt.*, shipment; *sigre.*, signature; *sk.*, sack; *sl.*, sailer, sailing vessel; *sld*, sailed, sold; *s/m*, surmer, on sea; *S. N.*, shipping note; *S. O.*, shipping order, at shipowner's option, sub post office; *sp.*, spot; *S. P. A.*, Subject to Particular Average; *s. p. d.*, steamer pays dues; *sp. gr.*, specific gravity; *spl.* or *specl.*, special; *spt.*, seaport; *sq.*, square; *sq. ft.*, square feet; *sq. ins.*, square inches; *sq. yd.*, square yard; *S. S.* or

*Str.*, Steamship (Steamer); *st.*, stone, street; *std.*, standard, stated, stored; *stmt.*, statement; *stg.*, sterling, strong; *stk.*, stock; *stn.*, station; *str.*, steamer; *stp.*, stamp; *Sun exct.*, Sundays excepted in lay days; *supp.*, supplementary; *s. v.*, sailing vessel; *s. w.*, shippers' weight.

*T. or t.*, tare, terminal, tons, transit, tranship, transshipment, twist (warp); *t. c.*, till countermanded; *tcs.*, tierces; *tel.* or *ilgm.*, telegram; *telpn.*, telephone; *tem.*, or *tempy.*, temporary; *t. l.*, total loss; *t. l. o.*, total loss only; *T. M. I.*, Thames & Mersey Marine Insurance Co.; *tn.*, ton; *tonn.*, tonnage *t. q.*, tale quale, just as it is (for condition); *t. r.* tons register (ship); *tr.* or *trfr.*, transfer; *trshp.*, tranship, transshipment; *tripte.*, in triplicate, 3 copies; *t. ts.*, telegraphic transfers of money; *twds.*, towards.

*U. a.*, underwriting account; *U. K.*, United Kingdom of Gt. Britain; *U. K. f. o.*, United Kingdom for orders; *u. p.*, under proof (wines & spirits); *U. S. M.*, United States Mail; *U. S. N.*, United States Navy; *u/w.*, underwriter.

*Val.*, value; *valn.*, valuation; *valsn.*, valorization (coffee); *via*, by way of (route); *vol.*, volume; *v. s.*, visible supply.

*W.*, west or western, water or weight; *w. a.*, with average; *w. b.*, water ballast, way bill (British term for bill of lading for inland transport); *wd.*, weighed, would; *wg.*, weighing, waiting; *w. g.*, weight guaranteed; *w. g.*, wire gauge; *whf.*, wharf; *w. o.*, waiting orders; *w. o. g.*, with other goods (for enclosure); *w. p. a.*, with particular average; *w. r.*, warehouse receipt; *wt.*, weight, wrought; *W. W.*, warehouse warrant; *w/w.*, weft way (twist of yarn).

*Ex.*, out of (ex. warehouse, or ex quay).

*Y. A. R.*, York Antwerp rules, (international rules for marine insurance); *yd.*, yard; *yr.*, year.

*Zn.*, zinc, zone.

# in United States means numbers (of packages etc.); in Gt. Britain means bales or cases.

2,000 n., 2,000 tons net register; 3,000 t., 3,000 tons cargo.

#### Options of seaports for cargos.

**Five U. S. ports;** Baltimore, Boston, New York, New Orleans and Philadelphia. *practicable ports*

**Five options,** Russian; Azoff, Odessa, Nicolaeff, Crimea, Novorossiisk.

**Six options** (Same as Five with Kherson added).

**Eight options.** (Same as Five with the addition of Kherson, Bessarabia, Danube and Kustendje, Crimea excluded).

**Cont. (B. H.).** Continent, Bordeaux to Hamburg range.

**Cont. (H. H.).** Continent, Havre to Hamburg range.

**H. A. or D,** Havre, Antwerp or Dunkirk.

**Kincon,** United Kingdom or Continent of Europe.

**L. H. A. R.,** London, Hull, Antwerp, or Rotterdam.

**N/C. or any;** new charter or any direct port.

**S. S. & C.,** same sea and country.

**U. K. H. A. D.,** United Kingdom, Havre, Antwerp or Dunkirk.

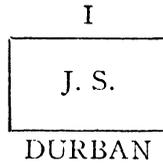
**W. B.,** West Britain.

**W. C.,** England; west coast of England.

### Marks for Cases, Bales, and other Packages.

Cases, bales, barrels, and other packages of goods sent by ship are usually marked with some clearly recognized design instead of the name of the person to whom they are addressed.

In addition to the design, there is usually marked the name of the port of destination, and the initials of the consignee (buyer). Each package also bears a number, and these usually run consecutively, being called "running numbers." Thus 7 cases shipped to John Smith, of Durban, may be marked thus :



This mark would be called J. S. in a block or brick, with the number over and "Durban" under. The marks are painted on the cases by means of a stiff brush dipped in specially thick ink.

These marks are used for three reasons: (1) so that the names of the consignees are not disclosed to competitors; (2) because, during the loading and unloading of the ship, marks are more easily read in the hold of the ship than names; (3) as a brief and quick means of reference to the packages.

Each firm of importers or exporters tries to adopt a mark which shall be distinct from the marks of their competitors.

The numbers of the packages run consecutively for each separate buyer, or the consignor uses his own numbers running consecutively, using separate marks (initials) for each consignee.

**Phrases.** Use your own running numbers, with our special marks. Use our marks and numbers, running on from last shipment. Marks and numbers will be supplied to you later. Apply to our shipping (export, forwarding) Agents, Messrs. Smith, of 95 Beaver St., for marks, numbers and shipping instructions.

Cases to be marked as per margin of this order, and numbered 20 to 25; if you require further numbers apply to Messrs. Smith.

Mark both sides, both ends, top, and bottom.

Mark "Fragile." Mark "No Hooks."

Mark A. B. in a square, numbers 1 and on.

Mark A, 1 to 20, with Cape Town under.

**Packages.** Cases of goods, trusses of goods, Bales of hemp, Chests of tea, Boxes of oranges, Crates of onions, Bales of cotton, Bundles of mats, Bags

of nuts, Sacks of flour, Mats of dates, Barrels of apples, Butts of wine, Pipes of wine.

**Foreign shipments made—drafts drawn.**

Dear Sir,

We thank you for your order of Jan. 10 and have pleasure in enclosing invoice for \$1,565.00. Against this shipment we have drawn on you in favor of the Bank of South America at 3 m/s (months after sight). Please give due honor on presentation.

Yours truly,

Gentlemen,

Enclosed please find invoice of the 150 B/wool (bales of wool) bought for your % at the wool sales. These have been shipped to you today by the S. S. Latimer. Draft has been drawn against you at 3 d/s (days' sight) through the Guaranty Trust Co. of New York for the invoice amount \$———. We shall be pleased to receive your further orders.

Yours very truly,

Gentlemen,

We have pleasure in enclosing invoice of flour for your order of Sept. 10, shipped yesterday per S. S. Prince of Orange. Draft at sight has been drawn against you for the invoice amount of \$———, in favor of the National City Bank. Please protect our draft on presentation.

Yours very truly,

**Foreign shipping instructions.**

Dear Sir,

We regret that the goods for your o/837 could not be completed in time for shipment by the S. S. Cappadocia. Please telegraph fresh instructions. The goods will be completed and packed by March 20.

Yours truly,

Gentlemen,

Your order FB621 was delayed in reaching us and in consequence the packages were shut out of the steamer Three Brothers. We propose to ship them by the next steamer of the same line, sailing Aug. 16, unless you wire us to the contrary.

Yours very truly,

Dear Sir,

Your order of April 10 is complete and packed ready for shipment, but the shipping instructions you promised have not yet reached us. Please let us have these as early as possible.

Yours very truly,

Gentlemen,

Re our o/April 10. Please mark and number the packages as shown below. Send them to Pier 37, New York, to our order for shipment per S. S. Brighton, to reach there not later than Thursday, May 16. Insure for \$4,500, i.p.a. and send us invoice and shipping specifications without delay.

Yours very truly,

Gentlemen,

We received your wire this morning "Steamer Celtic Queen, sailing date advanced to July 2, order 645 is ready, do you want it shipped by this steamer." We immediately telegraphed you as follows:

"Ship order 645 by Celtic Queen insured for \$6,000 our account." This we now confirm and thank you for your attention.

Yours very truly,

#### Importation of goods refused by Customs House.

Dear Sir,

We regret to inform you that your shipment of carpets to London, in bales A.M. 1/5, has been stopped by the British Customs. The reason given is that the markings on the carpets, "Axminster," and etc., without any indication of the place of manufacture, are contrary to the provisions of the Merchandise Marks Act. The carpets will need to be unpacked and stamped "made in U. S. A.," at your expense, before the Customs will allow their importation. Please write or telegraph whether you wish us to attend to this for you.

Yours very truly,

#### Goods landed abroad—no delivery instructions received.

Gentlemen,

We regret to inform you that having received no instructions from you as to the disposal of your cargo per S. S. Baltic we have been compelled by the Mersey Docks and Harbor Board to enter your goods at the Custom House and land and warehouse them. We regret this, as we understand that you intend the goods for export, but we had no option, as we are compelled to land them after three days from the report of the vessel. The dock officials informed us that this regulation is enforced so as to keep the docks clear, and as trade was brisk and berth accommodation scarce, they insisted on our removing or landing all of our remaining cargo. We have handed over all documents relating to your cargo to our agents here, Messrs. Smith & Co., 90 Church St., Liverpool, to whom we request you to give instructions as to the disposal. Of course the warehousing and other expenses will be at your charge.

Yours very truly,

#### Dispute as to charter terms.

Gentlemen,

re S.S. Sirdar.

Replying to your favor of yesterday; we are quite aware that you engaged this steamer to load "about 1½ times her net register," but we do not see that you are entitled to claim an allowance of the difference in price between this 1½ and 1¾ times which we consider is as much as she will safely bear.

We refer you, in regard to this, to a decided case on exactly the same lines, the case of *Balgownie, Nichol v. Ellis*, Common Pleas, July 2nd. 1851. In that case a clause stated "not exceeding one third more than registered tonnage," and the judgment given was that one third was stated as the *utmost limit*, to protect the ship from being overloaded, and that the charterer was not obliged to ship the full amount. We therefore hold that the one and half mentioned in our

contract with you is not a fixed and definite quantity; the word "about" qualifies this quantity, so as to make it seem more or less than one and a half. You would be quite within the terms of the contract if you put either just a sufficient cargo on board or up to as much as the vessel can safely and conveniently carry at this time of the year. We do not think you should object to our drawing the line at the limit of safety, and we must respectfully point out to you that we are compelled to support our Master (captain), if he thinks that a cargo of more than one and three eight times the steamer's net register would be unsafe.

Yours truly,

**Information as to sailing dates of steamers, and rates.**

Gentlemen,

With reference to your proposed shipment by the S. S. Irrawaddy to Hong Kong, we have been advised by the company that this steamer will not be able to take goods before Thursday next.

This late receiving date is due to this being an intermediate steamer; taking therefore a little longer than the fortnightly mail service for its arrival in China.

Our tariff rate for the special goods you mention will be—net per ton from New York, Boston and Philadelphia, but if the quantity of merchandise you are shipping amounts to 40 tons or thereabouts we shall be able to make you a small concession. The full advice should be sent to this office, with complete shipping instructions and customs particulars, namely, measurements, net and gross weights, and contents of each package.

We also have the pleasure to inform you that we are about to open a branch line to Bombay, Calcutta, etc.

We propose to have regular departures to these ports and should be pleased to know if you now have, or if you will have, any goods going forward for our first departure on the 6th of next month.

The conditions of this line will slightly differ from those of the China Branch, namely, all freight, railroad and bills of lading charges must be paid on this side, and not by the consignee as formerly.

We shall be pleased to furnish you with any further particulars you may desire and await your orders of further goods.

Yours very truly,

To the

**Restrictive agreement for cargoes.**

BRISTOL STEAM NAVIGATION CO., Limited,  
Bristol

In consideration of your quoting me a rate of five shillings and six pence (5/6) to Antwerp and six shillings to Hamburg, per ton, for China clay or stone, in bags, casks, or bulk, from f.o.b. your steamers at Fowey to Antwerp and/or Hamburg, I hereby guarantee to ship all my traffic, whether bought and/or sold by me either on f.o.b. Shipping Port terms, and/or on c.i.f. terms, and/or on any other terms, to above destination, by your service of Steamers from Fowey on your usual Bill of Lading conditions.

This agreement to remain in force until terminated by six months' written notice on either side.

The above rates are exclusive of Insurance.

Signed..... (Shipper)

Witness.....

### Marine Insurance of Exports.

Immediately after goods have been shipped by sea, or when notice has been received from the forwarding agent that shipment has been made, the insurance against sea risks should be provided.

In most cases a separate insurance is made of each shipment and a separate policy issued. Application is made by a printed form, either direct to the insurance company (the underwriters) or to an insurance broker who arranges the insurance for his customer, the shipper. The following is a specimen form, called an **Insurance Slip**.

New York, Sept. 5, 19—

To the North American Marine Insurance Co.  
180 Beaver St., New York.

Please insure on *general m/sc*  
per *S. S. African Prince*  
at and from *New York* to *Buenos Aires*  
\$2500 @  $\frac{3}{4}$  per cent  
Policy in name of *Brown & Co.*  
Policy to debit of *Brown & Co.*

Marks and Nos.

B/A 

F.H.
------

 $\frac{1}{4}$   
4 cases cotton  
goods.

The Policy is issued within a few days after this application. Unless it covers fire insurance on the goods lying at the docks while waiting to be loaded on the ship, a separate insurance should be made against this risk. Export merchants usually make advance contracts for insurances covering shipments of several months. These are called open or floating policies and as each shipment is made it is "declared" by the shipper giving a detailed notice to his broker or the insurance company until the amount contracted for is exhausted. Separate policies are not then issued for each shipment; they are replaced by "insurance certificates" which the insurance company issues, already signed, to the exporter and which he completes by filling in the required details of the separate shipments. These certificates are attached to documentary drafts, as proof that insurance has been made. The foreign buyer of goods should be informed whether insurance has been made by the seller. In case of doubt the shipper should insure and charge the expense to the buyer.

If he neglects to insure, and does not give notice in good time to the buyer so that he may insure, the shipper is liable if the goods are lost or damaged while in transit by sea.

**Letters to insurance brokers.** It is generally advisable to place marine insurances through insurance brokers who can usually obtain better terms than a merchant could get by dealing direct with the insurance companies.

The dealings between the brokers and the insurance companies are generally conducted by telephone and the written records are the filling up of printed forms and the making up of accounts. The following are examples of dealings between brokers and the shippers.

### Marine Insurance Terms.

#### Please insure

against total loss of all or part.

free of general average, (f.g.a.).

free of particular average, (f.p.a.) unless burnt, sunk or stranded.

against damage or loss with franchise of 3%.

against loss from fire, collision or stranding, with franchise of 20%.

against damage or loss, with franchise of 5%; each lot of 5 bales running [consecutive] numbers to be deemed a separate insurance; [separate lot for purposes of claims].

\$125,000, more or less, on motor cars, in crates, Montreal to Sydney or other Australian ports; limit —% but try to get under this rate.

#### Rates.

Rate for Atlantic ports is —, Gulf ports —.

The following are the lowest present rates; Baltic —, Bombay —, Brazil —, Calcutta —, Mediterranean —, Melbourne —, New York —, Shanghai —.

The underwriters quote 5/8% for A-1 steamers, summer sailings.

Please quote for \$300,000, per sailers (from) U. K. & Cont. (Continent of Europe) to any ports in Australia, cotton goods, in tin or zinc lined cases. Maximum per bottom (per single ship) \$50,000.

Oblige us with lowest quotations for \$40,000 salt and general cargo, per S. S. Canton, 100 A1 at Lloyds, Liverpool to Capetown. Report by phone for confirmation.

Attached are details of the shipments to be insured under our usual conditions. The goods leave Hull per S. S. Titan for New York on the 20th of this month. Please get the most favorable rates and report for immediate confirmation.

Can you effect insurance with U. S. or Canadian companies, of wines in bottles, Bordeaux to Montreal, by A1 or mail steamers, against all risks, including pilferage and breakage.

We cannot place any further lines at this rate; the underwriters' next best quotation is —%.

Do your utmost to execute at —%.

Rate quoted is satisfactory and is hereby confirmed. Please send cover note (binder) by return and have policy hurried forward.

#### Who insures.

Please state whether we are to attend to the insurance.

Do you wish us to insure; if so against what risks.

Are we to insure freight, commission, and profit.

We can insure here at —% all risks, can you do better.

Please furnish name of vessel and date of sailing, if you wish us to insure.

We can usually insure much better at this end and the underwriters are more liberal and prompt in paying reasonable claims.

**Insurance effected.**

We have insured for \$25,000 with the Liverpool & London and Globe Insurance Co.

The insurance has been made by the consignor with the U. S. Lloyds.

We have declared it against our open policy with the Thames and Mersey Marine Insurance Co. [T. & M. I.]

This shipment has been insured with Lloyds, including freight, commission, and profit.

We have insured for cost and charges, plus 10% profit.

We have declared this shipment provisionally against our open policy, until we hear whether you have covered the risk.

**General Phrases.**

Take out an open policy for \$50,000 and declare this shipment as part.

As our open policy does not cover shipments from Baltic ports please effect separate insurance for this cargo.

The open policy has expired; therefore we have insured this lot separately.

Ship by a good class steamer and insure against all risks, with 15% for profit.

Send certificate of insurance and be careful to have it stamped.

The certificate of insurance was not joined to the draft; please send it at once, as we cannot negotiate the draft without it.

Open an insurance on wheat for \$17,000 per S. S. Fanny, Montreal to London, East Coast or English Channel.

Declare off our open (floating) policy #9236, for English Channel ports, \$8,000 general merchandise in tin or zinc (wooden cases, tin or zinc lined), per S. S. Michigan Star, from Philadelphia to Antwerp. This leaves an undeclared balance of \$46,000.

Enclosed is policy on Ocean Marine Co. for \$9,000. We hear that \$2,000 of this has been shut out through shortage of space. Please have the policy altered and send us credit note for short interest.

We have to-day shipped the following goods which please declare off policy #87,630; this leaves an undeclared balance of \$22,000.

**Lloyds Marine Insurance Policy.**

(Note. The use of this form is restricted by law to the underwriting members of Lloyds, in London. The terms of this policy form the basis for all other kinds of marine insurance policies.)

*Be it known that*

as well in \_\_\_\_\_ own Name, as for and in the Name and Names of all and every other Person or Persons to whom the same doth, may o. shall appertain in part or in all, doth make assurance, and cause

and them and every of them, to be insured, lost or not lost, at and from

upon any kind of goods and Merchandises, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Artillery, Boat and other Furniture, of and in the good Ship or Vessel called the \_\_\_\_\_ whereof is Master, under God, for this present Voyage, or whosoever else shall go for Master in the said Ship, or by whatsoever other Name or Names the same Ship, or the Master thereof, is or shall be named or called, beginning the adventure upon the said Goods and Merchandises from the loading thereof aboard the Ship *as above* upon the said Ship, &c.,

and shall so continue and endure, during her Abode there, upon the said Ship, &c.; and further, until the said Ship, with all her Ordnance, Tackle, Apparel, &c., and Goods and Merchandises whatsoever, shall be arrived at *as above*

upon the said Ship, &c., until she hath moored at Anchor Twenty-four Hours in good safety, and upon the Goods and Merchandises until the same be there discharged and safely landed; and it shall be lawful for the said Ship, &c., in this Voyage to proceed and sail to and touch at stay at any Ports or Places whatsoever and wheresoever for any and/or all purposes.

without prejudice to this Insurance. The said Ship, &c., Goods and Merchandises, &c., for so much as concerns the Assured by Agreement between the Assured and Assurers in this Policy, are and shall be valued at

*Touching* the Adventures and Perils which we the Assurers are contented to bear and do take upon us in this Voyage, they are, of the Seas, Men-of-War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes and People, of what Nation, Condition, or Quality soever, Barratry of the Master and Mariners, and of all other Perils, Losses, and Misfortunes that have or shall come to the Hurt, Detriment, or Damage of the said Goods and Merchandises and Ship, &c., or any part thereof; and in case of any Loss or Misfortune, it shall be lawful to the Assured, their Factors, Servants, and Assigns, to sue, labor, and travel for, in, and about the Defence, Safeguard, and Recovery of the said Goods and Merchandises, and Ship, &c., or any part thereof, without prejudice to this Insurance; to the Charges whereof we, the Assurers, will contribute, each one according to the Rate and Quantity of his sum herein assured. And it is especially declared and agreed that no acts of the Insurer or Insured in recovering, saving, or preserving the Property Insured, shall be considered as a waiver or acceptance of abandonment. And it is agreed by us, the Insurers, that this Writing or Policy or Assurance shall be of as much Force and Effect as the surest Writing or Policy of Assurance heretofore made in Lombard Street, or in the Royal Exchange, or elsewhere in London.

*Warranted nevertheless free of capture, seizure and detention, and the consequences thereof, or of any attempt thereat, piracy excepted, and also from all consequences of hostilities or warlike operations, whether before or after declaration of war.*

And so we the Assurers are contented, and do hereby promise and bind ourselves, each one for his own Part, our Heirs, Executors, and Goods, to the Assured, their Executors, Administrators, and Assigns, for the true Performance of the Premises, confessing ourselves paid the Consideration due unto us for this Assurance by the Assured

at and after the Rate of

IN WITNESS whereof, we the Assurers have subscribed our Names and sums assured in LONDON.

N.B.—Corn, Fish, Salt, Fruit, Flour, and Seed are warranted free from Average, unless general, or the Ship be stranded; Sugar, Tobacco, Hemp, Flax, Hides, and Skins are warranted free from Average under Five Pounds per Cent.; and all other Goods, also the Ship and Freight are warranted free from Average under Three Pounds per Cent., unless general, or the Ship be stranded.

*(In the event of accident whereby loss or damage may result in a claim under this Policy the settlement will be much facilitated if immediate notice be given to the nearest Lloyd's Agent.)*

### Enquiries for quotations.

Dear Sir,

Please state lowest rate you can get for floating policy, \$150,000, A. A. R. [against all risks], general merchandise, in wooden cases only, per White Star and Lamport and Holt steamers, Boston or New York to Liverpool or Southampton.

Yours truly,

REPLY

Gentlemen,

We can quote you  $\frac{1}{2}$ ths % for floating policy of \$150,000, A. A. R., on general m/se in wood cases, per White Star or Lamport and Holt steamers, from Boston or New York to Liverpool or Southampton. This is a very favorable rate but only open for prompt acceptance.

We hope you will be able to decide on it early.

Very truly yours,

### Brokers' replies to customers (clients).

Dear Sir,

We enclose covering note for \$2,000,000 on wheat, 15% and freight, ordinary policy, f.p.a., per 100 A1 steamers, New York to Liverpool; the insurance includes all risks while waiting shipment at N. Y. and until taken over by consignees at L.pool. Please send declarations immediately shipments are made. We are pleased to have succeeded in placing this insurance below your limits.

Yours very truly,

Gentlemen,

We have opened insurance for \$10,000 on cotton, per Texan Chief, Galveston to Hamburg, at —%; impossible to obtain better than this. Please send closing particulars.

Yours truly,

Gentlemen,

Please complete enclosed forms and return at once, so that we may mail you the policies. Do you want us to attend to the loading, etc., for your account. If so, oblige by telegraphing your instructions.

Yours truly,

Dear Sir,

Enclosed is confirmation of your declaration of yesterday for \$8,000 on Policy #835,601. This leaves an undeclared balance of \$3,000 only which we have transferred to a new Policy of \$150,000 we have opened for you. We trust you will approve of this. Cover note and our account are enclosed.

Yours very truly,

**Order for floating policy.**

Dear Sir,

Please have prepared for us the floating policy for \$150,000 A. A. R. on general m/se as per details in our letter of Aug. 10 and your reply of Aug. 11. Also send cover note, and your bill and ask that a supply of certificates be sent to us without delay.

Yours truly,

**Order to broker to insure.**

Dear Sir,

This season we expect to ship not less than \$2,000,000 of wheat flour from New York to Liverpool or London, by first class steamers. Please arrange floating policy, f.p.a., 15% and freight, half each with American and British companies. Report by telephone the rates obtained and we will confirm in writing at once, so that you may send covering note (insurance slip) by return.

Yours truly,

**Declaration—Floating Policy.**

Dear Sir,

Floating Policy #8735—N. Y. to L.pool

Please declare following on above, for shipment per S. S. Nordic, sailing Oct. 20.

Wheat flour .....	\$25,000
15% .....	3,750
Freight .....	350

\$29,100

Copies invoices herewith; policies are required earliest possible.

Yours truly,

**Claims.**

Will you please send us all documents necessary to support your claim for p.a. loss on the six packages lost in the S. S. Ajax.

We acknowledge receipt of your letter of yesterday enclosing average statement, for collection from the underwriters. We are giving this immediate attention.

The underwriters have received a claim, of which copy is attached, from the consignees of your shipment of cases A. M. 871/2 cotton goods. They ask me to enquire from you as to the trade reputation of the consignees on this side, as regards damage claims.

**Refusal of claims for demurrage of steamships.**

Dear Sir,

Replying to your favor respecting S. S. Tiger. This steamer was certainly chartered on Mediterranean form to discharge in 36 hours, and we find the time of arrival stated by you, namely 7.35 p. m. to be correct, but you are not entitled to reckon the hours from the actual time of arrival and to charge demurrage accordingly. We wish to point out that no goods may be landed or unshipped without report or entry either on Sundays or holidays, or after 4 p. m., between March 1st and November 1st, unless the special permission of the Commissioner of the Customs has been previously obtained for such landing or unshipping outside the regular hours. As the steamer arrived after the Custom House hours on the Saturday, she could not be reported until 9 a. m. on Monday morning; the 36 hours for discharging only commences to run after then. We think you must have been under the impression that the lay hours commenced immediately on docking the vessel, but you will find that this is not mentioned in the Charter Parties, and that, failing such special mention, the case is as stated by us above.

Yours very truly,

Gentlemen,

Your claim for one day demurrage on "Pole Star" is one which we cannot allow. This vessel was to be discharged in four running days and our agents advised us that they discharged it during the Friday, Saturday, Monday, and Tuesday last; this makes only four working days and, as it is not the custom in London or any other English port to count Sunday as a lay day, you cannot construe it as being a running day, as a running day would be one on which work is done. We must therefore respectfully but firmly decline to consider your claim.

Yours truly,

**Dispute as to capacity of chartered steamship.**

Dear Sir,

**re Charter for steamship "Monisiana"**

Please take note that we now cancel this Charter, and that we reserve our rights to sue you for damages for breach. Our underwriters inform us that, owing to the capacity of the vessel not being sufficient for the 10,000 quarters of wheat which have been delivered to you for our order, over 600 quarters still remain to be loaded when all your space in the holds and between decks are filled. The underwriters state that you propose to stow the 600 quarters in bunkers, and to pile your coal on deck, which you consider satisfactory as the vessel was not down to her load line. We wish to point out to you that you guaranteed that your vessel can stow and safely carry, at least 10,000 quarters of wheat, and that we therefore contracted with you for from 10,000 to 12,000 quarters. As we have only ordered 10,000 quarters to be delivered to you, we are certainly entitled to expect that you could conveniently carry this quantity. We decidedly object to your stowing the 600 quarters in coal bunkers, as this is never calculated in the net register tonnage and the Insurance Co. is quite within its rights in refusing to accept the risk. We have therefore no option

but to cancel this charter and to hold you responsible for any damage which may arise through loss of market by late shipment.

Yours very truly,

**Certificates of appraisal for insurance claims.**

The undersigned, Agents and Merchants of this sea-port, having been requested by Mr. Santiago Marron, to examine in the Customs, 10 dozen of gloves contained in the case M. P. C. #3242 arrived by S. S. "Palena" in December last, we declare: that, after having met in the Customs Warehouses, we caused the above mentioned case to be opened and took out the ten dozen of gloves: we found them so much spoilt by the damp, and spotted to such an extent, that we consider them without any commercial value. In faith of which we sign the present certificate in duplicate in Callao, the 25th of March 19—.

MAVAVOTO y CIA,  
Callao.

Lima, March 6th, 19—.

Mr. Adolfo Zender,  
Lima.

I call your attention to the fact that amongst the articles contained in the case M. P. C. #3242, have arrived ten dozen pairs of gloves entirely spoilt and absolutely without any value, and for that reason I refuse to receive them, leaving them at your disposition, so that you may claim their value from the Insurance Co., which has insured them.

At the same time I beg you to kindly deduct from the draft of Messrs. Seeger Bros. & Co. for £100-13-0, the amount of the gloves, the proportion of expenses up to reaching Callao, and the value of the charges and duties paid for their forwarding.

Hoping that you will give full justice to my legitimate claim, I remain,

Yours truly,  
MANUEL P. CEBRION.

We, the undersigned, certify that having been requested by Messrs. Adolfo Zender, acting on behalf of Messrs. Seeger Bros. of Manchester, of the one part, and by Don Manuel Cebrión of the other part, to estimate the condition in which were the Preville gloves, ten dozen in number, arrived in the Case M. P. C. #3242, we declare that they are entirely spoilt and without any value, a fact which has also been admitted by the representative of Messrs. Beausire & Co., Lloyds' agents in that town.

In faith of which we sign the present certificate in duplicate at Lima this 5th day of March 19—.

Signed.....

**Certificate of appraisal of damaged goods.**

In the town of Carupano, on the 14th December 19—, the undersigned appointed appraisers by order of the French Consular Agent, in order to examine the state of the bale marked J. B. F. No. 158, unloaded yesterday from the Steamer "Prins Willem" and consigned to Mr. J. I. Benedetti, by Messrs. B. A. Dehn & Heine's successors, of Manchester, as stated by invoice which was

presented to us. We declare: that having opened the said bale, we found that it contained 108 pieces of striped cotton fabrics damaged by sea water.

It is usual, in such a case, to send the bale to be sold at public auction, for the account of the rightful owner but, considering that such a step would be prejudicial to the insurance company, and accepting the proposal that Mr. J. F. Benedetti shall keep the goods, on receiving a rebate, we have agreed to appraise the goods as follows:

Value in good condition, after having paid the customs duties, mark J. B. F. No. 158, 1 bale containing 108 pieces of striped cotton fabrics, 3,179 yards @ B. O., 45. Bolivars 1,430.55.

Value in their actual condition—

1,930 yards @ B.O, 20	B. 386.00	
1,249 " @ B.O, 25	B. 312.25	698.25

Depreciation .....B. 732.30

Seven hundred and thirty two bolivars thirty cents.

We declare furthermore that the present exchange on London is B. 25,25 for one pound sterling and that we have received from Mr. J. B. Benedetti 20 B., each one of us, for our fees.

Signatures { B. SANTELLE.  
                  { MARCOS ANGELI.  
*Consular Agency of France.*

**Declaration of total loss, for insurance claim.**

FINANCIAL DEPARTMENT,  
Batoum Custom House,  
No. 12,391, Batoum.

**Declaration.**

This declaration is given by the Batoum Custom House to Mr. Silvermaister, of the trustworthy firm "Natchatorianien & Co.," in accordance with his request to prove the ownership of goods, for the purpose of claiming loss. That out of 760 boxes under mark "M. K. C." of tinned sheets, unworked, brought by the English steamer "Nygort" into the Batoum Custom House on the 28th September 19—, as per statement No. 1863, as is shown by the Bill of Lading to "order" No. 44—two boxes, during discharging, were lost overboard. Accordingly the necessary documents have been drawn up.

Duties and government expenses are paid.

(Signed)

Member of Custom House.....  
Secretary.....

## CHAPTER 55.—DELIVERIES OF GOODS—DOMESTIC SHIPMENTS.

For explanations of delivery terms and conditions, see Chapter 60.

**Bills of lading** (domestic trade). For packages shipped to towns in the U. S. the shipper (consignor, seller) takes a receipt from the railroad or express agent on a bill of lading.

This domestic bill of lading (B/L) is sent to the purchaser, with the invoice, as proof that the shipment has been actually made, and that the packages were in good condition when shipped.

The goods become the property of the purchaser from the time they have been delivered to the carriers and the bill of lading has been signed; they are carried for the account of the purchaser and at his risk. Claims against the railroad or express companies for damage, loss, or delay should therefore be made by the consignee (the purchaser).

The following are examples of printed steps attached by sellers to the invoices of goods.

### Caution.

The attached Bill of Lading is our receipt from the Transportation Co., acknowledging delivery to them in good condition of material covered by enclosed invoice. Our responsibility for this shipment has now ceased.

Before taking delivery, if there is a shortage, or damage is apparent, have Freight Agent make notation of the facts on freight bill.

In case of concealed damage, call Agent to inspect immediately goods are unpacked and secure copy of his inspection record. If he fails to inspect, write him, stating the facts.

By following the above, claim can be collected from Railroad.

**Read This.** Before signing receipt, see that you have received every item listed. If any item is short, note shortage on receipt. We cannot entertain claim for goods short if we hold your receipt.

No claims for breakage allowed after signing for delivery of articles in good order.

**RESPONSIBILITY**—The attached Bill of Lading is a receipt for the goods in GOOD CONDITION and the Transportation Company has Assumed the Responsibility of delivering them to you in LIKE CONDITION. If any BREAKAGE or DAMAGE occurs, it will be due to Rough Handling, or to causes beyond our control. If you give the Railroad Co. a clear receipt you do so at your own risk, as we are not responsible for loss or damage incurred in transit.

**BILL OF LADING**—This is the ORIGINAL BILL of LADING and should be PRESERVED until goods arrive, as it is the only one we can furnish that will be acceptable to the Transportation Company in case Claim is entered for Loss or Damage.

**RECOURSE**—If there is a loss, or shipment arrives in Bad Condition, have notation made accordingly on your Expense Bill by agent at your station. In case of concealed damage, notify agent promptly and have "Concealed Damage" notation made. If the Express Bill, Properly Noted, and the Original Bill of Lading are attached to your claim, you can collect full damages from the Transportation Company, as they will always pay a proper claim.

**ASSISTANCE**—We are willing to assist in every possible way to collect claims, although WE CANNOT GUARANTEE them. We will handle claims without charge and remit the amount collected as soon as adjustment can be made, provided claims are Not Deducted from our invoice, or payment of the invoice withheld pending adjustment of the claim, as WE DO NOT GUARANTEE SAFE DELIVERY.

### Domestic Shipments.

#### Paragraphs. (packing and shipping, forwarding)

I have given special attention to the selection and packing of your goods. They have been sent to-day and should reach you shortly. Please let me know if they are delayed or if you wish to change any of them. I am always pleased to do all I can to give you every reason to be completely satisfied with the execution of your orders.

These goods have been carefully selected and well packed, and we believe that you will be pleased with the way they open out. Your future orders, which will be welcome, will receive the same careful attention.

The bales of burlap (canvas) are being sent to you direct from the factory. As it is nearer to your town, they should reach you earlier than shipment from the warehouse.

If there is any delay in delivery, or other inconvenience which we can remedy, will you please write us about it at once. We are anxious that you shall be thoroughly satisfied with the goods you order from us.

Your instructions were to send goods by express, but after packing them we found that you could make a considerable saving by changing to shipment by freight. We believe that you will appreciate this saving, so we have sent this lot by freight to-day and hope that it will reach you promptly and in good condition.

Your order of June 8, for which we thank you, asks us to send the goods by parcel post. The post office limits of weight would require us to make three separate parcels of these goods, and the expense would be at least four times as much as sending them by freight. In your interest we have therefore packed the goods very carefully and sent them by freight to-day. We hope you will approve of this change.

We thank you for your order with remittance, received to-day. You have included the cost of sending by express, but as the parcel post gives an equally quick service to your town, at one third the expense, we have sent the goods by insured parcel post to-day. Check is enclosed for the saving in this charge. We hope you may approve of this.

Your check, for which we thank you, covered the exact amount of your order. As there will be a considerable saving in sending these articles by parcel post, instead of express, we have sent the goods insured parcel post. Will you please send us stamps (2c and 1c values preferred) for the postage of 51c paid for your account in this way.

On comparing express and parcel post charges for sending the goods you ordered, we found that the parcel post was much cheaper. Thinking that you would wish us to make the saving for you, we have sent the parcel by post, insured. The postman will collect the charges from you.

Instead of sending the parcel by express collect, which would have cost you \$1.90, we have sent it by insured parcel post, at a total expense of 83c. If

you will pay the postman this amount, on delivery of the c.o.d. parcel, you will save \$1.07. We hope this will be satisfactory to you.

**Postcard to Purchaser, asking for notice of arrival of shipment.**

**Notice of Delivery or Non-Delivery**

At the present time transportation delays are frequent, and with a view to improving your service we would appreciate it if you will please advise us, hereon, the delivery or non-delivery of the following car.

**HERCULES CEMENT CORPORATION**

Car No.....from Hercules, Pa...  
 Date.....Routed via.....  
 Should reach destination not later than.....  
 Car arrived.....Car has not arrived .....Please trace.  
 Name .....  
 Destination .....

*Dear Sir,*

*We have dispatched to you to-day,*

*per .....  
 containing .....*

*Invoice to follow. Please write us if delivery is delayed.*

**HOW TO MAKE FREIGHT CLAIMS**

(1) Write to the railroad or express company, making a formal claim for loss or damage. (2) Describe fully the shipment, date shipped, value, weight, and the names and addresses of consignor (shipper) and consignee (buyer). (3) Attach copy of receipt for shipment given to consignor by local agent of express or railroad company; get him to certify this copy. (4) Attach invoice for amount claimed. (5) Attach copy of invoice from consignor, to prove value of the goods. (6) Attach original affidavit of consignor, declaring contents of packages shipped, and their condition when shipped. (7) Attach original affidavit of consignee, declaring either (a) that shipment has not been received, or, (b) that part of goods was missing, or, (c) that the goods were damaged or broken when received.

If packages are delivered in bad condition, insist on the carrier marking the way bill to say so, before you sign for the receipt.

If packages appeared to be in good condition when received, but articles are missing, report shortage at once to the local agent of the carrier and insist on his examining the goods and verifying the shortage.

If missing packages have been reported to the carrier, and have not been found within three months at most, file a claim without further delay.

If a claim is not given reasonably prompt attention by the carrier, commence a law action to recover the amount claimed.

Either the shipper or the consignee may make the claim. If the buyer

(consignee) refuses to pay for missing goods, or claims from the seller for damages in transit, it is usually better for the seller to claim from the carrier; the buyer should supply all the necessary proofs for making the claims.

**Phrases; asking for quick delivery.** These goods are for immediate shipment, and must reach us by Thursday morning next, without fail.

We have promised delivery to our client for Friday next, please forward immediately, otherwise, advise us at once, so that we may have time to procure them elsewhere.

We request delivery within 3 days; otherwise please cancel.

Prompt delivery is of the utmost importance; send nearest, where exact article is not in stock.

Unless you can deliver at once, please cancel and write us without delay.

The latest we can allow you for delivery is Wednesday next, the 18th inst.; please send immediately samples of any substitutes so that we may confirm by telegraph (wire); the goods must be dispatched Wednesday night, without fail.

Please wire me the earliest time for delivery of 100 pieces.

Do your utmost to deliver a good shipment by the 12th inst., for my special Show Days; the remainder can be sent the following week.

You can send me a further 60 dozen, provided you can deliver on Friday next, otherwise they will be useless.

We must ask you to hurry forward the goods ordered 3 weeks ago, as we are completely without stock and losing sales daily; we rely on your forwarding a portion immediately.

Please dispatch immediately the goods ordered by me on the 20th of last month, to await delivery instructions; I rely on receiving these on Thursday at the latest.

Please send me 6 dozen laces, as detailed at foot, by express, and we will pay on delivery; (to be paid for on delivery, c.o.d.)

In reply to your enquiry for references; we prefer to pay cash for this lot, as they are urgently wanted; please forward immediately by express (parcel express) (on receipt of this letter) c.o.d., (with instructions to collect the amount).

You will great oblige us by urging forward the dyeing of our order No. 732, to which we asked your special attention for quick delivery; we know that these goods usually require three weeks for dyeing and finishing, but it is generally possible to give urgent orders a preference and so save 3 or 4 days; we beg you to do this, as this trial order is for shipment to a new client from whom we expect to receive important repeats. Do not, in any case, permit the dyeing and finishing to suffer by being rushed; both color and finish must be perfect.

### **Replies re quick delivery and delays.**

We shall hasten delivery to the very utmost, in order not to disappoint you.

We have not lost a moment in pressing forward the making of your goods.

Enclosed are samples and prices of proposed substitutes; if you will reply by return we can dispatch the goods, completed, on Wednesday, as requested.

The goods will be ready on Wednesday morning; oblige by sending at once packing and shipping (forwarding) instructions.

To avoid delay, we request you to send us shipping instructions at once; without waiting for our advice of the goods being ready.

As we had no small cases in stock, we have taken the liberty of sending a case of 50 dozen, to avoid delay; you will save considerably on the freight; your recent purchases of small lots must have been costly as regards transportation charges.

In order to keep within your limits of price, we have sent you a full price of 40 yards, as 20 yards only would have cost you 5¢ per yard extra; we hope you will have no difficulty in selling the extra quantity.

The making of a special case for the 10 gross would have delayed delivery, and would have cost you \$2 for the case; we have therefore ventured to send you an original cases of 20 gross, the case itself being free.

To avoid delay we have sent this better quality at the specially reduced price of \$10.50, and trust you will be able to accept this quotation. Should you prefer to return the goods, will you please do so at your earliest convenience, so that we do not miss sales.

On account of the recent floods deliveries from the works have been considerably delayed and we have only received a portion of our usual supplies; to save further delays we have sent you to-day 25 pieces of the grade (quality) better than the A-25 ordered by you and have charged 2 cents per yard extra, instead of the usual 4 cents difference; the remaining 75 pieces will be forwarded in the A-25 quality early next week.

The goods mentioned in your letter of yesterday have been ready for a week and we advised you of this 3 days ago; they have been dispatched to-day by freight (goods train), as requested, and we trust they will have reached you promptly, and in good order before this reply arrives.

We have not had the pleasure of doing business with you before and therefore, as you require these goods immediately, we have taken the liberty of sending them by American Express Company with instructions to collect (payment). Will you please favor us with two trade references, if you wish to open a credit account with us for future orders.

We are doing our very utmost to hasten the completion of your order and expect to deliver the goods about the 20th inst., certainly before the 25th inst.

We regret that it is not possible to deliver goods exactly to your sample before the 10th prox. (of next month); may we send you from stock the kind as sample enclosed.

## CHAPTER 56.—DISPUTES AS TO DOMESTIC DELIVERIES AND TRANSPORT CHARGES.

Chapter 9, dealing with the best methods of treating complaints, includes advice as to handling letters regarding late or incorrect deliveries.

The following are a few additional letters on this subject.

### Letters.

In reply to your enquiry just received we have to inform you that the Linoleums were dispatched from our works on the 5th inst., and should reach you to-day, or to-morrow at latest. Please telephone the railroad company at your end, if you do not receive them to-morrow morning, and wire us if not arrived.

The goods named in your letter of yesterday were dispatched two days ago from Boston, by direct McBride steamer for Philadelphia. They should be delivered to you to-morrow, but in order to ensure this please telephone to the Philadelphia offices of the Union Steamship Company, early to-morrow morning, asking them to expedite delivery.

Enclosed are 10 invoices of goods for several of your customers, which have been dispatched to you to-day in one lot; they should reach you on Monday next. Please have the various lots delivered to the firms named on the invoices, as early as possible after arrival. As we have sent the goods by steamer instead of by freight (rail), you will notice that we have post-dated the invoices by three days to allow for the longer time required for transportation by sea. Hold the invoices until the goods reach you.

We greatly regret to hear that the goods for your order of the 20th inst., have not reached you, and we are obliged to you for notifying us of the delay. The goods in question were dispatched on the 6th of May by the N. Y. C. railroad (luggage rails), correctly addressed to your firm. To avoid any inconvenience to you through the railroad company's delay, we have sent a repeat of your order by American Express Company this morning, charges prepaid, (carriage paid). Will you please refuse the first lot sent, when it is presented by the railroad company; we are writing them strongly to-day respecting the inconvenience caused you through their negligence.

Please excuse the error of our shipping (forwarding) clerk in sending your goods of the 5th inst., charges forward (carriage forward). Enclosed is a credit note for the amount you paid. As we have severely reprimanded our clerk for his negligence, we believe that you will have no further reason to complain.

We regret that the canisters should have reached you damaged, but the packing instructions you gave were to send in parcels with corrugated paper lining; we have credited you with \$1 per dozen on this lot, as an exception, but we should be obliged if you would note that, although such goods are dispatched in perfect condition, we do not hold ourselves responsible for damage in transit unless wooden crates are used, as we recommend.

We greatly regret that you should have received the goods named in a wet condition. Unless they were signed for by you as "not examined" the railroad company will try to evade responsibility. Can you find the case in which they arrived? If so, it should show some trace of having been wet in transit; this

sometimes occurs through the sheets blowing off the railroad trucks in wet weather. The goods were in perfect condition on leaving our warehouse and the damage has evidently occurred in transit. Your best course is to make an immediate complaint to the railroad company; they would not recognize us in the matter, or we would make the complaint on your behalf. Please have this attended to without delay, at your end, and press for an early settlement of your claim.

We regret to learn that the copy of the Shoe Trade Manual, which we mailed to you on December 27th, has not yet arrived. In order to save you further inconvenience, we are sending another copy and we ask you to return the first one when received.

#### **Tracing missing shipment.**

Gentlemen,

Immediately we received your telegram this morning we rang up the express company and asked them to trace at once the package of your goods which was handed to them on the 16th of August. It should have reached you two days ago.

We shall give no rest to the express company until we hear that the goods have reached you. It will help if you would make constant enquiries from their agent at your end, as it is possible that the package has been mislaid there. We regret this delay and hope that the action taken to trace the package may have a quick result.

We should be glad to hear if you require more of these goods. They are a very choice assortment.

Yours truly,

#### **Extra charges on shipment.**

Gentlemen,

We regret to hear that you had extra charges to pay on account of your order of November 16th having been sent in two lots. This was done because your order said you were in urgent need of certain articles.

Rather than delay the whole shipment, through having to procure certain qualities specially for you, we thought it to be in your interest to send at once the urgently needed articles. We regret that this increased the forwarding expense, but we did not care to risk the greater loss to you by your missing the sale of some of the goods. We are always anxious to do what is best for our customers in such cases. You will see that it was difficult to decide, and that we acted for your interest. If you think that, in fairness, we ought to pay the extra charges, please bill them to us.

Yours truly,

#### **Shortage being investigated.**

Dear Sir,

We are anxious to inform you that special attention is being given to your letter of March 25th. We hope to be able to report to you within a few days. Meanwhile, we are making a thorough investigation to find how the shortage has

occurred. Have you already reported the loss to the carriers; if not, will you please do so without delay.

Yours very truly,

**Damaged shipment.**

Gentlemen,

We regret to hear of the damage to the shipment made June 5th. The goods were examined before being packed. They were then in perfect condition, were carefully packed, and we have a clean receipt for the case from the railroad company.

Therefore they must have been damaged on the way to you. Will you please report the damage at once to the agent of the railroad company in your town. You should have no trouble in proving the damage and recovering the amount of your claim. Do not sell the damaged articles until your claim has been settled by the adjuster of the railroad company.

Would you like us to send you a duplicate lot at once, to replace the articles damaged?

Yours truly,

**Damage in transit.**

Dear Sir,

Will you please send us full details of the damage to the roll of cloth shipped to you on March 20th. If you will also say what sum in your opinion would be sufficient to pay you for the damage, we will claim the amount from the express company on your behalf.

May we replace this roll. If so, please telegraph us, charges forward, and we will ship at once.

Yours truly,

**Reply to complaint of damage in transit.**

Dear Sir,

We are pleased that you have pointed out to us the damage to the goods which we shipped (forwarded) on the 25th inst. This gives us the opportunity to put the matter right at once.

This morning we have sent you a duplicate of the shipment by express, freight paid, so that you may suffer no delay in supplying your customers.

These new goods have been billed (invoiced) to you. If you will please return the damaged goods, with the original wrappings, at our expense, we will credit you with the amount of the first invoice immediately they arrive.

You were quite right in complaining to us promptly. We want to save you inconvenience in such cases and we were glad to do all in our power to prevent your disappointing your customers.

We make a special point of careful packing and every parcel leaves our stores in perfect condition. The railroads, unfortunately, are not always sufficiently careful with packages. We will take up this matter strongly with the railroad agent here, immediately the damaged goods are returned, so that you may have no cause of complaint in the future.

We regret that you should have suffered this inconvenience.

Yours very truly,

**Reply to complaint of delay in delivery—Substitute proposed.**

Dear Sir,

We are sorry to receive your complaint re brackets A-21 on order, and we admit that you have reason to object to the delay in delivery. A messenger was despatched to the works immediately on receipt of your letter, and we have given instructions that overtime is to be worked to-night, so as to have the goods ready for dispatch to you early to-morrow morning. We have telegraphed you to say that you will receive them on Thursday.

As we wish to give you satisfaction with these goods, we should be glad if you could, in future, either order a larger quantity of this design, or adopt the improved design B-3, which our salesman, Mr. Jones, submitted to you some months ago. Our other customers have adopted the new shape and we are now making it in such large quantities that we can always supply it from stock, at 20% less than A-21. Owing to the older design having been discontinued by us for our regular trade, we have to make specially each lot of it you order.

As you will understand, it is not always easy to stop the manufacture of large quantities of standard designs, which are in active demand, in order to make a few of a special design.

In addition, making these small lots costs us much more than making the B-3 in large quantities. We are therefore not able to make you any reduction on the price of A-21, although we should be glad to do so if it were possible. To-morrow we are sending you a sample of the B-3 with the shipment of A-21. Will you please carefully compare the two designs, bearing in mind that, although the B-3 costs 20% less, it will sell at the same retail price, and can always be supplied from stock. In our opinion the B-3 is the better value for you.

We are anxious to meet you in any reasonable way in this matter. If you still prefer A-21, and are likely to continue running it, we will at once prepare a sufficient quantity of it for your orders of the next 4 months and place them in stock. This we should have done previously, to prevent your having to wait for deliveries, but we were uncertain whether you would not change to the B-3. Your decision on this point would greatly help us in avoiding any future delays in the execution of your orders.

The goods for your Reading branch have already been dispatched, and you will have received the invoice this morning. Enclosed is a list of all orders now in work for you. You will see that, with the exception of A-21, there are no others which you have asked to be delivered this month. We have marked on the list those goods which are ready, so that you may inform us if you wish any to be dispatched at once.

We are at all times pleased to receive your orders, whether they are small or large, and we can assure you that they are looked after with great care.

Please do not hesitate to say if there is any other way in which we can facilitate business for you.

Yours very truly,

## CHAPTER 57.—MARKET PRICES—RISES AND FALLS; MARKET REPORTS; KEEPING CUSTOMERS INFORMED.

**Market Reports.** Daily and weekly newspapers give considerable space to the reporting of prices in the various market centres for selling produce and manufactured goods. Most branches of business have also trade journals, which contain only the news affecting those special trades.

The leading firms of brokers and commission agents, and concerns which have large controlling interests in special trades, issue their own reports to their customers. These private reports not only give the news of recent transactions, with the latest market prices, but also contain opinions as to the probable rises or falls in price, and the estimated supply and demand in the near future.

These private reports are sometimes printed in the ordinary newspapers by permission of the firms which issue them, with acknowledgment of the sources of the information; for example, the reports of the firm of Handy & Harman of New York, dealers in bullion (gold and silver metals) and foreign exchange, are printed in the daily newspapers under the name of the firm. Market reports are telegraphed from the chief markets abroad to all the leading commercial towns in the world which are affected by the prices of their special products.

It is common for firms doing an export or import business to add to their letters a few phrases giving the news and prices of their local markets, and the probable future demands for goods. The word "market," as used in commerce, means a group of traders. In some towns these traders have a fixed place of meeting, such as a cotton exchange or a produce exchange. In other towns, where there is no general meeting place, the market report is made up from reports obtained from the chief firms in the trade. For example, the money markets in New York and London have no meeting places and the money market reports are based on the news obtained from the chief bankers, bill brokers, and dealers in exchange.

### Markets

**Words for Trade Markets.** Exchange, cotton exchange, wool exchange, stock exchange, ("Wall Street" or "the Street" for N. Y. Stock Exchange), Lloyds (for marine insurance), Chicago "pit" (exchange for wheat and other produce), money market, "Lombard Street" for the London money market, "Old Lady of Threadneedle Street" for the Bank of England.

**Phrases.** Liverpool is an excellent outlet (place of sale) for food stuffs.

The Lancashire manufacturing districts, and the London district are the most important markets for all South American and British colonial produce.

The freedom from customs duties, the cheapness of transport by water, and the density of population, make the English manufacturing districts and London the largest buyers of American wheat, flour, beef, animal products, cotton, tools, and machinery.

There is no market (sale) here for articles of luxury. We deal almost exclusively with South American markets (countries). We are not in the market for (not buyers of) these goods at present. You must first find a market for (create a demand for) this patented article before we can handle it.

**Trade.** Business; traffic; trade; commerce; export; import; import trade; export trade; wool trade, meat trade, wholesale business; retail business, commission business, publicity (advertising) business.

**Phrases Re Trade.** To extend trade; to enlarge trade; to restrict trade; to cripple trade; to do business; to open out business; to trade in colonial produce; to negotiate business; to do business with a firm; to be in business relations with, to be connected with a firm in business; to have transactions with a firm; to establish a connection with, to deal with; to have regular dealings with, to handle goods, to trade in, to deal in.

### Reports on Present Market Prices

#### The Market is—

**Falling,** prices are depressed, declining, falling quickly; a slump has occurred; the market is over-stocked; supply is in excess of demand; sellers are in a majority.

**Dull,** without change, buyers waiting, buyers are scarce, buyers are cautious (shy), sales insignificant, goods difficult to dispose of; sales decreasing; prices dull with a weaker tendency, with a downward tendency, dropping, heavy, dead, lifeless, without animation; buyers holding off, a buyer's market.

**Slow,** sluggish, dead, stagnant; without life, dormant.

**Quiet,** with little demand, no movement, no demand, market prices firm, prices steady, without change, demand steady.

**No Change,** prices maintained; unchanged, as yesterday, without appreciable change, no transactions to report, market closed for local holiday (for national fête, for Bank Holiday, for Thanksgiving, for election day, for All Souls day, for New Year's day).

#### Prices are

**Firm,** steady, firm without appreciable change, improved, prices are well maintained, demands exceed supplies, buyers are in the majority, recent advances firmly held.

**Advancing,** rising slowly, rapidly, dearer all round; prices rather higher, prices are rather better, very firm, demand is good and increasing, good demand shown.

**Active,** market excited; prices moving quickly upwards, advancing steadily; there has been an active demand for all grades, a seller's market, an active business is being done, all stocks have been cleared.

**Rising rapidly.** A strong upward movement is taking place; prices are soaring.

**Booming**, the market is excited; all available lots have been snapped up; the demand is largely in excess of supplies; prompt delivery is demanded regardless of price.

**Buyers or Consumers** are out of the market until prices become more reasonable;

are holding back for a decline;

are waiting for the reaction;

will not pay advances and their limits are unacceptable at present.

**Holders, Manufacturers, Producers, Spinners** are unwilling to sell except at advances; hold firm; are withholding supplies; refusing to treat except at higher rates; are not disposed to meet buyers; are not disposed to give way; are meeting buyers half way; are now easier to deal with; becoming more reasonable; are free sellers; are making small concessions; giving slight reductions; are anxious to deal; are forcing sales; are asking for offers; are anxious to sell; accepting much lower quotations, cutting prices, are competing for the few orders obtainable; are selling at any price to fight the foreign campaign to capture this market.

**Requests for Information.** As we have the intention of operating in your market at an early date, we should be obliged if you would supply us with frequent reports as to the tendency of prices.

Please cable each Saturday the important movements in your market and the closing tendency.

We should be glad if you would cable us immediately your market declines, as we have several clients waiting to get in at lower limits.

As soon as any firm upward movement takes place, please advise us at once, so that we may secure consignments for you.

What do you think is the reason for the present downward (retrograde) movement?

Have you any idea as to the probable duration of the present high prices?

Please state your opinion as to the probable course of prices during the next 2 months.

Are there any causes, except excessive speculation, for the present high rates which, as you are aware, are seriously injuring business?

**Fall Probable.** We confidently expect an early reaction (a temporary decline, a permanent reduction).

We appear to be on the eve of an all-round reduction in prices.

We foresee a considerable reduction, owing to the continued accumulation of stocks and the restriction of consumption.

There is a buyers strike, which is forcing reductions.

The favorable news respecting the new crops will entail an early reduction of the present high rates.

We expect a sharp fall in consequence of the realisation of the commitments of weak bulls.

We think it is very likely that prices will fall still further before a permanent rise takes place, as the powerful bull clique wishes to clear out all the weak holders (lame ducks).

Owing to the large stocks on hand, and the curtailment of demand by reason of bad trade, holders are becoming anxious to realise at any price; we therefore anticipate considerably lower prices within the next few weeks.

There are prospects of a considerable further decline, owing to forced sales and over-supplies.

The consumption of this article is declining, notwithstanding the lower prices, and no further outlets have yet been found for the surplus production.

**Low Prices Will Continue.** We believe that the present low prices will be maintained for some weeks.

We think it probable that the present depression will continue until the arrival of the new crop.

Until the export trade revives, we do not see any probability of the present low rates improving.

The recent heavy fall in values appears likely to be permanent, owing to increased production at cheaper rates, through the adoption of improved methods of preparation.

The trade in the home market (domestic market) is quiet and the chief export market, South America, is suffering from the bad crops of last year; we therefore see no reason to expect higher prices for several months to come.

We should prefer to be on the "bear" side (to expect lower prices) in the present position of the market.

**A Rise Probable.** The present low rates are tempting consumers to cover their future requirements fully, especially as the reports of the new crops are unfavorable; we expect a considerable rise very shortly and advise your securing at once what you will need during the next three months at least.

Prices appear to have touched bottom and, with the opening of the new season's demands and the present shortage of stocks, we confidently expect a sharp rise within the next fortnight (two weeks).

A rise is probable but is not likely to be permanent, as any increase will severely check consumption.

We advise your profiting at once by the present temporary decline to cover your season's requirements, as it is very unlikely that the depression will continue for more than a few days longer.

Orders are coming in rapidly from the continent (of Europe), from East India, from the South American markets, from Canada, and from the colonies.

The present favorable rates for buyers are, in our opinion, not likely to last.

We believe that the present is a very favorable opportunity to make "bull purchases" (to buy in expectation of a rise).

We think you will do well to operate without delay for the rise.

The consumption is still increasing and it is unlikely that it will be checked by any moderate rise.

**Prospects Uncertain.** We cannot obtain at present sufficient reliable information to enable us to give you any useful opinion.

There has been so much speculation lately, both here and in London, that it would be unsafe to prophecy the probable course of the market during the next few weeks.

Until the recent speculative operations have been cleared away, it is impossible to tell what the course of the market will be in the near future.

**Supplies.** There is plenty of stock on the markets, at the ports, in the interior towns, in sight, at both British ports and continental (European) distributing centres.

Stocks on hand are large and there is a considerable quantity afloat (coming by sea).

Home and foreign markets are both overstocked; markets are only lightly stocked.

The home markets are fully supplied and retail dealers have covered all their present requirements.

Stocks at the ports now prove to be considerably in excess of the estimates and prices have consequently slumped, (fallen, sagged, dropped, weakened).

Owing to the deficit of the actual stocks on the estimates, (in comparison with estimates) all supplies possible are being collected from the interior towns and exports are suspended.

Very large stocks are being held back in the interior towns, to keep up prices by restricting stocks at the port.

Stock movements are very small and restricted to the replacing of quantities exported.

Supplies are abundant and increasing.

**Stocks** are small and well held and consist largely of low grades, of medium grades, of better grades, stocks are light, insignificant, diminishing, much below the average, lower, being reduced, almost nil, very scarce.

**Stocks are Fair** and badly held, moderate, keep well up, continually being replaced, well maintained, keeping steady.

**Stocks are large** but well held; heavy, much over the average, too great, keeping up, increasing, improving, growing rapidly, largely out of proportion to sales, much too large for the demand.

**Enquiries are Poor.** Almost nil; stocks are difficult to dispose of; stocks are unsalable except at a sacrifice; prices are so much below cost of production as to make the present an exceptionally favorable moment for purchasing.

There are no enquiries for future delivery; for prompt delivery; for early delivery; for near deliveries; for distant deliveries; for futures.

There are plenty of sellers but few buyers; manufacturers can only sell (realise) at a loss; buyers insist on concessions before placing orders; there are many lots on offer much under the market rates; there is little or nothing doing and the mills are running on short time (are working only 3 days each week); production has been greatly curtailed; factories are being stopped (working short time) to avoid overproduction.

**Enquiries are Moderate.** Medium qualities are in demand, but low and high descriptions are neglected and their prices are so low as to be well worth your attention.

Enquiries are fair but only for stocks for near positions; there is no demand for distant shipments, for futures.

Buyers and sellers are both waiting for any slight turns in the market in order to place contracts (to close deals, to place orders, to fill indents).

The exceptionally favorable prices for the higher qualities are attracting the attention of continental buyers.

Large orders are coming in from India and South America.

The workmen are agitating for an advance of wages and this is held to be an important factor towards an early rise in market quotations.

**Enquiry is good,** and prices are well maintained. Orders are difficult to place, even at to-day's rates, for early delivery, as makers are well engaged.

Manufacturers are selling well ahead. Sellers are not inclined to make concessions.

All near supplies have been bought up for New York and futures are rising rapidly. Options are dear and difficult to obtain.

There is a probability of a lock-out in the cotton trade and shippers are therefore anxious to cover all outstanding orders.

The workmen have given notice of a demand for 5% advance in wages; buyers who were hesitating are therefore covering quickly, in expectation of a considerable rise.

**Crop Reports.** The Agricultural Department's reports are as follows:

Messrs. Jones & Co.'s circular reports as follows on the new crop:

The leading firm of brokers reports as follows.

**1. Poor.** The crop reports are poor; the crop is doing badly; has been damaged by the recent drought; by frosts; by unseasonable weather; by intense heat; the crops are promising badly; crops are suffering from want of rain and warm weather; the unusually early hot weather has brought on the crops too quickly and they have been nipped by the late frosts; frosts have destroyed the young shoots and re-sowing will be necessary.

**2. Moderate.** The crop will be only middling; only fair; about the average. The quality will be good but quantity below the average. Although the growth is well forward, the dry weather has commenced too soon. There has been an abundant crop, but much of it will be lost from scarcity of labor for harvesting.

**3. Good.** Crops are looking well; crops very good; prospects are very good as the monsoons have commenced a fortnight earlier than usual. The quantity will be much above the average; there has been abundant warm rain and sunshine; the harvest has been completed early, in favorable weather.

### Selling for the Fall: "Bear" Operations

Sell on "bear" A/c 50 Canadian Pacifics for mid-June settlement, at best.

Make bear sales on my account of 10 Rio Tintos for settlement end of this month.

We have made bear sales on your account to the amount of \$6000, please send us cover of 20%.

What cover do you require for bear sales of cotton for end of May?

Cover our bear operations by sales whenever you can secure 5% clear profit after commission and interest.

Close my bear dealings judiciously at small profit, or without loss.

The market is going strongly against you and unless you can deposit a further 20% margin we shall have to close your bear dealings at once.

Continue selling at each fall, so as to secure better average, and make small sales in proportion, so as to avoid asking for more cover.

Prices have advanced strongly, a corner seems probable, remit more cover by telegraph.

Owing to a sudden rise, we have had to close your bear dealings at a loss of \$.....

### Money Market Reports

Money is (1) in demand, tight, scarce, firm; (2) steady, easier; (3) depressed, plentiful.

**Discount Rates—The Bank Rate** has been reduced to-day to 4%; has been

reduced this week to 3%; has been maintained at 3½%; deposit rates have been reduced to 2%.

Gold withdrawn from the Bank to-day is \$.....

The Bank has paid out in gold \$.....

Discount rates in the open market are ½% less than Bank rate.

**Exchanges.** Checks on Paris opened at frs ....., and closed at frs .....

Sight drafts on London advanced to \$.....

Demand drafts on Amsterdam declined to.....

Exchange on New York was steady at.....

Ten days drafts on Petrograd (Leningrad) were in demand at.....

The exchange on Frankfort improved to.....

Telegraphic transfers on India were quoted as follows:—Calcutta.... rupees, Bombay.....rupees, to the pound sterling.

### Letters Re Advances in Prices

Dear Sir,

Owing to the increased cost of production, we have to inform you that we are compelled, from the above date, to advance our price for Face Bricks and all qualities of Stock Bricks by—/per 1,000.

All obligations entered into will, of course, be strictly carried out.

We thank you for past favors, and hope to be favored with a continuance of same.

Yours very truly,

Dear Sir,

Owing to the continued advance in price of all kinds of raw materials, we are compelled to again reduce our gross discount off Axles and Arms 2½% from this date.

All goods sold at net prices will be advanced 5%.

We solicit a continuance of your valued favors.

Yours very truly,

Gentlemen,

In consequence of the rise in Pig Iron, Coke, and other material, as well as the increased cost of production from various causes, WE ARE OBLIGED TO WITHDRAW ALL QUOTATIONS GIVEN PREVIOUS TO THIS DATE.

Revised terms can be had on application.

Yours truly,

Dear Sir,

#### *Notice of Advance.*

Will you please note that on and after this date prices of

BATHS and BRASS GOODS will be advanced

Ten per Cent (10%)

in lieu of the Five per cent (5%) advance intimated on 30th November, which will remain on ALL other Sanitary Goods.

Unaccepted estimates are hereby withdrawn and all special prices cancelled, but we shall be glad to give revised estimates on application.

Yours very truly,

**PART IV**  
**PROMOTING FOREIGN TRADE**



## CHAPTER 58.—OPENING A FOREIGN TRADE; EXPORT ROUTINE.

Opening connections with foreign buyers; appointing selling agents abroad; packing; shipping; marine insurance; duties; freight; other information.

### Opening connections with foreign buyers.

The most satisfactory way of opening a foreign trade is to visit the foreign buyers abroad, with samples. This gives a good knowledge of the importance of the different foreign firms and their capacity to buy; it also allows of local enquiries to be made as to their credit and the capital they possess. Equally important is the fact that it enables the seller to see just what is being sold abroad, in his line of business, and at what prices, so that he may judge of his chances of selling in competition. While in a foreign town, the seller can also choose a local agent of good character and credit to open up connections with good firms, so as to sell his goods in future, and to hold a stock, if thought advisable. Such an agent can give valuable information as to openings for trade and the kind of goods required. It is advisable to choose an agent who does not sell competing goods.

This way of visiting foreign countries, in order to study conditions on the spot, is costly, but it is the surest and most satisfactory way of opening trade connections with foreign firms.

**Foreign Wholesalers.** It is useless to expect to do trade with foreign countries in the way it is done in the U. S. The large wholesale firms will not stock American goods until they are in regular demand in quantities.

**Creating the demand.** It is the business of the American manufacturer to create the foreign demand. Many American firms open their own selling branches abroad, to sell direct to the foreign customers, and to create a demand by local advertising and by visits of salesmen.

**Advertising and Circularizing.** At the beginning, an American manufacturer will probably find it advisable to introduce his goods abroad by advertising and by circulars. All explanations should be given in the language of the country to which the circulars are sent, and all prices should be quoted in the money of that country, and should include packing and forwarding to the nearest port or customs town to the address of the buyer. There are many American advertising firms and printers who will translate circulars into foreign languages and print them correctly. It is generally better to have the translations made abroad.

**Getting information.** Valuable information as to openings for foreign trade can be obtained at small expense from the U. S. Department of Commerce, Washington, D. C.

The *Exporter's Encyclopedia* gives exhaustive information as to foreign shipments and helps American shippers with advice. It is published annually at \$10, at 20 Vesey Street, New York, by the *Exporters' Encyclopedia Corporation*.

**Foreign Selling agents.** There are two classes of these agents, commission houses and selling agents.

**Commission houses.** These are usually well established firms, which act as agents for a large number of manufacturers in different lines of business. They generally do both an import and export business and take orders from their foreign customers for all kinds of goods to be exported from the U. S. Many of them have their headquarters in the U. S., with branches abroad. Others have their head offices abroad and a branch office in the U. S. which distributes the assorted orders, (called indents) to the American manufacturers and assembles the goods for shipment in large lots. The charge made for selling is usually a commission, payable by the seller.

**Agents.** The foreign selling agent is usually an individual, established in the foreign trade centre. He is more likely than the commission house to do the hard work of introducing new goods. He will not do this, however, without some incentive, such as an exclusive agency for several years, in addition to traveling expenses for visiting customers and an allowance towards office expenses and a part of his office rent, if he has to hold stock.

The agent gives information as to the credit standing of his customers and helps in the collection of accounts, but he is not responsible for bad debts unless he guarantees the customers and receives an extra commission for this. He also holds stocks of goods which are in regular demand, so as to make prompt deliveries without having to wait several months for shipments sent to fill orders.

**Packing and ocean Freight.** For export trade these charges are usually included in the price. If in doubt as to the method of packing, the advice of a forwarding agent should be asked. (See below; also Chapters 54-56.)

**Forwarding agents and freight brokers.** Foreign shipments are often sold on the basis that the price includes packing by the seller in the special way required for export, and the payment of railroad charges in the U. S., steamship freight, marine insurance, and all other expenses necessary to deliver the goods free on board at a foreign port.

It is usually better to employ a forwarding agent to attend to the details of the actual shipment, and to give information as to this kind of expense before a firm inclusive price is quoted. He will give information to the exporter as to the approximate expense of shipments of the quantities required, the best methods of packing, and the dates of sailing of vessels. He also attends to the receiving of goods sent from inland towns by railroad to an American port, the loading on board the vessel, and the obtaining of bills of lading and insurance policies.

He also undertakes the clearing of the shipment through the Customs and the collection of drafts payable against export bills of lading. The forwarding agents have usually connections with foreign carriers who take up their work at the foreign end, up to the point where the exporter's responsibility ends, and until payment has been received for the goods.

**Freight rates by sea.** The forwarding agent will obtain freight rates for an exporter, or the steamship company will quote direct, if sufficient detail is supplied with the enquiry. Freight rates are usually quoted subject to immediate acceptance by telegraph, and the actual booking of space in a specified ship.

Insurance of the shipment will not be made by the forwarding agent or steamship company unless it is specially asked for. The shipper should either insure or give definite instructions for it to be done.

Freight is usually quoted in sterling, (£ s.d.) per long ton, of 2240 lbs., or

per cubic ton of 40 cubic feet. Primage of 10% is usually added, unless the rate is stated as inclusive or net. The steamship company has the option of charging by weight or by measurement, that is, by cubic ton of 40 cubic feet, for space occupied by bulky packages.

**To find cubic measurements.** Multiply the length, breadth, and height, in feet, of the package; the total shows the cubic feet. For example, a case or package 3 feet long, by 4 feet wide, and 2 feet high, contains 24 cubic feet, that is,  $3 \times 4 \times 2$  cubic feet.

Another example: a package is 10 inches high, by 3 feet wide, by 4 feet long. The cubic measurement can be reckoned in 2 ways, thus;  $5/6 \times 3 \times 4$ , equals  $5/6$  of 12 feet, that is 10 ft., or reckoned in inches,  $10 \times 36 \times 48$ , total 17280 cubic inches. Dividing this total by 1728, the number of cubic inches in a cubic foot, gives 10 feet as the cubic measurement. If packages are circular or irregular in shape, they should be reckoned to the nearest square measure.

**Shipping permits.** Many of the large steamship companies will not accept goods at their docks until a written permit has been given at the office stating when and where the goods are to be delivered by the shipper for loading on the steamship.

**Delivery to steamer.** Cases or other packages should be delivered, with the permit, to the receiving pier of the steamship company in the name of, and for the account of, the shipper or the firm which has arranged for the space.

**Shipping receipts.** The receiving agent of the steamship company, at the dock, will give a receipt for the packages, which can be exchanged at the head office for bills of lading. The receipt should be in the name of the person to whose order the bill of lading is to be drawn. All the export declarations, dock receipts, bills of lading and other documents, should agree as to the name of the shipper, the description of the goods, and the marks on the packages.

**Insurance at Dock.** If goods are to wait at the dock before shipment, they should be insured by the shipper, at his own expense.

**Marine insurance.** Insurance of shipments is explained in full in Chapter 54, which see.

The ordinary marine policy does not cover any loss which may be caused by articles chafing against the sides of the cases in which they are packed, or against the sides of the vessel. Nor does it include loss through theft or pilfering, while in transit. If protection from these risks is desired, it must be specially mentioned in the policy of insurance and paid for as an extra.

The cheapest kind of insurance is not always satisfactory; an insurance broker should be instructed to obtain a policy which will properly cover the risks of shipment to a certain country.

Most of the marine insurance business is done on "open policies," (floating policies) by which the shipper makes a standing contract with the insurance company, for a year or other period. Under this contract all export shipments are covered from the time the shipment leaves the shipper's factory or warehouse until they reach their destination. The shipper undertakes to declare all shipments promptly to the insurance company, and to pay the premiums monthly.

Bankers who handle export bills of exchange require an insurance policy, or an insurance certificate, covering each shipment, as well as the bills of lading and

invoices. Under an open policy the insurance company supplies blank signed certificates, to be filled in by the shipper as required for this purpose.

Where a foreign buyer asks for a marine insurance policy, for goods ordered by him, he is entitled to refuse an insurance certificate issued under a floating policy. See explanations as to this in "C.i.f. sales," pages 387 and 397-398.

**Foreign credit reports.** Foreign bankers, credit agencies, and commercial firms usually give only very brief reports, which are generally classed as follows:—  
"A-1 Credit." First class credit rating; drafts on them would be discounted at the lowest rates by bankers.

"Undoubted credit." Not so large a firm as A-1, but thoroughly reliable.

"Highly respectable; keep their engagements." Means that the firm has a good reputation, keeping within its means and meeting all drafts within the time agreed.

"Keep satisfactory account." This is a satisfactory reply as to small firms, but it does not state the amount of credit to be extended. If definite information is required, the amount of credit should be named in the letter of enquiry.

### Duties, Packing, and Shipments.

**Sending shipping documents to the buyer.** The foreign buyer must declare all imported goods at his local custom house. In order to do this he must have the documents relating to the shipment; so it is important that they should be mailed to him promptly. All invoices should contain full details of the contents of each separate package, so that any special goods required at once may be found easily, both by the examiners at the custom house and by the merchant. For this purpose each case or package is numbered.

**Ships' letters.** Documents relating to shipments made by a vessel may be sent by that vessel free of postage, if it is not a regular mail steamer. The documents should be in an envelope fully addressed to the consignee and marked plainly "consignee." These letters should be delivered to the office of the steamship company on the day of sailing, or on the previous day. (See "parcel receipts" later.)

**Foreign Customs duties.** When ordering, the foreign buyer usually gives instructions as to the wording to be used in describing the goods on the consular invoices which are required for the assessment of duty.

**Finding the rate chargeable.** If the description is left to the shipper, he should enquire as to the duties chargeable on the exact kind of goods which are to be shipped. This information is given willingly, and without charge, by the Division of Foreign Tariffs, Bureau of Foreign & Domestic Commerce, Washington, D. C.

**Duty on Samples.** All samples which can be sold, such as complete shirts, ties, or collars, are charged with customs duties in protectionist countries, but small samples of cloth, etc., which are not usable, are free of duty. Australia charges duty also on advertising matter, such as booklets and circulars, when sent in quantities by mail. The Division of Foreign Tariffs will give information as to the custom of any special foreign country.

**Consular invoices and declarations.** Printed forms for these, in English or in foreign languages, are usually to be obtained through forwarding agents or the steamship companies. For some foreign countries the shipping documents may be in English. The Brazil and Cuba custom houses charge for translation if the documents and invoices are sent in English only. If the buyer asks for all documents to be made out in his own language, this should always be done; sometimes the expense of the translation is charged to the customer but this is not advisable. There should be no alterations or additions made in consular invoices and declarations; they should be clear and without any corrections.

**Declared weights.** *Net weight* is the weight of the goods themselves, without including any covering, packing or containers. *Gross weight* is the actual total weight of the package, as it is when ready for loading on a vessel. *Legal weight*, on which duty is charged, varies in different countries. Some foreign nations deduct the weight of the outside case or covering, but do not make any allowance for the small tins or boxes or other containers inside the case. The Division of Foreign Tariffs should be asked for information as to the laws in force in any country to which shipments are to be made.

**Packing for export.** (See Chapters 54 and 55.) Packing serves two purposes: first, to protect goods from damage or breakage during the journey, and second, to prevent theft, for which insurance companies are not liable under ordinary policies. The instructions of the purchaser should be followed in every particular, as regards the method of packing, because he knows exactly the risks of transit in his own country, and also for the further reason that if the exporter packs according to the buyer's instructions he is free from liability. Goods are frequently packed in tin lined cases, these inner tin cases being soldered, so as to make them completely air tight. Each outer wooden case is then bound round with iron hoops, in addition to being securely nailed. This protection is adopted when the goods are sent to a country subject to frequent heavy rains, or having a very moist climate which would spoil goods exposed to the air for any length of time. Goods are also occasionally packed in very small packages, when they have to be carried across deserts by camels, or on the heads of men through swamps and forests, or across mountains on the backs of mules.

Goods sent abroad are handled many times, usually roughly, and the packing should be sufficiently strong to stand rough handling and shocks.

Forwarding agents will usually advise as to the method of packing required for any special place, if the customer does not give instructions with the order.

**Marking the cases.** The contents of a case should not be marked on the outside; it is an invitation to steal. Marks are intended to help the men who handle the packages on the docks, and in the holds of ships and on railroads, to find the packages required and to set them on their way for delivery to the proper addresses. Instructions such as "this side up," "fragile," "use no hooks," should be stenciled both in English and in the language of the country to which the packages are sent.

**Export declaration for custom house clearance.** For all goods exported from the U. S. to Canada, Newfoundland, Mexico, and to all foreign countries, (and for shipment to U. S. possessions when passing through foreign countries) four copies of the shipper's export declaration must be delivered, for each shipment, to the Collector of Customs at the U. S. port of outward shipment or at the U. S. frontier. The Collector of Customs keeps the original declaration and

one copy, and returns two copies to the exporter, who must deliver one to the steamship company (or railroad agent) at the time the goods are handed over for shipment; the package will be refused without this document. The original is marked by the collector with any short shipments and other information, and is afterwards attached to the manifest delivered by the shipowners to the collector, on clearing the vessels outwards. Each exporter of goods must draw up, for each export shipment, and deliver to the collector of customs, a complete sworn manifest, showing marks, number of packages, description of the goods, the total quantities, and their values, and the port of destination. The manifest must be delivered before exportation will be permitted by the customs house. The steamship company requires the manifest to be delivered before it will issue a permit instructing their agents or dock officers to receive the cargo for shipment. Shipowners are liable to heavy fines for shipping any cargo unless the manifests have been delivered to the collectors and they will not issue bills of lading until the manifests have been delivered. Forms of declaration can be obtained from the customs house, or from the steamship companies or forwarding agents.

**Drawbacks.** An exporter is entitled to drawbacks on the export of goods made in the U. S. from imported materials on which customs duty has been paid, or on articles manufactured in the U. S. with the use of domestic alcohol on which a tax has been paid. There are firms in each port which act as agents in the preparation of claims for drawbacks and the collection of the amounts. It is advisable to employ these experts where the shipper is not accustomed to the making of the claims.

**Return of exported goods.** The U. S. and most foreign governments allow the re-importation, free of customs duty, of domestic manufactured goods which are returned to the country of origin, provided that they have not been changed or increased in value by any process of manufacture while abroad. Proof must be given of the date and place of exportation, and a declaration of domestic manufacture is required from the owner or importer. Full information on this matter is given without charge by the Treasury Department, Washington, D. C. Goods refused by foreign customers may be re-imported in this way, usually with less loss than by paying foreign duties in order to sell the goods abroad.

**Shipments from interior towns to U. S. ports, for export.** Where a manufacturer or dealer has no branch in the American port to which he sends goods for export, it is advisable for him to employ a forwarding agent. The packages for export should be consigned either to the forwarding agent or to the steamship company, but the agent should always be supplied with full details of the shipments, such as the quantity of packages, marks and numbers, gross and net weights, description of contents, and value of each package, etc. Instructions should also be given as to whether to insure and for what sum, whether to pay freight, and how bills of lading and consular invoices are to be dealt with. The original railroad bill of lading should also be sent to the forwarding agent, so as to avoid delay in tracing the shipment and so missing a steamer. (See "free lighterage" later in this chapter).

**Shipments "to order" and direct.** There are three ways of shipping goods to foreign buyers, namely (1) sending them on open account, to be paid for at agreed later times. In this case no draft is drawn and the bankers' services are not required. The bill of lading is made out to the order of the foreign purchaser and the original bill of lading, together with the consular invoices and insurance policy, is sent direct to him, so that he may claim the goods from the

steamship company on their arrival. He pays for the goods by periodical remittances, at his convenience. (2) Sending the goods to be paid for before delivery abroad. The local banker is used in this case, and he employs a foreign banker as his collecting agent; a draft is drawn, with documents attached, to the order of the seller and endorsed to his banker, who endorses it payable to the foreign banker. The bills of lading are also made out to the order of the seller; he endorses the original to the order of his banker, who again endorses it to the order of the foreign banker. The draft, with the original bill of lading attached, is then sent to the foreign banker for collection. The foreign banker can claim delivery of the goods by the bill of lading, and he will not release the shipment, for delivery to the purchaser, until payment of the draft is made. In some cases the consignee is allowed to take the goods in instalments, paying for each lot before taking it out of bond or out of the warehouse where it has been stored to the order of the foreign banker. The importer pays the warehousing charges in such cases. (3) The third and most usual method is to arrange for delivery of the goods on acceptance of a draft at 90 days' sight (or other period agreed) by the foreign purchaser. A draft is drawn to the order of the seller, who endorses it to his banker, who in turn endorses it to the order of the foreign banker, who claims payment as agent. The bill of lading is also made out to the order of the seller, who endorses the original to the order of his banker, who endorses it to the order of the foreign collecting banker. The draft, with the bill of lading attached, is presented to the foreign buyer for acceptance. If he accepts he keeps the original bill of lading, so that he may obtain delivery of the goods, and he returns the accepted draft to the foreign banker, who then holds it for collection at the due date 90 days later. Then he remits the amount collected to his principal, the American banker. It is important that the original bill of lading, not a copy, should be sent to the collecting banker, because the ship-owners may refuse to deliver the shipment against a copy, as they would be liable to claims if the original bill of lading was afterwards presented by someone to whom it had been pledged for a loan. Gt. Britain and many other countries require the original bill of lading and the original draft to be stamped for payment of stamp duty; it is only the stamped draft which will then be paid, and only the stamped original bill of lading gives the right to demand delivery of the goods.

**Small shipments.** Most steamship lines fix a minimum value of shipments for which they will issue bills of lading. Smaller shipments should be sent by parcel post, and as the c. o. d. (cash on delivery) system of collection cannot be used for packages sent to Gt. Britain and many other countries, payment should be required in advance from new customers in such places.

**Parcel receipts—Samples of shipments.** Foreign purchasers frequently ask for samples to be sent of all materials shipped, so that they may be used promptly by their salesmen. These samples may be sent, at a small charge, by the same steamship which carries the goods. They are made up into small parcels, which the ships' officers keep separate from the cargo, so that they may be delivered to the consignee immediately the ship arrives. The importer can then begin selling before the goods are unloaded. The steamship company will not allow saleable articles to be shipped on parcel receipts. (See "ship's letters" earlier in this chapter.)

**Transshipment.** Where goods are consigned to a foreign port for transshipment to another steamer, which is to carry them to their destination, the carrier

is not liable for loss or damage while the goods are being transhipped. This risk is borne by the consignor of the goods, and he should insure against it.

**Payment of ocean freight.** Foreign buyers generally ask that freight should be paid in advance, by the shipper, and charged to them, unless it is included in the price. Other purchasers make their own arrangements for freight and insurance. Lower rates, or an allowance on the primage, may usually be obtained by paying the freight in advance. Prepaid freight is added to the invoice price of the goods (unless arranged to be paid by the seller), together with any other expenses chargeable to the buyer. As the draft is usually drawn for the total of the expense, as well as the cost of the goods, and interest on this total is charged to the buyer, it is immaterial to the seller whether he pays freight for his customer or not. But the foreign customer is relieved from having to pay freight immediately the goods arrive. By having the seller pay freight in advance, and charge it, the buyer obtains a long credit on the freight.

**Ship's option.** Refer to earlier paragraphs "to find cubic measurements"

**Free lighterage at New York port.** The line of water front in the port of Greater New York City is 555 miles, and on the New Jersey side of the port it is 193 miles, making a total of 748 miles. Trucking between the various freight terminals of the railroads and the docks at New York is both slow and costly. To avoid this inconvenience, the railroad companies transfer the loaded cars by lighters, from their terminals to the various docks. Car load lots sent to New York for export are transferred free by the railroad companies to the steamship docks, or alongside the steamships, provided that the consignor has taken the precaution to have his railroad bill of lading marked "lighterage free." A full car load and a part car load, sent at the same time, are treated as one car load for free lighterage.

**Loading charges.** For heavy machinery, boilers, etc., extra charges are usually made by steamship companies for hoisting them into and out of ships.

## CHAPTER 59.—FINANCING AMERICAN EXPORTS.

**Payment for exports—Four methods.** The different methods of payment are explained in Chapter 77; the following is a summary.

There are four chief ways of payment, namely:—

(1) Payment at the time of ordering. This is unusual, because it may be several months before the goods reach the purchaser and he can use his money to better advantage than by paying for goods in advance.

(2) The buyer arranges with his local banker to accept a draft by the American exporter. This has the disadvantage that the importer may be using all his local credit and cannot easily obtain further accommodation from his banker, who would expect to receive security for the loan from the date it was arranged until repayment.

(3) Shipment on open account, the buying paying after he has sold the goods. This is unsatisfactory, because foreign firms take long credits and it may be twelve months before payments for shipments are completed. This method is only adopted with customers of long standing and undoubted credit.

(4) The American exporter drafts a draft on the foreign buyer at the time of shipment, and discounts it at once for cash. This is the most usual method.

The buyer does not pay for the goods before he receives them, yet the seller gets his money immediately the goods are exported. The banker who buys the draft lends the money on a triple security, namely, the credit of the seller, the credit of the buyer, and the pledge of the goods as security for the loan. The banker buys this kind of draft willingly, because he receives a commission and interest at profitable rates.

**Drawing the draft.** The exporter draws the draft, making it payable by his customer to himself, or to his order.

A full set of three bills of lading, the marine insurance policy or the insurance certificate, and the consular invoices, are attached, to the draft. Duplicate copies of the insurance policy and the consular invoice, and plain invoices, are made for mailing separately, in case the first lot is lost. The exporter must now transfer the ownership of the goods, in order to discount the draft with a banker. Transfer is made by the exporter endorsing the bills of lading and the draft, in blank or to the banker. The draft, with documents attached, called a "documentary bill," gives title to the goods to whoever holds it as transferee. The exporter either hands the draft over to his own banker for discounting or as security for a loan, or he arranges with a bill broker to sell the draft for prompt cash. On receipt of the full proceeds of the discounting, the transaction is closed so far as the exporter is concerned, unless the buyer refuses payment or becomes insolvent; then the exporter is liable to refund the amount advanced on the bill when discounted, but in return he recovers possession of the goods. The exporter's own banker would probably only advance from 70% to 80% of the net proceeds of the draft, as a loan, the balance being withheld until notice was received that the draft had been actually paid on its due date by the foreign buyer. It must be understood that the banker who discounts a bill never buys it outright but simply lends money on it. If the banker makes a loan on the bill, instead of discounting it, he can claim repayment at any time.

**Expense of discounting the draft.** An important question for the exporter is how much will it cost him to get his money at the time of shipment, by discounting the draft instead of giving open credit to the foreign buyer. It should not cost the exporter any more than if he gave discount to a local customer for prompt payment, provided the foreign draft is drawn in the way now to be explained.

It is understood that the seller has sold f. o. b. N. Y., that is, he has agreed to pack the goods and deliver them on board ship at New York for an agreed price; therefore all other expenses should fall on the buyer.

The foreign buyer does not want to pay for the goods immediately they are received, because he will probably have to pay heavy import duties, so the draft is made payable at, say 90 days after acceptance, or 90 days after sight, which means 90 days after it has been presented to the buyer abroad in order to be signed by him (sighted and dated) to show that he agrees to pay it 90 days after he accepts. This time of credit gives him a chance of selling at least a portion of the goods before he has to pay for them.

**Reckoning the cost of financing.** Take, as an illustration, the sale of American goods to a buyer in Buenos Aires, Argentina, which amounts (with freight and other expenses chargeable to the buyer) to \$1,000 in U. S. money. Before selling the foreign draft the exporter adds to the invoice amount what the American banker will charge for discounting. The banker who buys the bill

will charge, first, a commission of  $\frac{1}{4}\%$  for his trouble. Next, he charges interest according to the time he will have to wait for repayment of his loan. This time is made up of (a) 30 days for the sending of the goods to Buenos Aires and the acceptance of the draft by the buyer, on his receiving notice of their arrival; (b) 90 days credit allowed by the draft; (c) 30 days more for sending to N. Y. the money paid by the buyer when the draft becomes due.

The total interest to be charged is thus 150 days, which at the usual rate of 6% per annum amounts to \$25. Adding \$2.50, for the  $\frac{1}{4}\%$  commission, makes the total of the draft \$1,027.50. The rate charged by bankers for discounting bills is usually less than the legal rate of 6% per annum. We may assume that the exporter sells the draft at 4% per annum; the interest chargeable is then \$16.90; adding  $\frac{1}{4}\%$  commission, \$2.57, makes the total \$19.47.

It is not possible to get drafts on small firms discounted at the market rates for discount which are quoted in the newspapers, because this is the rate for bills of large and well known firms of first class credit.

The discounting banker would probably charge a "flat" rate on small bills of say  $2\frac{1}{2}\%$  on the total, (not per annum), to include commission. This  $2\frac{1}{2}\%$  on the total of the bill of \$1027.50 would be \$25.68. As the exporter has added \$27.50 to the draft for this expense, he would make a profit of \$1.82 on the discounting of the bill, which would pay for the bill stamps and postages.

**Warning re calculation of interest.** In adding interest and expense to drafts, it is important to remember that the banker charges interest on the total of the draft and not on the original sum. For example; if 3% is added to a bill of \$50,000 the total would be \$51,500; if this is discounted at 3% the amount deducted would be 3% on \$51,500, which would be \$1545, leaving a shortage of \$45, which is the 3% on the added \$1500. The correct way of calculating this is to multiply 50,000 by 100, making 5,000,000, and to divide this by 97, which is 100 less 3%. The amount of the draft to be drawn is thus found to be \$51,546.39. The discount of 3% deducted from this sum is \$1,546.39, which leaves the exact \$50,000 of net proceeds.

**Drawing drafts in sterling.** South American firms are accustomed to paying large drafts in pounds sterling, payable in London. Purchases from the U. S. are frequently paid for in this way. These drafts are freely salable in N. Y. and payment by this method is as good as payment by dollars in N. Y., for the following reason. The gold par of exchange between sterling and U. S. dollars is \$4.86  $\frac{2}{3}$  for the £1.

For export invoices the rate is reckoned at \$4.80 per £1, which leaves a small profit of 6  $\frac{2}{3}$  cents per £1. If the invoice already used as an illustration, \$1,027.50, is converted into sterling at the rate of \$4.80, the amount would be £214.1s.3d. (£214.0625). A New York banker would probably charge  $3\frac{1}{2}\%$ , flat, for commission and interest for discounting the sterling draft. This would be  $3\frac{1}{2}\%$  on £214.0625 or £7.4921 (equal to £7.9s.10d.) leaving £206.5704 or £206.11s.5d. as the net proceeds receivable by the customer. If the market rate of the day for sterling exchange is \$4.85, multiplying the £206.5704 by \$4.85 will give a result of \$1001.86 as the amount receivable in U. S. dollars for a sterling draft. This shows a profit of \$1.86 to the American exporter, as against \$1.82 profit on the dollar draft previously explained.

**Fixing exchange.** Instead of making the calculations himself, the American exporter may ask his banker what flat rate he would charge for discounting

a bill in sterling; he could then add the necessary amount to his invoice, taking heed however, of the warning already given that the banker's discount will be deducted from the amount added, as well as from the principal sum.

Bankers will quote foreign exchange rates for bills to be drawn at any near future date, and they will buy firm any amount of foreign money an American exporter may have to receive on documentary bills. In the same way an American importer, having to pay for foreign purchases by a draft of the seller, payable in foreign money, may buy this in advance from an American banker. This arrangement prevents any loss by fluctuations in the foreign exchange rates and it enables both exporters and importers to fix prices with exactness.

**Who pays the discount and bank charges.** If the American manufacturer quotes a price "free on board" at New York, that means that he pays all expenses of packing and freight, etc., until the goods are actually placed on board the ship at New York; the buyer pays ocean freight, consular fees for witnessing the declaration and for signing the consular invoices, and the marine insurance, as well as interest on the cost of the goods and on these expenses.

Although the manufacturer may seem to give a long credit, he does not actually do more than lend his signature to the draft; the banker who discounts the draft gives the credit. The banker's charges for doing this are added to the invoice price, in this way. The manufacturer asks the banker at what flat rate (say, in pesos) he will buy a draft, and the manufacturer converts the total invoice amount of dollars into pesos at this rate, so that he will receive an exact sum in U. S. dollars which will cover the price of the goods and the expenses which are chargeable to the foreign customer.

As the draft would be drawn in pesos, the manufacturer wants to fix the rate of exchange; he does this by adding to the draft words such as the following; "payable at the Bank's current drawing rate on day of payment for 90 days' sight bills on New York." Sometimes the bills are made payable at the rate for sight bills on New York (that is, the rate for demand drafts) but foreign customers prefer the 90 days' sight rate, because it is cheaper for them. The rates of interest abroad sometimes run from 8 to 10% per annum and, as the American banker charges not more than 6% interest on the draft, the foreign customer saves at least 2% per annum on the 90 days' sight rate. It makes no difference to the American manufacturer. If the longer credit is taken the interest for it is added to the bill, by being taken into account in the flat rate which the banker has quoted for buying the draft. The method of calculating the interest has already been explained. In reckoning the interest the banker has to take into account also the time required for the goods to reach the customer, because drafts are not usually presented for acceptance or payment abroad until the goods arrive. Instructions are generally given in these words "present for acceptance on the arrival of steamship . . ." The shipping documents are usually handed to the buyer on acceptance of the draft; neglect of a merchant to pay an accepted draft is regarded abroad as a proof of insolvency. In the case of weak customers the collecting bankers would usually require payment before delivery of the goods, but the foreign collecting banker follows the instructions of the American banker with regard to this. Drafts on the Far East are sometimes drawn in sterling for net amounts, with these words included in the drafts, "payable with interest at . . . % per annum from date hereof to approximate date of arrival of remittance in London" (or N. Y.). Or, a draft on an

English speaking country may contain the words "charges for collection to be added," or "remitting exchange to be collected," or "exchange to be added," or "with exchange for negotiating bills on the Colonies, at current rate and stamp duties."

**Letter of lien.** Banks occasionally make advances on goods sent on consignment to branches abroad, in consideration of the goods being practically mortgaged to the bank, by a letter of lien which states "we hereby engage to receive and hold the said goods in trust, on your behalf, and to remit the proceeds as and when sold." (An example of the form used is shown at the end of this chapter.)

**Hypothecation of the goods.** If a discounting banker is asked to turn over the goods to the foreign buyer on acceptance of the draft, he reserves his right to the goods by having the buyer sign a letter of hypothecation which is really a pledge or mortgage. The letter contains a clause of this kind: "the above shipment, the goods and the proceeds thereof, are to be treated as specially hypothecated to you by way of collateral security," or, "the said goods in the meantime and their proceeds, or any part thereof, are to be held by me in trust, on your behalf, for payment of the above sum."

**Letters of trust.** Another form, called a letter of trust or letter of lien, reads "I hereby engage to receive and hold the said goods in trust, on your behalf, to have them duly stored, insured against fire, and to remit to you the proceeds as and when sold." These letters of trust are much used in the U. S. for imports.

**Inspection and Appraisal certificates.** When bankers advance money to importers on the security of the goods, they want some evidence as to their present value. There are a number of firms which specialise in examining and appraising imported goods for bank loans. The lending bankers usually require an inspection certificate, or an appraisal certificate, from valuers they name, or from an appraisal firm of good reputation, in order that they may know the probable market value, so as to be able to fix a safe percentage of this value as the basis of a loan.

**Bank Acceptances—Accepting Bankers.** Some of the British banks which handle foreign drafts are called "accepting bankers," because they accept drafts instead of buying them or discounting them. The Bank advances no money, but it allows the shipper to draw on it for the invoice amount of the shipment. The bank relies almost entirely on the credit standing of the shipper, but it takes the bill of lading and other shipping documents as collateral security, and keeps control of the goods until payment is made by the foreign buyer.

It has the power to either store and hold the goods abroad until payment, or to deliver them against a letter of trust (letter of lien) or promissory notes such as the pagarés used in South America; it may allow the buyer to take the goods in instalments, paying for each lot before receiving a delivery order or warrant. The shipper, as explained, draws on the accepting banker for the amount of his invoice, and the banker accepts and returns the draft to the shipper at once, in exchange for receiving the shipping documents. The shipper undertakes to provide the banker with funds to meet the draft before it becomes due. If the banker collects from the foreign customer before that date the responsibility of the shipper is discharged, but if the remittance is not received from abroad the shipper must pay the accepting banker so that he may meet the draft. In special cases arrangements are made to draw a new draft to provide the necessary funds. A small commission is payable on these renewals. A failure by the shipper to pay the

banker funds to meet a draft which becomes due before the collection is made abroad would result in the banker refusing to accept any further drafts for him.

The shipper, on receiving the accepted draft from the banker, can sell it promptly for cash, at a small expense. The great advantage of this method of financing foreign shipments is that the shipper receives practically the full amount of his invoice at once, whereas if he draws on his customer, and discounts the draft, the discounting banker will not usually advance more than from 60% to 90%, the balance being held until the receipt of the funds from the foreign customer.

**Sterling bills.** Bills are usually drawn on London, for international payments, because that city is an international market for bills and they can be sold there promptly for payment in gold. London is a creditor of most foreign countries and keeps a large amount of capital available for bill discounting, at reasonable rates, whereas New York bankers use their surplus funds for making advances to brokers on stock exchange securities. Paris shares with London the discounting of foreign bills, both these places being free markets for them and universally known.

**C.I.F. and E.** This is a term frequently used to mean that the selling price includes the price of the goods, the packing, insurance, freight, and the cost of exchange, that is, the banker's charge for discounting the bill. All these expenses are added to the invoice price and divided by the quantity of articles in order to fix a price per unit of the goods sold.

## CHAPTER 60.—SELLING TERMS AND DELIVERY CONDITIONS.

Export and import purchases and sales, delivery terms for foreign trade. Prices, delivery conditions, limits of price, shipping instructions, what charges paid by seller and buyer. Abbreviations used in orders for descriptions of goods and materials, for weights and measures, and for money and prices. Words, phrases and paragraphs.

### Export and Import Purchases and Sales.

**Sales, how made.** Goods may be bought or sold in the three following ways:

(1) **Direct sale;** where the manufacturers, grower, or owner, sells directly to the purchaser, without making use of a broker or other middleman.

(2) **Sale on commission;** a sale made through a commission agent or broker acting for the seller.

(3) **At auction sale;** raw materials, such as wool and cotton, are sold wholesale by auction in the U. S., and at London and Liverpool, by brokers acting for the sellers.

**Delivery.** Sales of goods are not restricted to those actually in

the possession of the sellers; they are sold also while in transit by sea from abroad. In the case of rubber, cotton, and tobacco, the crops are frequently sold before they are gathered. The following are the chief terms used for delivery:

**"In stock"; or "ready," or "spot";** goods or natural products ready for delivery at once.

**Prompt delivery;** delivery within a few days.

**Near delivery;** delivery within a few weeks.

**Forward delivery;** for delivery in a future month.

**Distant delivery;** for delivery more than 3 months later than the date of sale.

**Immediate shipment, or prompt shipment.** Goods to be sent from a loading port (place of export) within 14 days after purchase.

**Shipment or sailing.** The date when the goods are to be sent by sea; for example, American cotton bought for September shipment must be actually sent by a steamer or sailing vessel leaving an American port within the month of September. For "15th September shipment," the vessel must begin its voyage not later than the date named.

**Afloat, or in transit, or to arrive;** goods coming by sea, to be delivered immediately on arrival.

**Free over side.** Goods lying ready in a vessel; the buyer to send barges or lighters alongside to take off his purchases.

**Ex-Quay.** Goods to be taken by the buyer from the quay where they are lying after having been unloaded.

### **Export and Import Trade Delivery Terms.**

(See also Chapter 58.)

Where goods have to be carried across the seas, either to or from a foreign country, it is important to state who pays (1) the cost of loading and unloading, (2) the charges for freight, and (3) any customs duties payable on the goods entering into the buyer's country. Almost all foreign goods enter into Great Britain free of customs duty. Goods entering into almost all other countries pay customs duties, either in proportion to the value of the goods, (*ad valorem*) or at fixed rates calculated on their weight, quantity or quality. In some cases duties are charged both *ad valorem* and at the fixed rates for weight, etc.

**F. O. B.** means delivered by the seller free on board; he pays all expenses to that point; the buyer pays all later expenses and charges.

**F. O. B. Port of Shipment,** means that the buyer pays every expense from the port where the goods are delivered for shipment by

the seller; these expenses include freight, insurance, unloading charges at the port of arrival, import duties, and the cartage and inland carriage (transport) to the buyer's place of business.

For imports into England of foreign goods, sold f. o. b. Liverpool, the British buyer pays unloading and dock charges at Liverpool, also inland carriage (freight).

**Bills of Lading.** For import and export business, the seller receives from the shipowners a marine bill of lading, which is a receipt given by the agents of the shipowners for the goods shipped. This document, (called a document of title) is transferable by endorsement and it gives the holder the right to claim the goods at the port of arrival. The seller usually sends these bills of lading through a banker to another bank in the buyer's town, with instructions to deliver the bills of lading to the buyer either on his paying for the goods (C.A.D.), or on his accepting a bill of exchange (draft), for the amount (D/A).

**Selling Terms—Foreign Trade.** The most usual terms are as follows:

**Cash against documents (C.A.D.).** The bill of lading, with the insurance policy and the copy of the invoice attached to it, are to be given up to the buyer on payment of the full price. He must also pay any other agreed charges for freight or customs duties.

**Documents against payment (D.A.P.).** The documents already named are delivered to the buyer on his paying the bill of exchange drawn on him for the invoice price and agreed charges.

**Documents against acceptance (D/A.).** The buyer receives the documents on his accepting a bill of exchange drawn on him for the price. This acceptance is an engagement to pay at a future stated date; the acceptance is the buyer's signature written across the face of the draft ordering him to pay the amount at a certain number of days or months after sight (after acceptance) or at a fixed date.

In some South American countries the buyer gives a promissory note, called a "pagaré", instead of accepting a draft.

**C. & F. New York.** (Cost and ocean freight.) This term covers all the expenses incurred in sending imported goods to New York, but the buyer must pay for the marine insurance and the cost of unloading at New York and freight or cartage from the dock, as well as the customs duties charged on foreign goods entering the United States.

**C. i. f., or C. f. & i. (Cost, insurance and freight).** The seller pays both the ocean freight and the marine insurance; in other respects the conditions are the same as "c. and f."

**Landed Boston.** The seller pays the ocean or sea freight, insurance, and unloading and dock charges at the port of destination, Boston, but he does not pay the U. S. customs duty.

**Duty paid London.** The seller pays all charges of freight to London and unloading, etc., and also the British customs duty on such articles as tea and

tobacco. The buyer takes the goods delivered at the docks in London and pays all expenses from that point.

**In Bond.** Articles on which customs duty is charged are allowed to be stored, at the port of entry (import point), in large warehouses, called "bonded warehouses," until the duty is paid.

These warehouses are under government supervision, and the importer can take out portions of his goods on paying only the duty on such portion. Or, he may take out dutiable goods such as tea or tobacco for shipment abroad, without paying the duty, because the customs duties are only charged on goods intended for consumption inside a country.

Goods sold "in bond" are to be taken by the buyer from the bonded warehouses where stored. The buyer pays the customs duty. The seller pays the warehousing charges for storage until he sells.

**"Duty paid," or "franco duty."** Seller pays customs duty and charges of storage at bonded warehouse until sold.

**Drawback.** If the goods are shipped abroad after customs or excise duty has been paid on them the exporter is repaid the duty; this repayment is called a "drawback."

**Ex-bond.** The seller pays the customs duty, as well as all expenses up to the point of delivering the goods from the bonded warehouse.

**"Franco" Paris (Free Paris.)** The seller pays all expenses of packing and transport of the goods to Paris, including freight, insurance, French customs duty, the railroad freight to Paris, and the town dues to Paris (octroi), but he does not pay the cartage (trucking) from the Paris station (terminal).

Usually the railroad companies deliver free, within a limited distance, otherwise the buyer must pay the trucking expense. "Rendu Paris" and "free Paris" mean the same as "franco."

**Franco Domicile.** The seller pays every charge and delivers the goods free at the buyer's business address abroad.

**F.A.S. (Free alongside).** This applies to heavy goods which are usually brought in barges, by river or by canal, to the port of shipment, where the sea-going vessel is lying ready to receive cargo. It also applies to goods which are brought by vessels from abroad, into a port, for transshipment there into another vessel for export. For example, German goods may be brought by vessel from Hamburg or Antwerp to London, and there loaded into a vessel which will carry them to New Zealand. Such goods would be unloaded into barges from the German vessel and delivered alongside the vessel sailing to New Zealand, without being first landed on the quay or wharf. The seller would pay the packing, freight, marine insurance, all charges for transport from Germany to the port of London, and the cost of loading into the barges in the Thames, which are to carry the packages to the side of the vessel going to New Zealand.

If these goods were sold f.a.s. London the buyer would pay the ocean freight and marine insurance from London.

**Free Overside.** The seller delivers the goods on the vessel at the port of destination; the buyer must provide barges to receive them there, or must pay the expense of dock dues and pierage if they are unloaded on the dock or quay.

**Ex-ship.** This is practically the same as free-overside; except that the goods may be either delivered in the barges or on the quay

**Ex-warehouse.** The buyer must collect the goods at his own expense from the seller's warehouse.

**Landed terms.** The seller pays expense of loading into barges or lighters, the cost of labor for landing the goods, and the dock dues.

**"Prompt" sale.** A sale of goods with the condition that they are to be taken on a definite date, called "prompt day" and to be paid for then.

### Prices

**The price.** Value, worth, amount, price, quotation, rate, figure, cost, limit.

**Cost.** Prime cost, cost price, maker's price, buying price, factory price; price of production;

**Selling.** Selling price, list price, market price, catalog price, invoice price, billed price, advertised price, net price, discount price.

**Other prices.** Trade price, retail price, fixed price; the determined, agreed, quoted, contract price, wholesale price, jobber's price.

**Low.** Reduced, moderate, low, advantageous, lowest, finest, very low, very moderate, very favorable, bottom rock, rock bottom price, cut price, clearance price, inventory price, salvage price.

**Too low.** Below cost, outside, giving-away price, sacrifice price, job price.

**Worth.** Good value; exceptional, extraordinary, striking value.

**High.** High, very high, increased; fancy, ridiculous; exorbitant, unreasonable, inflated price, impossible price, boosted price.

### Phrases

**Asking price.** Make me a price for sugar;

Fix me your very lowest price for

Quote me your best rates for

What is your lowest price for

Can you accept—per cwt.

State your lowest limit for

Quote me your finest price for competition.

**Offering price.** We can take—per cwt.

We cannot cut the price finer than—.

\$— is below our absolute limit; (below cost).

This is the very closest price to clear, and much below cost.

Our most favorable terms are quoted below.

At the present price of wool we could not make these goods at the prices now offered to you.

We cannot repeat at these figures.

These prices are without engagement.

These prices are subject to market fluctuations;

These prices are subject to change without previous notice.

Your limits are impossible and at least 10% below present buying prices.

We cannot quote finer, as the selling prices are fixed by the makers.

The very best we can offer is 10% off our list price; the advanced price came into force 10 days ago.

### Limits of prices (when buying or selling through agents)

You must keep strictly within our limits, and buy at less where possible.

These limits are the maximum, and we confidently expect that you will be

able to secure some of these lots at considerably less, now that the crop prospects are better.

We cannot allow you any discretion whatever above our buying limits.

These selling limits are the very lowest; it will be useless cabling offers at any reduction.

Raise our selling limits by 5% all round; markets advanced suddenly.

These limits are our exact cost for goods laid down in Havana; anything over will yield a profit, anything under will be a loss; your commission is not included, add it to our limits, and obtain also a reasonable profit for ourselves.

If our limits are impracticable, cable nearest obtainable.

If our selling limits are unobtainable for prompt payment, offer credit of 3 months, with trade acceptance.

Your limit is too low (impossible, impracticable).

Can you allow a margin (discretion) of 5%; impossible to buy at the limits you name.

Maker firmly refuses to consider your limits; if you cannot accept, wire best firm offer.

Your limits are too low for January delivery; cannot obtain earlier than April delivery except at 10c more.

Your consignment unsalable over \$8; shall we hold for opening season?

Nothing less than \$1.90 will be considered; this is our lowest limit.

Buy 1,000 pieces at not over our limits, or double the quantity if 25c less.

Our selling limits for these goods are 12c, 19c, 24c; therefore we can only afford to pay 9c, 14½c and 18½c.

**Dearness of price.** Your goods are much too dear.

Your prices (rates) are altogether too high.

Your quotations would work out too high; we require an article at 5c per yard less.

Your prices are beyond our reach.

Your quotations are much above our limits; have you no cheaper grades?

**Cheapness of prices.** We are offered similar goods much cheaper.

We can buy 20% better (less) than the prices you offer.

Cut your price the utmost possible as it is for an advertising line.

**Advance in prices.** Prices have advanced (risen, moved sharply upwards, increased, improved, soared upwards.)

Prices are much higher.

A considerable rise (advance) has taken place.

Prices are on the up grade.

Prices are firmer all round.

Prices have jumped from \$40 to \$50: Prices have advanced beyond all reason. Prices are soaring.

**Fall in prices.** Prices have fallen considerably.

A sudden reduction has taken place in the prices for

Prices have dropped from 5% to 10%.

Prices continue steadily falling.

We anticipate lower prices next month.

It is not possible for prices to drop further, as they are already unremunerative, and considerably below cost of production.

The bottom has dropped out of the market; prices have slumped on rumors of war.

Price movements are very slight.

There have been occasional slight upward and downward movements, but prices remain practically the same (are unchanged).

We expect considerably higher rates to be asked for the new crop.

### Deliveries of Goods.

**To Deliver.** To send, to make delivery of, to effect delivery, to forward, to consign, to dispatch, to ship, to enclose, to re-ship, to tranship.

**To refuse.** To return, to refuse delivery of, to refuse acceptance; to hold to the order of (at the disposal of) the sender, to decline to accept, to throw on the seller's hands, to reject, to decline.

**To delay delivery.** To deliver slowly; to hold back; to delay forwarding; to retard.

**To hurry delivery.** To expedite delivery, to accelerate, to rush, to hasten, to hurry forward, to deliver promptly, on demand, as quickly as ready, as fast as completed, as they become ready, as they come out of the looms, as fast as they are finished.

### Delivery Conditions.

**Time.** "At once" or "prompt delivery" means "immediately," or within the short time necessary to select and pack.

Goods offered for immediate delivery are usually stated to be "stock goods" or "in stock," or "ready for delivery," or "open stock."

**Near delivery.** This is applied to goods almost completed and capable of delivery with a few days or weeks, according to custom.

**Forward delivery.** Goods for delivery some considerable time afterwards. For example, for cotton bought in January; end of January delivery would be "near," May would be "forward delivery," or a "future."

**"To arrive" or "afloat."** is applied to cargoes sold while at sea, on the journey to a certain port; cotton is frequently sold afloat, from samples.

**Price.** (See also special list.) Cash, prompt cash, spot cash, cash less 2½%; cash on delivery, (c. o. d.); cash before delivery (c. b. d.); cash within 10 days, (after delivery); 1 month's terms, (1 month's credit); cash with order (c. w. o.).

**Place.** Delivery at the works, at the factory, at the foundry; on trucks at the works, goods taken at Pittsburgh, (f. o. b. Pittsburgh), on cars Pittsburgh, at Pittsburgh factory.

Delivery in bond, (buyer pays customs duty, and trucking from bonded warehouse; seller pays warehousing charges); delivery ex-bond (seller pays customs duty and warehousing charges; buyer collects from bonded warehouse and pays trucking.)

Freight paid to New York; delivered free New York.

Freight paid to any port north of Philadelphia.

Delivery on quay at any Canadian or Atlantic port.

Delivery free in any Eastern state.

Freight paid to nearest railroad depot, U. S. or Canada.

**Differences in British and American terms.** In Great Britain the word "carriage" is used instead of "freight" for railroad charges; "freight" is used to mean charges for carrying goods by sea. "Railway station" is used in Gt Britain instead of "freight depot;" "railway" instead of "railroad;" "wrapper" or "canvas," instead of "burlap."

F. o. b. in Great Britain always means free on board a vessel for shipment overseas to a foreign country. This term is never used for domestic shipments inside the United Kingdom which includes Ireland, the Isle of Man, the Channel Islands as well as Great Britain [England, Scotland and Wales].

"Bill of Lading" in Great Britain also applies only to foreign trade; "way bill" is used for domestic trade.

"Carting" or "cartage" is used in Great Britain instead of "trucking;" "goods train" is used for "freight train"; "goods" is used instead of "merchandise."

**Urgently wanted.** We are in urgent want of these goods.

We are completely without stock and therefore request immediate delivery.

We are most urgently in want of these articles.

We need them urgently and, to ensure immediate delivery, we enclose bank draft to cover the invoice amount.

We have immediate need of them.

As we have absolutely no stock left, we require them at once.

Please forward immediately by express train, as they are for an urgent order.

These are urgently required for a mourning order (funeral).

This is an urgent order for foreign shipment and the goods must reach us on the 20th inst. at latest, or they will be useless.

Immediate delivery is of the utmost importance, therefore send us samples of stock goods only, (only of goods you can supply from stock—open stock.)

These are urgently wanted; therefore, please procure them for us or send the nearest at once.

As you were in urgent need of these goods, we have substituted 50 pieces of the better grade and have charged them the same price, in order to keep you going until we can forward your own grade on the 20th inst.

This is a rush order (rush the shipment of these goods.)

### Shipping Instructions (transport by sea)

#### Ship

by earliest available steamer.

by first sailing vessel calling at your port.

by good class steamer.

by high class sailing vessel and advise fully of shipment, for insurance at this end.

by direct steamer via Suez Canal.

by steamer via Panama Canal.

by sailing vessel via Cape of Good Hope.

by sailing vessel via Cape Horn.

by steamer to Antwerp, for transshipment into sailing vessel there.

by sailing vessel leaving immediately.

by lighter to Baltimore, thence by sailing vessel.

in weekly lots, commencing first week in February.

half February 15th, half February 25th.

monthly, in lots of 5 cases.  
 on or before March 25th.  
 according to instructions to be cabled later.  
 by Austrian brig from Trieste.  
 by Messageries Maritimes, from Marseilles.  
 by sailing vessel sailing this month.  
 direct from Philadelphia by good class steamer.

### What Charges are Paid by Seller.

**Domestic trade.** Taken at our works, or at our warehouse (storerooms); (buyer pays trucking and freight).

**Loco.** Goods taken at the place stated by the seller, usually the seller's factory, works, or warehouse; the buyer pays freight from there, and the trucking.

**Phrases for packing.** All cases, (boxes, packing, burlap, canvas, bags,) charged, but allowed for in full if returned freight paid within 14 days. Packing free. Packed free. Packing material is charged at cost price and is not returnable.

**Delivered at station.** The seller delivers at the depot (station) named and pays freight to there; the buyer pays freight and charges from that point.

Goods delivered free on trucks at nearest railroad depot (goods station); the seller pays freight (carriage) to that point.

Delivered free to any depot (goods station) in (state). The seller pays packing, trucking to depot and freight to the district named.

Goods taken ex-ship at Boston; (buyer pays railroad freight from Boston); ex-quay Philadelphia, New York or Boston, (buyer pays trucking or railroad freight from these docks at these ports):

Prices ex-quay (or on quay) any Pacific port: (buyer has the right to select the nearest Pacific port at which he wishes to take delivery, he pays all charges from there).

## CHAPTER 61.—QUOTATIONS; TRADING RULES.

(See Chapter 48, on laws relating to sales, and Chapter 60, on selling terms and delivery conditions.)

There are numerous expenses connected with the transport of goods overseas. A buyer abroad prefers to have prices quoted which include all the expenses up to the point of the goods being delivered at a port in his own country. He has not the time nor sufficient information to work out all the details connected with the transportation and the marine insurance. It is important that both seller and buyer should have a clear understanding of exactly which of the expenses are to be paid by each party.

A misunderstanding may lead to a dispute and to the possible loss of a good customer. In order to avoid disputes, the International Chamber of Commerce appointed a committee in 1923, in each of the important countries of the world, to study the question of what expenses were covered by the various methods of quoting prices used in international trade.

The summarized details on the following are taken from the reports of these committees.

**Quotations to foreign customers. What charges are included.  
Agreed rules for international trading.**

**F.o.b.** This is understood, throughout the British Empire, and in all other countries, to mean that the price includes delivery on board a vessel. F.o.b. is not used abroad to define the delivery point for internal trade, the word "delivered" is used, followed by the name of the place, for example, "delivery at our works," "delivered Birmingham," "delivered nearest station," (nearest railroad freight depot).

**F.o.b. port from which shipped.**

The duties of the seller on f.o.b. terms are (1) to pack the goods, pay all transportation charges to the point of shipment, and to place the goods on board the vessel; (2) to provide the marine bill of lading; (3) to be responsible for all loss and/or damage until the goods have been placed on the vessel; (4) to insure the goods against sea risks during transit, for the benefit of the buyer, at his expense, or to give him notice of the shipment so that he may insure in good time.

The duties of the buyer on f.o.b. terms are (a) to be responsible for all loss and/or damage which may occur to the goods from the time they are placed on board the vessel; (b) to be entirely responsible for all loss or damage to the goods, to take control of the delivery, and to be responsible for all freight and other charges and customs duties after they have been placed on board the vessel; (c) to pay the agreed price according to the sale contract.

American exporters should notice particularly that their f.o.b. prices to foreign customers should include the expense of transporting the goods to the vessel from the railroad terminal at the American shipping port. The invariable understanding of an f.o.b. quotation by foreign buyers is that the price includes the expenses up to the point of actually putting the goods on board the vessel. It is not sufficient for an exporter to deliver the goods at the railroad terminal in a large port like New York, leaving the buyer to be charged with the cost of trucking from the terminal to the dock, which may be several miles away. Railroad companies should be asked to quote rates which include delivery at the docks or alongside a ship.

To make the quotation unmistakable, the American exporter should quote in this way, "F.o.b. vessel, New York." Port rates and dock charges on exports are usually only small expenses which are generally paid by the seller.

**F.o.b. foreign port.** These terms are the same as c.i.f., explained later. The seller, in this case, must pay the ocean freight and marine insurance, and all other expenses up to the time the goods arrive at the foreign port named by the buyer. The unloading, customs duties, and all later expenses, are payable by the buyer.

**F.O.T. and F.O.R.** F.o.t. means free on trucks (loaded on railroad cars).

F.o.r. means free on rail, exactly the same as f.o.t., at a point named.

The seller on these terms pays all expenses necessary for placing the goods on the truck. If required, he should obtain a way-bill or domestic railroad bill of lading and send it to the shipping agent of the buyer, so that he may arrange for the overseas shipment. The buyer is required to pay all the transportation charges and to handle all movements of the goods after they have been placed on the railroad trucks or cars. The buyer must take full responsibility for the goods

from the moment the trucks on which the goods are placed are delivered to the railroad company or other transporting company.

**F.A.S.** This means delivery free alongside a ship, so that the packages may be taken aboard the ship, from a barge, by the ship's tackle. In Glasgow f.a.s. goods are allowed to be placed in the steamer sheds; the shipowners load them into the vessel from there. The seller on f.a.s. terms pays all charges required for placing the goods alongside the ship and must also provide a dock or wharfinger's receipt, if required.

The buyer on f.a.s. terms must (a) be responsible for all loss and/or damage incurred after the goods have been placed alongside the vessel for loading; (b) handle all later movements of the goods and be responsible for all charges; (c) pay all demurrage and/or other charges which may be incurred; these are usually the port rates, landing charges or lighterage, working out the goods from the hold of the ship, and sampling.

**C. & F.** The selling price on C. & F. terms includes the cost of the goods and the freight, but not marine insurance. The seller must (1) pay all transportation charges to the agreed destination abroad; (2) be responsible for all loss and/or damage until delivery of the goods in the custody of the shipowner; (3) deliver to the buyer or his agent a clean bill of lading to the agreed destination.

The buyer on c. & f. terms must (a) be responsible for all loss or damage after the goods have been placed in the custody of the shipowner, and must (b) do what is necessary to arrange the marine insurance at his own expense; (3) take delivery at the port of discharge of the vessel and pay all costs of discharge, lighterage, and landing, in accordance with the requirements of the bill of lading; (4) pay all import duties, customs duties and wharfages, if any.

**C.I.F.** For sales made on c i f. terms, the price charged by the seller includes cost of the goods, insurance, and freight. (See also Chapters 48 and 60, on laws and conditions of sales).

The seller must (1) put the goods on board the vessel at his own expense (f.o.b. vessel) and pay all transportation charges to the agreed destination abroad; (2) be responsible for all loss and/or damage until delivery of the goods in the custody of the shipowner; (3) take out and pay for the necessary marine insurance; (4) deliver to the buyer or his agent a clean bill of lading to the agreed destination, and a marine insurance policy or negotiable insurance certificate.

A "clean" bill of lading is one by which the shipowner acknowledges receipt of the shipment in good condition. The kind of insurance required is usually f.p.a. (free of particular average). If insurance is wanted which will cover additional risks, such as general average or war risks, it should be asked for definitely by the buyer in the contract of sale, (the order).

The buyer under a c.i.f. contract must (a) take delivery and pay costs of discharge, lighterage and landing at the port of discharge abroad, in accordance with the clauses of the bill of lading; (b) be responsible for loss and/or damage afterwards, and make all claims to which he is entitled by the insurance; (c) pay all import duties, customs duties and any wharfage charges at the port of discharge.

Consulages (fees of foreign consuls for certification of documents before shipment) should be paid by the buyer.

Some exporters pay them and charge them separately to the buyer. The most satisfactory way is for the seller to add them to his cost and include them in the selling price.

**C.I.F. and commission.** Buying agents for foreign customers generally arrange with the seller that he shall pay them a commission and include it in the selling price. This arrangement is shown by the terms c.i.f. and commission.

**C.I.F. and C. & E.** This term includes the buying agent's commission and also the banker's commission for negotiating the draft drawn on the buyer for payment of the invoice, both of these expenses to be paid by the seller.

**C.I.F. and C. & I.** This term is used in the East Indian trade. The 'I' means that the seller pays the interest on drafts drawn in London on Indian buyers for payment of the invoice price. The drafts are usually negotiated (discounted) with London bankers, who charge the shipper interest from the time the draft is negotiated there until the time the amount collected in India has been received in London. It requires about three weeks to remit funds from India to London. The buying agent's commission and the banker's interest (c. & i.) are included in the price charged by the seller.

**Other shipping terms—F.o.b. London.** Sellers have the option of sending goods to the vessels either by water (in barges) or by rail (railroad). If the goods are delivered to the ship by water (alongside the vessel), no dues are charged in the port of London.

**Free in lighter.** This term is used in certain ports where it is the custom for ocean going vessels to lie in the river and receive goods from lighters. It is the duty of the seller of the goods to pay the charge for lighterage and to make a special insurance of the transportation to the ship's side by the lighter. Heavy goods are frequently sent by canal from inland places to a port, where the goods are transhipped to an ocean going steamer. The seller of such goods on f.o.b. terms is responsible for damage or loss until the goods are actually loaded on the steamer.

**F.I.O.** This term, which means "free in and out," applies where heavy goods are taken in barges to an outgoing ship and are discharged at the foreign destination into barges or lighters, or where the packages are troublesome to handle.

The usual arrangement between a shipowner and a merchant who charters (hires) his vessel for a voyage, or for a certain time, is that the shipowner provides the vessel and the crew, and pays all the expenses of the management and navigation of the ship, including the wages of the officers and seamen and the usual port dues on the vessel. The shipowner does not pay the expenses connected with the loading and unloading of cargo, nor the expense of putting the vessel into a dock at the port.

The charterer who contracts to carry cargo for other persons is generally required by the bill of lading to discharge the goods either into lighters or on the quay, at the option of the master of the ship. Goods sold f.i.o. are to be loaded and unloaded free of expense to the buyer.

**F.O.B. Coast terms.** This applies to cocoa, sold on the Liverpool market, which is shipped direct from the West African Coast to London or continental ports, instead of being transhipped at Liverpool for those places.

**Ex-ship.** The chief difference between a sale on c.i.f. terms and a sale ex-ship is that the c.i.f. buyer receives a negotiable bill of lading instead of the goods, whereas buying ex-ship he would receive the actual goods and could not demand a bill of lading.

Under a c.i.f. contract the buyer must pay any charges made for unloading the goods from the ship, the landing charges, and the lighterage. When goods

are sold *ex-ship* the port expenses are paid by the seller and the expenses to be paid by the buyer commence with the cost of landing the goods, for which a small fixed charge is made by the shipowner.

The buyer who has already sold the goods he bought to his own customers, before arrival of the ship, usually prefers to buy on *ex-ship* terms, so as to make sure of receiving goods, instead of receiving the insured value if the goods are lost in transit.

**Ex-quay.** These terms are almost similar to buying on "*spot*" terms. In sales *ex-quay* the seller must pay the landing charges, whereas on *c.i.f.* or *ex-ship* terms the buyer would have to pay these charges, even if they had been landed before he took possession of the goods. As an exception, if a seller on *c.i.f.* or *ex-ship* terms does not deliver the documents to the buyer in time for him to take delivery before the shipowner wants to land them, the seller must pay the landing charges, unless the buyer has refused to comply with the agreed terms, such as to pay cash against documents. For sales *ex-quay* the sellers usually allow one month's credit and free storage for 14 days.

**Spot terms.** Grain is sometimes bought on "*spot*" contracts, which means that the grain bought is in store, on the spot. Spot quotations are always higher than *c.i.f.* quotations, because the spot price includes all the charges which the *c.i.f.* buyer would have to pay. Small lots are usually bought on spot terms, with the special privileges of a month's credit, 14 days free storage, the right to examine the bulk before confirming the order, and an allowance of 5% for prompt cash payment.

**In transit.** West African produce such as palm oil, shelled nuts, cocoa, and mahogany are sometimes sold "*in transit*" to Liverpool. The buyer is permitted by the steamship company (Elder Dempster & Co.) to have the goods forwarded at reduced rates to any of the other ports of the U. K., the continent of Europe, or U. S. ports, provided that he declares the new destination before the vessel arrives at Liverpool, or even after its arrival in Liverpool but before final discharge of the cargo. Or, the buyer may have the goods stored, for not more than six months, in the shipowners' warehouse, while he is seeking a customer.

**Grain "on passage."** Steamers carrying grain which has been shipped to England before being sold, are usually instructed to call at one of the ports of the English Channel for orders. The owners of the cargo would sell it "*on passage*" and orders would be given to the master of the ship, at his port of call, to proceed to the English or European port at which the buyer desired to have the cargo discharged. Both whole cargoes, and portions called "*parcels*," are sold in this way on *c.i.f.* terms, the chief advantage to the buyer being early delivery.

**Calling for orders—Range of ports.** A ship may be required by the conditions of its charter or bill of lading to call for orders at a named "*Channel port*," which means a named port in the English Channel, such as Falmouth, when it is intended that the cargo shall be sold for delivery "*on the continent*," which means at ports ranging from Bordeaux to Hamburg. Ports which lie inland are included in this range, such as Rouen, Antwerp, Rotterdam, Amsterdam and Bremen.

The other principal ranges for discharging cargoes in Europe are the Mediterranean ports of Spain, France, and the West Coast of Italy; Greece must

be specially named, also the Adriatic Sea ports. Scandinavian ports have special ranges.

Ships coming to Europe from the southwest usually call for orders at one of "The Islands," which means the Canary Islands and Cape Verde. Ships coming from the East and Far East, by way of the Suez Canal, usually call at Port Said for orders.

**Grain sales—*tale quale*—sea-damaged—rye terms.** Grain is usually sold in the London market on the three terms named above, which are generally referred to as T.Q., S.D., and R.T.

(1) *Tale Quale* means that the grain is to be sound and in good condition when shipped, but the buyer must take it "as it is" for condition when delivered.

(2) *Sea damaged.* The contracts of sale usually provide that the seller is liable for damage by sea water or that the buyer shall be entitled to reject grain damaged in this way. Other damages to which grain is liable are sweating, weevils, and condensation.

(3) *Rye terms.* The sellers guarantee the good condition of the grain on arrival, with certain exceptions named in the contract of sale. The chief English markets for dealings in corn are London, Liverpool, and Hull. The Corn Trade Associations at these places make the regulations regarding contracts.

(4) The term "*about*," as applied to the quality and condition of grain on arrival, means that either a difference of  $\frac{1}{2}\%$ , or 1s. 6d., (36 cents) per ton on the price, is permissible.

**Corn. Difference in meaning of this word in U. S. A. and in Gt. Britain.** The word "corn" is generally used in England, by the public, to mean "wheat". In the U. S. A. "corn" generally means "maize", which is called "Indian corn" by English people.

The English wholesale firms use the word "corn" as a general term for grain, both corn and wheat being included in this term.

**Stems.** Collieries and mines which have considerable quantities of coal or ore loaded on trucks, make arrangements (called stems) with dock authorities for their speedy loading on vessels, for export. By reason of such an arrangement the seller is able to offer coal or ore for sale on the condition of guaranteed prompt delivery to a vessel.

**Demurrage.** This is a charge made by a shipowner to the charterer of a vessel who takes more than the agreed time for loading a cargo. If the vessel has to lie in the river, because there is no berth vacant in the docks, the time allowed for loading does not begin to run off until the vessel is allotted a berth and is ready to take delivery of the cargo from the dock or quay.

**Despatch.** This is an allowance stated in the charter party to be payable to the charterer who loads the vessel before the full time allowed, thus enabling the ship to leave port earlier.

**"Shipped" and "Received for shipment" Bills of Lading.** "Shipped" bills of lading are only issued by shipowners after the goods have been actually loaded on a vessel. If the goods are in the possession of the steamship company, in the warehouses, on the quays, or in barges, waiting to be loaded, the steamship company will only issue a "received for shipment" bill of lading. It should be noted that this kind of bill of lading is not permitted for c.i.f. contracts; the buyer is entitled to demand a "shipped" bill of lading.

After the shipment has been loaded on the vessel the holder of a "received for shipment" bill of lading may have it exchanged for a "shipped" bill of lading.

Or, if the "received for shipment" bill has been already delivered to someone else and is not available, the steamship company will issue a certificate of shipment of the goods.

**General average claims.** The risk of being required to contribute to a general average loss is usually covered by insurance.

The underwriters are only liable for the amount ascertained to be due from the owner of the goods insured, but as the preparation of the average statements, showing how the loss is to be distributed, may require several months, the shipowners call on the owners of cargoes to pay lump sums as deposits, on account of amounts to be assessed. The underwriters are not liable to pay these deposits; they usually do so as a matter of grace.

**Working out charges.** Where goods are carried by liners, the cost of discharging the cargo is borne by the steamship company.

If carried by cargo steamships the shipowners charge for unloading the cargo from the ship's hold, for weighing it, and for delivering it overside. All of these expenses are included in the term "working out charges." They are payable by the buyer on c.i.f. contracts.

**Custom of the Port.** The regulations of the various ports differ considerably respecting loading and discharging vessels. These regulations are referred to as the "custom of the port." They override any conditions of the charter party or bill of lading, but a shipowner or charterer, or any other party prejudiced by these customs, is entitled to claim for demurrage.

**Cooperage.** This is a charge made by steamship companies for making good any defects in packages, in order to make them fit to stand a journey by sea. Special men are employed by the shipping companies to examine the condition of shipments and to repair packages which are broken and likely to lose a part of their contents.

**Garbling of Tobacco.** Duty on tobacco imported into London is charged at the full rate, whether the tobacco is sound or damaged. If the owner does not want to pay duty on the damaged portion he may have it sorted out from the sound tobacco, while in bond, and destroyed without payment of duty. The charge made by the customs for this service is called "garbling."

**Sound out tea.** In order to test tea, buyers select certain cases and empty them, so as to examine the contents thoroughly. A "sound out" case is one which has been found to be in good condition when tested in this way.

**Chilled Meat trade—Draft and bate.** "Draft" in this trade means a parcel or lot; for example; a price may be quoted for "drafts of not less than five carcasses nor more than 25." "Bate" is an allowance of one pound weight per quarter for the cover (shirt or wrapper) of South American meat. No bate is allowed in Liverpool or London on Australian and New Zealand mutton or lamb.

### Bills of Exchange drawn for exports.

**Drawing.** The instructions given by the foreign buyer as to the method of drawing on him should be strictly followed; otherwise he may refuse acceptance of the draft and decline to take the goods, except at a considerably reduced price.

**Delivery of shipping documents.** If the buyer states, when ordering, that he requires the shipping documents (bills of lading, etc.) to be delivered to him against his acceptance of the draft, this should either be done or the order should be refused on these terms. It is useless to ask for the acceptance of the bill if

the bill of lading is not to be delivered against the acceptance; in some countries such an acceptance would not be legal, because the buyer has received no consideration.

The banker should be instructed whether to deliver the bill of lading against payment only (d/p) or against acceptance of the draft (d/a).

**Charges.** Interest, bank commission and other expenses should either be included in the price or charged to the buyer on the invoice and included in the amount of the draft. Bankers will not accept instructions to waive such charges if the buyer refuses to pay.

**Interest.** Although goods sent by fast steamships generally arrive at approximately the same time as the draft with the shipping documents, buyers will not usually accept drafts payable so many days or months after sight, nor pay "at sight" drafts, (payable on demand), before the goods arrive. They are not liable for loss of interest through delay in the arrival of the goods.

**Documents.** One set of the shipping documents (which are made out in triplicate), should be sent by the steamer which carries the goods, if the documents are agreed to be sent direct by the seller to his customer.

If the bill is discounted the banker attends to the mailing of the documents to a collecting banker abroad. The original full set of documents should be attached to a documentary bill. The discounting banker will instruct the shipper as to the quantity of each document which is required, usually three sets are wanted.

**To whose order.** The person named in the bill of lading can claim delivery of the goods at the destination, provided he can produce the bill of lading which gives the title to the goods. In order that the collecting banker may have control over the shipment, the bill of lading, etc., should be made out to the order of the seller and endorsed by him to the collecting banker. Or, the documents may be made out to the order of the banker.

**Refusal of acceptance or payment.** It is not usual to protest a draft for refusal of acceptance; the bank usually takes and stores the goods to its own order, and gives notice to the seller, and waits his instructions for their disposal. If payment is refused after acceptance, the collecting banker cables this fact to the seller. Bankers will not take legal proceedings in their own names. The seller must give a power of attorney to a foreign lawyer to sue on his behalf; this document usually costs about \$25. Regular trade of any importance can only be done without loss in Central or South America if a reliable local selling agent is appointed. In addition to his services in selling, he can settle any difficulties with customers, and take delivery of, and re-sell, any goods refused. By arrangement with the collecting banker he may also act as case of need for acceptance and payment. Bankers who discount or accept drafts for shippers usually require full authority to be given to them as to the sale abroad of goods for which payment has been refused, but they usually consult the shipper before taking action.

Bankers collecting documentary bills usually require definite instructions, in advance, as to the disposal of the goods in case of refusal of acceptance or payment, and also as to the exchange and collection charges.

**Collection of open A/cs.** Where shipments are made to customers abroad on open accounts, the foreign selling agent does valuable work by assisting in the collection of the accounts at the times he knows that the customer receives funds. Out of sight means out of mind at these times.

**Clean drafts.** Where goods are shipped on open credit, payments may be arranged at so many months after shipment, or quarterly; or half yearly settlements may be made. In such cases no advances are obtained on the various shipments, and no documentary drafts are drawn; the shipping documents are sent direct to the customer by the seller. Drafts drawn by the seller for the periodical settlements have no documents attached; they are simply requests to pay, and are called clean drafts; they may be sent for collection through a banker but it is not usual for a banker to make any loans on such bills.

## CHAPTER 62.—FINANCING AMERICAN IMPORTS.

An American merchant wishing to buy goods abroad, say in London, from a firm to whom he was not known, to be paid for on arrival of the goods in the U. S., would have to arrange the business through a banker, because the foreign seller would not ship the goods until he had been paid. There are five steps in the operation as usually conducted. (1) the American merchant asks his banker to arrange for a credit in London in the merchant's name, that is, he asks the American banker to write to his English branch, or to an English banker, authorizing him to open a credit in his bank for the American merchant, for a certain amount, for a limited time. If the American banker is satisfied as to his customer's financial standing, or if he receives security, he gives the customer a letter of credit which authorizes the London seller to draw a bill on the American merchant for the invoice price and charges and to present this draft for payment to the London banker who is the agent of the American banker. The importer sends this letter of credit to the English firm from whom he orders the goods.

(2) The American banker writes the London banker giving details of the letter of credit and authorizing payment of the seller's draft, provided that the shipping documents, that is, the original invoice, bills of lading and insurance policy, are made out to the order of the shipper and endorsed by him to the American Bank or endorsed in blank.

(3) The English seller packs the goods and delivers them to the steamship company for shipment, and receives a set of bills of lading. He also insures if requested. He then draws a draft on the American merchant for the invoice price of the goods, plus any charges such as freight or insurance which the buyer has agreed to pay. The documentary bill, that is, the draft with the shipping documents attached, is then presented to the London banker named in the letter of credit.

(4) He pays the amount of the draft and sends it and the documents to the American banker, drawing on him for the amount paid or charging it to his account.

(5) The American banker asks his customer to attend at the bank to "accept" the seller's draft. If the customer gives security, or has good credit with the bank, he will be allowed to take the bills of lading at the time he accepts the draft. Otherwise, the banker will hold the bills of lading and other shipping documents until the customer actually pays the draft. If the goods arrive before payment is made or arranged for, the bank will have them collected and stored in its own name; it can claim delivery by reason of holding the original bill of lading endorsed to it by the shipper.

The Bank runs very little risk in these transactions, because it does not pay for the goods abroad until it is satisfied that they have actually been delivered

to the steamship company, and it does not part with the shipping documents, which give the right to claim delivery at the destination, until it either receives payment or has the draft accepted by a responsible customer.

The letter of credit gives the banker the right to sell the goods on arrival, in case the importer refuses to accept delivery, and to claim any loss from the importer.

Specimen Letter of Credit

Credit No..... Guaranty Trust Company of New York
..... Foreign Department
New York, .....

Gentlemen:

We hereby authorize you to value on.....
.....for account of.....
up to an aggregate amount of.....
available by your drafts at.....
against shipment of..... to.....
Insurance.....

Bills of lading for such shipments must be made out to the order of the Guaranty Trust Company of New York, unless otherwise specified in this credit.

Consular invoice and one bill of lading must be sent by the bank or banker negotiating drafts, direct to the Guaranty Trust Company of New York, New York, under advice to .....

The remaining documents must accompany the drafts drawn on.....

The amount of each draft, negotiated, together with date of negotiation, must be endorsed on back hereof.

We hereby agree with bona fide holders that all drafts drawn by virtue of this credit, and in accordance with the above stipulated terms, shall meet with due honor upon presentation at the office of.....
if drawn and negotiated prior to.....

Guaranty Trust Company of New York,
by

.....
.....

N. B. Drafts drawn under this credit must state
that they are "drawn under Letter of
Credit No.....
Dated ....."

Bankers charge a commission for issuing letters of credit, and they make a profit on the discounting of drafts.

**Revocable and confirmed letters of credit.** The American exporter should notice that a "revocable letter of credit" can be withdrawn by the American banker issuing it, on the instructions of the banking agents of the foreign buyer, without the American banker being liable for any claim for damages by reason of the order having been cancelled by the foreign customer. A confirmed letter of credit from a banker is irrevocable and cannot be withdrawn at the request of the buyer on whose behalf it was issued.

Where there is any risk of loss by cancellation of an order for export, the exporter should refuse a revocable letter of credit and should insist on the order being secured, as regards payment, by a confirmed letter of credit

**Bailee Receipt; Imported Goods Released by Banker for Sale by Importer.**

**BAILEE RECEIPT.**

*Received from the GUARANTY TRUST COMPANY OF NEW YORK, solely for the purpose of selling same for account of said Company:*

.....  
.....  
*marked and numbered.....*  
*and.....hereby undertake to sell the property herein specified, for account of the said Company, and collect the proceeds of the sale or sales thereof, and deliver the same immediately on receipt thereof to the said Company, to be applied to the credit of.....*  
*hereby acknowledging.....to be Bailee of the said property for the said Company, and.....do hereby assign and transfer to the said Company the accounts of the purchaser or purchasers of said property to the extent of the purchase price thereof, of which fact notice shall be given at the time of delivery of the said property by.....to such purchaser or purchasers and all invoices therefor shall have imprinted, written or stamped thereon by.....the following:*

*"Transferred and payable to GUARANTY TRUST COMPANY OF NEW YORK, 140 Broadway, New York."*

*If the said property is not sold and the proceeds so deposited within ten days from this date,.....undertake to return all documents at once on demand, or to pay the value of the goods, at the Company's option.*

*The said goods while in {our / my} hands shall be fully insured against loss by fire.*

*The terms of this receipt and agreement shall continue and apply to the merchandise above referred to whether or not control of the same, or any part thereof, be at any time restored to the Guaranty Trust Company of New York, and subsequently delivered to us.*

*Dated at New York,.....19.....*

.....

(an irrevocable letter of credit), before making any articles which would not be readily salable in the U. S. without loss.

**Letter of Trust.** When a customer is of good standing, the collecting banker may allow him to take the goods for sale, before payment of the draft, provided he signs a letter of lien or letter of trust, by which he acknowledges that the goods remain the property of the bank until paid for, and that he holds the goods for sale on behalf of the bank, and undertakes to account to it for all the

**TRUST RECEIPT.**

New York City.....19.....

Received from the GUARANTY TRUST COMPANY OF NEW YORK the following goods and merchandise specified in the documents described below, and in consideration thereof I/we hereby agree to hold said goods in trust for it and as its property and to deliver over to the said Trust Company or its assigns the ocean bills of lading, representing the goods and merchandise described below, or other negotiable documents, or the proceeds of the sale of goods and merchandise set forth in the said documents; the delivery herein being temporarily made to me/us for convenience only, without novation, or without giving me/us any title to the documents, or the goods and merchandise they represent, except as trustee and agent for the said Trust Company and except to effect the exchange of said documents for ocean bills of lading, or to receive the proceeds thereof for the account of said Trust Company.

The said Trust Company may at any time cancel this trust and take possession of said goods and merchandise or of the proceeds of such of the same as may then have been sold, wherever the said goods and merchandise or proceeds thereof may then be found.

The said goods and merchandise while in my/our hands shall be fully insured against loss by fire and any other risk that said goods and merchandise may be subjected to.

I/we hereby agree to deliver said ocean bills of lading, or to pay the proceeds arising from the sale of the said goods and merchandise, to the said Trust Company on or before.....

(Details of goods here).

Signed.....

proceeds of sales. (See paragraph on "letter of trust" in chapter on "financing of exports"). The usual form of a letter of trust is shown on page 406.

### Letter of Advice of Revocable Credit Opened.

#### GUARANTY TRUST COMPANY OF NEW YORK

140 Broadway

Cable Address: "Fidelitas"  
New York,.....19.....

Messrs. Brown, Smith & Co.,  
90 Front St.,  
New York City.

Gentlemen:

We received today from the London & Northern Bank, of London, England, the following cable message:

"Pay Brown, Smith & Co., 90 Front St., New York City, against delivery of documents of goods shipped per S. S. Northern Star  
£1,750

(One thousand seven hundred and fifty Pounds Sterling.)"  
which kindly note.

We require hereunder, against our payment, the relative documents which we understand have to consist of full set of bills of lading, made out to order and endorsed in blank or to the order of the London & Northern Bank, marine and war risk insurance certificates, and consular and commercial invoices. In case you should have been instructed to deliver to us other documents, kindly communicate with us at your earliest convenience.

The above instructions, subject to revocation on the part of our principals, must be strictly adhered to in order to obtain payment. When referring hereto, quote our Ex. No.....

Yours very truly,

(Officially signed).

#### Confirmed Letter of Credit

UNION BANK, NEW YORK CITY.

Credit D. No. 783.

NEW YORK, *November 30, 19—*

Messrs. ROBERT WOOD & Co., *Smithtown, N. Y.*

Gentlemen: At the request of the Bank of South Africa, Capetown, S. A., and for account of Ewart & James of Capetown, we hereby authorize you to draw on us for any sum or sums not exceeding \$10,000 (say, ten thousand dollars) in all, at sight, against the invoice value of agricultural machines, shipment of which has to be effected during February next, to Capetown.

Bills of lading of such shipments, and insurance policies made out to your order and blank indorsed, together with copies of invoices, must accompany the drafts and be surrendered to us against acceptance.

All drafts to be marked as drawn under our letter of credit D. No. 783, dated New York, November 30, 19—, and to be written off on the back hereof.

**Marine insurance** to be covered by you.

We hereby agree with you and also with the indorsers and bona fide holders of bills drawn in conformity with the terms of this authority that the same shall be accepted on presentation and be paid at maturity provided they are issued, negotiated, and duly advised to us on or before February 28, 19—.

We are, gentlemen, your obedient servants,

— BANK, —,  
 — —, *Manager.*  
 — —, *Accountant.*

This letter of credit to be returned when exhausted or expired.

## CHAPTER 63.—ORGANIZATION OF A TYPICAL EXPORTING FIRM—BUYING AGENCIES.

(NOTE. In England the export trade is called the "shipping trade." Export firms are "shippers.")

Many foreign firms have buying agencies in England which are managed by their own men. Other foreign firms employ agents to buy on their account; the agent receives a commission of a small percentage on the total purchases.

In the cases just named, large offices and other premises are not required. In Manchester, London, and other large towns, the following system is adopted, to save expense.

**Packing Houses.** Limited companies are formed, with large capital, to build large blocks of offices, with packing rooms in the basements, provided with hydraulic presses and other facilities for making up and packing goods for export.

The offices are let at moderate rentals to export firms who undertake to have their packing done by the owners of the buildings, the packing house Cos. In this way the tenant has no standing charges to pay for warehouse room or for a staff of assistants. When he orders goods from manufacturers, he instructs them to deliver the goods, (unpacked) to the packing house company, for his account. Then he instructs the packing house company to examine them thoroughly, to see that they are perfect, and to make them up in the special style required, to pack them in cases or bales, to address them, and deliver them to the Railroad co. or at the Docks.

The packing houses are fitted with passenger lifts, (elevators) and with hoists and machinery of all kinds for dealing with heavy packages of goods.

The packing company employs a large staff of men who have special experience in making up and packing goods in the particular styles required for the various foreign markets.

**Firm with its own Warehouse.** A firm with considerable capital usually prefers to have its own warehouse, with space for storing, handling and packing goods, in addition to space for its offices. Such a warehouse must be in the same part of the town as other firms in the same business, so that it may share in the advantage of receiving visits from buyers, and also on account of the facilities given by Railroad Cos. in collecting and delivering goods in busy districts.

Any saving of rent by having premises outside the trade centre would be more than lost through the greater expense caused in receiving and forwarding goods; further, customers buying in the trade centre would not go to an outside district to make part of their purchases and thus considerable trade would be lost.

**Arrangements of Offices and Warehouse.** The basements of warehouses are used for storing and packing goods. The upstairs rooms, which are lighter, are used for showing the goods to buyers and also for offices and reception rooms for customers. The offices, including the "counting house," (cashier's office) and the general office where the invoicing, bookkeeping, and correspondence are done, should be on the ground floor (1st floor) or first floor (in U. S. called the 2nd floor) so as to be easily reached from the street. All large warehouses are fitted with elevators for both passengers and goods.

The cashier usually has charge of the whole of the clerks, and his office therefore adjoins the general office.

The men in charge of the different branches of the Export trade are called buyers; their offices must be specially well lighted to allow of thoroughly examining goods offered for purchase, which are often of very fine texture and delicate colors. Foreign customers are received by the buyers in their own offices and therefore good furniture and fittings are necessary in order to create a good impression on the customer's mind.

The buyers are carefully protected from having their time wasted by unwanted callers. No persons are allowed to pass the chief entrance without giving their names, and stating their business. A call slip is then written out and sent to the person they wish to see, who then either sees them in the callers' room downstairs or in his own office, or replies that he is "engaged" (busy). Customers are, of course, treated with special consideration and admitted at once.

**Departments.** Separate buyers or managers are appointed for each special kind of trade, or for each separate country with which trade is carried on. For example, a firm may have separate buyers for Brazil, the West Indies, India, China, etc. Each of these buyers has a separate office, known as "the Brazil office," etc. The buyer has an intimate knowledge of the goods required for that special country and of the likes and dislikes of its population, and their manner of carrying on business; generally he also speaks and writes fluently the language of the country, and carries on the correspondence in that language, unless the firm employs a special foreign correspondent. Usually he has lived in that foreign country for several years as a traveling salesman for an English exporting firm.

**Staff.** Sometimes the proprietors of the business act as buyers of the chief departments; in other cases they leave themselves free for supervising the whole of the business and for making journeys abroad, to visit customers and obtain orders. The general staff of an export firm consists of buyers, cashier, bookkeepers; invoice (billing) clerks, forwarding and insurance clerks, foreign correspondents; typists, office boys and messengers.

All the assistants are required to study the languages of the foreign countries with which the firm does business.

Where the firm does its own packing there are also packers, porters, and makers-up, for examining and measuring goods received, and for machining, folding, stamping, papering, and ticketing the goods in the way desired to suit special countries.

**Travelers.** (Export Salesmen). These men, called foreign travelers, are the most important assistants; they should have a thorough knowledge of the language of the country they are to visit, as well as of the foreign methods of business. They should also understand thoroughly the descriptions of goods they are to sell, and their values.

## CHAPTER 64.—FOREIGN SHIPMENTS FOR OWN ACCOUNT—CONSIGNMENTS.

### Advances on Consignments (Shipments) to Selling Agents.

*Phrases.* We are prepared to advance up to 85% of the invoice price and charges, for consignments of regular selling goods; balance on payment by purchaser.

What will you advance against shipments of good grade—and do you prefer our drawing after sight or after date.

We can advance a maximum of 60% of invoice price and expenses at 90 days' after date, for shipments by steamer, or at 4 months for shipment by sail.

If you wish to obtain consignments of Soya Beans, you will have to raise considerably your limits for advances, as this article is largely in demand, and the trade is growing enormously.

Are you open for a joint consignment of — with Smith's, against advance of 70% cost with freight.

We have an offer of a consignment of good —; what will you advance and what dates?

You may advance  $\frac{3}{4}$  of the cost, with freight, at 60 days sight.

We will advance, as a maximum, 70% of exact cost, with freight and insurance, at short sight, on steamer consignments.

We agree to your advancing \$200 to Captain on account of freight.

Do not advance over 70% of exact cost with freight and insurance, on ordinary qualities, nor over 50% on the best qualities; total limit \$5,000, 60 days sight.

### Results of Consignments.

Wire us result of — consignment immediately when sold, also the tendency of the market.

Cable the result of the — shipment immediately known; we have important offers at same and lower.

Wire whether open for repeat of — shipment at same limits, but with advance of 80% of cost with freight, 60 days sight.

Consignment sold to arrive at net profit of \$600, after deducting all charges and commissions; repeat to treble quantity at same price or less.

Shipment No. 23 results, net loss of \$175, after charging all commissions; repeat if at 10% less.

Shipment 86 closed with deficit of \$300 on your draft, please telegraph difference at once to enable us to take up the Bill; your limits 10% too high.

Last shipment shirtings closed out at net profit of \$410, draft retired under discount; repeat up to \$25,000 at not exceeding the last limits.

### Offer of Selling Agency to Foreign Commission Agent.

Dear Sir,

We lately requested our friends, Messrs. Hammond & Sons, with whom we have done business for many years, to favor us with the name of a reliable firm in your town with whom we could transact consignment business in cotton yarns for hosiery manufacturers.

These gentlemen have recommended your firm in such excellent terms that we should be very pleased if you could see your way to act for us on your market.

If the proposal meets with your approval, will you please send us pro-forma account sales for the qualities of which samples are sent under separate cover, by this mail. Our selling prices, taken here, are shown on the sheet attached hereto.

You will, of course, inform us of all duties and expenses likely to be incurred in connection with the shipment of such goods to you for sale.

On receipt of your reply, we shall be able to form an idea of the kinds (qualities) which we can most advantageously send to your care.

May we ask you to indicate to us, at the same time, the commission which you would require for such business, with and without guarantee of purchasers.

For such consignments, we usually draw on our agents by documentary bills, at 60 days' date, for 2/3rds of the invoice amount. We presume that this will be agreeable to you.

We effect the marine insurances ourselves, but should require you to attend to the insurances of stocks at your end.

As regards our credit, we are permitted to refer you to Messrs. Hammond & Sons.

We should be pleased to hear from you, and trust that you will be able to accept our proposals.

Yours very truly,

 Reply of Commission Agent.

Gentlemen,

We thank you for your letter of the 23rd inst., containing proposals for consignment business in cotton yarns, and we shall be pleased to act for you in this matter in the way named.

Your introduction by Messrs. Hammond & Sons is, in itself, sufficient recommendation. Although we have written to these gentlemen, as a matter of form, we have no doubt that the reply will be quite satisfactory.

The commission we should require would be 1½% on the amounts realized; dueroire ½% extra (see note at end); bank commission ¼%.

Sums paid by us for your account would bear interest at 5% per annum, unless you prefer to reimburse us at once by check, on receipt of accounts with vouchers.

We have no objection to you drawing on us for 2/3rds of the invoice amounts of shipments. Please note that such drafts should be presented for acceptance to our bankers, the South American Bank, Ltd., at Buenos Aires.

Enclosed we have pleasure in sending you fully detailed pro-forma account sales (see note at end), based on the samples submitted. You will see that shipments of these qualities would have a prospect of yielding you good profits.

Would you be prepared to consider shipments on joint account, each side to charge exact cost; reciprocal interest at 5% on balances; settlements every 2 months, by sight drafts, for all completed transactions.

Yours very truly,

- Notes. (1) Dueroire is an extra commission allowed to a selling agent when he guarantees his principal against any loss by bad debts on his sales.  
 (2) A pro-forma account sales (A/S) is a fictitious account, based on

actual figures, showing the probable selling prices of goods at a foreign town, the import duties and other expenses payable, including selling commission, and the probable net proceeds of the sale to be received by the consignor (shipper) of the goods.

### Reply to offer of selling agency.

Gentlemen,

We received your favor of the 29th August, by which you advised the forwarding of samples which we have also received. For further information with regard to fancy combs, the trade in them here, and also the other particulars which you require, we have submitted them to our partner and agent for America and Europe, Mr. Carlos Mercada, and we have requested him to make a call on you on his next journey to Europe and, in accordance with your letter, to submit the information you ask for, and to enter into the necessary arrangements for taking up your agency in this country.

We have nothing further to report on this matter at present and therefore, remain,

Yours truly,

### Buying agent reports purchase.

Gentlemen,

We confirm our letter of the 10th inst. and hand you herewith invoice for goods forwarded to-day, amounting to Fr. 1542.45, with which please credit our account.

To reimburse us, we take the liberty of drawing a bill on you for that sum, payable November 10th next, to which kindly give your acceptance.

Cheap goods have a ready sale, and prices remain firm for the present.

Yours truly,

### Selling agent in Paris states customs duty on paper.

Dear Sir,

We are pleased to learn that you intend to avail yourselves of our services in trying a consignment of paper for this market. We should be glad if you will first send us samples by post, so that we may advise you as to the qualities most suitable for our clients. You may mark them with the American price for the present and we will work out the approximate price for them laid down in Paris. For your information we give you the following particulars, with regard to the duty on paper entering France.

There is a general duty on all paper of 8 francs per 100 kilos (220 lbs.). On cardboard, whether in sheets, ground, or paper maché, or whether cut and made up, the duty is the same, but with an addition of 10% ad valorem. On the following kinds of paper, in addition to the general duty of 8 francs per 100 kilos, there are separate extra duties which we state below.

A. Writing, drawing, printing, and music paper, white paper for paper hangings, and marbled or colored paper for bookbinders, pay 10 francs per 100 kilograms.

B. Foreign letter paper (called parchment paper), and all other letter papers

of every kind and size, as well as cigarette and tissue paper, pay 15 francs per 100 kilos.

C. Card paper, pressing boards, paper made of colored paste for envelopes and paper hangings, blotting paper, packing paper, and similar descriptions, all pay 5 francs per 100 kilos.

A good basis for translating the weight is to consider 1 kilogram as equal to 2-1/5 pounds. The exact equivalents are, 1 kilogram equals 2.204 pounds and 100 kilograms equals 220.4 pounds.

We shall be pleased to hear from you as to the despatch of the samples named.

Yours truly,

## CHAPTER 65.—EXPORT ORDERS FROM CUSTOMERS.

### Applying for appointment as export manager.

Dear Sir,

You know that the reason this season's trade is unprofitable is that there is a surplus production, and that prices have slumped in consequence. This is because the former exports of 25% of production have dropped to about 4%. Yet foreign trade can be got by those manufacturers who know where to offer their goods. The credits are good; in some cases cash is obtainable immediately the goods are shipped.

I know that your goods are right. From experience acquired while abroad, I know that I can build up a profitable export trade for you, with first class firms, on quick payment.

Can you fix a time at which I could see you to go into this question with you? It would be well worth your while.

Yours very truly,

### Selling Agent Abroad Applies for Agency.

Gentlemen,

We are indebted for your address to our agent in Brussels, who informs us that you make cotton shirtings in large quantities and specially well.

We should be glad to represent you here if agreeable to you, or to enter into business relations otherwise.

If you should require references, we should be pleased to furnish them on receipt of your reply.

Yours truly,

### Foreign Buyer Asks for Samples and Prices.

Gentlemen,

We are in receipt of a circular from you and are quite willing to enter into business connection with you.

We therefore ask you to send us by mail (post) samples of your small Machinery Fittings, and parts, at prices suitable for this country, that is, cheap goods. Please quote for cash, net prices, in the money of this country, for goods delivered free, in this port of St. Catherine. Do you allow a term of credit, or do you sell against drafts?

Please have the kindness to reply in French, Spanish, Italian or Portuguese, but not in English.

We await the favor of your reply,

Yours truly,

**Request for quotations and samples.**

Gentlemen,

In reply to your favor of the 20th September, we should be glad if you would give us quotations for your goods, if possible, c.i.f. at Beyrout, Shanghai, Constantinople, and Malaga respectively, including packing.

State your most favorable terms of payment and your largest discounts from the list prices.

Send also copies of your price lists, as follows, if possible:

4 French, 1 English, or, if you have no French catalogs, send 5 English.

Do you send out samples? If so, on what terms as to payment, and what discount do you allow on them?

I await the favor of your reply.

Yours truly,

**Export order given.**

Gentlemen,

We are in receipt of your tender of Aug. 1 and shall be glad if you will please ship to us, as soon as possible, 50 Gross of Potted Meats as per your quotation. We desire the goods packed in strong cases, and stencilled 'W. G., 1-50 Durban.' Please insure the consignment F.P.A. for \$6,000 and draw a bill on us at 30 days sight for the amount of your invoice and charges.

We understand from your quotation that the goods will be delivered F.O.B. London; please confirm this—and the order generally—and say when and by what boat you will ship.

Yours truly,

**Acknowledgment of order.**

Gentlemen,

50 Gross Potted Meats.

We are favored by your letter of Sep. 14, which we now confirm.

The goods will be packed and marked as directed, and shipped to you per *ss. Indus* on the 9th of this month, insured F.P.A. for \$6,000 as per your instructions, and delivered F.O.B. London.

BL. to follow at an early date. Kindly note.

Yours very truly,

**Letter covering order and remittance.**

Dear Sir,

I herewith enclose sight draft on your town, to cover invoice and charges as per 90 days bill of exchange.

I also enclose small order, to which please give your best attention as regards articles and prices of suitable goods.

In case you cannot hit the exact articles at the price, omit them, as I require no substitutes. Save what you can on the various lines and lower the prices if possible. Do the best you can with the two sample lines and send me a good assortment of patterns in your newest designs. The question of supplementary duties at the Custom House is still unsettled, though I believe that the Mason Co. are going to try a test case in Mexico City. Meanwhile, I shall be glad if you can suggest any way to enable us to pay on the net value of the goods. I do not consider that the terms upon which we purchase our goods have anything to do with the Customs. I note your remarks of the 3rd inst. on this matter. I only quoted from their own expressions, they saying that they had in their possession a letter from you; I now conclude it must have been someone else's letter that they had most likely seen.

I am glad also to note that you will do as I wish regarding the making up, etc.  
Yours very truly,

### Order, with warning as to prices.

Gentlemen,

We are in receipt of your valued favor of 10th December, covering invoice, for 2 packages Nos. 17/18, short shipped.

We now wait on you with an order for usual credit and bank draft @ 90 d/s for \$500 for our credit.

The Customs Duty has again been increased on percales.

May we therefore ask you in filling our orders to remember that we have to be more than usually careful now, with regard to value, as the margin of profit has again been decreased by this new duty, while our prices stand as before.

Yours very truly,

### Enquiries re indents (small orders).

Gentlemen,

Your favor of the 19th ult. is before me and contents noted. The patterns of grey stripes and checks said to have been forwarded have not come to hand.

In execution of the order which is enclosed I must ask you to do your best and send the nearest you can to my patterns.

I note the advance in price of greys. I thank you for credit notes on muslins and steel and iron goods. Packages 434/49 are to hand, and contents examined and found correct. I shall be glad to hear about linoleum as soon as possible.

Enclosed please find an order (2 sheets) and Life Assurance receipt from "Sun" office. I do not make any remittance by this mail but will make a good one by the next.

Please send me some patterns of newest designs in muslins for the coming season, medium prices only.

The butcher knives ordered 2nd April are not yet to hand. These have been particularly long in coming forward. There are also a few remains from orders of 29 April, 15 June, and 16 July, last, which should have been filled up before now. I hope soon to receive them.

You have again made a mistake and put the 5% advance on shoes, on cartons, and on trunks also, of packages 442/47.

Yours very truly

**Proposal to draw bills against exports.**

Gentlemen,

We confirm our last of the 8th inst., and now remind you that, according to our agreement, you ought to pay us the amount of our invoices on receipt of the goods. You have not yet done this for our shipment of the 8th inst., which you probably received several days ago.

It would be better if we drew on you when making shipments, as by doing so we could rely on receiving payment at a definite date; our makers are very particular about payments being made to time. Please say if this will be convenient to you.

Yours truly,

**Export order payable by draft on banker.**

Dear Sirs,

Enclosed find indents, for delivery 1st March, without fail. We ask you to adhere strictly to this date, as otherwise we shall miss the steamer and that would compel us to cancel the orders.

As soon as any of the lots for a mark are complete, you may dispatch them to the steamship company, to our order.

Please pay particular attention to the instructions given as to packing, marking of cases, and consular declarations.

Invoices are to be furnished to us in triplicate, (in addition to the consular copies), of which one copy only is to show all trade discounts, as well as our commission.

You may draw on us at 60 days from March 1st and present the draft for acceptance, with bills of lading and invoices attached, to our bankers, the South American Bank, in your town.

We shall effect the insurances ourselves.

Your acknowledgment of this order, per return, would oblige us.

Yours very truly,

**Account-current sent; error excused.**

Sir,

Confirming our last of the 20th ult., we have now the pleasure of sending you note of purchase for your account, and also the copy as requested of Account-Current, balanced to date, which we hope you will find correct.

Respecting the Drills, which you say were folded "back out" (right side inside), we have complained strongly to the maker, and he has promised to take more care in future, so as to prevent the recurrence of the mistake.

It is such a noticeable error that it could only have happened, as he explains, through the employment of new assistants during a rush of work in the making-up department.

Bearing in mind your enquiry in previous letter for goods with two red stripes, which sell so well in your market, we think we have met with the exact cloth you require.

We find that the quality as pattern enclosed herewith, which has a "2-red" selvage (selvedge), has been sold in large quantities for your town, and we flatter ourselves on having found probably the exact cloth you described.

If desired, we can send two bales of it immediately we receive reply from you.

Should you need the goods immediately, be kind enough to wire us the word "Twill," which we should understand to mean "send the two bales at once."

If you wish to have this cloth made with a special border, for further deliveries, in order to give it a distinctive character, it can be done without difficulty, and without extra expense.

Respectfully yours,

#### **Proposed terms for financing shipments.**

Gentlemen,

With reference to the financing of shipments we may make to you, the following is the method we propose.

We shall send all documents to you through our bankers, the National City Co. of New York.

Against each shipment we shall draw on our bankers at either six months from date of shipment, or at three months, plus renewal for three months if required. In exceptional cases a further renewal of three months would be allowed, making nine months altogether as the maximum.

Our bankers will send the shipping documents to you, and also a letter of lien which you are to sign and return to them by the next mail.

You are to remit funds to our bankers in New York to cover the full amount of each draft before it becomes due. It is understood that each shipment is to be paid for completely within six months from date of shipment, and that the extension of three months, making a total of nine months, is not to be asked for except for very special reasons and that our consent must be obtained in advance for such an extension of credit.

The commission payable to our bankers, and chargeable to you, for giving their acceptance to our drafts, is to be  $\frac{1}{2}\%$  for the six months or three months, and an extra  $\frac{1}{4}\%$  for any extension of three months. Our drafts will be discounted at the rates current at the dates when drawn.

To the invoice of each shipment the following charges will be added, to be payable by you: (1) the banker's commission of half per cent; (2) expense of bill stamps; (3) discount charged on the draft of six months, at current rates.

An account will be rendered to you quarterly (at intervals of three months) for postages and any extra expense for renewals of bills.

We should be pleased to receive your formal acceptance of these terms if you agree.

Yours very truly,

**From town agent of manufacturer, to factory manager, stating banker's discounting terms for foreign bills.**

Dear Mr. Grant,

The following are the particulars you require with regard to the charges for discounting your drafts on Australian customers, for the amounts of shipments made to their orders.

The terms here given have been quoted to me to-day by the First National

Bank of this town, which is doing this kind of business for several other firms shipping to the same market.

The bank offers to pay you cash at once for your documentary drafts on approved Australian customers, less 4% of the amount of drafts at 120 days after sight. There are no additional commissions or other charges; the 4% flat rate covers everything except the bill stamp named below.

You have previously received payment eight months after the date of shipment. Therefore, if you in future receive cash immediately on shipment, you will be allowing the bank interest at the rate of 6% per annum.

If your customers paid at once, here, at the time of shipment, you would probably have to allow more than 4% discount instead of the four months credit.

You will also have to pay the First National Bank the cost of the Australian bill stamp, \$1 per \$1,000, but as against this you would save two bankers' commissions, namely, that of your own banker here and the banker in Australia whom he would have to employ as his agent for the acceptance and collection of the draft.

The First National Bank will buy your drafts at the rate of exchange current on the date you ask for them to be discounted. The present is a bad time for asking quotations for any financial transaction, owing to rates for money being so high. As the market rate declines, the banker's charge for discounting would also be reduced.

From enquiries I have made at other bankers, I believe you will not better these terms, and it may be advisable for you to try the First National for the bills of your next shipments.

I would like to discuss with you, as soon as possible, your method of fixing the selling prices of the goods shipped to Australia, as I am afraid that you are working on a wrong basis.

Yours very truly,

#### Export order for Australia.

Gentlemen,

We have pleasure in sending you the order detailed on the attached sheets, for goods which are to be shipped to our order by a good class steamer leaving Boston or New York in time to reach Brisbane not later than February 20 next.

Your prices are to be f. o. b. Boston or New York, less 2½% discount. Freight to Brisbane is to be prepaid and added to your invoice. Insurance is to be effected for our account, for 20% more than the c. i. f. amount of the shipment; the premium is also to be added to your invoice.

Payment for this shipment has been provided by a letter of credit with the Shawmut Bank of Boston, to an amount not exceeding \$5,000. This bank will pay your account against delivery of certified invoices in triplicate, sworn declaration for our customs, bills of lading in triplicate to your order and endorsed in blank, and marine insurance policy.

Please follow carefully the packing and shipping instructions given with our indent.

Yours very truly,  
Overell & Co.

**NOTE.** (See letter of credit immediately following this.)

**Letter from banker respecting letter of credit.**

Gentlemen,

L/c No. 2149, Brisbane.

I have pleasure in informing you that, by mail delivered this day, I am instructed to negotiate, at the current rate of exchange, the drafts of your good selves on Messrs Overell & Co., Fortitude Valley, Brisbane, to the extent in all of \$5,000.

The drafts are to be drawn at 120 days' sight, and to be accompanied by invoices, bills of lading (drawn to your order and endorsed in blank), and policy of insurance.

Instructions should be attached to drafts that same are to be presented on arrival of vessel.

This credit is to remain in force until January 19, 19—.

Should you wish Messrs. Overell & Co. to pay the exchange and stamps, these items should be included in your invoice and drafts.

All drafts drawn under this credit are to be marked as drawn under L/c 2149 of June 4, 19—.

Yours truly,  
A. Roberts  
Manager.

NOTE. (See previous letter referring to same transaction.)

**Letter of Credit, (to London, England).****No. 87/56 for £2,000**

To the Secretary,  
The National Bank of New South Wales, Ltd.  
20 Lombard St., London, E. C.

Sydney, N.S.W.  
Sept. 7, 19....

Sir,

You are hereby authorized to negotiate, at current rate of exchange, the drafts at ninety days' sight of A. Wells & Co. of Coventry, on Messrs. Dodge Bros. of Sydney, to the extent of £2,000—say two thousand pounds sterling.

Draft not to exceed the invoice cost with freight and exchange added, and to be accompanied by invoice, bills of lading, and declaration of insurance for 10% in excess of value.

This authority will be in force for six months from this date, and the bills to be negotiated under it are to be noted on the back hereof and marked "drawn under Sydney credit No. 87/56."

Yours faithfully,  
James Bond,  
Secretary.

**Letter of Hypothecation (London).**

To the Bank of East India, Ltd.  
London.

Gentlemen,

Enclosed please find three months' sight bill drawn by us on Messrs. Aird & Co. of Calcutta for £1,200. We also enclose, as security for this bill, the shipping documents named below.

Invoice for 20 cases of printed Muslins, valued at £1,200.

Insurance policy, f. p. a., for £1,380, payable in Calcutta.

Bill of lading for 20 cases of printed Muslins, marked A. & Co., Calcutta, #200/219, shipped per s. s. Rangoon, from Manchester to Calcutta.

The freight of £60—10—0 has been already paid by us.

Documents are to be given up on payment of the bill.

If the bill named above should be dishonored, we hereby authorize you to cause the goods to be sold, such sale being for our account, at our risk, and subject to the usual charges for commission and all incidental expenses.

Please advance to us, against this shipment, ninety per cent (90%), namely £1,080, according to arrangement.

Yours very truly,

### Instructions for filling export order.

Dear Sirs,

Confirming our letters of 26th Dec. and 9th inst., I herewith send you a list of goods which we want you to forward as a trial order. The order is only a small one, being 40 bales of white and grey shirtings, which please forward as quickly as possible, consistent with your being able to send them exactly in accordance with our instructions.

We refer in our order to a set of patterns which we send to you by this post. You will observe that we have not only sent you the patterns, but we have also specified the weights of the cloths in pieces of 18 or 24 yards, as well as the weight of each yard. We wish to point out that it is of the utmost importance that our order should be executed exact to these details, that the goods must be quite equal to our patterns, not only in the number of threads per square inch and the weight of each thread, but also in the make and in the finish, because although you might find that you could obtain other cloths nearly similar but of better value, at the same price, they would not be acceptable to us for this order, nor would they be so salable on our market, where people are used to the appearance and style of the cloth of which we have sent you patterns; they would refuse to buy any others even at lower prices.

**Dimensions.** The width of the cloth and the number of yards in each piece is an important point, because here every yard has a fixed price and in no case can it be increased, as the public here buys pieces containing a stated number of yards; they would not pay for any extra lengths in the piece, so we should lose money on the transaction unless you keep strictly to the yardage stated for each piece.

**Weight.** As we have to pay heavy duties on these cloths, according to their weight per kilo, inclusive of the packing material or wrappers, it is indispensable that the cloths should be as light as possible, consistent with giving to the cloth the necessary firm (full) handle and the same finish or appearance which is required in our market, as shown by our samples. It is necessary to combine these two essentials carefully for a satisfactory result, as it often happens that a common quality of cloth is made to cost, when laid down here, more than a fine one, because of the filling in the commoner one. For instance, the article that you sent us marked "The Flower" B 499, costs here rather too much on account of the lime filling it contains, which increases the duty payable on the pieces by weight.

**Prices.** The prices we mark are only approximate and in no case do we mean to bind you to these limits in executing our order; this being simply a trial order it is to our mutual advantage that the exact cloths be sent out at the lowest prices obtainable. We have thought it necessary to give you all these instructions because, as you do no business in this country, we think they may be useful and necessary.

For this reason we have added a few other observations on our order sheet.

As we stated in one of our previous letters, if the present trial should be satisfactory, we shall repeat our orders on a larger scale, and shall arrange for you to ship to us, each month, large lots of both whites and greys, provided that you are disposed to enter into an agreement to give us the sole right to sell your goods in Colombia. If you are agreeable to this we could greatly enlarge our business with you and take up other articles such as prints, drills, and other descriptions of your manufactures which are suitable for our market.

Next month we shall make you a remittance for the approximate amount of our order and we hope that you will allow us 3% discount for this prompt payment. Perhaps it may be useful to you to know that the greys of the samples we send you were made by the firm of Black & Co.

Yours very truly,

#### **Steamship company brings back rejected shipment.**

Gentlemen,

Your three cases, F. M. 1 to 3, consigned to Bunker Bros. of Balia, by S.S. "Ocean Wave" have just been landed here, on her return from that port. The consignee refused to accept the cargo and, as you had no agent in that town and had given no instructions as to such an occurrence, we thought it better not to land the cases. The goods are lying here at your disposal, and we shall be glad to receive your check for the freight both ways, as per enclosed invoice, and also your instructions as to dealing with the goods. We wish to point out that unless we receive these instructions by return of post we shall be compelled to warehouse the goods, which will cause you further expense.

Yours truly,

## **CHAPTER 66.—KINDS OF FOREIGN FIRMS; THEIR LIABILITY; HOW TO ADDRESS THEM.**

The laws of foreign governments regulate commercial dealings more closely than American laws and there is more government supervision of companies (corporations).

Great Britain, France, and Germany require detailed annual reports from incorporated companies and the registration of all firms carrying on business under assumed names. Owing to these and other foreign regulations, the trading names or titles of foreign firms often give valuable information as to their financial standing and resources.

### **Kind of Firms and Their Liability for Debts.**

(1) **Sole Trader.** The simplest kind of trading firm is that which consists of one man carrying on business for his own profit. He has complete liberty to

carry on any kind of business and to change from one kind of business to another, unless restricted by special local laws. The whole of his property, whether used for trading or not, is liable for his debts to trade creditors.

**(2) Ordinary Partnerships.** If two or more persons join their capital, or both their capital and their services, to carry on business for profits which are to be divided, each of them is liable for all the debts owed by the firm. It does not matter whether the business is carried on under the name of one partner or of all the partners, or under a fancy name; if the creditors can prove that there was a partnership, each member of the partnership is liable for all the debts.

Creditors may sue any or all of the partners at the same time for the debts owing by the partnership firm. In a bankruptcy all the possessions of each partner may be taken to pay the claims of partnership creditors after payment of the partners' private creditors. (See explanations in Chapter 92).

**(3) Limited Partnerships.** Wealthy men will not usually take the risk of having to pay all the debts of a partnership, so, to avoid this, most governments allow partners to limit their liability.

This is done by forming what is known as a limited partnership. Such a firm would consist of one or more working partners, whose liability for debts and loss is unlimited, and limited partners (special partners) who agree to bring into the firm certain sums of money, under an agreement that they are not to be liable to creditors of the firm for more than those amounts which they have agreed to contribute as capital.

Limited partnerships have to be registered with public authorities, so that creditors may know that the limited partners cannot be made to pay all the debts of the partnership.

Unless they agree otherwise, each active member of a partnership has a right to make contracts for which the partnership will be liable.

**Difference Between Partnerships and Companies.** All firms which consist of two or more persons may be divided into two main groups (1) associations of persons, which are partnerships, and (2) associations of capital, which are companies. All the persons forming a company are each, separately and jointly, liable to creditors for payment of all the debts of the company (like partners), unless they distinctly declare to the public, at the time the company is formed, that they will only undertake a limited liability for debts. In order to secure this, certain legal formalities must be complied with, and the company must be registered as a corporation with limited liability for its members.

**Associations of Persons.** All firms of two or more persons joining together for trading because of personal knowledge of, and confidence in, each other, are partnerships. The bankruptcy or retirement or death of one of the partners requires the partnership to be dissolved and the firm discontinued. Usually the remaining partners buy the interest of the bankrupt, or the retiring or deceased partner, and form a new partnership to carry on the same business. If this is not done, all the property of the partnership must be sold; the sums realized are then used to pay the creditors; any balance remaining is divided between the partners or persons having claims on their shares. (See further explanations in Chapter 92).

**Associations of Capital.** These are formed by persons who join their own money but not their services. Unlike partnerships, the persons joining their capital have usually little knowledge of each other. The members of such associations are not entitled to do business for the whole of the members. They

elect a committee called a "Board of Directors," to act as managers. The companies are generally registered as corporations (limited companies) to secure the advantage of limited liability of the members for the debts of the corporations. The corporation itself has unlimited liability for debts, but creditors can only claim to be paid from the property which the corporation has. The bankruptcy of the corporation does not involve the bankruptcy of its members; they are not affected.

By complying with certain legal formalities the liability of each member for loss is limited to the portion of the capital which he agrees to bring into the company. When he has paid this, he is not liable for any further amount. (California state laws do not give this protection). A corporation cannot change the nature of its business except by special authority from its members and from a court of law.

**Protection of Creditors.** In foreign countries companies whose members have limited liability are compelled to use certain words in the trading name of the company, to make this known to all persons from whom they obtain credit.

British laws require such companies to add the word "Limited," or the contraction "Ltd.," to their titles or trading names. French laws require the company to add "Société Anonyme," or the contractions "Sté. Anon.," or "S. A.," to its trading name.

Germany requires the initials "G. m. b. H.," or the words "Gesellschaft mit beschränkter Haftung," to be used as part of the firm name.

Spanish speaking countries require Sociedad Anonima (S. A.), or Sociedad Limitada (Soc. Ltda.), to be added to the trading name.

**Close Corporations. (Private Limited Companies.)** These are corporations with limited liability for members, which have only a few members or proprietors; they are called stockholders, (shareholders) because each of them holds a certain number of the shares of stock into which the total capital of the company has been divided.

These shares are usually \$100 in the U. S. A.; the shares of foreign companies vary considerably in amount. In Great Britain they are usually £1 (\$4.86); in France 100 francs is the usual amount of each share. The face value of each share is called its par value, or nominal value. "Close corporations" are usually formed by changing a partnership or a one-man firm into a corporation, for the greater convenience of distributing the capital of the firm amongst the members of a family. Another reason is to avoid the business having to be sold, as would be the case on the death of a partner, or of a sole owner, when his property would have to be divided amongst his children. Corporations may continue even though members die; their shares are taken by other persons, but the corporation goes on, without change, for the period named in the agreement for its incorporation.

**Public Corporations (Public Limited Companies).** Large corporations usually require a greater amount of capital than a few individuals can contribute. The public is therefore invited to take shares in the corporation and these shares are generally freely bought and sold on stock exchanges.

**Fictitious Names For Firms.** A sole trader or a partnership may trade under an assumed name, such as "Western Foundry," or the "Ice Service Company," or "Southern Oil Company." The laws of most of the American states require these titles to be registered with the local authorities, under the names of the actual owners of the firms.

Incorporated companies may also take fictitious names when being formed, but they cannot change their trading names except by permission of a court of law.

If a foreign firm trades under an assumed name, it is usually either a one-man firm (sole trader) or a partnership, unless it includes in its title words showing that it is a corporation (limited company) or a *Société anonyme*.

**Co-operative Companies.** These are corporations formed for the purpose of buying goods at wholesale prices and selling them to their members by retail.

Or a co-operative company may be formed to sell produce for its members, as in the case of farmers who join their crops of cotton, wheat, milk, or other products, for sale in wholesale quantities through their own agents, so as to reduce the selling charges, or to obtain higher prices, or to borrow money on the produce before it is sold.

**Syndicate.** This is a temporary association of persons for one transaction, to be completed in a short time, such as the purchase and sale of real estate, a speculation in stocks, or the underwriting of an issue of bonds or stocks. These are generally partnerships for a limited period.

**Trusts and Estates.** These are usually corporations, created to manage investments for the benefit of persons entitled to the annual income under wills or by gifts.

**Holding Companies.** This name means corporations formed to hold investments in other companies, or in real estate, and to pay the income to certain beneficiaries (persons entitled to receive the profit).

**Foreign Corporations.** In the U. S. A. each state makes its own laws respecting corporations. A company formed under the laws of one state needs to be registered as a foreign corporation if it carries on business in another state.

Corporations formed under the laws of foreign nations also require to be registered in each U. S. state in which they carry on business. The same regulations are generally applied abroad to U. S. corporations.

The reader should note that the U. S. A. is practically the only country in which laws relating to commerce are made by the separate states which are part of the national territory. In other countries, all laws affecting business firms are made by the central parliaments, similar to the American (Federal) Congress and Senate.

**British Corporations.** The parliament of Gt. Britain has made laws regarding companies (the Companies' Consolidation Acts) which apply only to England, Scotland, Wales, and Northern Ireland and British territories abroad which are under the direct control of the British Parliament. Canada, Australia, New Zealand, the Union of South Africa, etc., are now self-governing, but are united with Gt. Britain under the name of the British Commonwealth of Nations. These other British nations have all had laws made by their own Parliaments which copy almost exactly the British Companies' Consolidation Acts.

**Other Kinds of Firms.** For further information respecting foreign partnerships and corporations, the reader is referred to "American and Foreign Stock Exchange Practice and the Business Corporation Laws of all Nations," of which a notice appears at the end of this book.

**Addressing British, Canadian, and Australian Firms.** The practice is the same as for the U. S. A., with the following exceptions.

There is a more general use of the title Esq., instead of Mr., in addressing partners in a firm and executives of corporations, as well as professional men.

"Dear Sirs" is generally used as an alternative to "Gentlemen." The most usual endings for business letters are "yours respectfully" or "yours truly." "Yours very truly" is seldom used. Letters are more formal in style, and are generally addressed to firms, instead of to individual managers or executives.

### Addressing—Great Britain.

**British Towns.** It is not necessary to add the name of the county, except for a few towns having similar names, such as Newcastle on Tyne; Newcastle, Staffs. (Staffordshire); Kingston, Surrey; Kingstown, Ireland; Newton, Mont. (Montgomery); Newton, Lancs.; etc. Letters from such towns always state the name of the county, or the other extra details required for mail addresses.

For towns in Scotland, Ireland, Wales, Isle of Man, and the Channel Islands, (Jersey, Guernsey, etc.) the country should be always named. Great Britain is so called to distinguish it from Brittany in France, the French names being "La Grande Bretagne" for Gt. Britain and "La Bretagne" for Brittany.

**London.** This city, and a few other towns covering large areas, requires the postal districts to be stated as part of the addresses of letters, telegrams and parcels. London is divided into the following postal districts: E. (East); S. E., (South-East); W., (West); N. W., (North-West); S. W., (South-West); N., (North); E. C., (East Central); W. C., (West Central); Paddington, (which includes Acton, Chiswick, Ealing, Hammersmith, etc.)

Each of these postal districts is divided into numbered sections, from 1 to 30. Business firms print these district initials and section numbers on their letter headings, as part of the address, thus: 2 Broad Street, E. C. 2, London; 10 Stanley Street, S. E. 19, London. These indications should always be used for British addresses.

This system has greatly reduced the time required to sort mails and deliver letters.

**General Delivery, &c.** This is called "Poste Restante" in Great Britain and throughout Europe. The word "post" is used instead of "mail." "Wire" is used for both "telegrams" and to "telegraph." "Cable," "radiogram," "wireless," and "Marconigram," are used to describe overseas messages.

A Post office is never called a "station," that word is used only for railway station (R. R. depot) or police station. Addresses at Post Offices are given like this: Mr. Charles Smith, (of New York) Poste Restante, Charing Cross P. O., (Post Office), Strand, London, W. C.; Box 876, Threadneedle St. P. O., London, E. C. 2; Mr. Charles Smith (of New York), General P. O., Manchester.

The "general post office" means the central or chief post office in a town or city.

The British postal service is safe, swift, and efficient. It has a monopoly of the telegraph service and the trunk (long distance) telephone lines.

**Reply Stamps for Abroad.** The American post offices and almost all foreign post offices sell international reply coupons at usually 6 cents each, which entitle a foreign correspondent to whom they are sent to receive postage stamps of his country to prepay a reply addressed to the U. S. A. It is useless to send American postage stamps abroad; these reply coupons serve instead.

### British Geographical Contractions.

**English Counties.** Always prefix Co. for County, when referring to places in such divisions.

NOTE:—The following Counties do not take the suffix "shire."

*Corn.*, Cornwall; *Cumb.*, Cumberland; *D'ham.*, Durham; *Rut.*, Rutland; *Kt.*, Kent; *Midsex*, Middlesex; *Norfolk*, Norfolk ("l" not sounded); *North'd.*, Northumberland; Suffolk ("l" not sounded) not abbreviated; Surrey, not abbreviated; Sussex not abbreviated; *West'd.*, Westmorland (only one "e").

**Shires.** *Beds.*, Bedfordshire; *Berks.*, Berkshire (pronounce "Barksherr"); *Bucks.*, Buckinghamshire; *Ches.*, Cheshire (pronounce Chesh-err); *Derbys.*, Derbyshire (pronounce "Darbysherr"); *Devons.*, Devonshire; *Dors.* or *D'set.*, Dorsetshire; *Glos.*, Gloucestershire; NOTE. Gloucester or Gloster means the city of Gloucester. (pronounce "Gloster"); *Hants.*, Hampshire; *Herts.*, Hertfordshire (pronounce "Hartfordsherr"); *Hfd.*, Herefordshire; *Hunts.*, Huntingdonshire; *Lancs.*, Lancashire (pronounce "Lank-a-sherr"); *Lcic.* or *Lester*, Leicestershire (pronounce "Lester-sherr"); *Lincs.*, Lincolnshire (second "l" not sounded); (NOTE. Make sure that *Lincs.* and *Lancs.* are not confused.) *Mon.*, Monmouthshire; *Northants.*, Northamptonshire. (NOTE. Frequently this county is denoted by Norths, which is liable to be misread for Northumberland); *Notts.*, Nottinghamshire; *Oxon.*, Oxfordshire; *Salop.*, Shropshire; *Soms.*, Somersetshire; *Staffs.*, Staffordshire; *Warwick.*, Warwickshire (pronounce "Warik-sherr"); *Wilt.*, Wiltshire; *Worcs.*, Worcestershire (pronounce "Wuster-sherr"); *Yorks.*, Yorkshire (This county is subdivided into the following: *E.R.*, East Riding; *N.R.*, North Riding; *W.R.*, West Riding); *I.W.*, Isle of Wight (pronounce like "white" but without the aspirate); *I. of M.*, Isle of Man; *I. of S.*, Isle of Skye; *C.I.*, Channel Islands; *s/M.*, Super Mare, on sea, as in Weston s/M.; *o/s.*, on the sea, as St. Annes o/Sea; *o/T.*, on Thames, as St. Margarets o/T.; *o/T.*, on Trent, as Burton o/T.; on Tyne should not be abbreviated.

### Wales.

NOTE: The initials N.W. and S.W. should not be used for North Wales or South Wales. They are restricted to London addresses.

*Breck.*, Brecknockshire; *Card.*, Cardiganshire; *Carm.*, Carmarthenshire; *Den.*, Denbighshire (Denby-sherr); *Flints.*, Flintshire; *Glam.*, Glamorganshire; *Mon.*, Monmouthshire; *Mont.*, Montgomeryshire; *Rad.*, Radnorshire; *I/A.*, Isle of Anglesey.

### Scotland.

The names of Scottish counties are not usually abbreviated for addresses. The contraction S/S, (south side), in Glasgow addresses, should never be omitted. Do not use N.B. as an abbreviation for North Britain; it may be read to mean New Brunswick. Use "Scotland" instead.

### Ireland.

Use the contraction Co. before the following abbreviations for the names of counties.

*Ant.*, Antrim; *Ar.*, Armagh; *Ca.*, Cavan; *Cl.*, Clare; *Car.*, Carlow; *Don.*, Donegal; *Derry.*, Londonderry; *Dub.*, Dublin; *Ferm.*, Fermanagh; *Gway.*, *Gal.*, Galway; *Ker.*, Kerry; *Kil.*, Kildare; *Kings Co.*, Kings Co.; *Leit.*, Leitrim; *Lfd.*, Longford; *Lo.*, Louth; *Lim.*, Limerick; *Mon.*, Monaghan; *Mth.*, *Mea.*, Meath; *Qns. Co.*, Queens County; *Rosc.*, Roscommon; *Slo.*, Sligo; *Tyr.*, Tyrone; *Tip.*, Tipperary; *Watfd.*, Waterford; *Wex.*, Wexford; *Wmth.*, Westmeath; *Wick.* or *Wlow.*, Wicklow.

### Addressing—France.

**Titles of French Firms.** Mr. or Sir, Monsieur, or the contraction M. is used for addressing envelopes. "Monsieur" should be written in full at the beginning of letters. Mre. or Mc. meaning Maitre or Master, is used as a title of respect for professional men such as lawyers, authors, artists, and musical composers. Letters to them would begin "Cher Maitre," (Dear Master).

**Messrs.** Write MM. or Messieurs, on the envelope, but Messieurs in the letter.

**Madam.** Use Mme. on the envelope, Madame in the letter.

**Mesdames.** Mmes. may be used on the envelope, Mesdames in the letter.

**Miss and Misses.** Use Mlle. or Mlles. on the envelope; in the letter the full form is more polite, Mademoiselle and Mesdemoiselles.

**Son and Sons (Fils).** Examples, Messieurs A. Louis père et fils; (A. Louis father and son); Messieurs les Fils de A. Simon, (the sons of A. Simon).

**Bro. & Bros. (Frère et Frères).** Messieurs (M. M.) A. Bayart et frère; A. Bayart & Brother, Messieurs Bayart frères, Bayart Brothers.

**Widow. (Veuve).** If a widow carries on her late husband's business she must use her own name for the trading title.

Example:—Madame Veuve B. Durand; (Mme. Vve.) widow of B. Durand.

**Manager. (Gérant).** Monsieur le Gérant de la Sté. (Société) Guyot, the manager of the Guyot company (not a director).

**Company. (Société or Compagnie, Cie.)** These do not mean that the company is an incorporated company. La Société Guyot, the Guyot Company, La Compagnie d'Assurance Mutuelle, the Mutual Insurance Company.

**Incorporated Company. (Société Anonyme, Ste. Anon., or S.A.)** La Société des Mines d'Or, S. A. the Gold Mining Company, Inc.

**Director. (Monsieur l'Administrateur).** See "manager," above.

**President of a Company. Monsieur l'Administrateur Délégué de la Société Abel, The President of the Abel Co., Inc.**

**Syndicate. (Syndicat).** Monsieur le Directeur du Syndicat. The Manager (not the director) of the Syndicate. Monsieur l'Administrateur Délégué du Syndicat, The President, or the General Manager, who is also a director of the Syndicate, when it is a corporation.

**Heirs of, Estate of. (les Héritiers de).** Les Héritiers de Adolph Braun, the heirs or the executors of A. Braun, or the Estate of A. Braun.

**Trustee. (Le Syndic.)** Trustee or Receiver in a bankruptcy.

**Successor. Successeur (Succr. de).**

**Successors. Successeurs (Succrs de) MM. Les Successeurs de Jules Simon;** the successors of J. Simon; persons who have bought the business formerly carried on by him and are continuing to use the old firm name.

**Contractors or Works.** (Entreprise). *Entreprise de Travaux de Maçonnerie* means contractors for masonry work. Contractors are called "entrepreneurs."

**Firm Names.** French law forbids any firm except an incorporated company (*Société Anonyme*) to use as a trade name the names of persons who are not the present partners or owners of the firm.

If partners retire, or the business is sold, the firm name must be changed. In order to keep the goodwill connected with the old name of the firm, the new owners use their own names and state that they are the successors of the old firm, thus, "Dupont frères, succrs. de Duval, père et fils." (Dupont Bros., successors of Duval, father, and son.)

This method is used also in Belgium and Germany. (The German word used is "Nachfolger," follower after).

A widow who carries on the business of her husband would use the word widow of, before his name, thus:—*Veuve A. Durand, Vve. Jules Boisvert et fils*, (widow and son of Jules Boisvert).

**French Names of Towns.** The English names of French towns are incorrect in the following cases. The French name for *Marseilles* is *Marseille*, (no "s"); *Lyons* should be *Lyon*; *Havre* should be *Le Hâvre*; *Rheims* should be *Reims*; *Dunkirk* should be *Dunquerque*.

**French Addresses. Towns.** Paris is divided into districts called "arrondissements." Addresses in Paris usually include the number of the arrondissement, in roman numerals, thus:—*rue Dufour 24, Paris IV. Arr.*

French town names should be written in full and also the name of the "département" (similar to U. S. States), thus—*Becon-les-Bruyères, Seine*. This means *Becon* in the briars, département (State) of the *Seine* river.

Street addresses for France should be stated exactly, and in full, or the letters will not be delivered. Undelivered letters are not always returned to the senders

### TITLES OF SPANISH FIRMS.

Applies also to Cuba, Philippine Islands, Porto Rico, Argentina, and other countries where the Spanish language is used.

<i>Title</i>	<i>Example</i>	<i>English meaning</i>
Señor (Sr.)	Señor Verdebosque	Mr. Verdebosque
Señor Don (Sr. Don.)	(See notes at end)	Esq.
Señores (Sres.)	Señores Sanchez y Cia.	Messrs Sanchez & Co.
Señora	Señora Maduro	Mrs. Maduro
Señora Doña	Sra Doña Juanita Maduro	Mrs. Juanita Maduro
Señorita	Señorita Romero	Miss Romero
Hermano (Ho.)	Perez Hermano	Perez Brother
Hermanos (Hos.)	Perez Hermanos	Perez Bros.
La Compañia (La Cia.)	La Compañia de Sevilla	The Seville Co. (not incorporated).
La Compañia	Romero y Cia.	Romero & Co.
La Compañia	Compa de Maderas	The Lumber Co. (Timber Co).
La Societa Anonima	{ La Societa Anonima de Tranvias de Sevilla	{ The Seville Street Rail- way Co., Inc. The Seville Tramway Co., Ltd.

Sociedad .....	{ Sociedad Español de Motores	{ The Spanish Motor Co. (not incorporated)
El Sindicato .....	{ El Sindicato de Maderas	{ The Lumber (Timber) Syndicate, (not incorporated)
Viuda et hijos .....	{ Vda et hijos de C. Herraiz	{ The widow & sons of C. Herraiz

**Spanish Names of Towns.**

The Spanish names for the following towns and provinces are different from the English names. Cordova should be Cordoba; Corunna should be Coruña; Seville should be Sevilla; Saragossa should be Zaragoza; Carthagena should be Cartagena; Vittoria should be Vitoria. Spain is España.

**Spanish street addresses.** An address of this kind,

Calle Roscillon 224, 2º, 3a,  
Barcelona,

shows that the street number is 224, 2º means 2nd floor; 3a means office number 3.

"Pral" means the main floor, usually on the street level.

The street number is usually placed after the street name.

**Post Office box number.** This is shown as "Apartado 507" or "Aptdo. 507," meaning apartado de correos, or Box 507. This takes the place of a street address.

In South America "casilla" is used instead of "apartado."

**Barcelona.** The name of this city is sometimes shortened to "Barña."

**Madrid** is called "Corte" (court, the court or capital city.)

**Titles of Courtsy.**

**When "Don" and "Doña" are used.** When the Christian name or initials of a person are used with the surname, he is addressed as "Don," thus "Señor Don Luigi Ramon."

If the Christian names or initials are not stated the word "Don" must be omitted, thus, Señor Ramon.

This rule also applies to ladies, thus: (Mrs.) Señora Doña Maria Velasquez, or, Señora Velasquez; (Miss) Señorita Tomé; Señorita Doña Juanita Tomé.

When titles such as doctor or licenciado (licensed, meaning the degree given to lawyers) are used, the address is in this form:

Señor Dr. Don Juan Garcia; Señor Lic. Don Eduardo Perez.

"Catedratico" means professor; this title is stated on a separate line, under the name.

The use of double names by Spanish speaking people is apt to confuse a foreigner. It is a custom for men to use the surnames (family names) of both father and mother, the father's name coming first, thus: Señor Don Fernando Llerandi y Tomé.

He usually would be called by his father's surname, thus, Fernando Llerandi. By his friends he would be addressed as Señor Fernando. The "y" (and) joining the names Llerandi (father's surname) and Tomé (surname of mother's family) does not mean that there are two persons.

If two persons were meant (addressed) the word Señores (Messrs.) would be used before their names, thus: Señores (Sres.) Sanchez y Victores (Messrs Sanchez & Victores).

**Care of.** A letter addressed to a firm for delivery to a visitor or to an executive would have the firm's name stated first, thus:

Sres. Manas y Cia,

para Senor Don Arturo Manas.

(Messrs. Manas & Co., for Mr. Arthur Manas.)

Another way is to use "en casa de" (in the house of), thus: Senor D. (Don) Arturo Manas, en casa de los, Sres. Manas y Cia.

**Instructions on envelopes.** The following are the Spanish terms for remarks to be placed on envelopes.

Carta certificado, registered letter; precisa, urgent; particular, private or personal; à reexpedir, please send on; en lista (or, en lista de correos, or poste restante) all these mean general delivery; impresos, printed matter, 3rd class mail; muestras sin valor, samples of no value, (this is to avoid being charged customs duty); envoi de, sent from, followed by the name and address of the sender.

### TITLES OF GERMAN FIRMS.

<i>German</i>	<i>English</i>	<i>Example</i>	<i>Meaning</i>
Herr	Mr.	Herr Ludwig (in letter)	Mr. Ludwig
Herrn	To Mr.	Herrn Ludwig (on envelope)	Mr. Ludwig
Herren	Messrs.	Herren A & B Ludwig	Messrs. A & B Ludwig
Frau	Mrs.	Frau Schwarz	Mrs. Schwarz
Frauen	Mesdames	Frauen E & F Vogel	Mesdames E. & F. Vogel
Fraulein	Miss	Fraulein Silber	Miss Silber
Fräulein	Misses	Fraulein Silber	The Misses Silber
Sohn	Son	Herrn Aug. Schulze Sohn	Mr. The Son of Aug. Schulze
Söhne	Sons	{ Herren die Söhne von Aug. Schulze Herren Aug. Schulze Söhne Herren C. Schneider und Söhne	{ Messrs. The Sons of Aug. Schulze (Same as above) Messrs. C. Schneider & Sons
Bruder	Brother	{ Herren Gottfried Söhne, früher Johann & Co. Herrn C. Ernst und Bruder	{ Messrs. Gottfried Sons, formerly Johann & Co. Messrs. C. Ernst & Bro.
Brüder	Brothers	{ Herren Vogel Brüder Herren Gebrüder Hirsch	{ Messrs. Vogel Bros. Messrs. Hirsch Bros.
Gebrüder	Brothers	{ Herren Gebr. Hirsch Herren Hirsch Gebrüder Herren Brüder Hirsch	{ Messrs. Hirsch Bros. Messrs. Hirsch Bros.
Wittve	Widow (of)	{ Frau Wittve Schmidt Frau Schmidt Wwe. Die Erben von A. Müller	{ Mrs. (widow) Smith Mrs. (widow) Smith The heirs of A. Müller, or the Exors. of A. Müller
Erben von	The heirs of	{ Herren A. Müller's Erben Herrn Bohn Nchfg (or Nfg)	{ The heirs of A. Müller, or the Exors. of A. Müller The Succr. of Mr. Bohn
Nachfolger	Successor of	{ Herrn Bohn Nchfg (or Nfg) Herren T. Erasmus Söhne Nchfg	{ The Succr. of Mr. Bohn Messrs. the Succr. of T. Erasmus Sons

Syndikat	Syndicate	Kraftgas Syndikat	Power Gas Syndicate
Früher Vormals	formerly, late, formerly, late,	Herrn M. Jacob, vorm. (or früher) A. Eckstein	(To) Mr. Jacobs, former firm of A. Eckstein
Aktien Gesellschaft	{ Co. (close corpora- tion or private company with share capital)	Masch Fabr. Augsburg, A. G. Speditions Aktie n Gesellschaft A. G. Dynamit Nobel.	Augsburg Machine Co. The Express Company
Kompanie Companie Gesellschaft	{ Company, not a corporation nor a partnership Gesellschaft (or Aktien) mit bes- chränkter Haft- ung; Company with limited li- ability of shares	Berliner Maschinen- bau Gesellschaft	The Nobel Dynamite Co. Berlin Machinery Manufacturing Co.
G. m. b. H. or A. m. b. H.		Hansa Co (or ges.) G. m. b. H.	Hansa Co.
		{ Kraftgas Gesellschaft m. b. H. Holländischer Verein A. m. b. H.	Power Gas Corporation or Power Gas Co., Ltd. United Dutch Corpora- tion, or United Dutch Co., Ltd.
Fabrik	Works or Mill	{ Dresdner P a p i e r - fabrik, Kraus und Baumann	Dresden Paper Mill, Kraus & Baumann, Proprietors

**German Names of Towns.**

The German names for the following differ from the English names.

Germany is called Deutschland.

For Aix la Chapelle, the German name is Aachen; Brunswick is Braunschweig; Carlsruhe is Karlsruhe; Cologne is Cöln or Köln; Dantzic is Danzig; Frankfort is Frankfurt a. M. (am Mein, on the river Mein), this is to distinguish it from Frankfurt a. d. O. (an der Oder); Hanover is Hannover; Mayence is Mainz; Mulhouse (in Alsace) is Mulhåusen; Munich is München; Saarbruck is Saarbrücken.

The following names of provinces differ: Prussia is Preussen; Bavaria is Bayern; Saxony is Sachsen; Hanover is Hannover; Rhineland is Rheinland; Hess is Hessen.

The German name for Alsace (Alsace Lorraine) is Elsass-Lothringen.

Towns and districts in that territory generally have both French and German names; French people use the French names and Germans use the German names; for example, the village of Soleure is also called Solothürn.

Where "C" has the sound of "K" in the German name of a town both spellings may be used, as for Carlsruhe or Karlsruhe, Coblenz or Koblenz.

"Kreis" means in the district of, thus: "Bühl Kreis Gebweiler" means Bühl in the district of Gebweiler, (French, Guebwiller).

**TITLES OF ITALIAN FIRMS.**

	The "cav," &c., are
Cav. Guido Favero .....	abbreviated titles of
Cav. uff. G. Fucci .....	courtesy used for
Cav. and Comm. .... Comm. G. Olivieri .....	persons who have

been decorated by  
the King of Italy.

Signor .....	Signor, Sig., or Sigr. ....	Mr.
Signori .....	Signori, Sigg., or Sigi. ....	Messrs.
Signora .....	Signora Arnaldi .....	Mrs.
Signore .....	Signore Garabaldi .....	Mesdames.
Fratello .....	Signor Fratello, or Sig. F <sup>llo</sup> . ....	Brother
Fratelli .....	Signori Fratelli, or Sigg. F <sup>lli</sup> , Vitale.	Messrs. Vitale Bros.
Fratelli .....	Cappacini F <sup>lli</sup> . ....	Cappacini Bros.
	F <sup>lli</sup> , Gancia .....	Bros. Gancia
Figlio .....	Signor Figlio, or Sig. Figlio .....	Son
Figli .....	Signori Figli di, or Sigg. Figli di....	Sons of
Serrini .....	Serrini David & Figli .....	Sons of
Fu .....	Signori Figli del fu Luigi Boni .....	Sons of the late L. Boni
Vedova .....	Signora Vedova del fu Giovanni Fiori .....	Widow of the late Giovanni Fiori
Successore .....	Successore, or Succre. di .....	Successor of
Successori .....	Successori, or Succri, di .....	Successors of
	Ai Successori di G. Fiori .....	To the Successors of G. Fiori
Eredi .....	Agli Eredi di G. Fiori .....	To the Heirs of G. Fiori
Società .....	Società Vinicola Olearia di Roma ....	The Roman Olive Oil Co. (not Limited or incorporated)
	Soc. Torinese .....	The Turin Co. (not Limited or incorpor- ated)
Società anonima .....	Signor Amministratore, or Sig. Amm <sup>re</sup> . ....	The Manager of the — Co., Inc.
	Signor Direttore della Società anonima Astra .....	The Director of the Astra Co. Ltd. or Inc.
Sindacato .....	Società anonima, Fabre & Gaggiardi Signor Amministratore delegato, or Signor Direttore del Sindacato	The President or Managing Director The Director of the Syndicate.
Eredità .....	Signori Amministratori dell'Eredità or Sigg. Amm <sup>ri</sup> . dell'Eredità	The Executors of.
Curatori .....	Signori Curatori .....	The Trustees of
Fabbrica .....	Fabbrica di Automobile "Florentia" ..	"Florentia" Auto- mobile Works

"Società in nome collettivo," is a Partnership.

"Società in accomandita semplice," is a Limited Partnership as regards the capitalist partner only.

“Società in accomandita per azioni,” is a Limited Partnership with capital divided into shares.

“Società anonima” is a Limited or incorporated company.

**Italian Titles of Persons.**

In addressing Italians, a descriptive title should generally be used, such as Manager, Engineer, Chemist, or Employé.

If the occupation of the person addressed is not known, use the word “notevole” (notable or honorable). Example: Il notevole Sr. Romeo-Garibaldi, (the notable or honorable Mr. Romeo Garibaldi).

An Italian man, or a Spaniard, may have a woman's name as one of his Christian names, thus: Romeo Maria Mascagni, or Juan Teresa Verdi. This custom arises from the man having been born on the day of Saint Maria or the day of Saint Teresa.

**Italian names of places.** The English names for the following are different from the Italian names. Italy is called Italia. Turin is called Torino; Milan is Milano; Genoa is Genova, Mantua is Mantova, Padua is Padova, Venice is Venezia, Florence is Firenze, Rome is Roma, Naples is Napoli, and Leghorn is Livorno.

**PORTUGUESE FIRMS. (FOR PORTUGAL, BRAZIL, &C.)**

Filho .....	Bernardino Filho (plural Filhos)...	Bernardino Son (Sons)
Filhos .....		The Widow of E. Ferin
Vva. ....	Vva. E. Ferin .....	Ferreira & Co. (not Limited or Inc.)
Companhia .....	Ferreira & Cia. ....	United Fabril Co. Ltd. (Inc.)
	Companhia Agricola .....	Mouro & Campos, Ltd. (Inc.)
Sociedade .....	Sociedade Phonographica .....	C. Mahony & Amaral, Ltd. (Inc.)
		Phonetic Society
		Portuguese Industrial Co. (not limited or in c.). “Empreza” means undertaking or enterprise
Empreza .....	Empreza Industria Portugueza.....	
Companhia Limitada. Ca. Uniao Fabril, La. ....		
	Mouro et Campos, Lda. ....	
	C. Mahony & Amaral, Ltda. ....	

**SWEDISH FIRMS.**

Söner .....	Norstedt & Söner .....	Norstedt & Sons
Broderna .....	Broderna Carlsson .....	Carlsson Bros.
		Swedish (Svenska)
Bolag. ....	Svka Import Bolag.....	Import Co. (not “Ltd.” or “Inc.”)
	Aktieb. Alson & Wright .....	Alson & Wright, Ltd. (Inc.)

Aktiebolag .....	Stockholm Transport
	Stockholms Transport—Aktiebolag .. Co., Ltd. (Inc.)
	Stockholms Bomullspinneri & Val- Stockholm Cotton,
	veri Aktiebolag ..... Spinning & Weav-
	ing Co., Ltd. (Inc.)

### NETHERLAND (DUTCH) FIRMS.

Fabriek .....	Sigarenfabriek "La Habanera" .....	The Havana Cigar
		Factory
Gebruder .....	Gebr. Bernhard .....	Bernhard Bros.
Zoon .....	Scholten en Zoon .....	Scholten & Son
Zonen .....	Zimmer & Zonen .....	Zimmer & Sons
Naamloose .....	Naaml. Venn. Bierbrouwerij .....	The Beer Brewery
Vennotschop .....		Co., Limited (Inc.)
		Import Co., Ltd.
Maatschappij .....	Import Maatschappij .....	(Inc.)
	Ned. Scheepsbouw Maatschappij .....	Dutch Shipbuilding
		Co., Ltd. (Inc.)

### JAPANESE (NIPPONESE) FIRMS.

Gomei Kaisha; an ordinary partnership with unlimited liability.

Goshi Kaisha; limited partnership, as regards the capitalist partner only; unlimited liability for working partners.

Kabushiki Goshi Kaisha; a limited partnership with share capital, the working partners having unlimited liability while the stockholders (shareholders) liability is limited to the amounts of the shares they subscribe.

Kabushiki Kaisha; an incorporated company, a public limited company.

Shokai; a partnership or unlimited company.

Keitei Shokai means the Brothers or Brother Keitei, in partnership with other persons.

Unincorporated companies are also called "shokai", "Murai Shokai" is Murai & Co., or Murai Bros. & Co.

Japanese merchants prefer that their own name "Nippon" should be used for Japan. It is more polite, as well as more correct, to use Nippon. "Nipponese" should be used to describe Japanese people.

### MEXICAN FIRMS. (SEE ALSO SPANISH FIRMS.)

Sociedad en Colectiva; ordinary partnership, not limited as to the liability of any partners.

Sociedad en Comandita Simple; limited partnership.

Sociedad en Comandita Simple por acciones; limited partnership with capital divided into shares.

Sociedad anonima; incorporated company with capital divided into shares; a public limited company.

**PART V**  
**CREDIT MANAGEMENT**



## CHAPTER 67.—METHODS OF OBTAINING CREDIT, LOANS AND ADDITIONAL CAPITAL IN DIF- FERENT KINDS OF BUSINESS.

Credit and wealth, capital; selling on credit; trade acceptances; loan capital; interest rates; financing foreign trade by bills of exchange; loans on foreign drafts; acceptance of drafts abroad. American and British systems of credit; foreign system of monthly settlements by drafts; bankers' discounting limits. Pay days, échéances. Refusal to accept drafts. Protest for non-payment.

Other forms of obtaining credit by sole traders, partnerships, and incorporated companies. Limited partnerships, controlled firms. Borrowing for import trade; warehouse warrants.

**Credit and wealth.** In a low state of civilization, or when a country is at war or invaded, credit is unknown, (1) because capital does not then accumulate, except by using armed force; (2) because there is no general recognition of promises to pay, nor any means of compelling payment, except by violence; (3) because persons possessed of wealth keep it hidden, for fear of its being taken from them by force.

**Capital.** In times of peace capital accumulates and, in proportion as governments become established, laws are made for the enforcing of contracts and agreements, and for the payment of debts. Credit is then given, because in case a debtor fails to pay there is a way of compelling him to do so, by the help of the laws of the country.

**Cash terms and credit.** Selling goods for payment immediately delivery is made is called selling "for cash"; selling them for delivery at once, to be paid for at a future date, is called selling "on credit"; the seller on credit has confidence in the honest intentions of the buyer, and relies on payment being made at such later time as may be agreed on at the time the sale is made.

**Selling on credit.** A trader who allows credit to his customers must obtain credit for his own purchases, otherwise the amount of capital required for his trading would be too large to make the business profitable. A trader with \$10,000 capital who spent all this in buying goods, and sold the whole of them at once for \$10,500, allowing 3 months' credit to his customers, would have to wait 3 months, until his customers paid, before he could buy further goods.

Suppose that all his customers paid at the agreed dates, he could only repeat his buying and selling four times each year; that is, his total sales or "turnover" could not exceed four times his capital, namely \$40,000, and he would only make four profits in the year.

**Bills of exchange.** If he could arrange for a banker to lend him money on his book debts, he could turn his capital over oftener and make more profits. In practice, bankers do lend money to merchants on the security of their book

debts. The merchant first puts these debts in a form in which they can be easily transferred; that is, he gets each debtor to sign a bill of exchange. By this bill the debtor agrees to pay the amount due from him to the "holder" of the bill of exchange, that is, to whoever claims the money at the due date by presenting the bill and demanding payment. By paying the bill (which he keeps, as evidence of the payment), the debtor clears off his debt to the merchant.

**Trade acceptances.** The banker can safely lend money on such debts receivable from traders because, by taking the bills of exchange which have been signed by the debtors, the banker has the sole right to claim payment, the transfer of the bills acting as transfers of the debts. The debtor will only pay the person who holds the bill, and this must be given up on payment.

**Loan capital.** The business of lending money on bills is carried on by banks and bill brokers. The brokers lend their own capital, and what they can borrow. Bankers lend the money which has been deposited with them by customers who wish to lend surplus money in return for interest.

These customers may be persons who have temporarily more capital than they need for their own business, or persons who have retired from business, or who are not carrying on any business, or people who have saved money.

**Interest rates.** The banker borrows his money at a low interest, the owner of the capital agrees to deposit the money with the banker for a certain number of months, or agrees not to withdraw it except after, say 3 months' notice.

The owner of the capital, the depositor or capitalist, knows that the banker will, in his turn, lend this money on bills of exchange, at a higher rate of interest, but, on the other hand, the repayment of the money deposited by the capitalist is guaranteed by the banker's own capital. Therefore, the capitalist lends to the banker at low interest, because the security is good. The banker charges a higher interest to the borrower on account of taking the risk of non-payment. The daily newspapers show the rates of interest allowed to bank depositors, and the rates charged by bankers for loans on bills of exchange.

**Financing foreign trade by means of bills of exchange.** Almost all foreign trade is done on credit, by means of bills of exchange. It would be impossible to allow 6 to 9 months' credit to foreign buyers if it were not that bankers buy the debts immediately the goods are shipped. The debt is put into a transferable form by the shipper drawing a bill of exchange on the foreign buyer and selling it to a banker or broker as soon as the shipment is made. If the seller had to wait for a trade acceptance (bill of exchange) to be signed (accepted) and returned by his foreign customer, it would be several weeks or months before he could use the accepted bill. So the bill is sold before it is accepted by the foreign buyer. Although the banker lends money on the bill *before it is signed by the debtor*, he holds the goods as security until payment is made, or until the bill is signed. This is effected in the following way: for all goods sent by sea, the shipowner gives a receipt, describing the packages shipped and stating to whom they are to be delivered, and where.

**Foreign bills of lading.** This receipt is called an EXPORT BILL OF LADING, and no one except the person who holds it can claim to take the goods from the ship on their arrival abroad.

**Loans on foreign drafts.** The banker takes from the exporter both the unaccepted bill of exchange and the original bill of lading. A loan is then made to the exporting merchant of from 60% to 80% of the value of the goods.

**Acceptance of draft abroad.** The banker sends both the documents named to his agent abroad, or to his own branch house in the foreign town. The bill of exchange is there presented to the foreign buyer for acceptance (for signature). If he signs (accepts) the bill of exchange, to show that he agrees to pay it when due, he is given the bill of lading, by which he may obtain the goods.

**Delivery of documents against acceptance.** If he does not sign the bill of exchange, he does not get the documents and he cannot obtain the goods; the banker's agent then claims them, and has them stored until paid for or sold to someone else. If the bill is signed (accepted) by the foreign importer, the banker's agent obtains payment of the bill at its due date, usually 3 to 6 months after the date of acceptance, and then remits the amount to his principal, the banker, in the United States.

**Cash against documents.** If it is considered risky to allow credit to the foreign buyer, the agent of the American banker will insist on receiving payment in cash before delivery of the goods. The buyer is generally allowed to take portions of them, paying cash for each lot at the time he obtains an order for their delivery.

**American and British system of credit.** In both the United States and Great Britain, and in Australia, Canada, New Zealand, and South Africa, it is the rule for manufacturers and producers to sell on credit to both wholesale and retail firms. The retailers get credit from the wholesalers and often sell to their own regular customers on credit. In none of these cases is it usual to obtain signed bills of exchange from the debtors.

**Open credit.** The credit given to retailers is called an "open" credit, and when the time of credit allowed has expired, a statement is sent to the debtor, as a notice that payment is due. Should he not pay within, say 10 days, a letter is sent reminding him that the account is due and that delay in payment will result in loss of the discount which is allowed for early payment. If longer credit is required, the debtor is expected to sign a bill of exchange (a trade acceptance), for the extended time. This trade acceptance can be discounted with a banker for cash, less a charge for interest and commission.

**Foreign system of credit—Drawing bills for each month's purchases.** It is the rule in France, Germany, Belgium, and Holland, etc., for traders to give bills of exchange if they buy on credit.

On this understanding goods are sold on credit by the manufacturers to the wholesale dealers (jobbers), and by the wholesale dealers to the retailers. The retailers generally sell for cash.

**Monthly settlement by drafts.** At the end of each month the accounts of purchasers are made up by manufacturers and wholesale dealers (jobbers) and bills are drawn on each of their debtors for the totals of their purchases during the past month. The bills are made payable 30 or 60 days afterwards, or at such other time as may have been arranged.

**Discounting the drafts.** These bills are deposited with the creditor firm's bankers at once, as security for an overdraft or loan. They are not first sent to the debtor for signature but he is informed that a bill has been drawn on him for the amount of the statement sent a few days previously, and that the bill will be payable on a certain date.

On the other hand, the creditors of the manufacturer and the wholesale dealer have drawn bills on them for their purchases, payable at the expiry of the time of credit agreed upon.

In this way each manufacturer and merchant can always obtain loans on his sales, within a month from the time of sale, while he gets from two to three months' credit for his purchases. The result is a considerable economy in the amount of working capital required for a business.

**Bankers' discounting limits.** The bankers limit the amount of bills which they will discount for each firm, that is, they will not accept the risk of more than a fixed amount of bills still running and unpaid. A foreign merchant often opens accounts with two or three different bankers, in the same town, in order to allow of discounting bills beyond this fixed limit.

Foreign manufacturers who are unused to the methods of American and British traders, sometimes send bills of exchange for acceptance along with the invoices of goods. They are surprised when informed that these firms "never accept bills." They think our method of open credit to be a most careless and risky way of doing business.

**Domiciled bills.** Foreign bills of exchange are generally "domiciled," that is, made payable at the business place of the "acceptor" (payer), whereas American and British bills are generally made payable at the acceptor's bankers.

**Echeances. (Pay days.)** European bills of exchange are usually payable at fixed dates of each month, the 5th, 10th or 15th, which are called the pay days or "échéances." British firms have fixed "pay days," such as the 10th of each month, or the second Tuesday of each month. The accounts are then usually paid by "crossed" checks. (These are not payable in cash; they must be deposited in a bank for the credit of the person to whom they are made payable.) Creditors in the same town collect their checks by calling on pay days.

For creditors in other towns, the checks are mailed on the pay days. On the continent of Europe checks are not used so generally as in the United States and Great Britain; the system of drawing bills on the debtor at the end of each month is preferred, on account of the convenience of raising money by discounting the bills with bankers.

**Refusing to accept drafts.** American and British firms will not usually accept bills drawn on them for purchases, unless this has been specially agreed to at the time of purchase. Asking them to accept a bill is considered to show a doubt as to their ability to pay their debts when due. In France, Germany, Belgium, etc., it is the custom to draw on debtors shortly after the date of purchase. Buyers must accept such bills, according to custom, and must pay them when due, or their credit would be seriously injured by a refusal. Failure to pay accepted bills is a proof of insolvency according to French, Belgian, and German law. In order to have legal proof of the refusal to pay, the collecting agent (usually a banker), hands the bill to a notary who presents it to the debtor and demands payment; if it is again refused he issues a certificate of non-payment, called a "protest."

**Other forms of obtaining credit.** There are many other ways of obtaining credit or capital besides that of using Bills of Exchange

A few of these methods are here explained:

(1) **Bank Overdrafts.** A sole trader, or partnership, may obtain an overdraft or loan from a banker, (a) on depositing securities such as the title deeds of land or buildings, or certificates of stocks or bonds, (shares, or mortgage debentures); (b) by securing a guarantee of the bank account by another person, who undertakes to repay the amount of the overdraft to the bankers should the borrower fail to do so

(2) **Incorporated (limited) companies** can obtain credit by (a) issuing mortgage bonds (mortgage debentures) to their creditors as security, or (b) by depositing such bonds or debentures with their own bankers as security for an overdraft, or (c) by selling such bonds or debentures to investors or friends. These mortgage bonds and debentures give the holders the right to take and sell the property of the company for repayment of the money borrowed, in case the company fails to repay. Such claims are payable in preference to the claims of trade creditors for goods supplied, because the bonds give a lien.

(3) **Partnerships.** Partners requiring further business capital can admit a "sleeping" partner, who invests capital in the firm but takes no part in the management. He may be guaranteed a certain profit or interest by the other partners, and they may even guarantee him from loss, but this will not interfere with the rights of the firm's creditors, who hold each partner responsible for the payment in full of all their claims against the partnership.

**Special partner.** The only way a sleeping partner can save himself from such a risk is by having the partnership changed into a "limited partnership," under the Limited Partnership Law, then his liability is limited to the amount he agrees to bring into the partnership and he is called a "special partner."

**Close corporations.** It is generally preferred to form a "close corporation" (a private limited company) of two or more members, with all the partners as directors. Then, in addition to the liability of each member being limited, the firm may borrow money from any director or member, and may mortgage the property of the firm as security for the repayment. It would be impossible to give such security to a partner lending money to a partnership.

(4) **Controlled firms (tied firms).** Large manufacturers and wholesale merchants frequently allow considerable credit to smaller merchants and to retailers, in consideration of receiving a preference for orders. The effect is that the smaller firm, financed in this way, is compelled to buy from the manufacturer or wholesale house all the goods he requires which that firm can supply; the smaller firm is controlled by ("tied" to) the large house for its purchases, and is prevented from buying similar articles at a cheaper rate from other firms.

(5) **Borrowing for import trade.** Firms which import considerable quantities of produce or goods from abroad, frequently have to pay for them before they can be sold. If the importer's capital is small, or is locked up in stock or book debts, he is compelled to raise money by pledging the imported goods to his banker, as security for a loan of money with which to pay the foreign seller.

The banker naturally requires proof of the value of such goods, and he therefore appoints a broker or appraiser, who has expert knowledge of that special trade, to value the goods, which are usually stored in the Dock Warehouses at the port of arrival in this country. The banker advances only a proportion of the value estimated by the broker. The goods are then transferred to the ownership of the banker in the following way.

**Warehouse warrants.** The owners of the dock warehouses are asked to issue "warrants" for the goods. These are documents describing the goods, and stating that they are held by the warehouse owner "to the order of" (that is, at the disposal of) the importer, or to the order of any one to whom he may transfer the warrant. The importer transfers the warrant by simply endorsing his name on the back and handing it over to the banker. This transfers the ownership of the goods to the person holding the warrant, that is, the banker. When

warrants have been issued, the goods will only be delivered to the person holding the warrant, and on the warrant being given up and all warehousing charges paid, together with the customs duty on such articles as are liable to duty.

When the importer sells part of the goods he obtains an order from the banker to have such portion delivered to the purchaser. Unless the purchase price is handed over to the banker at the time the delivery warrant is asked for, the bank will collect the price from the buyer before it issues a delivery order or parts with the warrant.

(6) **Selling accounts receivable to finance companies.** There are many companies which offer to advance from 60% to 90% of the amounts of credit sales, within a few days after shipment, on condition that the debts are assigned to them. The interest charged on the amounts advanced is usually stated by these companies to be from 6% to 10% per annum. It is really from 12% to 30% per annum.

Firms which sell their accounts receivable to finance companies are generally refused credit for their purchases

**CHAPTER 68.—GUARANTEEING ACCOUNTS WITH BANKS AND WITH WHOLESALERS.**

Form of guarantee of bank loans to a customer. Form of agreement with a banker for a loan on security. Form of guarantee to a merchant of a customer's account.

Explanations of the use of these forms are given in Chapter 67, under the heading of "Bank Overdrafts."

**Guarantees for credit given.** A guarantee of a debtor's account is not binding on the guarantor unless made in writing and signed by him. Although the guarantor may receive no benefit or consideration for the guarantee it is binding on him, when the person or firm guaranteed gives consideration by either granting credit to a person to whom they would not have sold on credit without the guarantee, or because they have extended the time for payment of a debtor's account instead of suing him at once.

**Guarantee of Account of Customer of a Bank.**

To The Mercantile Bank of Blackville.

Gentlemen,

In consideration of your discounting bills, making advances, giving time for payment, or otherwise granting any accommodation whatsoever to or on account of .....  
of ..... (hereinafter called the customer ) I, .....  
of .....  
hereby guarantee to you the due and punctual payment of all moneys which are now, or may hereafter be payable to you by the customer whether singly or jointly with some other person or persons, and whether as drawer , acceptor , or indorser of bills, or notes discounted, or in respect of loans, credits, payments or advancements made to.....or for.....accommodation, or

at..... request, or in respect of interest, commission, or other your usual charges; this guarantee being given upon the following conditions, namely:—

1. The total amount to be ultimately recovered under this guarantee shall not exceed.....with interest thereon, at 6 per centum per annum from time of claim being made upon this guarantee.

2. This shall be a continuing guarantee and shall not be withdrawn until at least one calendar month's notice, in writing, shall have been given to you by me of my intention to withdraw the same, and notwithstanding such withdrawal, this guarantee shall extend to secure all moneys payable to you as well after as before such withdrawal in respect of all or any dealings, or transactions prior to the expiration of such notice, including bills, notes, drafts and checks, which shall be then current and afterwards dishonored; and it shall continue to be binding, notwithstanding my death [or the addition to or retirement from the existing firm of.....of any person or persons as a partner or partners therein.]

3. In the event of the bankruptcy of the customer , or of..... affairs being liquidated by arrangement or composition with.....creditors, or of .....making any assignment for the benefit of or arrangement with .....creditors, or in the event of.....estates, or any of them being after.....death, administered by a Court of Equity, or in the event of the customer failing to pay to you on demand all moneys payable to you as aforesaid, you shall be at liberty to prove the whole or any part or parts of your claim, whether the same shall or shall not exceed the amount hereby guaranteed against or upon the estate of the customer , and to retain and apply all or any of the dividends or other moneys to be received upon any and every such proof towards satisfaction of the amount which shall be owing to you, and notwithstanding any and every such proof, retention and application, you shall be entitled to recover against me, to the full extent of this guarantee, and I shall not be entitled to any proof or dividend to be made or received as aforesaid, until you shall therewith and with the money to be received under this guarantee have been satisfied, the full amount which shall be owing to you from the customer , and then I shall be entitled only to any surplus that may remain after such satisfaction.

4. For the purpose of enabling you to obtain to the full the advantages intended to be conferred by condition 3, you shall be at liberty at any time in case of the payment by me of all or any of the moneys hereby guaranteed to place the same moneys to a suspense account, instead of to the credit of the account of the customer, for any period or periods that to you may appear wise, until the moneys standing to the credit of such suspense accounts, and other moneys received by you from the customer , or.....estate or otherwise applicable to.....account, shall be sufficient to satisfy the full amount which shall be owing to your from.....

5. This guarantee, and your right to recover thereon to its full extent, shall not be prejudiced or affected by your taking any collateral or other securities applicable to the said banking account, or any part thereof, or by any omission or neglect in respect of the enforcing or making available the said securities, or any of them, or by your entering into any arrangement or composition with, or granting any indulgence or forbearance to the customer , or to any other person collaterally liable for the said banking account, or any part thereof, or to any party or parties to any bills or notes, or other securities held by you in relation to, or otherwise applicable to the said banking account, or by any proof or other

act in relation thereto. And any account settled or stated by, or between you and the customer or.....representatives, or admitted by..... may be adduced by you, and received as conclusive evidence against me and my representatives of the balance or amount thereby appearing due from the customer, or.....representatives to you, and shall not be disputed or questioned by me or my representatives.

6. It shall not be incumbent upon you to close your dealings with the customer on my giving notice to withdraw this guarantee, or to take any proceedings for enforcing payment from.....or to realize any securities before requiring payment under this guarantee, nor shall you be prejudiced by any arrangement or composition which you may think proper to make with the customer or.....representatives, or any other person or persons, without obtaining my consent or that of my representatives.

Yours truly,

.....  
*Witness*.....

### Agreement with Banker for Loan on Securities

\$......19.....  
.....after date.....promise to pay to the order of Bank of Smithtown at said Bank, in..... Dollars, for value received, with interest at the rate of.....per cent, per annum, having pledged to the said Bank, the undermentioned security (with authority to sell the same on non-performance of the promise, in such manner as they in their discretion may deem proper, without notice, either at any Brokers' Board, or at public or private sale, and to apply the proceeds thereon), viz.:

In case of depreciation in the market value of the security hereby pledged, or which may hereafter be pledged for this loan, additional collateral shall be added or a payment shall be made on account, on demand, so that the said market value shall always be at least.....per cent. more than the amount unpaid on this note. In case of failure to do so, this note shall be deemed to be due and payable forthwith, anything hereinbefore expressed to the contrary notwithstanding, and the Bank may immediately reimburse itself by sale of the security. It being understood and agreed that if such sale be by public auction, the said Bank shall be at liberty to purchase at such sale the whole or any part of such property discharged from any right of redemption, which is hereby expressly released to said Bank, and it is further agreed and understood that if recourse is had to the above mentioned securities or substitutes therefor or additions thereto, any excess of collateral upon this note, after deducting all expenses of collection and sale, is applicable to any other note or claim now due or to become due, or that may hereafter be contracted, held against..... by said Bank.

In case the net proceeds arising from any sale hereunder, shall be less than the amount due hereon.....promise to pay to the said Bank on demand the amount of such deficiency with legal interest.

.....  
To Messrs.....of.....

**Guarantee of the Account of a Customer of a Firm.**

IN CONSIDERATION of your selling of goods, advancing money, or forbearing to sue.....  
I do hereby, for myself, my Executors and Administrators, GUARANTEE to you, or to the person or persons who for the time being shall constitute your firm, the due payment of, or the balance unpaid to you for, any Goods sold and delivered, and for any money lent, or to be lent or paid to or for the said .....  
or any other debt which.....may now or at any time hereafter owe you to the extent of .....Dollars.

AND I further agree that you shall be at liberty at any time hereafter, upon any sum being due or breach made, to call upon me for the payment of the said sum of.....  
which may be applied by you as you think proper in payment or part payment of any debt which may be due to you from the said.....  
.....or to make up any deficiency, or towards any loss, or any debts which may be due or have been due to you and have not been paid by....., after receiving any dividend or composition from.....  
estate or otherwise. AND I further agree that you shall be at liberty, without giving notice to me or obtaining my consent, to extend the time or times of payment or credit for any goods sold or to be sold to the said.....  
....., and to renew or take from.....as you may think proper, any deeds, bills, notes, or securities for the payment of any debt due from.....to you, or any part thereof, and also to renew or accept any composition from the said.....  
in full for any debt, and to execute any release to.....of the debt due from .....  
....., or any part thereof, and also to execute any assignment made by .....  
.....in trust for.....creditors, without prejudice to my liability under this Guarantee. AND I further agree that this Guarantee shall be a continuing Guarantee, and shall be binding upon me for the payment of the said sum of .....  
.....at all times and under all circumstances, until you receive a notice in writing to the contrary.  
AS WITNESS my hand this.....day of.....  
One Thousand Nine Hundred and.....

Signed in { .....  
the presence of { .....  
of { ..... Signature

## CHAPTER 69.—RETAIL TRADE—OFFERS OF CREDIT ACCOUNTS TO NEW CUSTOMERS—CHARGE ACCOUNTS.

Opening a new business or new branch. Offers to open charge accounts. Replies to requests for charge a/cs. Refusal of credit. Notice of changing from credit trade to cash trade. Examples of letters.

**Opening a new branch.** A new branch of a business, opened in a district of permanent residents, of good financial standing, and chiefly house owners, can afford to take a slight risk in order to secure trade quickly. The following letters have been used in such cases. The names of persons to be addressed would be carefully selected after discreet enquiries in the neighborhood, from other local storekeepers or from the Chamber of Commerce or Trade Association or bank. Each multigraphed letter should be filled in with the name and address. The paper used should be of good quality and the multigraphing should be carefully done.

In a large town, names and addresses may be taken from lists of club members, professional directories, society year books, and telephone directories.

The selected names may then be submitted to a credit agency for rating.

Letters offering credit accounts are sent to the approved names only.

This is a better plan than sending a general invitation to apply for a charge account. In the latter case a prospective customer who applied for a charge account, but to whom credit was refused, would probably not afterwards deal with the store on cash terms.

Dear Sir,

We have opened a new branch in this district, for the convenience of our customers who live here, and for residents who wish to obtain clothing of the newest style and most reliable quality at reasonable prices.

We offer you a cordial welcome to our new store at 60, Main Street.

You will find a monthly credit account open for you.

This letter will be sufficient identification for you to make any desired purchases at once, to be charged to your account. Mr. Roberts, our manager, will be very pleased to welcome you and to show you our extensive stock.

If one of our downtown branches would be more convenient for you, will you please show this letter to Mr. Smith at 821 Grove Street, or to Mr. Brown at 74 Elm Street, or to Mr. Jones, at 82 Market Street.

The same credit facilities will be gladly extended to you at any of these branches.

Yours very truly (or Yours respectfully),

(Follow up of preceding letter)

Dear Sir,

Our letter of two weeks ago will have already told you that we should be glad to have a call from you at our branch near your home, or at any of our downtown (city) branches. We wish to make it perfectly clear that there will be no formality at all about the credit account. No references are required. After you have made a purchase, you need only show your business card, or this letter.

We find that most of our customers prefer that we should render accounts on the last day of each month, for payment shortly afterwards.

May we not have a visit from you shortly to make use of this account.

Yours very truly,

**Offer made to list of professional men; signed by vice president of company.**

My dear Mr. ....

You will appreciate the convenience of a charge account in our store—which offers splendid assortments of the best and newest merchandise for every member of the family.

You know, of course, from experience, the convenience of shopping on a charge account. For you to open one no formality is necessary, but we would appreciate the return of the enclosed card for the completion of our records.

We sincerely hope for the privilege to serve you.

Very cordially yours,

**Follow up—a month later.**

My dear Mr. ....

A charge customer at ..... enjoys certain privileges which, we feel sure, will be of interest to you.

Charge customers, for instance, receive advance notice of many important store events. This enables them to make their selections before the public at large is invited to take advantage of a sale.

And a ..... charge account makes you a patron of one of New York's fine old stores, an institution whose reputation for quality merchandise and fair dealing has stood unblemished for nearly seventy years.

But is it troublesome to open an account? Of course not. The card enclosed establishes your new status here the instant that we receive it. Hadn't you better mail it now?

Very truly yours,

Card enclosed with each letter.

VICE PRESIDENT  
----- & Co.

..... 1926

Please mail to the Vice President or present to the Floor Superintendent of the department in which you are shopping.	I accept the invitation to become a charge customer at ..... & Co. and to complete your records am sending herewith my signature and home address : ..... ..... The name of my Bank is:..... .....
---	--

**(Second follow-up).**

Dear Sir,

For the quickly approaching Spring season you will no doubt require to renew your supplies of lighter clothing.

Owing to the great reductions in raw wool, we are now able to offer you all-wool materials at about 30% below last year's prices.

We guarantee all our garments to be all wool and unshrinkable. They are smartly tailored and of first class finish.

Any of our managers will give you a cordial welcome, whether you need much or little.

Yours respectfully,

We shall be glad to open a monthly account for you at once, without any fuss, or formality, at any of our branches.

**Offer to open charge account for regular customer.**

Dear Madam,

We thank you for the orders you have given us lately, and we wish to assure you how much we appreciate your patronage.

It may save your time, and make your purchasing more convenient, if you would permit us to open a monthly account for you.

Then you would not need to carry any considerable sums with you when purchasing from us. All that need be done would be, to tell the sales lady who waits on you that you have a charge account.

You could also order by telephone or letter, and your instructions would be followed as carefully as if you selected the articles personally in our store.

You would always have the advantage of returning any purchases which were not entirely what you wanted. We guarantee the quality of every article we sell and we do our utmost to render prompt and intelligent service to the requirements of our customers.

If you have any difficulty with our service at any time our manager would be glad to give personal attention to your requests.

The monthly account is at your disposal now and we should welcome your using it whenever you can favor us with a visit.

Yours very truly,

**Replies to requests for charge accounts.**

Dear Madam,

We are pleased to see, by your letter of March 3, that you wish to open a charge account with us. We welcome the opportunity this will give us of supplying your requirements more fully and we have no doubt that you will be satisfied with our services and the good values we can offer you.

It will help us to put the charge account at your disposal early if you will be

so good as to fill up the enclosed information form. This is a usual requirement, for the purposes of our records.

A stamped envelope is enclosed for its return. We thank you for your attention to this.

Yours very truly,

Dear Madam,

We are glad to have your letter telling us that you desire to open a monthly account with us. It is a pleasure to us to extend this facility to responsible customers like yourself. You will understand that, in opening a monthly account, a certain amount of routine has to be followed as regards references. If you will please write at the foot of this letter the names of any other concerns at which you have had monthly accounts, it will enable us to complete our records and open an account for you at once.

A stamped and addressed envelope is enclosed for the favor of your reply.

Yours very truly,

Dear Madam,

We thank you for sending us so promptly the information blank and we have pleasure in now opening the charge account you requested.

We shall welcome your making use of this account as early as convenient. Instead of paying for your purchases you need now only give your name and address to the clerk who waits on you, and say that you have a charge account.

Your purchases during each month will be listed on a statement sent to you on the last day of that month. We should appreciate your remitting within a few days afterwards.

We hope that the opening of this account will be the beginning of a very pleasant relationship between us. We shall do our utmost to make it so.

Yours very truly,

Dear Madam,

We regret that our reply to your application for a monthly account has been delayed. We have now pleasure in placing this account at your disposal and we shall be glad if you will make an early use of it.

Your purchases will be made in just the same way as if you were paying cash, and the prices will be exactly the same. The only difference is that, instead of paying at the time, you will give your name and address to the clerk who serves you and say that you have a charge account.

This is a convenience which we are glad to extend to our best customers.

A statement will be sent to you at the end of each month; payment is due within the week following.

Yours very truly,

#### **Refusal of Charge account.**

Dear Madam,

We thank you for your letter of November 6, giving us references.

The information given to us has been favorable but unfortunately it does not at present conform to our rather strict requirements. We have no doubt that, after a little time, we shall be able to extend to you the facility of a charge account, but for the present we should be glad if you could make it convenient to continue on the former cash terms.

Yours very truly,

**Notice of changing from credit trade to cash trade.**

Dear Mrs. Brown,

We are anxious to make our business still more useful to our customers, and to give them still lower prices. We have many opportunities of buying good merchandise at considerably below ordinary prices, if we pay cash immediately. That will enable us to give our customers still better bargains in all our lines.

In order to do this, we have decided to ask our customers to help us to change our business terms with them to cash only, instead of monthly credit accounts.

We feel sure you will see that the savings in price will be to your interest.

We greatly appreciate your trade with us, and we should like you to feel that the change to cash terms is intended to directly benefit you, by giving you better values and larger assortments. You may rely on our courteous attention always.

Yours very truly,

Dear Mr. Jones,

I am glad to have your letter, and thank you for the order it contained, as it shows that you were pleased with the shirts and ties which I selected for you recently.

I have made a careful selection to fill your new order, and I hope you will find this supply as satisfactory as the last one.

Since I last heard from you, I have been seriously studying how to make my service still more helpful to friends like yourself. I find that, in buying exclusively for prompt cash, I can secure exceptional values from makers requiring ready money. The savings will allow me to reduce prices for my customers, so, in their interests, I decided to change my terms in future to cash only. I hope you will feel that this has been done with the desire of giving the utmost value possible to yourself amongst others.

You will no doubt be willing to help me in this, by sending me a check for the amount of the bill which I enclose. The goods have already been sent by parcel post.

Yours very truly,

## CHAPTER 70.—WHOLESALE TRADE—APPLICATIONS FOR CREDIT ACCOUNTS.

Facts which determine credit to be allowed. Work of the credit manager; credit men's associations. Sources of information; credit agencies' reports; property statements; bad debts; preventing and remedying over-buying. Letters respecting credit.

Almost all wholesale business, and a large amount of retail business, is done on credit. It is found more convenient to allow time for payment of most debts for goods and services. As the majority of people are honest, the total losses through granting credit are small in proportion to the increased trade which can be done by reason of giving and taking credit.

**How credit helps trading.** A trader with a cash capital of \$1,000 can usually buy \$3,000 worth of goods by paying \$1,000 at once and agreeing to pay a further \$1,000 in 30 days, and the balance of \$1,000 in 60 days from the date of purchase.

By selling one-third of his purchases in 30 days he can pay the \$1,000 then due. As he would then only owe \$1,000, it would be easy to purchase \$1,000 more on credit. This would keep his stock of merchandise at about \$3,000. These operations would be repeated each month and so he would have the opportunity of holding three times as much stock as would be the case if he had to buy solely for cash. With three times the quantity he should be able to do three times the amount of business and make three times as much profit.

The chief danger in giving credit is that the customer may become "overstocked," which means that he may buy more than he can sell to his customers within the time allowed for payment of his purchases.

The travelling salesman is usually paid according to the total of his sales, so that it is to his interest to sell as much as possible to each customer and to persuade him to buy more than he can sell.

**The work of the credit manager.** In order to prevent this, all large firms employ a "credit manager" whose work it is to fix the maximum amount of credit to be allowed to each customer.

Most traders buy from several wholesale dealers and if they are refused credit by one firm they may try to buy from another.

**Trade associations of credit men.** As a check against this, the credit men of the different classes of trade form associations, for the purpose of exchanging information as to the financial position of cus-

tomers and the amount owing by them at any time. All members of these associations supply information on request to other members, or to the association secretary. The information asked for is usually the amounts owing to their respective firms by any customer who is thought to be buying more than he can pay for within a reasonable time.

**Retail credits.** The retailer in a small district usually gives credit according to the reputation of his customers with other dealers.

Large departmental stores only give credit to customers with assured incomes, and only after enquiries as to their financial position have been made from persons named by the customers as "references."

**Wholesale credits.** The work of the "credit manager" of a wholesale firm is to discover facts on which to make a decision as regards the limit of credit to be allowed to each customer.

The three "c's" (character, capital and capacity) are first considered; these mean the man's reputation for honesty and industry, the amount of his trading capital, and the quantity and total amount of trading which he can do.

There are other points to be considered, such as whether trade in the customer's district is depressed, for example, through a strike in a manufacturing district, or through bad crops in a farming district. The season of the year must also be taken into account, and whether the wholesale firm is itself able to give much credit.

**Sources of information—Credit agencies' reports.** A wise credit man uses several sources of information and, as he knows by experience that they are not all accurate, he checks them against each other.

This outside information is further checked by the customer's own statement of his assets and liabilities and the amounts of business done. There are firms which make a business of supplying reports on the financial standing of business firms. The best known of these "Credit Agencies" are the Dun and Bradstreet Companies.

A firm wishing to obtain credit information from a credit agency is required to pay the minimum membership fee of \$150 or more per annum. In return for this payment it receives a large printed book containing a list of the chief business firms of the U. S. A. and Canada, arranged by districts, with the "rating" of each firm. This rating is shown by letters and figures stated for each name, to indicate the amount of working capital, the total amount of credit which should be allowed to the firm by creditors, whether the firm pays quickly or slowly, and whether it is considered to be worthy of credit.

Local banks also give information respecting the credit standing of their customers, and other wholesale firms will usually supply information to competitors, in return for similar favors. It is usual for a new customer to have an interview with the credit manager of a firm in order to discuss the amount of credit desired.

**Registered information.** The chief value of reports from credit agencies is that they contain the latest registered information concerning the firm about which enquiries are made.

By "Registered Information" is meant such recent bankruptcies, assignments, compositions, mortgages, and other preferential claims, and court judgments as may have been recorded. An extended search for Registered Information can be made if desired. (Note: Certain of the registered information may of course be in respect of transactions settled or paid.)

**Property statement: maximum credits allowed.** The new customer is usually handed a form called a "property statement," (see example in Chapter 54) which he is asked to fill in with details of his assets and liabilities, either at that date or at the date of his last balance sheet. Further statements are requested at intervals of a year or less. When the limit of credit to be allowed has been fixed, it should not be increased without good reasons. If the maximum amount is owing and the customer sends further orders, it is the work of the credit man to delay delivery until the customer pays off a portion of the amount owing, so that the total of his account may be kept within the allowed limit.

The credit man must use all his tact to avoid offending customers in such cases. He should try to keep as much as possible of the customer's trade and prevent him from going to competitors who will allow more credit. On the other hand, he wants to save his firm from loss through insolvencies.

**Bad debts.** There is also the important question of helping the little man to begin with small capital. A proportion of these undertakings will fail, but a few of them will grow into large businesses and the proprietors will then give a preference to the merchants who helped them when they were struggling. The firm which makes no bad debts is usually declining in importance, because it is not obtaining new customers to replace the customers who retire from business, or go into other trades, or become insolvent. Losses by bad debts should not generally exceed 1% on the total sales of any year.

**Preventing and remedying overbuying.** A credit man must sometimes refuse to allow further credit to old customers, but this must be done so as not to lose the customer. An effort should be made to per-

suade the customer that it is for his own benefit that he is advised not to overstock, nor to buy goods in seasons of dull trade. Very often additional credit is asked because the customer is overstocked with goods which are unsalable because they are unsuitable to his trade, or out of fashion.

The credit man should try by every means to learn the exact position of the customer so that he may help him to turn his dead stock into cash and keep his indebtedness low.

The aim of correspondence with slow paying customers should be to convince them that your chief interest is to help them, and that it is essential that the true facts should be stated by them in order that effective help may be given.

Thorough courtesy is essential in correspondence relating to credits because, if a customer is worried by reason of bad trade and inability to pay accounts due, he is apt to be offended by untactful phrases which would not be noticed at other times.

**Wholesale; refusing further credit.**

(For other letters see chapters on Collections.)

Dear Sir,

We thank you for your order given to our salesman, Mr. Butler, on October 18. He mentions that you wish this to be charged on the usual 60 days' credit.

We should be glad to do this for you if it were possible but, as you know, you have been lately very much in arrear with the payment of your accounts and there is at present \$250 owing, which is two months overdue. The order just received amounts to a further \$150.

We suggest that you should help us to have these goods despatched at once. Just send us your check for the overdue account, or for \$200 at least, and the goods will be sent without delay.

You will see that this is only a reasonable request and such as you would make from your own customers.

Yours very truly,

**Wholesale trade: Holding back goods; limit of credit exceeded.**

Dear Sir,

We thank you for your order of June 2, which will be ready for despatch, complete, by June 10.

This order amounts to nearly \$1,200, and we find that your account shows a balance of \$2,500 at present, of which \$1,000 was due for payment May 1.

We are very anxious to help you to build up your trade and we greatly dislike to hold back deliveries, but you will remember that when you last called here we increased your limit of credit to \$2,000, with the understanding that you would pay for purchases within 60 days.

We want you to make it possible for us to send your order of June 2 immediately the goods are ready. Will you not send us a check now, please, for the \$1,000 due May 1, to enable us to send these further goods without exceeding the agreed amount of credit.

Yours very truly,

**Request to dealer to refuse to supply competing new store.**

Gentlemen,

One of our assistants, Mr. Thomas Brown, is leaving us rather suddenly and is opening a store on his own account, close to ours.

We need hardly say that this meets with our strongest disapproval and we are determined to meet his competition by selling our goods at cost price for whatever time may be necessary to persuade him to remove.

We write you this in case he applies to you with a view of opening an account and obtaining supplies of goods from you. We do not wish to dictate to you in this matter, but we are determined not to buy from the same house that supplies him. If you decide upon supplying Mr. Brown, you will please make up our statement of account, and we will at once remit you to close the account finally. We may remind you that we have been trading with your firm for the last 25 years, our average purchases having been \$50,000 per annum.

We shall be pleased to hear of your decision in this matter.

Yours truly,

**Reply, refusing request.**

Gentlemen,

In reply to your letter of yesterday, in reference to Mr. Brown, your assistant, we beg to inform you that it is our firm principle never to allow any customer in any town to have the exclusive right of buying his goods from us.

Mr. Brown has not yet applied to us for credit, but should he do so, we shall reserve perfect liberty of action; at the same time we should be very sorry indeed if anything prevented your firm from trading with ours, as we have dealt with one another for so long.

To any well-conducted and well-established firm such as yours, with the excellent reputation it enjoys, we are convinced that competition cannot possibly do any harm.

Yours very truly,

**CHAPTER 71.—THE LAW REGARDING ANSWERS TO CREDIT ENQUIRIES.**

Enquiries from trading firms; credit enquiry associations; credit statements by debtors; form of property statement. Letters asking customers for references.

Traders are entitled by law to give freely to each other information with regard to the financial resources and the honesty of persons who ask them for credit.

A retailer when giving references to a wholesale firm from whom he asks credit, invites the opinions of the referees. If, in reply to enquiries, they give their honest opinions, even though these are unfavorable, the retailer enquired about cannot sue them for having injured his reputation.

If the referee gives misleading favorable opinions, so as to mislead a wholesaler into giving credit, and he suffers loss through the insolvency of the retailer, he can sue the referee for misrepresentation, provided he can prove that the referee knew it was risky to give credit to the retailer. If the referees were themselves misled as to the retailer's financial honesty, and can prove it, they would not be liable for the loss suffered by the wholesaler.

No trader is entitled to reply to a credit enquiry by saying that the person enquired about is a bad payer, or otherwise not worthy of credit, unless he really has grounds for believing it to be true, and only then if he makes the statement without any feeling of ill will or revenge.

A wholesaler who gives a bad credit reference respecting one of his customers, simply so as to prevent that customer buying on credit from another wholesaler, would be liable to an action for damages for injuring the retailer's trade reputation.

Whatever unfavorable opinions a business man may have as regards the honesty or reliability of others, he is not entitled to state them for the purpose of malice or revenge.

Enquiries as to credit are protected by law, if the replies are truthful and made honestly, without malice. They are usually stated to be "confidential" but this will not protect any person making untruthful or malicious reports.

**Credit enquiry associations.** The dealers in certain trades protect themselves by forming associations, which collect and distribute to their members credit information regarding customers. These associations are recognized by law as having the right to distribute both favorable and unfavorable credit reports to their members, for their mutual interest.

In order to protect the writers against libel actions for unfavorable reports, it is advisable to use the initials only of the firms or persons referred to. Another way is to have the name typed or written on a separate slip, which is enclosed with the letter; no name or initials are then stated in the letter.

**Confidential information on foreign trading firms,** in practically all countries, can be obtained on inquiry by letter or telegraph from Commercial Intelligence Division, Bureau of Foreign and Domestic Commerce, Washington, D. C. There are now on file detailed reports on 175,000 foreign firms, their organization, management, personnel, capitalization, reputation, banking connections, etc. This makes export-

ing safer and surer. **Any American business house can get this service free**, but only a bank can obtain certain reserved credit information.

**Credit statements by debtors.** It is a criminal offense for a person to send through the mails a false statement of his financial position, for the purpose of obtaining credit. In order to prove that it was mailed, it is advisable to attach the envelope to the statement.

If a debtor makes a sworn statement of the accuracy of a balance sheet (or other statement of resources and liabilities) which he knows to be false or misleading, he is liable to a criminal prosecution for fraud.

Trade associations and banks generally use forms of property statement which require very full details of a merchant's assets and liabilities. Where large amounts of credit are required, a public accountant may be employed to examine the books of the borrower and to prepare a balance sheet and statement of earnings.

**False financial statements.** If a false statement is sent through the U. S. mails, the person making it may be prosecuted for using the mails for purposes of fraud. The envelope in which the statement was received should be kept with the statement. Complaints should be filed by creditors with the U. S. District Attorney. It is easier to prosecute for using the mails to defraud than to bring action under states laws for making false financial statements. The facts which must be proved are: (1) That the statement is false, by misrepresenting facts so as to obtain credit which would not have been given on a true and correct statement; (2) that the statement was made for obtaining credit, or for extending credit; (3) that the statement was made in the county in which prosecution is begun under states laws, or (4) that the statement was mailed; in this latter case, prosecution may be under the federal mail frauds law, either in the district where the statement was prepared or where it was received.

**Property statement.** The following is a short form of property statement given to a creditor by a debtor in order to obtain credit. Most statements of this kind are required to be sworn as correct before a notary or commissioner for oaths.

**Property Statement.**

..... 19....  
 .....HEREBY CERTIFY that..... engaged in the.....  
 business and the following is a correct and true statement of the condition of  
 .....business on.....19.....and we/I further agree to notify  
 A & B..... from whom.....have obtained credit based upon  
 this Statement if the same becomes impaired by Loss or otherwise. We/I have  
 read and hereby subscribe to the terms of sale as printed on the back of this  
 statement.

**Statement.**

(Assets) Merchandise on hand at cost.....\$.....  
 Accounts due, Good.....\$.....  
 Accounts doubtful.....\$ .....worth.....\$.....

Cash on hand and in Bank.....\$.....  
 Total Assets.....\$.....  
 (Liabilities) Owe for Merchandise...\$.....  
 Owe for Borrowed Money.....\$.....  
 Other Debts.....\$.....  
 Total Liabilities.....\$.....  
 Net worth at Risk of Business.....\$.....  
 Firm Signature .....

THAT I, ..... a partner  
 in said firm own in my name Real Estate, situated at.....  
 Worth.....  
 Mortgaged for.....

Signature.....  
 Business conducted under the name of.....  
 No. .... Street, in the City of ..... State of.....  
 Firm consisting of the following members:  
 Name: Residence:  
 .....  
 .....  
 .....  
 .....

References, .....  
 .....

**Letters asking for trade references.**

Dear Sir,  
 We have pleasure in sending herewith pro-forma invoice for the goods of your order of yesterday.  
 We should be obliged if you would favor us with check for the amount, or with the names of two trade references in case you wish to open a monthly account with us.

Yours very truly,

Dear Sir,  
 We are in receipt of your order of yesterday which shall have our careful attention.  
 Not having the privilege of your name on our books, we respectfully request that you will furnish us with at least two trade references, on receipt of which we shall have much pleasure in filling (executing, supplying) your order.

Yours very truly,

Dear Sir,  
 We wish to thank you for your order received to-day. We are glad to have your name on our books, because we believe that you will like the quality of goods we can supply and the care and prompt attention we will give to your orders. A credit account is a great convenience. We have opened one for you but, so that we may complete our records, will you please give us the name of some firm with whom you have already a credit account, or the name of any of our customers who recommended us to you. This is the usual procedure in opening a credit account for a new firm.

Will you please mail your reply in the enclosed envelope, addressed to our manager, so that it may be treated as confidential.

Yours very truly,

Dear Sir,

We thank you for your letter of yesterday giving references, but regret to say that these are hardly what we require.

If you will please refer to our last letter, you will notice that we ask for *trade* references, that is, the names of any firms in our district who have supplied you with the goods on credit terms. You will, no doubt, have little difficulty in supplying this information.

We regret to trouble you again in the matter, but it is quite unusual to accept personal references.

Yours very truly,

Dear Sir,

We thank you for your letter of June 20.

We find that this is the first order we have had the pleasure of receiving from you. On opening new accounts it is our custom to ask for the names of three or four references. We should therefore be glad if you would furnish us with the names of firms with whom you already have credit accounts.

It would assist us if you would also fill in and return to us the enclosed financial statement. This information will be treated as strictly confidential.

While this routine matter is being settled, we shall be preparing your order, so that it may be executed without delay.

We hope that your order, just received, may lead to a very agreeable business connection between us.

Yours very truly,

Dear Sir,

We thank you for your order of June 10, which we have prepared for immediate delivery. Invoice is enclosed amounting to \$125.

We are glad to learn that you desire to open a credit account with us and we welcome the opportunity of serving you as a regular customer.

As a business man you know that it is usual to furnish information for the opening of credit accounts and we should be obliged if you will do this by filling up the enclosed form and returning it promptly.

As it will require about 3 days before the credit account can be opened, we suggest that, if you are in urgent want of the goods ordered, your sending a check for \$125 would allow of their being sent at once.

Yours truly,

Gentlemen,

We are glad to have your order of Sept. 6th, for men's woolen vests. This appears to be the first order we have had the pleasure of receiving from you and your letter does not mention any method of payment.

You are no doubt aware of the custom in the wholesale trade that opening orders are payable in cash. We shall be pleased to open a credit account for you if you will be so good as to give us the names of some wholesale firms with whom you have already opened accounts. As the formalities of opening a new credit account may take a few days, we enclose invoice for the goods ordered, in case you prefer sending a check so that delivery may be made immediately.

Yours very truly,

Dear Sir,

Most of our customers are already rated with Bradstreet or Dun, or they send references to firms with whom they have been dealing on credit. If you would like us to open a credit account for your future purchases we should be glad if you would furnish us with references, according to custom.

We are always glad to welcome new customers like yourself, and to help them to establish a profitable trade. First transactions with new firms are usually for prompt cash and we hope you will find it convenient to make the same arrangement. We have no doubt that you will see that a business like ours, selling on the smallest possible profit and buying for cash, is not in a position to grant extended credit.

Yours truly,

Dear Sir,

We are greatly obliged to you for your order received this morning. As this is our first transaction with you, we should appreciate your sending us the names of 3 or 4 responsible people in your district, so that we may be able to open a credit account for you. This is in accordance with general practice in our trade and we hope that you will see that it is reasonable.

It would avoid delay in sending the goods you ordered if you could make it convenient to send your check for the amount of the invoice enclosed. Then, if you would send us the names mentioned, your future orders could be supplied at once on a credit basis.

Yours very truly,

## CHAPTER 72.—ENQUIRIES FROM REFEREES AS TO CREDIT OF NEW CUSTOMERS.

Phrases, paragraphs, and letters.

### Opening Phrases.

Will you please be good enough to furnish me with details, as exact as possible, as to the credit which may safely be allowed to the firm whose name is given on the attached slip.

Messrs. Smith & Brown have given me your name as a referee (reference) respecting their financial standing. Will you please inform me, in confidence, of the extent of their resources and also as to their reputation.

May I ask the favor of your advice, in confidence, as to the prudence of our allowing credit to the extent of \$5,000 to the firm named at the foot of this letter.

We are on the point of executing a considerable order from Messrs. Charles & Co., and should be obliged if you would inform us, in confidence, whether your business relations with them during the past would lead you to advise us to allow them 3 months' credit, without security, to the amount of \$6,000.

We are at present negotiating with the firm named below, to give them an agency which will involve their having from time to time considerable amounts of our goods and money in their care. They have given us your name as reference (as a referee); will you please inform us frankly whether you consider we may safely give them credit to the extent of \$10,000. Any information you can furnish as to their capital and reputation would be greatly valued, and treated in confidence by us.

**We should be glad to know:**

**We should very much like to know:**

**We should be greatly obliged if you would inform us:**

whether they are in the wholesale trade.

if they have a good connection amongst retailers.

whether they have any influence with the large wholesale houses.

if they are amongst the leading (wholesale or retail), firms in your town.

whether they have the reputation of paying promptly.

whether their business is confined to a purely local trade, or whether they have connections with other districts, through advertising or agencies.

whether they restrict themselves to the wholesale, or if they finance retail stores, or do the retail trade themselves, under another name.

if they keep their business engagements strictly.

what kind of reputation they have as regards straight dealing.

what credit it would be safe to allow them.

if they have a reputation for having sufficient capital to pay promptly.

how long this firm has been established, and what is its financial reputation.

if it is a slow old-fashioned firm, or up to date and pushing.

if they have a reputation for keeping their engagements promptly and fully.

whether they have any connection with Messrs. Brown & Jones of your town.

what you think would be a safe credit to allow them.

whether they appear to have suffered very much from the strike in your district.

whether their credit is at all doubtful.

**Closing phrases.**

Please accept our thanks for the anticipated courtesy of your reply.

Allow us to thank you in anticipation of your early reply.

We thank you for the anticipated courtesy, (or service, or favor) which we shall be very pleased to reciprocate at any time.

Will you please let us know of any expense you may incur in obtaining this information and we will promptly remit in payment.

Oblige by debiting our account with any expenses incurred and accept our very sincere thanks for your attention.

Please excuse the trouble we are giving you, and accept our thanks for the favor of your anticipated usual courteous attention.

We shall be glad if you will make use of our services in any similar case.

We should be pleased to be of service to you for any enquiries you may need in our district.

We shall be pleased if we can assist you in any similar capacity.

We should be pleased to reciprocate your kind attention, should occasion arise.

If we can be of service to yourselves in any similar or other case, we should be pleased if you would call on us freely.

**Credit enquiries from referees.**

Gentlemen,

The Johnson Clothing Company, of Yonkers, wishes to open a credit connection with us, and gives us your name as a reference.

We shall appreciate the courtesy if you will supply the information requested below and return this letter to us in the enclosed stamped envelope.

We shall, of course, treat this information as strictly confidential. It will give us pleasure to render you any similar service.

Yours very truly,

**Information desired.**

1. For how long have they had a credit account with you?
2. What time was allowed for payment?
3. Do you consider them good for \$1,000?
4. Is their account at present overdue?
5. Do they pay promptly or slowly?
6. Do you know of any reason why we should be specially cautious in granting credit to them?

Dear Sir,

The firm named on the annexed slip of paper have written to offer me their services. The nature of our business would require my opening them a credit of \$7,000 to \$10,000, for the greater part of which I should at times have no security in hand.

Your numerous relations with other houses of the same town will no doubt enable you to learn, much better than I could, what credit may safely be granted to the firm in question, and I should be under a great obligation to you if you would kindly communicate to me anything you know or can learn concerning this.

I need not say that you may reckon on my complete discretion.

Yours very truly,

Dear Sir,

In reply to your inquiry of November 5th, I am pleased to inform you that the firm mentioned enjoys an unlimited credit. In my opinion, you may without the least risk grant the credit demanded, although I decline all personal responsibility in the matter.

Yours very truly,

Gentlemen,

We shall feel obliged by your opinion of the character of the under-mentioned firm, and whether you would consider them worthy of credit in business transactions to the extent quoted.

Yours very truly,

A. David & Co.,

\$5,000.

Gentlemen,

We are asked to extend credit to the firm whose name and address are stated below. They inform us that they have been dealing with you for some years.

We should greatly appreciate your telling us whether your experience with them has been such that you can recommend them to us. We should especially like to know the terms of credit on which they buy from you, that is, the limit of amount allowed and for what time, and whether they settle promptly under discount or if they take the full time permitted.

If it is possible for you to give us any information as to the managers of this business, and the general reputation of the firm, it would help us and we should be still further obliged to you.

— We assure you that the information furnished will be treated as strictly confidential and reserved to ourselves.

It would give us pleasure if you would make use of our services in any similar case.

Yours very truly,

Dear Sir,

We are bringing up to date our credit records respecting the firm named on the attached slip, as they occasionally ask us for accommodation with seasonal credit.

We should be greatly obliged to you if you could tell us, in confidence, of your experience with this firm. The following details especially would help; have they asked you recently for credit accommodation and to what extent; have they used it to the limit and paid promptly within the time allowed; have the managers of the business a good reputation with yourselves and with the trade, and are they men of means?

If you can add any further details likely to assist us, we should greatly appreciate them.

Your reply will, of course, be treated as entirely confidential and solely for our own use.

It will be a pleasure to us to render you a similar service at any time.

Yours very truly,

Dear Sir,

Mr. James Smith, of 5 Main St., Yonkers, wishes to open a credit account with us, and gives your name as a reference.

Will you please inform us as to his financial standing and his reputation for paying accounts.

We thank you for the favor of your attention,

Yours very truly,  
Jones and Brown.

Please reply on the back of this letter.

Stamped envelope enclosed.

Dear Sir,

Mr. D. Christopher, who we understand was a sub-tenant of yours, has applied to us for a lease of a small space. Will you be good enough to give us, in confidence, such information as you may have regarding the desirability and responsibility of Mr. Christopher, and oblige.

Yours very truly,

Dear Sir,

Mr.....has applied to us for an agency, and has given us your name as a reference.

We should be glad if you will inform us, on the form at the back hereof, whether you consider him to be honest, reliable, and in all respects a man who would be likely to become a suitable agent. Your reply will be treated as strictly confidential.

We enclose for yourself details of our scheme and particulars of our agency. Should you personally desire to become an agent, please notify us when sending the reference.

We thank you for the anticipated courtesy.

Yours truly,

Dear Sir,

We have been referred to you for a confidential opinion, based on your personal knowledge, of the trustworthiness, ability and general character of Mr. A. J. Digby, with whom we intend doing some business.

Any information you may furnish to us will be considered strictly confidential and will not involve you in any responsibility.

As this information can be used to advantage immediately, we ask the favor of a prompt reply in the enclosed stamped envelope.

Yours very truly,

**Manufacturers to their Agent.**

Dear Sir,

We confirm our letter of yesterday. Mr. B. has written us a few days ago, urging delivery of twills, which are now dyed and will be ready very shortly. We mention this, so that you are posted up in case Mr. B. should send for you. We have written him direct on the subject also, pointing out that our invoices, amounting to \$1167—are now due, and that we should like to have a remittance. It was our intention to write you about this account some time ago, as it strikes us that you might have been able to do a much larger turnover with Mr. B. if the financial question was arranged in a more satisfactory way to us. We understand, from your former communications, that Mr. B. is doing an increasing and very healthy trade, and that, if properly supported, he might be able to do a lot more. You know that we are well pleased to do the trade, and we should be only too glad to give Mr. B. our fullest support if you think that, from a financial point of view, we are absolutely safe for large amounts.

We can quite understand that he has to grant long terms to his customers, which, unfortunately, in our trade is becoming a nuisance, and we should not mind helping him as much as we can if he can show a satisfactory state of affairs. Our proposal is that you have a friendly talk with him, putting the matter before him in a straightforward way, and asking him if it would be agreeable to him if a certified public accountant went through his books, and gave us the necessary information. It would, of course, be treated by us as strictly confidential, and would certainly be to the benefit of Mr. B. We have made similar proposals to some of our other friends, where large amounts were involved, and things are working satisfactorily.

We hope to hear from you early on this matter.

Yours truly,

Dear Sir,

Will you kindly inform us if you consider it advisable to credit Messrs. F. Wolverton & Co., Broad Arrow Mills, Blackfield to the extent of \$1,000 to \$1,500 in the ordinary way of business. They give us your name as a referee (reference) in connection with an account they wish to open with us. Any information you may supply will be greatly appreciated and treated in strict confidence.

Yours very truly,

## CHAPTER 73.—REPLIES TO ENQUIRIES FROM TRADE REFEREES.

Examples of reports; good, indifferent, poor, bad. Phrases, paragraphs and letters.

### Opening phrases.

1. The firm mentioned in your letter is known to us as (is reported to be).
2. In reply to your enquiry, we have to report that the firm named is.
3. With reference to your enquiry respecting the firm of B. & Co., the information we have obtained, from a reliable source, is (to the effect) that it is.

**Good report.** (Continuation of 1, 2 and 3.)

**(The firm mentioned, etc.)**

is thoroughly respectable and trustworthy and the credit you mention may be safely given.

is one of the leading firms of this town; its credit is undoubted.

is of the highest standing, it has an excellent reputation for prompt payment and straightforwardness.

enjoys a good reputation, and its credit is first class.

pays very promptly, and is trading well within its resources.

may be considered as worthy of credit for much more than the sum you mention.

has a first class reputation and its partners are wealthy men.

though small, meets its engagements very promptly and its partners are hard working and thoroughly businesslike.

is very sound, and its balance sheets shows very large resources; it enjoys unlimited credit here.

may be safely trusted to a considerably higher figure than that you name.

has the reputation of preferring to pay for its purchases on prompt cash terms, which is an indication of considerable capital.

**Indifferent report** (not very good).

**The firm named:**

pays very irregularly, and possesses only a small capital.

has always, so far, met its engagements, though sometimes with difficulty.

seems to have difficulty occasionally in paying within the full term of customary credit.

is of minor importance and is not known to have much capital.

is at present meeting with severe competition, of which the effects are still to be discovered (seen).

is barely making expenses, although it pays fairly regularly.  
 may be only trusted to the extent (amount) you name, as a maximum.  
 although in a small way, has never given cause for suspicion as to its soundness.  
 we cannot obtain any definite information locally as to their (its) financial position, as they (it) appear to seek credit only in distant towns.

**Unfavorable report** (poor report).

their standing is only poor.  
 their reputation is very indifferent.  
 they have lately been returning bills unaccepted.  
 they have been numerous protests of their acceptances lately.  
 they have been lately raising funds by means of accommodation paper.  
 local banks will not discount their acceptances.  
 they have lost very heavily lately on unprofitable South American consignments; we recommend you to be very careful in allowing credit.  
 they are reputed to be wealthy but rather unscrupulous in making claims.  
 this firm has only lately commenced business here and has yet to make its reputation; it appears to have only moderate resources.  
 this house is not known in the wholesale, but we are making careful enquiries concerning it and will report to you as early as possible.

**Bad report.**

**The firm in question:**

has the reputation of not paying until it is compelled.  
 is stated to delay payment by frivolous claims and to pay only on threat of legal proceedings.  
 ✓ has great difficulty in paying its accounts (creditors) within the usual time allowed.  
 although the principals are honest, it has considerable difficulty in meeting its engagements.  
 has suffered heavy losses recently and is in difficulties with its creditors.  
 receives local credit only to the limit of \$1,500.  
 should be allowed credit with caution, and only to an amount not exceeding \$2,000.  
 has not a very good reputation and only small capital, the only substantial partner having retired last year.  
 the sole owner, Mr. . . . . ., has the reputation of being too speculative.  
 is owned by Mr. Black, who is reported to speculate on the stock exchange.  
 is owned and managed by Mr. Thomas, who has a very doubtful reputation.  
 is only dealt with here on strictly cash terms; its proprietor being considered much too keen (not too scrupulous, not too straight).  
 does not receive any credit locally; its partners having been connected with some recent shady company promotions.  
 we have not had any dealings with them, but the reports as to their position are very unsatisfactory.

**General replies to credit enquiries.**

Our books show that this customer has taken his discounts regularly during the past two years.

We have always had trouble in collecting accounts from them, and they have always taken the full period of credit allowed for payment net.

We have been selling to this customer on credit for the last five years and he has always paid us within the usual credit period.

He has only had a credit account with us during the last three months, so that we are not able to give information which would be of service to you.

Until a year ago we allowed this customer a credit of \$1,000 on 90 days' credit, but we had to discontinue this. He now buys from us exclusively for cash before delivery.

We have pleasure in sending you, on a separate sheet, the information you wish as to our dealings with the A. B. C. Co., enquired about in your letter of October 6th.

We hope this information will be of service to you in deciding what credit you may allow them.

**Advice given** (instead of making a detailed report).

**We recommend you:**

to be very prudent in the extent of credit you allow.

to give credit only for small amounts and for short periods.

to limit their credit strictly to the amount of \$2,000 at most, for not longer than 1 month, and to insist on payment at the exact date agreed.

to allow credit to not more than \$500 at present, and to keep yourself informed of any changes in their position.

not to have any dealings with them.

to collect what is owing to you and to decline to give further credit.

**Closing phrases.**

(1) We give this information with all reserve and in strict confidence.

We rely on your making a discreet use of this information, which is given to you in strict confidence.

This information has been given to us from a trustworthy source but we do not guarantee it, nor do we accept any responsibility for its accuracy.

You will please treat this information as purely confidential, and without responsibility on our part.

It is understood that this information is supplied in confidence, and without liability on our part.

We trust you will make discreet use of this information, and not allow us to be prejudiced by it.

(2) We are pleased to have been of service to you (as an acknowledgment of your own kind services).

We are glad to have had this opportunity of serving your interests and we request you to make use of our services freely on any future occasion.

The expense of obtaining the information was too slight to be worth mentioning.

We thank you for your offer to reimburse the expense of enquiries but the cost was too trifling to bring into account.

**Letters replying to credit enquiries.**

Dear Sirs,

In reply to your enquiry, we regret to state that the firm in question has a very unfavorable (bad) reputation; the principals are considered unreliable and the firm usually pays only after proceedings have been threatened. We recommend you not to allow any credit.

This in confidence and without responsibility on our part.

Yours truly,

Dear Sirs,

We have pleasure in informing you that the firm named at the foot hereof is one of our largest and wealthiest wholesale houses, and that you may safely allow credit for very considerable sums. We have ourselves given credit for more than \$20,000 several times, and have been paid promptly to secure the largest discounts.

This information is furnished to you in confidence, and without liability on our part.

Yours truly,

Dear Sir,

We have occasionally had small transactions with the firm you name and have been paid promptly. Both partners are hardworking, reliable men of business, and have the reputation of trading well within their capital. We believe that you could safely allow the credit you name, but we give this information without responsibility and in confidence.

Yours truly,

Dear Sir,

We are unfortunately unable to obtain precise information respecting the trader named, as we ceased to deal with him about three years ago, in consequence of some sharp practice on his part.

His limit of credit here is very small, about \$3000, although he pays regularly. We hear, on good authority, that he has lately been trying to recover his position by speculating on the stock exchange. We therefore cannot recommend you to deal with him on credit.

We hope that, on another occasion, we shall be able to be of more service to you.

Yours very truly,

**Replies to enquiries from referees.**

Gentlemen,

We are glad to supply you with the required information respecting Mrs. Robert Brown, asked for in your letter of July 2.

She has had a monthly account with us for 18 months, with a limit of \$150. Her purchases have been always within this limit and have been paid within a few days after the sending of the first statement. We should consider her a desirable customer.

This information is in confidence and without any responsibility on our part.

Yours very truly,

Dear Sir,

Replying to your enquiry respecting the firm named on the attached slip.

He has had an account with us for the last three years. Until a year ago he paid promptly and took discounts but his trade has fallen off lately and he has been slow in payments. At present he owes us \$350 for purchases made four months ago and we have had to place his account in the hands of our attorney for collection.

This information is, of course, in confidence. We regret that we cannot give you a better report, especially as this customer seems to have done his best to succeed. We think that the strike of miners in his district, and the enforced giving of credit, in consequence of this, has been responsible for his troubles.

Yours truly,

Messieurs Durand et Cie., Paris.

Gentlemen,

Since last writing you we have communicated with our bankers, and find that the credit of Nasmith's is good up to \$15,000. At the same time we do not advise you to allow them to have any credit with you for more than \$2,500 to \$3,500, as it is very probable that they may owe money in other quarters.

Yours truly,

Gentlemen,

Replying to your enquiry re Messrs. Marshall & Co., I should consider them good to the extent of \$2,000 and with, say, two months' credit. This is, of course, without responsibility, and in confidence.

Yours truly,

Dear Sir,

Replying to yours of the 3rd July, the information I have obtained from various sources is stated below:

1. Manchester, N. H. "Firm doing a good business; appears not to have suffered in the late depression so much as less enterprising firms in same line; seems to have considerable capital; pays its own accounts under discount, does not press for payment of accounts."

2. Same town, (a bank). "Doing well, sufficient capital; safe for amount named."

3. Boston (Bank). "Difficult to judge exactly, chief interest being in Manchester, N. H. Has good orders on hand for fancy goods on which fair profits are obtained."

Yours very truly,

Gentlemen,

Replying to your inquiry re Messrs. F. Wolverton & Co., Broad Arrow Mills, Blackford, we should consider them good to the extent of \$1,000 and with say, 2 months' credit. This is, of course, without responsibility and in confidence.

Yours truly,

## CHAPTER 74.—REPLIES TO CUSTOMERS AFTER MAKING CREDIT ENQUIRIES.

Forms of application for credit; thanking referee for information.  
Examples of letters.

### Half of price asked for, before making machine.

Dear Sir,

We thank you for your order of the 5th Aug., for one planing machine, to special design.

As we have not had the pleasure of doing any previous business with you, we should be obliged if you would, in accordance with the usual trade practice, forward a deposit of half the price, namely \$300, the other half to be paid when the machine is ready for shipment.

May we point out that we are exceptionally equipped for making lathes for Works like your own, and we should always be pleased to supply specifications and prices, or to quote for making and erecting machines of your own design.

Yours very truly,

### Unfavorable report, cash requested.

Dear Sir,

We received your letter of 25th inst. furnishing references, but regret to inform you that on enquiry we are told that one of the firms named does not know you as a customer, and the reply from the other referee (reference) is not satisfactory.

We should be obliged if you would therefore remit in payment of our invoice of the 18th inst., as we regret that we cannot at present allow the credit account you ask for.

Yours very truly,

### Thanking correspondent for information.

Gentlemen,

We thank you for your letter of yesterday and especially for the promptness with which you supplied us with information as to the financial position of the Omaha firm.

We are afraid that if we had not been so fortunate as to be favored with your kind services we should have sustained a severe loss.

Please therefore accept our sincere thanks for your assistance.

We shall of course deal with the information given with the greatest discretion.

It would afford us much pleasure if you would avail yourselves of our services in any similar case, or in any other way in which we could be of use to you.

Yours very truly,

## CHAPTER 75.—STATUS ENQUIRIES FROM CREDIT AGENCIES.

Examples of letters and replies.

(For explanations see Chapter 70 on "Wholesale trade—Applications for credit accounts.")

### Credit enquiry.

Gentlemen,

We should be greatly obliged if you could assist us in the matter of a credit reference respecting the firm whose name, with other details, is stated on the enclosure with this letter.

We have found the usual credit agencies here rather unreliable when dealing with western references, and, as their information is generally out of date, we should certainly give more attention to a report given by your firm.

Will you please inform us of any expense this enquiry may entail, so that we may send you check in payment.

It would give us great pleasure to be of service to yourselves in a similar or any other case.

We thank you for the anticipated courtesy of your attention.

Yours very truly,

### Reply.

Dear Sir,

We have pleasure in returning herewith your credit enquiry sheet, furnished with the latest information we can obtain respecting the firm in question.

Although we believe that you may rely on the details there given, we do not accept any responsibility therefor (for them).

Our expenses in this matter have been \$2.

We are pleased to have been of service to you in this matter.

Yours faithfully,

### Report.

—G. H. G.—

The above has occupied the house at address given for 2 years at a rental of \$1,200 per annum. He is held in good repute and pays his household accounts promptly, but his occupation cannot be ascertained and we cannot speak as to his ability to meet the amount named.

### Credit enquiry (French firm).

Dear Sirs,

Enclosed please find enquiry form for name as below.

I should be glad if you could get this put through as quickly as possible.

Yours faithfully,

Paul André, \$10,000.



**PART VI**  
**MONEY, BILLING, AND PAYMENTS**



## CHAPTER 76.—PAPER AND METAL MONIES AND THEIR USES IN COMMERCE.

Barter; coinage, token money, gold and silver; legal tender; paper money; inconvertible foreign paper money; premium on gold; bimetallism, two standard systems; Gresham's law; bullion, specie: why the price of gold keeps steady. Monetary system of the U. S. A. Foreign monies valued in U. S. money.

Readjustments in the various national monetary systems are constantly altering the relationships between the national monies of the world. Remarks in this book concerning the international gold standard and the foreign equivalents of monies are based on "normal" conditions and are therefore subject to qualifications. Up-to-the-minute information regarding the world monetary situation is available in the newspapers, financial publications, Treasury reports, and other sources.

**Barter. (Goods used as money.)** The simplest form of trading is where a man who has more than he requires of one kind of goods exchanges a portion of them for some article produced or owned by another man, or for services.

**Coinage.** In an advanced stage of civilization barter is generally impossible, because of the variety of things required by each person. Therefore, metals or special articles are used for the bases of value. Where metal is used it is called "coinage"; it is made into small circular or square shaped coins by the government and stamped with the national name, or the national arms, as a guarantee of genuineness.

There are three kinds of money (1) *gold coinage*, which is worth its face value as gold metal and which can therefore be used in trading with other nations, as well as for domestic trade; (2) *Token money*, (silver, bronze and nickel money) which is only worth about one-third of its face value, and which would not be accepted by foreign nations except as metal at the price of metal. (In practice, token money is not accepted at all by other nations.) (3) *Paper money*, mentioned later.

**Values of coins.** All governments restrict to themselves the making of coins for money. The United States \$5 gold coin, and the British gold sovereign (\$4.86) and half sovereign, are worth almost their full face value and the governments make no profit on coining them. This is the reason why the public has to bear the loss on light gold coins paid into a bank or to government offices.

**Token money.** On silver, bronze and nickel coins, governments make large profits, because the metal used costs only a fraction of the face values of the coins. This token money is only used inside the country where it is made. Generally no one is bound to accept more than a limited total amount of bronze, nickel, or silver coins.

**Gold coins**, which are of full face value, can be used for any payment,

however large; they are accepted by foreign nations also at nearly their face value; their values as metal or as money are almost alike.

The advantage of coinage for money is that it takes up only a small space and can be easily carried, it has a certain definite value, it stands hard wear in circulation, and lastly, the coins of token money can be used for all kinds of fractional values.

**Gold and silver** are the two metals which have been found most satisfactory for high values, because their values as metals are not subject to much change.

**Legal tender** (legal offer). This is money which is declared good, by law.

In the United States, silver up to \$10, and gold over that amount, are legal tender. The paper money commonly used is exchangeable for metal coinage.

Gt. Britain, gold (in sovereigns, £ 1 pieces), Bank of England Notes for £5 and upwards, and government currency notes of ten shillings (\$2.43) and £1 (\$4.86), are lawful money, that is, "legal tender," to any amount. Silver is only good for payments less than 40s., (£2 or \$10) and bronze coins only up to 1 shilling, (25¢).

For Ireland, Bank of Ireland notes and sovereigns (£1) are legal tender, with silver up to £2 and bronze up to 1/- (25¢).

For Scotland, Bank of Scotland notes and sovereigns are legal tender to any amounts, with silver and bronze up to the same limits as in England. Bank of England notes are not legal tender in Ireland or Scotland, nor vice versa.

In France, both gold and silver are legal tender, but paper money and silver are generally used.

Postal money orders are not legal tender in any country, nor are postage stamps. Neither are checks and bills of exchange legal tender, because they are not government-made money, and, further, because there is no certainty that they will be paid. Although not legal money, checks and bills of exchange are accepted freely, by merchants, as good money.

**Paper money.** All civilized nations use paper money, that is, bank notes or government notes, both for convenience in carrying and also to save the wear of gold coins. Both government notes (currency notes) and bank notes are legal tender in the United States. Government notes of 10 shillings and £1, and Bank of England notes for £5 and upwards, are legal money in England. Every note issued by the Bank of England is exchangeable for gold on demand. Other British bank notes are also exchangeable for gold on demand, at the banks which issue them, and it is the same in almost all the countries in Europe, except in France where either silver or gold may be offered.

(Note.—In consequence of the unusual demand for gold since the war, the free exchange of paper money for gold is discontinued for a time in several European countries.)

**Inconvertible foreign paper money.** Some countries in South America use what is called "inconvertible" paper money, that is, bank notes for which gold cannot be demanded in exchange. Some of these countries even insist on taxes and customs duties being paid to them in gold, or its equivalent in value, while they pay in paper money of uncertain value, or in silver worth only about one-third of its face value. The result is that in such countries gold coins disappear, being taken out of circulation by bankers and merchants, who use them for paying their debts to foreign creditors who will not accept the paper money at all, and who will only accept silver and bronze coins at their value as metal. (See Gresham's law, further on.)

**Premium on gold.** In such cases gold becomes at a premium; for example \$2.50 to \$3 face value of silver coins would be paid for \$1 in gold; for the reason that the gold \$1 would be accepted as worth \$1 in paying for goods imported from other countries, whereas it would require \$2.50 to \$3 face value of silver coins (worth only \$1 as metal) to pay the same debt.

Some of these South American governments issue additional quantities of government notes, (that is, paper money) whenever they require cash, and they then declare them to be legal money. The result is that the whole series of paper monies issued becomes depreciated, and trade with foreign countries is greatly hampered because of the difficulty of paying for imports from abroad in money which foreign traders will accept. It will be seen that if a foreign gold coin can be bought for an equal amount in silver, then a South American merchant buying machinery in the United States for \$1,000 would only pay about \$1,000 in gold coins of his own country. If, on the other hand, he had to pay \$3,000 of his native paper or silver money to get \$1,000 in gold, in order to pay the United States merchant, then the machinery will have cost him \$3,000, which is three times more, in money of his own country. We should then say that gold in that country was at a premium of 300%.

The United States, Great Britain, and most other countries use a gold standard of money, that is, payment in gold is the only legal payment for large amounts, silver having only an artificial value, not being legal tender except for small amounts, as change.

**Bi-metallism or two standard system.** Some silver producing countries have tried to use two standards of money, called "bi-metallism," so as to allow the owners of the native silver mines to sell their production at higher prices. Bi-metallism may be defined as the between-standard,  $5\frac{1}{2}$  lbs. weight of silver being reckoned as worth 1 lb. weight of gold. The governments of the United States and several South American republics have tried at times to make their people accept the double standard, by passing laws making both silver and gold legal tender, in the proportions of  $5\frac{1}{2}$  lbs of silver to 1 lb. of gold, but these laws could not make foreign nations accept silver at this rate. The result has always been the same, that finally the gold has been sent abroad in payment, leaving only the silver coinage in circulation, so making gold at a premium.

**Gresham's law.** This rule was first stated by Sir Thomas Gresham whose name it now bears. The rule is that when bad money or low value money is in circulation, together with good money, the bad money will drive the good money out of circulation, for this reason. Light coins, or those made from metals worth less than the face value of the coins, are passed on from hand to hand, because no one wants to keep them, but good coins of full weight are saved and melted into bars (ingots), to be sent abroad where they are accepted as metal and valued according to their weight and purity.

Therefore if paper money, with no gold support, is issued in a country where gold coinage is in circulation, the gold will always disappear from circulation, in accordance with Gresham's law.

**Bullion** is gold and silver in bars, sometimes called "ingots"; they are valued as metal, according to their "fineness," that is, according to their purity. This fineness is stamped on them by the government "mint" which has "assayed" them. The assaying is the testing of the ingots for pure gold contents.

**Specie** is the name given to bars of silver. It is also used to mean coins of gold or silver.

For payments to foreign countries, gold in bars is generally used, because it can either be used to make the money of that foreign country, or it can be re-exported as metal, at the market price of the day. It must not be forgotten that very large quantities of gold and silver are used in making jewelry, gold and silver plate, and ornaments, and that the price of silver varies considerably at times. Gold coins are frequently melted down by manufacturers for making into gold ornaments, because in this way the gold is obtained at the cost price and of a guaranteed standard of purity.

**Why the price of gold remains unchanged.** The price of gold remains very steady, for the reason that Great Britain controls the production of gold and that the Bank of England is compelled by its charter to buy all gold offered to it at the price of £3.17s.9d per standard ounce of 22 parts pure gold and two ounces of alloy or hardening metal. It costs 3 cents per ounce, in labor, expenses, and interest, to make gold bars into sovereigns, (£1 coins) and these sovereigns are offered to the public through the Bank of England at exact cost, that is, on the basis of £3.17s.10½d. per ounce. The English sovereign of £1 (worth \$4.86) is therefore worth nearly 19s.11½d or \$4.83, valued as gold metal.

The United States Treasury is the largest holder of gold at present and it naturally upholds the market price of this metal.

The result of the price of gold remaining steady is that it can be used as a convenient means of fixing all other prices for international importing and exporting.

Another important reason why the price of gold remains steady is that the average amount of money received for gold produced from successful gold mines is only sufficient to cover the cost of working plus the capital losses through other unsuccessful mines.

There is no practical advantage to any bank or nation in holding large reserves of gold. Gold produces nothing, not even interest, and it is expensive to guard. Stocks of gold do not have any great effect on foreign exchanges. The price of the money of one country in money of another country depends largely on demand and supply and the credit of the foreign nations, combined with their intentions, and their ability, to pay their debts or not.

### Monetary System of the United States

(Revised by the Director of the Mint.)

**GOLD COIN**—Weight, 25.8 grains to the dollar; fineness, 900-1000, unlimited as to issue; denominations, \$2.50, \$5, \$10, \$20; legal tender, unlimited; receivable for all public duties; exchangeable for gold certificates and subsidiary and minor coin.

**STANDARD SILVER DOLLARS**—Weight, 412.5 grains; fineness, 900-1000; ratio to gold, 15.988 to 1; coinage ceased in 1905; legal tender, unlimited, unless otherwise contracted; receivable for all public duties; exchangeable for silver certificates and smaller coins.

**SUBSIDIARY SILVER COIN**—Weight, 385.8 grains to the dollar; fineness, 900-1000; ratio to gold, 14.953 to 1. Limit of issue, needs of the people. Denominations 10 cents, 25 cents, 50 cents; legal tender not to exceed \$10; receivable

for all dues up to \$10; exchangeable for minor coin; redeemable in "lawful money" at the Treasury in sums or multiples of \$20.

**MINOR COIN**—Weight 5 cent piece, 77.16 grains, 75 per cent copper, 25 per cent nickel; 1 cent piece, 48 grains, 95 per cent copper, 5 per cent tin and zinc; limit of issue, needs of the people; legal tender not to exceed 25 cents; receivable for all duties up to 25 cents, redeemable in "lawful money" at the Treasury in sums or multiples of \$20.

**GOLD CERTIFICATES**—Limit of issue for gold bullion to two-thirds of the amount of gold certificates outstanding; for gold coin, unlimited, unless gold coin reserve against United States notes (greenbacks) falls below \$100,000,000; denominations, \$10, \$20, \$50, \$100, \$500, \$1,000, \$5,000, \$10,000; gold certificates are not a legal tender; receivable for all public dues; redeemable in gold coin at the Treasury.

**SILVER CERTIFICATES**—Unlimited as to issue for standard silver dollars; denominations, \$1, \$2, \$5, \$10, \$20, \$50, \$100; not a legal tender; receivable for all public dues; redeemable in silver dollars at the Treasury.

**UNITED STATES NOTES**—Limit of issue, \$346,681,016; denominations, \$1, \$2, 5, \$10, \$20, \$50, \$100, \$500, \$1,000; legal tender for all debts, public and private, except Customs and interest on the public debt; receivable for all public dues; redeemable in gold at the Treasury.

**TREASURY NOTES OF 1890**—No further issues; volume steadily diminishing by redemption in silver dollars; denominations, \$1, \$2, \$5, \$10, \$50, \$100, \$500, \$1,000; legal tender, unlimited, unless otherwise contracted; receivable for all public dues; redeemable in gold or silver dollars at the Treasury.

**NATIONAL BANK NOTES**—Limit of issue not to exceed capital of banks; denominations, \$5, \$10, \$20, \$50, \$100, \$500, \$1,000; not a legal tender; receivable for all public dues except customs; redeemable in "lawful money" at the Treasury or at bank of issue.

**FEDERAL RESERVE BANK NOTES**—Limit of issue unlimited, except by the required security, and by the discretion of the Federal Reserve Board; denominations, \$1, \$2, \$5, \$10, \$20, \$50, \$100, \$500, \$1,000; not a legal tender; receivable for all public dues except customs; redeemable in "lawful money" at the Treasury or at bank of issue.

**FEDERAL RESERVE NOTES**—Limit of issue same as Federal Reserve Bank notes; denominations, \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, \$5,000, \$10,000; not a legal tender; receivable for all public dues; redeemable in gold at the Treasury, and in gold or "lawful money" at any Federal Reserve Bank.

### Abbreviations; Money and Prices

(See also table of values of foreign monies.)

@, at the price of; *amt.*, amount; *ad. val.* or *A/v.*, ad valorem (duty); *at wks.*, at the works (factory); *avge.*, average.

*B. O.*, buyer's option; *B. P.*, bon pour (value or amount of draft in francs).

*C.* or *c.*, 100, cents, centimes or cubic; *carr. fwd.*, carriage forward; *carr. pd.*, carriage paid; *cd. fwd.*, carried forward; *cif.* or *c. f. i.*, cost, freight and insurance; *cif.*, *c.&i.*, cost, freight, insurance, commission and interest; *C. H.*, Custom house or counting house (office); *chges.*, charges; *chges. fwd.*, charges forward;

*chges.*, *ppd.*, charges prepaid; *ck.* or *chq.*, check, cheque; *cmes.*, centimes; *C. O.*, cash order; *C. O. D.*, cash on delivery; *C. Pd.*, carriage paid; *C. L.*, car load lots.

*D.*, penny, pence; *del cred.*, del credere, commission; *dis.*, discount; *dols.*, dollars; *dy.*, day.

*F.*, *fr.*, *fc.*, franc; *fl.*, florin; *f. o.*, for orders, firm offers; *f. o. b.*, free on board; *f. o. c.*, free of charge; *f. o. r.*, free on rail; *f. o. t.*, free on trucks; *Fr.*, French, France, or francs; *frt.*, freight; *ft.*, foot.

*Gns.*, guineas.

*Hf.* half; *H. P.*, half price or horse power or hydraulic pressure.

*Kr.*, Kreuzer or Kroner.

*L.*, *£*, pound sterling (\$4.87); *l.*, lira, lire, litre; *lb. av.* or *lb.*, pound avoirdupois; *lb. ap.* *lb.* of apothecary's weight; *L. C. L.*, less than car load lots; *£ s. d.*, pounds, shillings and pence; *loco.*, on the spot, locally; *L. t.*, long ton, 2240 lbs.

*Mkt.*, market.

*No.* or *#*, number.

*%*, per cent, our order, care of; *o/oo*, per 1,000; *o. r.*, on rails; *or.*, or nearest price; *o/s.*, outstanding (checks or a/cs).

*P.*, per, pro, page; *P. %*, private %; *p. c.* or *p. ct.*, per cent; *P. C.*, price current or petty cash; *Pf.*, Pfennig; *P. o. d.*, pay on delivery; *P. P.*, postage paid; *pp.*, pages; *p. p. a.*, per cent per annum; *ppal.*, principal (amount); *pr.*, per, price, pair; *pt. cash*, prompt cash.

*Quotn.*, quotation.

*R.* or *rbl.*, rouble; *redn.*, reduction; *Rs.*, rupees, rates.

*S.*, South, steamship, stock, single, small; *s.*, shilling (25c); *sh.*, share, shilling; *sil.*, silver; *sov.*, sovereign, pound sterling; *s. t.*, short ton, 2,000 lbs.; *stg.*, sterling; *S. D. B. L.*, sight draft and bill of lading attached to invoice.

*T. T's.*, telegraphic transfers.

*W. r.*, weekly rental; *wt.*, weight.

*X.*, ex (quay, ship, &c.).

*Yd.*, yard; *yr.*, year.

## FOREIGN COINS VALUED IN UNITED STATES MONEY

(See note about fluctuations in values of foreign monies on page 475.)

**NOTE.** The letters G and S, following the names of the countries, mean that the legal standard used is gold (G) or silver (S).

Argentine Republic, G., (\$0.9648). Currency: Paper, normally convertible into gold at 44 per cent of face value; now inconvertible.

Austria, G., Schilling (\$0.1407).

Belgium, G. and S., Franc (\$0.1930). Member Latin Union.

Bolivia, G., Boliviano (\$0.3893). 12½ bolivianos equal 1 pound sterling.

Brazil, G., Milreis (\$0.5462). Currency: Government paper normally convertible at 16 pence (—\$0.3244) per milreis; now inconvertible.

British Colonies in Australia and Africa, G., Pound sterling (\$4.8665).

- British Honduras, G., Dollar (\$1.0000).  
 Bulgaria, G., Leva (\$0.1930).  
 Canada, G., Dollar (\$1.00).  
 Chili, G., Peso (\$0.3650). Currency: Inconvertible paper.  
 China, S., Tael, Haikwan (Customs). The tael was a unit of weight, not a coin, which was abolished in April, 1933. The customs gold unit equivalent to 30-33 cents gold was created in China for the levying of import duties, and such duties have been collected in terms of the unit since February, 1930. The duties may be paid in silver yuan, according to the prevailing rate of exchange.  
 Colombia, G., Peso (\$0.9733). Currency: Government paper and gold.  
 Costa Rica, G., Colon (\$0.4653).  
 Cuba, G., Peso (\$1.0000).  
 Czecho-Slovakia, G., Krone (\$0.2026).  
 Denmark, G., Krone (\$0.2680).  
 Dominican Republic, G., Dollar (\$1.0000). U. S. money is principal circulating medium.  
 Ecuador, G., Sucre (\$0.4867).  
 Egypt, G., Pound (100 piasters) (\$4.9431). The actual standard is the British pound sterling, which is legal tender for 97½ piasters.  
 Esthonia, G., Kroon (\$0.2680).  
 Finland, G., Markka (\$0.1930).  
 France, G., and S., Franc (\$0.1930). Member Latin Union.  
 Germany, G., Reichsmark (\$0.2382).  
 Great Britain, G., Pound sterling (\$4.8665).  
 Greece, G., and S., Drachma (\$0.1930). Member Latin Union.  
 Guatemala, G., Quetzal (\$1.000).  
 Hayti, G., Gourde (\$0.2000). Currency: National bank notes redeemable on demand in American dollars.  
 Honduras, S., Peso (\$0.5140). Currency: Bank notes.  
 Hungary, G., Krone (\$0.2026).  
 India (British), G., Sovereign (\$4.8665); S., Rupee, (\$0.2443). The British sovereign and half sovereign are legal tender in India at 10 rupees per sovereign; actual exchange rates approximate 15 rupees.  
 Indo-China, S., Piaster (\$0.5551).  
 Italy, G., Lira (\$0.1930). Member Latin Union.  
 Japan, G., Yen (.30-.33).  
 Jugo-Slavia, G., Dinar (\$0.1930).  
 Latvia, G., Lat. (\$0.1930). Currency; Notes of the Bank of Lithuania, not now convertible.  
 Liberia, G., Dollar (\$1.0000). Currency: Depreciated silver token coins. Customs duties are collected in gold.  
 Lithuania, G., Litas (\$0.1000).  
 Mexico, G., Peso (\$0.4985).  
 Netherlands, G., Guilder (florin), (\$0.4020).  
 Newfoundland, G., Dollar (\$1.0000).  
 Nicaragua, G., Cordoba (\$1.0000).  
 Norway, G., Krone (\$0.2680).

Panama, G., Balboa (\$1.0000).

Paraguay, G., Peso (Argentine), \$0.9648). Currency: Depreciated Paraguayan paper currency.

Persia, S., Kran (\$0.0946). Currency: Silver circulating above its metallic value. Gold coin is a commodity only, normally worth double the silver.

Peru, G., Libra (\$4.8665), same as English pound sterling.

Philippine Islands, G., Peso (\$0.5000).

Poland, G., Zloty (\$0.1930).

Portugal, G., Escudo (\$1.0805). Currency: Inconvertible paper.

Roumania, G., Leu (\$0.1930).

Russia, G., Ruble (\$0.5146).

Salvador, G., Colon (\$0.5000).

Siam, G., Tical (\$0.3709).

Spain, G. and S., Peseta (\$0.1930). Valuation is for gold peseta; currency is notes of the Bank of Spain.

Straits Settlements, G., Dollar (\$0.5678).

Sweden, G., Krona (\$0.2680).

Switzerland, G., Franc (\$0.1930). Member Latin Union.

Turkey, G., Piaster (\$0.0440). (100 piasters equal to the Turkish £).

Uruguay, G., Peso (\$1.0342). Currency: Inconvertible paper.

Venezuela, G., Bolivar (\$0.1930).

G, means gold standard country; S, silver. Value in U. S. money is stated in parentheses.

Russia has stabilized its currency by use of a new standard, the *chervonets*, equivalent to 10 gold rubles (gold par of exchange, \$5,146) and is issuing bank notes on that standard, based on a gold reserve.

### Value and Weight of Gold.

The unit in weighing gold is the troy ounce. A "fine" ounce means an ounce of pure gold. The mint value of gold does not fluctuate but remains constant at \$20.67183462 per fine ounce. Troy measure is used in weighing gold. The grain is the same in both troy and avoirdupois measure but the ounce and the pound are not the same. The troy ounce contains 48 grains and the troy pound 5,760 grains, there being 12 ounces to the pound. The troy pound is never used in weighing gold, even when the weights of large quantities are to be computed. The avoirdupois ounce contains 437½ grains and the avoirdupois pound contains 7,000 grains, there being 16 ounces to the pound.

### GOLD BARS

There is no standard bar, in the true sense of the word, there being various sizes—jewelers preferring those valued at from \$100 to \$500.

The \$10,000 bar is most frequently used for transfer purposes. It is about 3½ inches wide, 6¾ inches long and 1¾ inches deep. The value of such a bar ranges from \$10,000 to \$11,000. It is the largest made.

For a gold bar valued at \$50,000 (should there be such) the dimensions would be: 3½ inches wide, 6¾ inches long and 8¾ inches deep; the value \$50,005.167, and the weight, 2,418.75 ounces.

These dimensions are for pure gold bullion, called 1,000 fine, which is 999.99 fine, and are approximations only.

**NOTE.** The above list shows exchange to be mainly on a gold basis. Gold does not change in value, but it is not commonly used to pay commercial debts.

Exchange values at any date depend largely on the credit reputation of a country, on the total amounts of its exports and imports, and on the good supply or scarcity of bills due to or from its merchants and its government.

**Basis of Foreign Exchange rates.** Rates of exchange for foreign bills are reported daily in the newspapers. As debts between traders of different nations are usually paid by bills of exchange, the exchange rates for foreign bills are more important to a business man than gold values of coinage.

## CHAPTER 77.—METHODS OF PAYMENT IN DOMESTIC AND FOREIGN TRADE.

Explanation of the different methods of payment for domestic trade and for exports and imports. Phrases and paragraphs for the different classes of payments and for discounts.

### Methods of Payment for Domestic Trade—Vouchers.

(1) **In paper money (currency bills) and postage stamps by ordinary mail.** The sender takes the risk of loss. (See No. 8.)

(2) **By own check (cheque).** No expense to sender except postage. Endorsed check is receipt. Receiver must pass it through a bank account. The bank on which it is drawn will not pay in cash unless receiver is identified or has a bank account.

(3) **Certified own check.** The bank charges no fee for certification, but amount is charged to account at once. The bank guarantees payment after certification. Certified checks are generally accepted as equal to cash, except by some stock exchange firms, which will not run the risk of the certification being forged. Endorsement of check is receipt.

(4) **Bank draft.** These are issued by a bank and made payable at one of its branches or at another bank. Usually a small fee is charged by the bank issuing the draft, but the receiver pays no collection fee. Considered as equal to cash, and more convenient. Sender has no receipt, but banks can always prove the transaction from their records. Used for large amounts.

(5) **Bank cashier's check.** Issued by a bank and made payable to a firm or an individual. The bank guarantees payment. Sender has no receipt. Can be used for any amount.

(6) **Postal money order.** Issued by post offices for any amount up to \$100. Post office where to be made payable must be stated. Can be collected through a bank, like a check, after being endorsed by receiver. Small fee charged by issuing post office; no fee payable on

collection. Sender gets a receipt through the issuing post office. Used for small amounts, limit \$100.

(7) **Express company's money order.** The express company guarantees payment; may be used for any amount. For small amounts, fee charged is higher than postal money order. Can be cashed at any office of the same Express Company, which holds the receipt.

(8) **Paper money (bills) sent in registered letter.** Receiver has no trouble, as he receives actual money. Sender gets a postal receipt for the registered letter, and receiver must sign a receipt for the letter; this receipt is kept by the post office. For an extra fee a duplicate receipt will be delivered to the sender. If addressed to General Delivery (Poste Restante) the receiver must present documents or witnesses to identify him before the registered letter will be delivered to him. The disadvantage of this method is that the amount sent in bills cannot be proved.

(9) **Remittance by telegraph.** (Western Union Telegraph Co., Postal Telegraph Co., etc.) Costs more than other ways, but is quicker. Telegram must be paid for, as well as the commission on the remittance. Receiver must take the telegram to the telegraph company's office to collect the amount, and he must be identified by documents or witnesses. Sometimes the telegraph companies pay by check. This is inconvenient if the banks are closed when the money is wanted by the receiver.

### **Methods of Payment for Exports and Imports.**

(See also chapters on Foreign Trade.)

In the section on "Money" it has already been explained that gold or its equivalent is generally used for payment of debts between foreign countries, because this metal has the same price (value) throughout the world. Payment in gold is not the only way in which amounts due from one country to another may be settled; in practice most of the debts are settled through bankers, by means of bills of exchange, in the same way that domestic (inland) debts are paid by checks instead of in coin. Shipments of gold are only made in settlement of accounts between foreign bankers when bills of exchange cannot be bought at the usual prices.

Taking as an example payments to be made from the United States to merchants or manufacturers in foreign countries, these might be made in any of the following ways:

#### **Payments from U. S. A. for Imports.**

(1) **For small amounts,** (a) by bank notes of the foreign country, bought in the United States and sent by registered mail; or (b) by

obtaining international money orders for the exact amounts from the U. S. post office and making them payable to the foreign creditor in his own town abroad.

(2) **By sending an ordinary bank check, payable in the United States.** This is the usual way of settling accounts with near American countries, such as Canada and Mexico. The foreign creditor's banker would collect the money, but would not credit his customer with the full amount until he received notice from his agent in the U. S. that the check had been paid.

(3) **By asking an American banker or exchange dealer for a bank draft** payable to the foreign creditor through a bank in his own country. The cost of these drafts is very small; being payable by an American banker, they are accepted as equal to gold and the money is receivable by the creditor at once, in money of his own country, at the current rate of exchange.

(4) **By the foreign creditor drawing a bill** for the amount due by the American debtor and sending it here for acceptance and payment.

On the bill being signed and returned by the American debtor, the foreign creditor would hand it over to his banker for discounting, and could obtain an advance (a loan) on it. The foreign banker would collect the bill through his American agents; at the due date they would apply for payment to the American debtor's banker or at his business address, wherever the bill was made payable by the debtor. (This method is generally too slow and troublesome.)

(5) **By telegraphic transfers.** This is a transfer made from an American bank to the credit of a named person's account at a foreign bank. Many American banks have deposits with foreign bankers abroad, so that drafts may be issued in the United States and made payable abroad. The American bank telegraphs instructions to the foreign bank to transfer the amount required to the credit of a foreign creditor, either at their own bank, or at another bank in that country.

(6) **By sending American goods to the foreign creditor,** asking him to sell them in his country, and to credit the net proceeds to the account of the American debtor towards the amount owing.

(7) **By buying trade acceptances payable in the foreign country** and sending them to the foreign creditor to be collected through his banker and placed to the American debtor's credit, as a set-off against his account.

(8) **By sending foreign government bonds or other securities to the foreign creditor,** to be sold on the stock exchange there, or to

bankers, the net amount realized to be credited to the account of the American debtor.

These foreign bonds can be bought through American stockbrokers and agencies of foreign banks.

(9) It is only in the case of settlements between bankers that payment is made by shipping gold or securities. It would be out of place to discuss these methods here further than to say that the difference between the prices of gold in two countries cannot continue to be more than the expense of shipping gold from the place where it is cheap to the place where it is dear. When the price rises over this point, called the "gold point," gold will be shipped for payments, instead of using bills of exchange. (See "par of exchange" in commercial terms.)

### **Payments to the United States for Exports.**

Where American goods have been sold for shipment to foreign countries, the following are the chief methods by which the foreign purchaser pays.

(1) **For small amounts.** By (a) international postal money orders payable in the United States, or (b) by sending U. S. currency notes, or (c) foreign bank notes or currency notes. The foreign currency notes could be sold to the foreign exchange dealers here.

(2) **By a check payable abroad,** at the foreign creditor's bankers. These can be collected through American banks, but as they will not credit this to the customer's account until they have received the money from abroad, it is better to sell the checks to an agency of a foreign bank, or to an exchange broker here.

(3) **By foreign bank drafts on American bankers.** If these are demand drafts, they are payable at once, but many of them are at three days' sight, which means that they have first to be "sighted" (accepted) by the bank on which they are drawn. They are payable three days later, that is, three days after the date of the sighting. American bankers will give credit for these drafts at once, if requested, subject to a small charge for interest.

(4) **By credits at American banks.** Where an order is sent from abroad to an American merchant or manufacturer who requires payment at the time of shipment, the foreign buyer arranges with his native banker to have a credit opened in his name at an American bank. The foreign buyer then instructs the American merchant to deliver to the American bank (a) the invoice, and (b) proof of delivery of the goods to the steamship company, (shown by the bill of lading signed by them), and (c) the marine insurance policy or certificate. The American banker will pay the account on receiving these documents. This is called

*“opening a credit”* or *“payment against shipping documents.”* The opening of a credit of this kind is effected by means of a *“letter of credit”* sent by the foreign banker to the American banker.

(5) **By a telegraphic transfer.** (Called *“virement télégraphique,”* for European remittances.) This is a transfer made from a foreign bank to the credit of a named person’s account at an American bank. Most of the foreign banks have deposits with American bankers, so that drafts may be issued payable in the United States. The foreign bank sends a telegram to the American bank requesting it to transfer the amount required to the credit of the American firm named, either at their own bank or at another bank.

(6) **By drafts on the foreign debtors.** Where a shipment of goods is made to a foreign merchant of good standing, the American seller draws a draft on the buyer for the amount of his invoice. This draft, together with the bill of lading of the goods (the document by which delivery can be claimed at the foreign destination), the marine insurance policy or certificate, and a certified copy of the invoice, are discounted with an American banker for an advance of cash. The banker takes the documents and has the bill accepted and the amount collected abroad, through his foreign agents, who are usually bankers of that country.

(7) **By sending goods or produce from abroad, for sale in the U. S. A.** The foreign customer, instead of sending cash or bills, may send produce of his own country to be sold in New York, Boston, San Francisco, or other towns, through produce brokers, the cash proceeds to be paid to his U. S. creditor against what he owes.

The produce would be usually shipped (consigned) to the order of the American merchant, who would receive the bills of lading of the shipment by mail. He would endorse these documents and send them to a produce broker, who would claim the produce from the steamship company, and sell it by auction. He would send an account sales, with a check for the net proceeds, to the American merchant, who would then credit his foreign customer’s account with the amount received. In many cases the sale of the produce amounts to considerably more than the debt owing to the American merchant. The foreign customer would then, when ordering goods from other American firms, instruct them to apply for payment to the American merchant who has received the cash for the produce. This receiving of produce for sale pays the American merchant very well, because he receives a commission on such sales. By receiving and paying accounts in the United States he acts as the banker of his foreign customer. It is usual to allow such a customer interest

on all receipts, and to charge him interest on all payments and on all goods invoiced to him, from the due dates (dates of payment) until the end of each six months, when a full statement is rendered, called an "account current," showing interest for and against the customer.

(8) **By goods.** Instead of selling produce for his foreign customer, the American shipper may ask for goods to be bought for his own (the American's) account, and charged to him at cost plus expenses. He would then get any profit on the sale of the produce on arrival here, or he would have to bear the loss.

(9) **By drafts payable in U. S. A.** Payment may be made by the foreign customer sending to his American creditor checks and bills payable by other firms in the United States, which checks and bills the American merchant would collect through his bankers and credit to the account of his foreign customer.

(10) **By foreign bonds, etc.** By the foreign customer sending foreign securities, for sale on American stock exchanges, or to bankers, or exchange brokers, the proceeds to be credited to his account.

(11) **Far East—Telegraphic transfers.** A debtor in India, China, Japan or Australia, who buys a demand draft payable in New York would have to pay for it at once, although the draft may not reach this country for several weeks.

If he keeps the money and uses it for that time, he would probably make a profit from its use. The money can be telegraphed to New York several weeks after the departure of the mail, and it will be available there as quickly as if the bank draft had been sent by mail. The procedure of obtaining a telegraphic transfer is simple; the foreign customer gives his banker the name and address of the firm in the U. S. to whom the remittance is to be made, and pays over the amount in money of his own country, at the current rate of exchange, plus the cost of the telegram and a small commission. Generally these remittances reach the United States the same day, and are payable at once.

By waiting to make remittances by telegraph, the foreign customer is able to take advantage of any favorable fluctuations in the rates of exchange between the United States and his own country.

#### **Terms for Payments.**

**To pay promptly.** They pay well, promptly, on demand, on prompt terms; they take full discount, they pay cash down, prompt cash, cash on the nail; they take full cash discount, they discount their bills, they are prompt payers, pay ready money, they are cash buyers, they pay cash for everything; they pay their engagements punctually, they never keep any one waiting for their money,

they are excellent payers, they pay promptly on fixed pay days, they pay promptly and regularly, they are A1 payers.

**To pay moderately well.** They keep their engagements regularly, they pay within the usual credit terms, they pay within usual limits, fairly well; they take moderate credit; their accounts are always met at due date; they are moderately good payers, they pay satisfactorily.

**To pay slowly.** They take extended credit, full term of credit; they are slow in paying, they are slow payers, indifferent payers; they pay with difficulty, by instalments only; collections from them are slow, are difficult.

**To pay badly.** They are generally in arrear with their payments; they are always in difficulties; they live by expedients, they are trading beyond their means and have difficulty in meeting their engagements; they postpone payment to the last minute; it is difficult to collect from them.

**To pay very badly.** They only pay on threat of proceedings; they only pay on the issue of writs; they never pay unless forced (compelled); it is a long-firm concern; they live on credit; they are long-firm swindlers; they are fraudulent traders, they are tricksters; they live on their wits; they are confidence men; they are tricky and unreliable; they are dishonest, unscrupulous.

**Discounts.** (See Chapter 80 on trade and cash discounts.) Trade discount; rebate for prompt cash; special cash discount; prompt cash discount; extra discount for cash; freight (carriage) is allowed on all goods paid for within 7 days after billing (invoice); 3% off for prompt cash; 3% to cash customers.

**No discount.** Credit accounts are strictly net; no discount allowed on booked accounts, (on charge accounts, on credit accounts); accounts strictly net; no discounts allowed.

NOTE. (See also "Terms of Payment," Chapter 79, and discount notices on invoices and statements, in Chapter 80.)

## CHAPTER 78.—BILLING (INVOICING)—SOME BETTER METHODS.

New Standard Invoice forms, Enquiry forms, and Order forms. Phrases and paragraphs relating to billing, errors in billing, discounts, and interest. Letters accompanying invoices.

An invoice (usually called a "bill" in U. S. A.) is a condensed letter, sent by the seller to the buyer, containing details of goods sold, or of charges for work done or services rendered.

**Invoice prices are not withdrawable.** By custom and by law the price named in an invoice cannot be afterwards increased by the seller, except when the buyer knows that it is wrong; for example, if articles are charged so many cents each instead of dollars each.

**Account stated.** This custom, of an "account stated" being generally held to be final, and not subject to change, is reasonable as well as legal, because a trader bases his selling price on the cost of his purchases as shown on the invoices he receives.

For foreign trade, sellers try to reserve the right to make changes later by writing at the foot of each invoice "E. & O. E.," meaning "errors and omissions excepted."

**Details required.** An invoice of goods sold should contain all the details asked for by the order form, and also such other information as will help the buyer to trace a shipment delayed in transit and to check quantities, descriptions, and prices when the goods are received. The seller should try to help the buyer in these respects; by doing so he will be repaid by his invoices being more promptly approved for payment.

An invoice should be complete in itself; it is not usual to send a covering letter with it except for foreign trade.

**Duplicate invoices.** Any extra details, such as the descriptions of the contents of each separately numbered case, when several are sent, may be given on separate sheets attached to the invoice which shows the prices and credit terms. These lists of contents of cases can be used for checking by the receiving clerks, without their learning the purchase prices of the goods. Extra copies of invoices, without prices, are commonly asked for by the purchasers for checking quantities. (See Chapter 80 for notices as to credit terms, etc., usually printed on invoices.)

**Standard invoice forms.** So many different kinds of invoice forms are in use that the National Association of Purchasing Agents, Inc., Woolworth Building, New York, had a special study made by its members of the forms most commonly used, in order to fix a standard form which would save labor, make billing (invoicing) work easier, and ensure all essential details being shown on each invoice.

The Standard Invoice Form, finally adopted at a conference in 1921, is shown in this section. It has been adopted and recommended to members by many of the large trade associations, by the National Association of Cost Accountants, and by most railroad companies.

**Standard Enquiry Form and Purchase Form.** The National Association of Purchasing Agents also recommends the general adoption of the other standard forms shown in this section for (1) enquiries as to prices and deliveries and (2) purchase orders. These additional forms have been drafted to meet all general requirements and it is claimed that their use will reduce printing costs and office expense, and save misunderstandings and unnecessary correspondence.

**Invoice Form of Ford Motor Corp.** Another standard invoice form, drafted by Mr. F. H. Diehl, purchasing agent of the Ford Motor Corp. of Detroit, is also shown in this section. The following arguments for its adoption, stated by Mr. E. J. Kulas, President of the Otis Steel Co., Cleveland, are well worth serious consideration.

"In office routine an astounding multiplicity of wastes is likely to grow up—descendants of times of prosperity, which become apparent necessities and are ultimately accepted practices, even in times of comparative adversity.

The average executive is likely to be almost totally ignorant of office routine. Assistants, bureaus, departments, secretaries, and a variety of useless furbelows creep up around him, and become established and authenticated by precedent, until to dislodge them becomes something of a task.

I feel certain that if the nation were to nominate a given week as 'Office Efficiency Week,' and if the executives of the nation were to devote this week to a cold-blooded investigation of 'office barnacles,' the overhead account would be reduced by 10 per cent or better.

Only a few weeks ago, while in Detroit, one of these subtle yet debilitating office wastes—and its remedy—was brought graphically to my attention by Mr. F. H. Diehl, Purchasing Agent of the Ford Motor Company, and I present it here as a practical suggestion which will materially assist in ridding every office of the type of economic barnacle referred to above.

It is but natural that Mr. Diehl, intimately familiar as he is with office systems and routines, in addition to the larger phases of policy and purchasing, should develop what I personally believe to be an outstanding economy of its type.

Every reader knows what an 'invoice' is. Yet if I were to ask you what your invoices cost you per year, you would probably turn to your purchasing agent and ask for the *printer's* bill. As a matter of fact, your invoices cost you many, many times the cost of the paper and printer's ink, in the labor charge involved in the production and handling of your outgoing and incoming invoices.

Office practice varies somewhat, but should you ship to-day six items to one destination, each item applying to a different purchase order, it is highly probable that you would make out six invoices, each containing some such data as the following: date, invoice number, order number, name of purchaser, address of purchaser, shipped to, shipped from, f.o.b., terms, shipped via, shipper's order, quantity, package number, description, unit price, amount.

Thus, if you ship me six orders to-day, the probabilities are that six invoices would pass through the hands of a varied number of people in your plant, with a duplication of the vast majority of the labor cost required by each invoice.

And then what happens to these six invoices when they come into the purchaser's plant? Probably he places a large rubber stamp on the invoice, half obliterating most of the material, and this stamp bears some such terminology as the following for the approval of the various departments concerned: terms, account number, O.K. to pay, transportation O.K., receipt acknowledged, calculations checked, adjustments, final audit.

These six semi-mutilated invoices then start traveling through the plant, in conjunction with a large number of other invoices of varied size, with the date, order number, and other material spattered over each in a different place, until checking the invoice becomes a job for a 'blind reader' at the Dead Letter Office.

In the production of these six invoices at least 30 per cent of the work is duplicated and hence wasted. In the receipt and approval the confusion in size, form, terminology and typographical appearance adds a needless labor charge of at least another 25 per cent.

Yet this system of complications, duplications, and multiplications continues unchecked. In terms of dollars and cents in your plant, you will find that the

needless intricacy and lack of uniformity of the invoice item alone runs into figures which are likely to prove astounding. It is one of the barnacles of business requiring united action and the same type of unification and standardization which is saving millions of dollars in other phases of manufacturing.

Mr. F. H. Diehl of the Ford Motor Company has devised a Uniform Invoice which means a saving of a substantial percentage of the effort formerly employed in advising customers of their purchases. Explanatory replica of this invoice is illustrated following: You will note that instead of addressing the customer six times for his six purchases, and introducing the form each time into the machine, and multiplying every operation by six thereafter, this form reduces it to one operation and permits the listing of all items purchased in a given day, with the customer's order number, and without duplication of such items as the date, the customer's name, shipping directions, terms, etc.

The centralization of this information, and its placement on the invoice, favors all billing equipment and simplifies the operation of writing to the irreducible minimum. There is a four-item saving in the writing alone; four more are saved in the papers handled for the posting against stock ledgers. Four items are saved in posting to the General Ledger and sales record.

But the selfish arguments for a Uniform Invoice do not alone stop with the saving in the *creation* of your invoice. Were all your *in-coming* invoices uniform—as suggested by Mr. Diehl's Uniform Invoice—your saving would be even equal or greater in the department of receipts, purchasing, and bookkeeping.

For example, in Mr. Diehl's Uniform Invoice you are passing on to your customer a condensed form which means the same kind of saving in his organization as in yours. You reserve a definite space for your customer's use—a space clear of any other information, a space for any data he may wish to affix in his method of checking or approving. In short, through the operation of Mr. Diehl's invoice your customer begins to save on your order at the moment your invoice is received in his (or your own) mailing department. It's a *sales service* and effects economies for both buyer *and* seller.

Instead of handling six or more papers, for six orders or more, only one paper is handled. The distribution of this paper to the purchasing department, to the respective ledger clerks, department heads and otherwise, represents a similar saving and so on into the disbursing units and the posting to ledgers.

Throughout, instead of a multiplicity of ill-assorted sheets of varied sizes and shapes, whose data are half-obliterated by the necessity of placing various approval stamps thereon, there is but a single sheet, or at most a great reduction in the number of invoices, each one of which is uniform in every detail, so that checking, posting and listing becomes not a tedious labor but the rapid operation which characterizes use of an old and familiar form whose every detail is constant and unchanging.

Of course, the form as shown would necessitate certain changes for the individual business in so far as the column headings are concerned, although the top half would seem to be requisite for every business.

The Association of Purchasing Agents have likewise developed a suggested Uniform Invoice form, which is not without substantial advantages, although the writer frankly prefers Mr. Diehl's suggestion, feeling, however, that the universal adoption of even an approximately correct Universal Invoice would eliminate one of the most trying and expensive business barnacles which has grown up out of nowhere, yet levies a tribute running well over six figures each year upon the

(Continued on page 499.)

**A Two Zone Invoice**

(One Zone for Shipper—One Zone for Customer)

**SPECIAL:** This "Uniform Invoice" is sponsored by the Ford Motor Company. When adopted by you, it will be appreciated if you will mail three copies of your "Uniform Invoice" to the Ford Motor Co., Attention P-30, Detroit, Mich., for record purposes.

SHOW

**UNIFORM INVOICE**

EMBLEM OR  
TRADE MARK

(Always print "Uniform Invoice" in above position)

HERE  
(If any)

**YOUR NAME GOES HERE**

NATURE OF BUSINESS  
STREET AND NUMBER

TOWN AND STATE

INVOICE NO.  
DATE

SOLD TO	(This space reserved for address, permits the use of window envelopes, thus saving the time to address envelopes for the purpose of mailing.)	<p style="text-align: center;"><b>FOR CUSTOMER'S USE</b></p> Terms _____ F. O. B. _____ Account _____ Approval _____ Transportation _____ Receiptal _____ Calculations _____ Adjustment _____ Audited _____
SHIPPED TO SHIPPED FROM F. O. B. TERMS SHIPPED VIA	CAR	

Customer's Order	Shipper's Order	Quantity Shipped	Package Number	Description	Unit Price	Amount
------------------	-----------------	------------------	----------------	-------------	------------	--------

(Columns and Captions within this block subject to change to fit particular business involved.)

**Advantages of Shipper's Zone**

1. Centralization of shipping data.
2. Continuous writing spaces.
3. Natural carriage shifts making for speed in typing.
4. Fixed column for Customer's Order Number permitting consolidated billing—that is, all shipments for one day, regardless of order number, should appear on one invoice. This will reduce papers to be handled by twenty-five per cent at least for Shipper and Customer.

**Advantages of Customer's Zone**

1. Reservation centralizes Customer's approvals.
2. Eliminates Customer's use of rubber stamps and sticker riders with possible loss of riders.
3. Prevents defacing invoice and obliterating important data.

**SIZE**

The size may be varied from 8½" x 11" (letter size) to 8½" x 7" or 8½" x 14", depending upon the number of items usually billed.

If desirable, the entire form may be printed the long way of the sheet, but in such cases the up and down dimension should always be kept to 8½" for filing.

It can be used on any type of billing or writing machine.

**STANDARD INQUIRY AND PURCHASE ORDER FORMS**

Reduced Reproduction of National Standard Purchase Order Form as adapted to an Inquiry Form

In asking vendors to use a standard form for the benefit of customers, the National Association of Purchasing Agents decided it was equally important to adopt a standard purchase order form for the benefit of the vendors.

A committee of the Association worked two years on this problem and after much investigation and several national conferences the form here shown was adopted by the Association in 1922 and is in use by a large number of its members as a basic standard for both inquiry and purchase order forms.

<p><b>INQUIRY</b> FROM THE PURCHASING DEPARTMENT OF</p> <p>Address reply to Dept. _____ Number _____ Date _____</p> <hr/> <p>To <b>INQUIRY SUBMITTED BY ABOVE</b></p> <p style="text-align: center;"><b>THIS IS NOT AN ORDER</b></p>	<p><u>PLEASE NOTE CAREFULLY</u></p> <p>This inquiry implies no obligation on the part of the buyer.</p> <p>Unless otherwise understood, there is no restriction on the number of items or the quantity that may be ordered.</p> <p>In quoting use duplicate of this form provided.</p> <p>Fill in complete information before returning.</p> <p>If substitutes are offered make full explanation. Do not quote on articles you cannot supply.</p>
--	---

Delivery Point	By _____	Parcels Post Express	Freight, . . . . R. R. If not indicated please suggest most practical way
----------------	----------	-------------------------	--

Please quote delivered price if possible, otherwise the following transportation rates will apply \_\_\_\_\_

Shipping point \_\_\_\_\_ Is delivered price given? \_\_\_\_\_

Terms—Net Cash \_\_\_\_\_ days \_\_\_\_\_ % \_\_\_\_\_ days \_\_\_\_\_ including containers

Does price include containers? \_\_\_\_\_ Are containers returnable? \_\_\_\_\_

Item No.	Quantity	Item and Specifications	*	Unit	List Price of Unit	Dis-count Offered	Net Unit Price	Esti-mated GrossWt.
<p style="font-size: 2em; font-weight: bold;">THIS IS NOT AN ORDER</p>								

\* Check in this column indicates shipment can be made from stock.  
 Delivery of other items as follows \_\_\_\_\_  
 Prices subject to withdrawal \_\_\_\_\_ Date returned \_\_\_\_\_

**Keep this copy for your files.**  
**Return pink sheet with full information.**

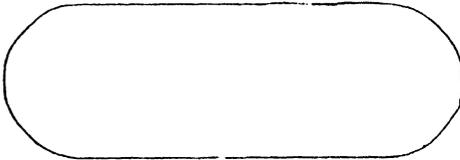
Facsimile of the National Standard Invoice Form

**National Association of Purchasing Agents**

Woolworth Building, New York

Customer	{	Ord. No. & Date	Invoice Date	<u>Column reserved for use of customers</u>
		Requisition No.	Invoice No.	P. A. Invoice No.
		Contract No.	Shipper's Order No.	Voucher No.
		Shipped To Destination		

Terms



CHECKED

{ With order  
F. O. B. point  
Price  
Calculations  
Transportation  
Trans. Chgd. Back

Date Shipped \_\_\_\_\_ From \_\_\_\_\_ F. O. B. \_\_\_\_\_  
 Car No. and Init. \_\_\_\_\_  
 How Shipped and Route \_\_\_\_\_

DESCRIPTION	QUANTITY (SHOW UNIT)	PRICE PER UNIT	AMOUNT
-------------	-------------------------	-------------------	--------

Above Materials received \_\_\_\_\_ 192\_\_\_\_\_ and found \_\_\_\_\_ satisfactory  
 (Signed) \_\_\_\_\_ (Title) \_\_\_\_\_  
 Charge Account \_\_\_\_\_ Approved \_\_\_\_\_ Approved \_\_\_\_\_

The National Standard Invoice Form should be on a sheet 8½ inches wide and either 7, 11 or 14 inches long. A tolerance of ¼ inch in either dimension is contemplated. Invoices longer than 7 inches should have dots or short rules printed on sides 7 inches from top to indicate point of fold.

Head may be moved down if more space is required for shipper's name, address, etc. Line spacing may be suited to machine or hand writing maintaining same relative position.

The name of the National Association of Purchasing Agents is intended to be replaced by that of the vendor.

**National Standard Purchase Order and Inquiry Forms as Applied by Representative Firms**

**INQUIRY FROM**

PURCHASING DEPARTMENT  
**DAY & ZIMMERMANN**  
 ENGINEERING & CONSTRUCTION Co.  
 1600 WALNUT STREET  
 PHILADELPHIA, PA.

**SUBJECT**  
**FILE NO.**

**PURCHASING AGENT**

Quotations must be in by

The right is reserved to accept all or part or to decline the whole. There is no obligation to buy.

Send quotation on pink copy. Give complete information in spaces provided otherwise your quotation may be given no consideration.

Attach complete specifications for any substitutions offered, or when amplification is desirable or necessary.

Please be prompt.

**THIS IS A REQUEST FOR QUOTATION ON THE ITEMS ENUMERATED HEREIN FOR SHIPMENT TO**  
**VIA** **DELIVERY F. O. B.**

**ITEMS CHECKED IN COLUMN "S.S." CAN BE SHIPPED FROM STOCK LOCATED AT OTHER THAN STOCK ITEMS WILL BE SHIPPED FROM:**  
**GUARANTEED TIME OF DELIVERY OF OTHER THAN STOCK ITEMS IS:**  
**TERMS OF PAYMENT:**  
**PRICES WILL HOLD GOOD UNTIL.**

ITEM NO.	QUANTITY	DESCRIPTION	S.S.	UNIT	UNIT COST	DIS-COUNT	ITEM COST	WEIGHT
		THIS IS NOT	AN	ORDER				
		TOTALS						

**KEEP THIS COPY FOR YOUR FILES**  
**RETURN PINK SHEET WITH**  
**FULL INFORMATION**

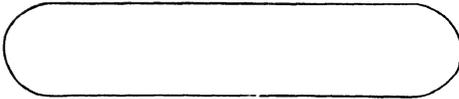
**THE UNDERSIGNED OFFERS THE PRICES, TERMS**  
**AND DELIVERY HEREIN SET FORTH**

**PURCHASE ORDER**

**WALTON HARDWARE COMPANY**  
**ABERDEEN, OKLAHOMA**  
*Phone 10*

Order No.  
 This number must appear on invoice, B/L cases, bundles, packing lists and correspondence.

Date \_\_\_\_\_ 19\_\_\_\_



Req. No.  
 Dept.  
 Your Order No.

Please ship the following merchandise subject to conditions below:

Ship to \_\_\_\_\_ Ship via \_\_\_\_\_  
 Date to be shipped \_\_\_\_\_ Terms \_\_\_\_\_ F. O. B. \_\_\_\_\_

**CONDITIONS**

Acknowledgment form accompanying must be executed and returned at once.  
 No charges allowed for boxing, crating or packing.  
 If price is not shown on the original order sheet, it must be inserted by you on the attached acknowledgment to be returned to us.

Goods subject to our inspection on arrival, notwithstanding prior payment to obtain cash discount.  
 Goods rejected on account of inferior quality or workmanship will be returned to you with charge for transportation both ways, plus labor, reloading, trucking, etc., and are not to be replaced except upon receipt of written instructions from us.

QUANTITY	ARTICLES	PRICE

This Purchase Order form is designed to the standard adopted at a National Conference at the Division of Simplified Practice, Department of Commerce, Washington, D. C., January 14, 1925. The arrangement of information conforms to the style recommended by the National Association of Purchasing Agents and sanctioned by seventy other trade associations. The form should be on a sheet 8½ inches wide, and either 7, 11 or 14 inches long. Purchase Orders longer than 7 inches should have fold marks printed 7 inches from the top.

*Duplicate sheets for carbon copies should be printed on different colors of paper.*

Mail invoice in duplicate and original B/L to

**WALTON HARDWARE COMPANY**

By \_\_\_\_\_



(Continued from page 492)

American consumer, through needless duplication of work in the creation of the invoice and in its checking, with the resulting confusion, misunderstanding, and dispute which inevitably arises therefrom.

Needless to say, neither the Ford Motor Company nor Mr. Diehl receive or expect to receive any royalty on the acceptance of their suggestion. Mr. Diehl contributes it to the manufacturing public much as a physician would contribute a cure for consumption, and I am not so sure but what Mr. Diehl has placed his finger upon one of the consumptive parts of American Business in putting forth this substantial remedy for the dry rot of wasted effort and expense which is now involved in the creation and checking of the invoices of the American business house.

I would court an expression of opinion from my fellow executives in the manufacturing field regarding Mr. Diehl's invoice and its application to their industry, since I am glad to enlist myself in the endeavor to eradicate this very substantial source of waste and irritation."

(NOTE. In the U. S. A., the words "bill" and "billing" are generally used instead of "invoice" and "invoicing").

**Phrases.** Delivery note. Pro-forma invoice. Original invoice. Invoice induplicate (2tc.), in triplicate (3tc.), in quadruplicate (4tc.), 5 copies, 6 copies. Consular invoice, export invoice, to make an invoice (to invoice, to bill).

We enclose invoice for goods sent to-day by express (by freight, by rail).

Enclosed we send (we send herewith) invoice for the goods of your order of yesterday.

We have made the invoice (bill) in triplicate, as is usual for the market named.

Consular invoice and 2 tissues (press copies) are enclosed. ("Tissues" are press copies on very thin tissue paper).

Please send invoice in triplicate, one only to include prices and discounts.

Separate invoices must be sent for each case of goods and each bale, which must be numbered consecutively (with running numbers).

Important notice—separate invoices must be sent for each order.

Please be careful to send separate invoices in duplicate for each indent. (An indent is an order for assorted goods, for export).

We require separate invoices, in duplicate, for each separate department of our business.

We require the original invoices of all manufacturers, showing all deductions of trade and cash discounts, both on the goods and the packing. (This applies to buying agents abroad, who are paid commission of a stated percentage on the total purchases of goods).

All invoices are to be netted for prompt cash (prices to be net, after discount for prompt payment has been deducted).

Please send pro-forma invoice for the articles named, showing all charges f.o.b. New York. (This is so that the buyer may see the total cost of imported goods before ordering).

Invoices are to be in triplicate, of which one to be sent to the Mexican Bank, Center Street, which will pay on our account, subject to our confirmation. These invoices must be sworn before the Mexican Consul in your town; the Consul's charges should be included on the invoice.

**Notices Printed on Invoices.** A large number of these are shown in Chapter 80, to which refer.

**Errors in billing (invoicing).****Phrases.**

Your invoice has not yet reached me, although the goods arrived yesterday. The goods only arrived 10 days after the invoice date; please date the invoice (bill) 10 days later on your books.

Your invoice is incorrect as to price; please send corrected invoice at the price you quoted December 3, namely, \$86.

The invoice does not agree with the quantities received, there are 5 pieces short.

The amount of your invoice has been incorrectly extended (calculated).

Please verify (check) the calculations and footings (additions) of your invoice of yesterday.

Oblige by sending credit note for the following overcharges on your recent invoices; do not send corrected invoices, as we have already entered the original amounts in our books.

You have overcharged us 6 cents per yard on the black silk; please send corrected invoice by return.

We return your invoice for submission in proper form; our order forms state distinctly that a separate invoice is required for each order; please comply with this request, for the present and all future orders from us.

Your invoices are returned enclosed; they are illegible (unreadable) through carelessness in press copying; please send clear typewritten copies, in triplicate.

(For other phrases see Chapter 74).

**Deductions to be made.** Empties will be allowed for in full if returned prepaid (carriage paid), and advised, within 7 days from invoice date.

Empties returned prepaid (carriage paid) will be allowed for at half the billed (invoice) price.

All empties must be returned promptly, all charges paid, and advised at the time of despatch.

Our carmen give official receipts for all empties collected; these cannot be allowed for unless such receipt is produced at the time of payment of the % (account).

To secure trade discount, payment must be made within one month after date of billing.

**Overdue accounts.** Interest at the rate of 5% per annum will be charged on all overdue accounts.

Trade discount is not allowed on accounts in arrear.

Trade discount can only be allowed where accounts are paid within 2 months after billing (from invoice date).

Overdue accounts are subject to 5% interest.

Interest is charged at 5% per annum on all accounts unpaid after 2 months from invoice date.

Overdue accounts will be drawn for at 7 days' sight.

**Other Phrases.** See Chapters 79 and 80.

**Letters accompanying invoices (bills).****Phrases.**

The remainder of your order will be sent within a few days.

The balance of these goods will be shipped (dispatched) to-morrow.

Remains follow to-morrow, by freight (luggage rails).

We have added to your parcel a selection of our newest samples and should be glad to receive your orders for any of them.

I have added to these goods the show cards you requested.

By this mail we have sent you a full range of samples, showing both qualities and colors which we stock.

We have sent you stock ways of low qualities near to 20 cents. ("Ways" are samples of designs or colors of cloth, marked to show the quantities of each in stock).

Gentlemen,

We have pleasure in sending herewith invoice for the trial order which you were so kind as to give to Mr. Smith.

We have given special attention to the choice of these goods and trust they may have a quick sale and induce you to favor us with repeat orders.

Yours truly,

Gentlemen,

Enclosed we send invoice for your order 345. According to your wish 0/346 will be dispatched on the 25th inst., to your Dallas branch. We have taken note to send the invoice direct to yourselves, and delivery note only, without prices, to the Dallas branch.

Yours truly,

Gentlemen,

We have pleasure in sending herewith invoice of the goods ordered by your letter of yesterday. As we have not been previously favored with your orders, we should be obliged if you would either pay the amount of the invoice to our messenger, who brings the goods, or furnish us with two trade references in case you wish to open a credit account with us.

Yours truly,

## CHAPTER 79.—MAKING PAYMENTS; FINANCIAL TERMS.

Phrases, paragraphs and letters relating to terms of payment, payment in advance, import and export terms; deposits on contracts, reminders respecting payment; sending statements. Abbreviations of terms used for accounts, bills, banking, and finance.

### Phrases.

Our terms are: {

- Cash on delivery (C.O.D.).
- " before delivery (C.B.D.).
- " against documents (C.A.D.).
- " with order (C.W.O.).
- " in 10 days after delivery (10 days a/d.).

Payable in New York; half on shipment, half against documents.

" in New York or Chicago exchange.

" half with order, half when machine is ready for shipment.

Payable half on shipment; half on telegraphic advice of arrival.

“ in New York by sight draft with documents attached.

“ by 3 days' sight draft (3 d/s.) on you, in gold, at the current rate for telegraphic transfers on London.

If receipt is required, return this notice (account, or statement).

No receipt will be issued unless this notice (bill or invoice) is returned.

We have pleasure in enclosing statement of account and shall be glad to receive your check.

(For Gt. Britain, only). It is particularly requested that cheques should be crossed “not negotiable” and made payable to the order of the company.

**Payment in advance.** All orders must be accompanied by remittance. Orders without remittances cannot be executed.

The goods will be shipped immediately on receipt of your check for the amount of the enclosed pro-forma invoice.

Orders should be accompanied by postal money orders to the amount of the goods required.

Terms strictly net cash; to avoid delays in delivery clients are advised to open deposit accounts with the company.

All goods must be paid for at the time of purchasing, or on delivery.

Customers living at a distance are advised to open deposit accounts, as goods cannot be delivered before payment.

Goods may be ordered for payment on delivery; clients living beyond the limits of our delivery service are requested to open deposit accounts with the company, to avoid delays entailed by waiting remittances before shipment by express or parcel post.

To avoid delay, all orders from clients abroad should be accompanied by remittances sufficient to cover the cost of the goods and packing and insurance, also express or parcel post charges, any surplus will be returned with the receipted invoice (bill).

Purchasers with whom we have not had the honor of previous transactions, are respectfully informed that orders should be accompanied by a remittance, or reference to their bankers, or some one known to us.

#### **Export terms.**

Colonial and foreign clients are requested to remit by International Money Orders or Bank Drafts on New York; postage stamps cannot be accepted.

Terms: half with order, balance on advice of readiness for delivery.

Orders for shipment are subject to payment of one-third ( $1/3$  rd.) with order.

Balance payable in London against Mate's receipt.

Terms for colonial and foreign orders, cash against documents in New York.

#### **Import terms.**

Accounts are paid only after receiving monthly statements, which should be rendered at the end of each month for all the purchases billed (invoiced) to us during that month. Bills (drafts) drawn against us will not be accepted or paid unless statements have been previously rendered and time given for reply.

(For other terms see Chapter 58, which explains fully the terms of payment in the import and export trades).

**Payment on contracts—Deposits.**

What terms of payment do you propose?

What deposit do you require, and how is the balance payable?

State the full terms of payment, with dates for each instalment.

When and where are the payments to be made?

What arrangements have you made with regard to payment?

What percentage of the purchase money do you require on signing the contract?

The vendors require 10% on signing the contract, 50% a month later, and the balance on completion.

The following are the vendors' terms of payment; 25% on signing the contract, 25% on inspection, and the balance against bills of lading.

Our terms are 1/3 with order, 1/3 on delivery, and balance 3 months later.

Your terms are unsuitable; we prefer 20% with the order, 30% on delivery, 25% after 2 months and the balance after a further 2 months.

**Reminders, on invoices or statements, re payment of accounts.**

(See also "collection of accounts," Chapters 86-91, inclusive.)

Enclosed is statement for October account.

We enclose statement for goods delivered in November last.

The enclosed statement for goods delivered in November last was due for payment net on February 15th; please remit.

We should be obliged by your sending check for this amount by return, as it is now considerably overdue.

You have probably overlooked this item and we trust you will excuse our asking for a check in settlement at your earliest convenience.

We have no doubt that this small amount has escaped your notice, and that our calling it to your notice will result in its receiving your early attention.

May we ask you to remit this small amount promptly (at an early date).

You would oblige us by sending a check in settlement at your earliest convenience.

If by any chance you have made this payment in the last few days, kindly disregard this notice as, in handling our large number of accounts, we are by necessity a few days behind in our postings.

As the collection of such small amounts entails considerable expense, we should be obliged by your remitting this amount promptly.

As the collection of these small accounts involves an amount of attention quite disproportionate to their value, we ask our clients to assist us by remitting immediately on receipt of the goods.

Please remit in settlement immediately after receipt and examination of the goods.

In consequence of the expense incurred in collecting small accounts, we respectfully request that you will remit this amount per return.

**Urgent.**

As we are about to make up our accounts, and find that the.....of your.....is overdue, we take the liberty of reminding you, in the event of its having escaped your notice. A remittance per return will greatly oblige.

Yours truly,

As this notice is sent for adult purposes, I shall be obliged if you will immediately notify me in the event of your having already paid the amount, so that the error may be rectified.

(In the case of sending out a monthly statement to a customer who is allowed from 3 to 6 months' credit, the statement should have the following notice at the foot, either stamped by a rubber stamp or printed) :

"This monthly statement is sent merely for the purpose of your verifying the last month's purchases; it is not in any way an application for payment."

**Collection by draft.** We have taken the liberty of drawing on you at 10 days' sight for the amount of our May invoice.

Please check this statement carefully and advise us promptly of any inaccuracy; undisputed amounts will be drawn for, at 2 months' date, 7 days after statements have been sent.

Please advise us of any inaccuracy in this statement, the net amount will be drawn for at 60 days from the invoice date, unless we hear from you.

Errors in invoices or statements should be advised promptly, as it is our custom to draw on all customers for payment at 60 days after invoice date.

### Abbreviations used for terms relating to Accounts, Bills, Banking, Finance and the Stock Exchange.

*A. & F.*, August and Feb. (interest payable then); *A. & O.*, April and October; *@ S.*, at sight; *%*, account; *% ct.*, account current; *accpce.*, acceptance; *addl.*, additional; *ad. val. or a/v.*, ad valorem (duty or stamp); *a/d.*, after date; *A. J. O. J.*, Apl., July, Oct., Jan. (interest); *allowce.*, allowance; *A. N. F. M.*, Aug., Nov., Feb., May; *amt.*, amount; *ann.*, annum; *a/o.*, for account of; *art.*, article; *A/s.*, account sales; *assmts.*, assessments; *A. T.*, American terms; *atty.*, attorney; *avge.*, average; *ats.*, at the suit of (law).

*B.*, bid, buyers, bond; *B. B.*, bills book; *bal. or balce.*, balance; *b. d.*, brought down, bad debt; *bd.*, bond; *B. E.*, bill of exchange, Bank of England; *b. f.*, brought forward; *bk.*, bank, book, back, backwardation; *bkpcy.*, or *bankcy.*, bankruptcy; *B. L.*, bill of lading; *B. N.*, bank note, broker's note; *bot.*, bought; *B. P.*, bills payable; *B. p.*, Bon pour (good for) amount; of French draft; *B. P. B.*, bank post bill; *B. R.*, bills receivable; *B/S.*, balance sheet, bill of sale, bill of sight; *B. X.*, bill of exchange; *B. C.*, bill of exchange for collection.

*C.*, contra, cash, copy; *cap.*, capital; *C. B. D.*, cash before delivery; *cert.*, certificate; *c. f.*, carried forward, cost and freight; *ego.*, contango; *C. N.*, cover note, credit note, circular note; *eye. fwd.*, carriage forward; *eye. pd.*, carriage paid; *c/o.*, care of, carried over; *C. O. D.*, cash on delivery; *coll.*, collateral collector; *com. or comm.*, commission, common stock; *consgee.*, consignee; *consqt.*, consignment; *Consols. or Con.*, consolidated (bonds); *consor.*, consignor; *cont.*, contract; *conv.*, convertible; *corp'n.*, corporation; *coy.*, company; *cred. or Cr.*, credit, creditor, credere; *C. T.*, cable transfer; *cum. div.*, with dividend; *cum. pref.*, cumulative preferred; *curr. or ct.*, current, this month; *C. W. O.*, cash with order; *cf.*, or *cp.*, compare.

*D/A.*, documents delivered against acceptance of draft, or days after acceptance; *dbk.*, drawback (customs); *dbl.*, double; *dbt. or Dr.*, debt, debtor; *D. D.*, demand draft; *d/d.*, days after date; *deb.* debenture; *Dec.*, decrease, December; *def.*, deferred; *dft.*, draft, defendant; *diff.*, difference; *dis.*, discount; *dishd.*, dishonored; *div.*, dividend, division; *D. & J.*, December and June; *D. M. J. S.*,

Dec., Mar., June, Sept.; *D. N.*, debt note, delivery note; *d.o.*, delivery order; *do.*, ditto, the same; *Dr.*, debtor, doctor, dear; *dr.*, draft, drachma, dram; *D. R.*, deposit receipt; *d/s.*, days after sight; *dupl.*, duplicate; *D. W.*, dock warrant, dividend warrant; *dwgs.*, drawings.

*E. & O. E.*, errors and omissions excepted; *E. C.*, East Central district, London; *E. E.*, errors excepted; *encl.*, enclosed; *entd.*, entered; *E. O. M.*, end of month payment; *et. al.*, and others; *et. seq.*, and the following; *ex.*, out of steamer or warehouse, without, ex coupon, ex dividend, example; *exch.*, exchange; *ex. d.*, without the dividend; *exd.*, examined, explained; *exor.*, executor; *exp.*, expense; *e. r.*, enroute in transit; *extx.*, executrix; *extd.*, extended.

*F.*, forward, farthing, franc; *F. & A.*, Feb. and August; *fdg.*, funding; *fin.*, finance, financial; *f. i. t.*, free of income tax; *fndd.*, funded; *fo.*, folio (page); *f. p. or fy. pd.*, full paid, fully paid; *fut.*, futures;  *fwd. or forwd.*, forward.

*Gov.*, government; *g. t. c.*, good till countermanded (cancelled); *g. t. m.*, good during this month; *g. t. w.*, good during this week; *guar.*, or *gtd.*, guaranteed.

*H. f. m.*, hold for money (until paid).

*Imp.*, improved, improvement; *In.*, India, Indian; *in.*, inch, inches; *inc.*, incorporated, increase; *insce.*, insurance; *inst.*, instant (this month); *int.*, interest, interior; *inv.*, invoice; *I. O. U.*, I owe you; *iss.*, issue.

*J. b.*, joint bonds; *J. & J.*, Jan. and July; *jt. %.*, joint account; *jt. stk.*, joint stock (company).

*L. C.*, letter of credit; *L. E. or £ E.*, pound Egyptian (money); *L. T. or £ T.*, pound Turkish; *L. fo.*, Ledger folio; *lgr. or lcd.*, ledger; *liaby.*, liability; *l. i. p.*, life insurance policy; *L. L.*, leased lines; *lnd.*, or *ld.*, land.

*Matd.*, matured; *m. c.*, margin of credit (loans); *m. d.*, months' date, months after date; *mdse.*, merchandise; *memo.*, memorandum; *mge. or mtge.*, mortgage; *Michs.*, Michaelmas (March 25); *min.*, mining, minimum, minute; *mkt.*, market; *mo. or mth.*, month; *m/s.*, months' sight; *mtg. or mge.*, mortgage.

*N/a.*, no advice (of bill to be paid) no account, new account; *Nat. Bk.*, national bank; *N. B.*, new bonds, New Brunswick, nota bene, take notice; *n. d.*, no date; *n. e.*, not enough, no effects, (to pay a check); *n. g.*, no good; *nil.*, nothing; *n. o.*, no orders (to pay bill of exchange); *nom.*, nominal, nominative; *N. P.*, notary public; *n. s.*, not sufficient; *n. u.*, name unknown.

*O.*, offered, old; *o/* order, over, our; *o/act. or on %.*, on account of; *obs.*, obligations (bonds), obsolete; observe (notice); *o/c.*, overcharge; *o/d.*, on demand, overdraft, overdrawn; *O. K.*, in correct form, all right; *on appro.*, on approval; *o/o* per 100, our order, care of; *o/oo* per 1000; *op.* optional, operating; *O. R.*, official receiver; *ord.*, or *ordy.*, ordinary; *o/s.*, outstanding checks, bills, or accounts; oversight; *out of stock* (all stock sold).

*P.*, page, per, pro, preferred; *P. A.*, power of attorney, particular average, private account; *p. a.*, per annum; *Part. Pref.*, participating preferred; *P. & C.*, put and call; *P. & L.*, profit and loss account; *paymt.*, payment; *P. B.*, purchases book; *P. C.*, petty cash; *p.c.*, or *%.*, per cent (per 100); *pc.*, *pce.*, *pcs.*, piece-s; *P. ct.*, price current (market prices); *P. C. B.*, petty cash book; *pd.*, paid, passed; *per pro.*, per procuracy; *perp.*, perpetual; *Pf.*, pfennig; *p. f.*, post free; *pdf.*, preferred; *pm.*, premium; *P. M.*, put of more; *p. m.*, afternoon; *P. M. O.*, postal money order; *pmt.*, payment; *P. N.*, promissory note; *P. O.*, post office, postal order; *P. o. d.*, pay on delivery; *P. O. O.* post office (money) order; *p. p.*, per procuracy, partly paid, per piece; *pp.*, pages;

*p. p. a.*, per cent per annum; *ppal.*, principal (of loan); *p. p. i.*, policy proof of interest; *p. pn.*, per pro, *p. p.*, *p. pro.*, per procuracy; *ppr.*, paper; *pref. or pfd.*, preferred; *prely.*, preliminary; *prem.*, premium; *prog. no.*, progressive number; *prom. note*, promissory note; *pt.*, prompt, part, print, point; *pt. cash*, prompt cash; *prox.*, next month; *P. T. O.*, please turn over the page; *P. U.*, public utilities; *pub.*, public, publisher, published.

*Qly.*, quarterly; *Q. R.*, quarterly rental.

*R/C.*, recharge, *R/D.*, refer to drawer (of check), payment refused; *Rd.*, received, road; *re.*, relating to, respecting, in the matter of; *recd.*, received; *Recvr.*, receiver (bankruptcy); *rect.*, receipt; *redn.*, reductions; *reg.*, register, registered, regular, regulate; *remr.*, remainder, reminder; *rept.*, report, represent; *repr.*, representatives; *rets.*, or *retns.*, returns; *rly, rlvay or ry.*, railway; *rptn.*, repetition, representation; *R. R.*, railroad; *Rs.*, rupees, roubles; *Rte.*, rentes.

§ *Mex.*, Mexican dollars; \$, dollar or peso.

*S.*, steamship, south, stock, sellers; *s.*, shilling, steamship, single, small; *s. a.*, subject to approval; *S. B.*, sales book; *Scp.*, Scrip, *s. d. or s/dft.*, sight draft; *S. B. D. L. or S/D., B/L.*, sight draft with bill of lading attached; *sec.*, second, section, security; *secy.*, secretary; *settlmt.*, settlement; *S. F.*, sinking fund; *sgd.*, signed; *s. g. d. g.*, without government guarantee (of patent); *sh.*, share, shilling, shall; *shipmt.*, shipment; *shr.*, share; *shrhdr.*, shareholder; *sigre*, signature; *sil.*, silver; *S. O.*, seller's option, shipowner's option; *sov.*, sovereign (pound sterling); *S. P.*, supra protest, after protest; *spec.*, speculation; *spl.*, special; *S. S.*, place for seal on deeds; *s. s.*, steamship; *std.*, standard; *stg.*, sterling, strong; *stk.*, stock; *stkholder*, stockholder; *sufft.*, sufficient; *supp. or suppy.*, supplementary; *s. v.*, sailing vessel.

*T. B.*, trial balance; *Tel.*, or *t.*, telegram, telegraphic; *t. c.*, till countermanded; *t. f.*, till forbidden; *T. R.*, trust receipt; *traff.*, traffic; *tram or tmvay.*, tramway; *trfr. or tfr.*, transfer; *trsr.*, treasurer; *triple*, triplicate, in three copies; *T. Ts.*, telegraphic transfers; *T. & t.*, telegrams and telephone charges; *tx.*, tax, taxes.

*U. a.*, underwriting account; *U. K.*, United Kingdom of Gt. Britain; *U. S. or U. S. A.*, United States of America; *U. S. A.*, Union of South Africa; *u. u. r.*, under usual reserve; *u/w.*, underwriter; *ux.*, *uxor*, wife of.

*V. or vs.*, versus, against; *val.*, value; *valn.*, valuation; *v. d.*, various dates; *v.ia*, by way of.

*W. i.*, when issued; *wk.*, week; *w. w.*, warehouse warrants, waterworks; *w. r.*, warehouse receipts.

*X. c.*, or *x. cp.*, without interest coupon; *xd. or exd.*, examined, or ex dividend; *x. int.*, without interest; *x.*, new, without right to new bonds or stocks.

### Letters referring to statements of account.

(See also collection letters in Chapters 86-91.)

Dear Sir,

In preparing our books for audit we find that our invoice of 15th March last is still unpaid. We trust you will excuse our asking for an early remittance in settlement, as our small margin of profits does not allow of our giving such extended credit.

Yours very truly,

Dear Sir,

We enclose statement of our February account. As your payments have always been so prompt, we can only attribute the delay in settlement to an oversight and we trust you will excuse our calling your attention to it.

Yours very truly,

Gentlemen,

Will you please send us a statement of any items you may have outstanding against us up to June 29th last. If this is not received PER RETURN OF POST, we shall presume that nothing is owing at that date.

Yours truly,

**Errors in Statements.** (See also Chapter 81.)

Dear Sir,

We believe that you will find that there are several errors in the statement of last month's account, which we return enclosed.

If you will examine the items which have been marked with crosses, we think you will discover (find that there are) mistakes as to dating and as to the amounts.

Yours very truly,

**Reply.**

Dear Sir,

We are sorry that you have had occasion to complain of our statement of account for last month. The errors have been corrected on the new statement which we enclose. The mistakes arose through both our chief clerk (our accountant) and the ledger clerk who has charge of your account, being at present absent on vacation (for their holidays). Your statement was prepared by an assistant who was not familiar with your account and the special terms we allow you.

We hope you will excuse the errors; we regret (apologize for) the inconvenience they have caused you.

Yours very truly,

**Remittance not received.**

Dear Madam,

We thank you for your letter of April 20, telling us that you sent \$20 April 10. This remittance has not reached us. If you will supply us with exact details as to where and when the letter containing the remittance was mailed, if it was registered, and whether you sent a check, bills, or money order, we will have the letter traced by the post office.

It would be advisable that you should supply the same details to your local postmaster on a form which he will give you. If you sent a check or money order, made payable to us, you are not likely to lose anything, because the amount could be recovered if paid to any one else. It is always risky to send coin or bills (paper money) in unregistered letters; we advise our customers to send checks or money orders only.

Yours very truly,

## CHAPTER 80.—TRADE AND CASH DISCOUNTS; INTEREST; LENGTH OF CREDIT.

Notices printed on invoices and statements.

**Interest—legal and illegal.** Most of the states of the U. S. A. have laws limiting the rate of interest to be charged to borrowers. (Foreign countries generally have no laws of this kind.) Charging interest at more than the legal maximum rate is called "usury" and the borrower can refuse to pay it or claim repayment of sums already paid. In some states the penalty for usury is the loss of principal and all the interest.

A creditor has no legal right to charge interest on unpaid interest (interest in arrear), even though both parties agree to it. Such an agreement is not usury; the lender escapes the penalty for usury but he cannot sue for the compound interest, that is, the interest charged on the unpaid interest. An agreement to charge interest at a higher rate on a loan, if the interest is unpaid at the due date, is also illegal.

### Interest Laws and Statutes of Limitations.

The contract rate means the maximum rate (except for pawnbrokers')

INTEREST RATE		STATE	INTEREST RATE		STATE	INTEREST RATE		STATE	INTEREST RATE		
Legal Rate	Contract Rate		Legal Rate	Contract Rate		Legal Rate	Contract Rate		Legal Rate	Contract Rate	
<i>Per Ct.</i>			<i>Per Ct.</i>	<i>Per Ct.</i>		<i>Per Ct.</i>	<i>Per Ct.</i>		<i>Per Ct.</i>	<i>Per Ct.</i>	
Ala....	8	8	Ill.....	5	7	Mont...	8	10	P. Rico..	6	12
Alaska..	8	12	Ind.....	6	8	Neb....	7	10	R. I....	6	Seenote
Ark....	6 to 10	0 to 10	Iowa....	6	8	Nev....	7	12	S. C....	7	8
Ariz....	6	10	Kan....	6	6	N. H....	6	Any rate	S. D....	7	12
Cal....	7	12	Ky....	6	6	N. J....	6	6	Tenn....	6	6
Col....	8	12	La....	5	8	N. M....	10	12	Tex....	6	10
Conn....	6	12	Maine...	6	Any rate	N. Y....	6	6	Utah...	8	12
Del....	6	6	Md....	6	6	N. C....	6	6	Vt....	6	.....
D. of C.	6	8	Mass....	6	Any rate	N. D....	6	10	Va....	6	6
Fla....	8	10	Mich...	5	7	Ohio...	6	8	Wash...	6	12
Ga....	7	8	Minn...	6	8	Okla...	6	10	W. Va.	6	6
Hawaii..	8	12	Miss...	6	8	Ore....	6	10	Wis....	6	10
Idaho...	7	10	Mo....	6	8	Pa....	6	6	Wyo...	7	10

### Usury and its penalties.

By charging a bonus for a loan and then putting on record the loan minus the bonus, many professional money lenders avoid the usury laws. They take advantage, also, of the pawnbroking interest rates by requiring a pledge from the borrower.

In Colorado, Connecticut, Florida, Utah, Wisconsin, and several other States, usury is classed as a misdemeanor and carries a fine of \$500 or less and (or) a short term in prison, usually not over 6 months.

# Interest Tables

## THREE PER CENT

TIME	\$1	\$2	\$3	\$4	\$5	\$6	\$7	\$8	\$9	\$10	\$100	\$1000
4 DAY...	0	0	0	0	0	0	0	0	0	0	3	33
8 "...	0	0	0	0	0	0	0	0	0	0	7	67
12 "...	0	0	0	0	1	1	1	1	1	1	10	1.00
16 "...	0	0	0	0	1	1	1	1	1	1	43	1.33
20 "...	0	0	0	1	1	1	1	1	2	2	17	1.67
24 "...	0	0	1	1	1	1	1	2	2	2	20	2.00
28 "...	0	0	1	1	1	1	2	2	2	2	23	2.33
1 MO....	0	1	1	1	1	2	2	2	2	3	25	2.50
2 "...	1	1	2	2	3	3	4	4	5	5	50	5.00
3 "...	1	2	2	3	4	5	5	6	7	8	75	7.50
6 "...	2	3	5	6	8	9	11	12	14	15	1.50	15.00
1 YR....	3	6	9	12	15	18	21	24	27	30	3.00	30.00

## FOUR PER CENT

TIME	\$1	\$2	\$3	\$4	\$5	\$6	\$7	\$8	\$9	\$10	\$100	\$1000
4 DAY...	0	0	0	0	0	0	0	0	0	0	4	44
8 "...	0	0	0	0	0	1	1	1	1	1	9	89
12 "...	0	0	0	0	1	1	1	1	1	1	13	1.33
16 "...	0	0	1	1	1	1	1	1	2	2	18	1.78
20 "...	0	0	1	1	1	1	2	2	2	2	22	2.22
24 "...	0	1	1	1	1	2	2	2	3	3	27	2.67
28 "...	0	1	1	1	2	2	2	3	3	3	31	3.11
1 MO....	0	1	1	1	2	2	3	3	3	3	33	3.33
2 "...	1	1	2	3	3	4	5	5	6	7	67	6.67
3 "...	1	2	3	4	5	6	7	8	9	10	1.00	10.00
6 "...	2	4	6	8	10	12	14	16	18	20	2.00	20.00
1 YR....	4	8	12	16	20	24	28	32	36	40	4.00	40.00

## FIVE PER CENT

TIME	\$1	\$2	\$3	\$4	\$5	\$6	\$7	\$8	\$9	\$10	\$100	\$1000
4 DAY...	0	0	0	0	0	0	0	0	1	1	6	56
8 "...	0	0	0	0	1	1	1	1	1	1	11	1.11
12 "...	0	0	0	1	1	1	1	1	2	2	17	1.67
16 "...	0	0	1	1	1	1	2	2	2	2	22	2.22
20 "...	0	1	1	1	1	2	2	2	3	3	28	2.78
24 "...	0	1	1	1	2	2	2	3	3	3	33	3.33
28 "...	0	1	1	2	2	2	3	3	4	4	39	3.89
1 MO....	0	1	1	2	2	3	3	3	4	4	42	4.17
2 "...	1	2	3	3	4	5	6	7	8	8	83	8.33
3 "...	1	3	4	5	6	8	9	10	11	13	1.25	12.50
4 "...	2	3	5	7	8	10	12	13	15	17	1.67	16.67
5 "...	2	4	6	8	10	13	15	17	19	21	2.08	20.83
6 "...	3	5	8	10	13	15	18	20	23	25	2.50	25.00
1 YR....	5	10	15	20	25	30	35	40	45	50	5.00	50.00

## SIX PER CENT

TIME	\$1	\$2	\$3	\$4	\$5	\$6	\$7	\$8	\$9	\$10	\$100	\$1000
4 DAY...	0	0	0	0	0	0	0	1	1	1	7	67
8 "...	0	0	0	1	1	1	1	1	1	1	13	1.33
12 "...	0	0	1	1	1	1	1	2	2	2	20	2.00
16 "...	0	1	1	1	1	2	2	2	2	3	27	2.67
20 "...	0	1	1	1	2	2	2	3	3	3	33	3.33
24 "...	0	1	1	2	2	2	3	3	4	4	40	4.00
28 "...	0	1	1	2	2	3	3	4	4	5	47	4.67
1 MO....	1	1	2	2	3	3	4	4	5	5	50	5.00
2 "...	1	2	3	4	5	6	7	8	9	10	1.00	10.00
3 "...	2	3	5	6	8	9	11	12	14	15	1.50	15.00
4 "...	2	4	6	8	10	12	14	16	18	20	2.00	20.00
5 "...	3	5	8	10	13	15	18	20	23	25	2.50	25.00
6 "...	3	6	9	12	15	18	21	24	27	30	3.00	30.00
1 YR....	6	12	18	24	30	36	42	48	54	60	6.00	60.00

From "A Personal Book for Executives," copyright, 1935,  
through courtesy of Dartnell Corporation

# How Money Grows at Compound Interest

*Interest as Earned Added to the Principal Every 6 Months*

Years	\$500				Years	\$1,000			
	3%	4%	5%	6%		3%	4%	5%	6%
1	\$ 515.11	\$ 520.20	\$ 525.32	\$ 530.45	1	\$1,030.22	\$1,040.40	\$ 1,050.63	\$ 1,060.90
2	530.68	541.22	551.91	562.76	2	1,061.35	1,082.43	1,103.81	1,125.51
3	546.72	563.08	579.85	597.03	3	1,093.43	1,126.16	1,159.69	1,194.05
4	563.24	585.83	609.20	633.39	4	1,126.48	1,171.66	1,218.40	1,266.77
5	580.27	609.50	640.04	671.96	5	1,160.53	1,218.99	1,280.08	1,343.92
6	597.80	634.12	672.45	712.88	6	1,195.60	1,268.24	1,344.89	1,425.76
7	615.87	659.74	706.49	756.30	7	1,231.73	1,319.48	1,412.97	1,512.59
8	634.48	686.40	742.26	802.36	8	1,268.95	1,372.79	1,484.51	1,604.73
9	653.65	714.13	779.83	851.22	9	1,307.30	1,428.25	1,559.66	1,702.41
10	673.41	742.98	819.31	903.06	10	1,346.81	1,485.95	1,638.62	1,806.11
11	693.76	772.99	860.79	958.05	11	1,387.51	1,545.98	1,721.57	1,916.10
12	714.72	804.22	904.37	1,016.40	12	1,429.44	1,608.44	1,808.73	2,032.79
13	736.32	836.71	950.15	1,078.30	13	1,472.64	1,673.42	1,900.29	2,156.59
14	758.58	870.51	998.25	1,143.97	14	1,517.15	1,741.02	1,996.50	2,287.93
15	781.51	905.68	1,048.79	1,213.63	15	1,563.01	1,811.36	2,097.57	2,427.26
16	805.13	942.27	1,101.88	1,287.54	16	1,610.25	1,884.54	2,203.76	2,575.08
17	829.46	980.34	1,157.66	1,365.96	17	1,658.91	1,960.68	2,315.32	2,731.91
18	854.52	1,019.95	1,216.27	1,449.14	18	1,709.04	2,039.89	2,432.54	2,898.28
19	880.35	1,061.15	1,277.84	1,537.39	19	1,760.69	2,122.30	2,555.68	3,074.78
20	906.96	1,104.02	1,342.53	1,631.02	20	1,813.91	2,208.04	2,685.06	3,262.04
21	934.37	1,148.62	1,410.50	1,730.35	21	1,868.73	2,297.24	2,821.00	3,460.70
22	962.61	1,195.03	1,481.91	1,835.73	22	1,925.21	2,390.05	2,963.81	3,671.45
23	991.70	1,243.31	1,556.93	1,947.52	23	1,983.39	2,486.61	3,113.85	3,895.04
24	1,021.67	1,293.54	1,635.75	2,066.13	24	2,043.33	2,587.07	3,271.49	4,132.25
25	1,052.54	1,345.80	1,718.56	2,191.96	25	2,105.08	2,691.59	3,437.11	4,383.91
26	1,084.35	1,400.17	1,805.56	2,325.45	26	2,168.70	2,800.33	3,611.11	4,650.89
27	1,117.12	1,456.73	1,896.96	2,467.06	27	2,234.24	2,913.46	3,793.92	4,934.12
28	1,150.88	1,515.59	1,993.00	2,617.31	28	2,301.76	3,031.17	3,985.99	5,234.61
29	1,185.66	1,576.81	2,093.89	2,776.70	29	2,371.32	3,153.62	4,187.78	5,553.40
30	1,221.50	1,640.52	2,199.90	2,945.80	30	2,442.99	3,281.03	4,399.79	5,891.60
31	1,258.41	1,706.79	2,311.27	3,125.20	31	2,516.82	3,413.58	4,622.53	6,250.40
32	1,296.44	1,775.75	2,428.27	3,315.53	32	2,592.88	3,551.49	4,856.54	6,631.05
33	1,335.62	1,847.49	2,551.22	3,517.44	33	2,671.24	3,694.97	5,102.41	7,034.88
34	1,375.99	1,922.13	2,680.36	3,731.66	34	2,751.97	3,844.25	5,360.72	7,463.31
35	1,417.57	1,999.78	2,816.05	3,958.91	35	2,835.14	3,999.56	5,632.10	7,917.82
36	1,460.41	2,080.57	2,958.62	4,200.01	36	2,920.82	4,161.14	5,917.23	8,400.02
37	1,504.55	2,164.63	3,108.40	4,455.79	37	3,009.09	4,329.25	6,216.79	8,911.58
38	1,550.02	2,252.08	3,265.76	4,727.15	38	3,100.03	4,504.15	6,531.51	9,450.50
39	1,596.86	2,343.06	3,431.09	5,015.05	39	3,193.72	4,686.12	6,862.17	10,030.10
40	1,645.12	2,437.72	3,604.79	5,320.45	40	3,290.24	4,875.44	7,209.57	10,640.90
41	1,694.84	2,536.21	3,787.28	5,644.45	41	3,389.68	5,072.41	7,574.55	11,288.90
42	1,746.06	2,638.67	3,979.01	5,988.20	42	3,492.12	5,277.33	7,958.01	11,976.40
43	1,798.83	2,745.27	4,180.45	6,352.90	43	3,597.66	5,490.54	8,360.89	12,705.80
44	1,853.20	2,856.18	4,392.08	6,739.80	44	3,706.39	5,712.35	8,784.16	13,479.60
45	1,909.21	2,971.57	4,614.40	7,150.25	45	3,818.41	5,943.13	9,228.80	14,300.50
46	1,966.91	3,091.62	4,848.04	7,585.70	46	3,933.81	6,183.24	9,696.07	15,171.40
47	2,026.35	3,216.52	5,093.47	8,047.65	47	4,052.70	6,433.04	10,186.93	16,095.30
48	2,087.60	3,346.47	5,351.32	8,537.75	48	4,175.19	6,692.93	10,702.64	17,075.50
49	2,150.69	3,481.67	5,622.24	9,057.70	49	4,301.37	6,963.33	11,244.47	18,115.40
50	2,215.69	3,622.33	5,906.86	9,609.30	50	4,431.37	7,244.65	11,813.72	19,218.60

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through courtesy of Dartnell Corporation

## CASH DISCOUNT TABLE

The cash discount is what a seller is willing to give his customers for paying his bill *twenty days* before the expiration of the full thirty-day period. A 2 per cent cash discount thus gives the buyer an inducement of 36 per cent a year, since there are eighteen periods of twenty days each, which might be anticipated by the buyer if he were having shipments made to him constantly through the year.

$\frac{1}{2}\%$	10 days—net 30 days =	9% per annum
1 %	10 days—net 30 days =	18% per annum
1½%	10 days—net 30 days =	27% per annum
2 %	30 days—net 4 mos. =	8% per annum
2 %	10 days—net 60 days =	14% per annum
2 %	30 days—net 60 days =	24% per annum
2 %	10 days—net 30 days =	36% per annum
3 %	10 days—net 4 mos. =	10% per annum
3 %	30 days—net 60 days =	36% per annum
3 %	10 days—net 30 days =	54% per annum

## A QUICK WAY TO FIGURE AMORTIZATION

### DISCOUNT BONDS

Divide the amount of the discount by the number of years until maturity. For example:—take a \$1,000 5 per cent bond purchased ten years before maturity at 95. The total discount is \$50.00, which, divided by ten (the number of years the bond has to run) gives \$5.00 as the amount that should be amortized annually.

The \$50.00 in coupons received each year represents only part of the return and the \$5.00 appreciation of principal should be added, making the total income \$55.00. The yield on the bond is therefore approximately 5.50 per cent.

### PREMIUM BONDS

Divide the amount of the premium by the number of years until maturity. For example:—take a \$1,000 5 per cent bond purchased twenty-five years before maturity at \$111.48. The total premium is \$114.80, which divided by twenty-five (the number of years the bond has to run) gives \$4.60 as the amount that should be amortized annually.

From the \$50.00 in coupons received each year \$4.60 should be subtracted as representing returned principal, leaving \$45.40 as the net income. The yield on the bond is therefore approximately 4.54 per cent.

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The general penalty for usury in most of the States is forfeiture of the excess interest.

In Montana, North Carolina, Oklahoma, South Carolina, and Texas, the penalty is double the interest charge.

In Arkansas, and North Dakota, principal and interest may be forfeited.

In Alabama, Arizona, District of Columbia, Georgia, Idaho, Illinois, Michigan, Minnesota, Mississippi, New Jersey, and Virginia, all interest is forfeited.

In Iowa, the penalty for usury is a forfeiture of eight per cent on the hundred by the year upon the amount of the principal remaining unpaid on the contract at the time judgment is rendered, also judgment in favor of the State for the use of the school funds for the this amount against the defendant.

In New Mexico, the penalty for usury is as follows: The contract shall not be void, but in any action on such contract, proof may be made that a greater rate of interest has been directly or indirectly contracted for or taken or reserved, and the plaintiff shall recover only the principal less the amount of interest accruing thereon at the rate contracted for, and the defendant shall recover costs; and if interest shall have been paid, judgment shall be for the principal less twice the amount of interest paid and less the amount of all accrued and unpaid interest.

In Oregon the charging of usurious interest constitutes a forfeiture of the entire debt so contracted to the school fund of the county where such suit is brought, the court rendering judgment for the amount of the original sum loaned or of the debt contracted, without interest.

In Rhode Island, interest on a loan of more than \$50 may be fixed by agreement at up to 30 per cent; on a loan of less than \$50, five per cent a month for the first 6 months and 2½ per cent a month thereafter, on the sum actually loaned.

In Wisconsin the usurer is liable to pay back twice the amount of the excess interest he got.

### Statutes of limitations in civil suits.

The statutes of limitation of action for recovery or enforcement in civil actions on debts vary from 1 to 20 years in the different States, according to the kind of case.

The prevailing limit is 6 years on notes and open accounts.

In New York State the limitations are—on judgments, 6 years when not of record, 20 years, when of record; on notes, 6 years; on open accounts 6 years from last item on either side. A judgment ceases after 10 years to be a lien on real estate.

In New Jersey and Connecticut the statute in debt matters is 6 years.

In the District of Columbia, the statute of limitations for the recovery of real estate is 15 years; on executors' and administrators' bonds 5 years.

In Illinois the statute limitation on unwritten agreements is 5 years; on written agreements, 10 years.

### Payment of Less Than Sum Due—When Binding.

Payment of part of a debt is not considered in law to be payment in full, even though it has been so agreed. This was settled by an English court decision in the year 1600 and it stands good to-day in all of the U. S. states except ten. In those ten states the creditor can sue for and

recover the balance of the debt. If there is a disputed claim and the creditor accepts part of the amount in settlement, the agreement is binding. Payment of portions of claims accepted as full settlement, in compositions, are also binding, because the consideration is the mutual forbearance of the other creditors from pressing for full payment at once.

**Printed notices, on delivery notes, of delivery conditions.**

Delivered by.....  
 Received from.....  
 in good order, the following packages:  
 Consignee .....  
 Address .....  
 No. of Packages                      Description of Articles

Goods are delivered to express companies or freight lines at the risk of the purchaser.

Terms.....                      Order No.....  
 Railroad co's receipt for mdsc. in good order constitutes delivery, after which our responsibility ceases. No claims for damaged goods or shortage will be allowed.

This bill is due in accordance with invoice date and terms above mentioned and payment of it is not subject to any delay and/or loss of, or damage to the property herein described, while in transit. The Railroad Companies, Steamship Lines, and other carriers act as your agent, and we are, therefore, not responsible nor liable for any losses, damages, or delays in transit occurring after the goods have been delivered to the carriers. Nor are we responsible or liable for any merchandise lost or destroyed by reason of war or any other reason.

Prices subject to change without notice. Goods delivered to Express Companies, Freight Lines, or sent out to be packed, are at the risk of the purchaser. If the terms on this bill are not exactly in accordance with those made at the time of sale, please return at once for correction, as we cannot make any change at time of settlement. No claims allowed unless made within six days after receipt of goods.

MEMORANDUM OF CONTENTS

Invoice Will Follow:

If this Memo does not agree in every particular with delivery, we must be notified at once.

All goods delivered by express or parcel post at the risk of the purchaser. Goods delivered to Express Companies or Freight Lines are at the Risk of the purchaser.

NO CLAIMS ALLOWED AFTER TEN DAYS

Settlement in New York Funds, Payable in Gold or its Equivalent.

**Printed notices on invoices—Possible errors in billing.**

Any errors in terms or prices on this invoice must be reported within 10 days, to insure correction. No goods accepted after being cut.

If prices and terms on this invoice are not correct, report at once.

All claims must be made in writing within seven days of receipt of goods. If this bill is incorrect in any way return at once. No allowances whatsoever will be made at time of settlement. Pay no money to agents for our account unless written authority is shown to collect.

If prices or terms are not correctly stated on this invoice, return to us at once for correction. No claims considered unless made within 5 days from date of invoice. If this bill differs in any respect from your understanding of purchase, please return bill at once, for correction, as no change will be made at time of settlement.

No claims allowed after goods are cut or sponged.

We accept no returns after five days from date of delivery.

When checking this bill, please open every box; some may contain several articles. If this bill is not found to be correct in all respects, we must be notified at once, as no change of prices or terms will be allowed at time of settlement. All claims for imperfection or deficiency must be made within 3 days after receipt of goods.

Positively no claims allowed after goods are cut.

NOTE—No deductions will be allowed from this Invoice at time of settlement.

If incorrect, kindly return Invoice at once.

#### EXAMINE TERMS AND PRICES.

See that you hold our CREDIT MEMOS for all RETURNS and ALLOWANCES

Deductions from this bill at time of settlement, for items not previously adjusted, WILL NOT BE ALLOWED.

Bill No.....

Your Order No. 1283                      Check this invoice immediately to avoid dispute.

Our Order No.....                      No claims allowed after 5 days.

A metre equals  $1 \frac{1}{11}$ th yards. Extensions are obtained, where goods are billed by the metre, by multiplying the metres by the price, and adding  $1/11$ th.

We anticipate that the advertiser will appreciate the convenience of this small account and *pay it promptly*. It is with this understanding the advertising is printed.

Merchandise represented by this bill is delivered on the understanding that terms are as represented hereon; any other understanding must be reported to us before your acceptance of goods.

#### TO IDENTIFY REMITTANCE, PLEASE RETURN THIS BILL

No receipt sent unless requested.

All checks should be made payable to the order of the New York Times.

This is not an extension of credit and this bill must be paid on presentation.

No claims allowed after ten days.

#### Printed notices on invoices—claims.

*No Goods taken back unless imperfect. All claims must be made within TEN DAYS after receipt of Goods.*

**ALL ORDERS SHOULD BE ADDRESSED TO THE FIRM,  
TO INSURE PROMPT ATTENTION.**

No claims allowed for breakage in transit, as we hold shipping receipt in good order. Claims for shortage or incorrect material must be made within

10 days after receipt of goods and be accompanied by original Packing Slip. Claims must give invoice numbers and complete detail of why claim is made. Claims for allowance in price must be made before the 10th of the month following date of shipment, or otherwise, claims will not be considered. No returned goods will be accepted for credit, unless "Returned-Goods-Permit" is first obtained and accompanies the shipment.

Claims, if any, must be made within five days after receipt of goods, as no allowance will be made at time of settlement.

Bills not paid at maturity subject to sight draft.

**NO CLAIM WILL BE ALLOWED AFTER PAPER HAS BEEN CUT,  
RULED, OR PRINTED.**

ALL CLAIMS FOR DEFICIENCIES MUST BE MADE WITHIN 5 DAYS AFTER  
RECEIPT OF GOODS.

Sold on condition that goods shall not be returned, nor allowances made for any cause, after 10 days from delivery, nor after goods are sponged or cut.

ALL CLAIMS FOR ADJUSTMENT MUST BE MADE WITHIN 10 DAYS AFTER  
RECEIPT OF INVOICE.

NOTICE. Claims, if any, must be made immediately upon receipt of goods, as none will be allowed at time of settlement. Pay no money to agents or salesmen for our account unless written authority to collect is shown.

Prices subject to change without notice.

ALL BILLS PAYABLE IN NEW YORK EXCHANGE. *No claims for damages or deficiencies will be allowed unless made within ten days after receipt of goods. All goods shipped at buyer's risk. Insurance will only be effected upon written instructions.*

Positively no claims will be allowed or accepted at time of settlement. In case remittance has been sent for past due bills within the last few days, please destroy this statement. E. & O. E.

**MAKE NO DEDUCTIONS UNLESS AUTHORIZED.**

No credits or deductions will be allowed, or any returns credited upon this bill, unless notice of claim therefor is made within five days after receipt of goods and same consented to.

Goods must be examined before cutting. No allowances after goods are cut. Payable only in New York funds.

Pence not allowed. (Applies to Gt. Britain only; some creditors deduct the pence on amounts over £12.)

Deductions other than regular discounts cannot be allowed unless agreed to by us and credit note issued.

Deductions for empties cannot be allowed unless returned and advised before payment.

No claims for any allowances can be accepted unless advised within 7 days after receipt of invoice.

Claims cannot be allowed on goods which have been sold and shipped by the customer before the claim is made.

Goods should be examined immediately after arrival, as no claims can be entertained unless made within 7 days from invoice date.

Claims for allowances will not be entertained unless made promptly and facilities are given to us for examination of the goods.

As required by rule 3 of the uniform bill of lading, consignee should notify railroad agent promptly at destination, in writing, in case of shortage or damage en route, in order to substantiate formal claim when presented.

### Printed notices on invoices—Returns, etc.

**NOTICES.** Returned goods will not be accepted unless charges are prepaid, a satisfactory reason is given, and date of invoice mentioned. Returns must not be later than 10 days after purchase.

### PRICES SUBJECT TO CHANGE WITHOUT NOTICE

This mdse. was m'd in accordance with the Federal Child Labor Law, effective September 1st, 1916.

Containers, when charged and returnable, must be paid for, and then returned within 60 days in good condition, freight prepaid, or credit cannot be allowed. Such containers held over 60 days are subject to monthly rental charge if, by special arrangement with source, later return is agreed to.

WHEN RETURNING GOODS, PLEASE ENCLOSE MEMORANDUM AND DATE OF INVOICE.

ALL CLAIMS MUST BE MADE IN 10 DAYS.

### CREDIT MEMORANDUM

*We have this day credited your account as per memorandum below*

*Yours respectfully,*

No goods taken back unless imperfect.

No business transacted on Saturdays. Closed all day Saturdays, in July and August.

### Printed Notice on invoices—transfers of accounts and finance firms.

This account is owned by, and payable to

J. S. EMMERICH & Co., 54 4th Ave., N. Y.

Terms net, no discount, payable on or before the 15th of the following month.

This bill is assigned and payable in New York Exchange to

SCHNELL & Co., 20 East 14th St., New York City

No. 151

Terms: *Net 60 E. O. M. of Sept. (end of month of Sept.)*

6% per annum best rate for anticipation

Salesman *A. B.*

Goods shipped at purchasers risk via Am. Express.

This invoice is payable to J. Smith, Factor.

### Printed notices on invoices to contractors for work.

(Explanation. In the tailoring trade, cloth sent to subcontractors, to be made into garments, is billed to the subcontractor. The quantity of cloth used for the garments, and the quantity of cloth returned, are credited to the subcontractor when the completed garments are delivered.)

These goods are held in trust and not sold but are to be made up as desired and returned when finished to the undersigned.

NOTE. These goods are consigned to you to be made into garments for us. The title is retained by us, with the understanding that you assume all risk against loss by fire, or otherwise.

Consigned to.....

These goods are sent on consignment with the express agreement that they must either be paid for, or returned, on demand; and that, until paid for, title thereto remains in the NEW YORK DRESS CO. In part consideration of this consignment, the consignee agrees to be responsible for the goods in case of damage or loss by fire, theft, or accident, from the time they reach his possession.

**Printed notices on invoices—conditions of sale and delivery.**

We hereby guarantee to the purchaser of the articles of food described in this invoice that they are not adulterated or misbranded within the meaning of the Food and Drugs Act June 30, 1906 and amendments thereof. We hereby guarantee that no provision of the Federal Child Labor Act of September 1st, 1916 has been violated in the manufacture of the goods covered by the document bearing this imprint.

All quotations are based upon existing costs and conditions, and are for immediate acceptance only. All orders, until delivered, are liable to increased or decreased charges or cancellation in the event of war, strikes, embargoes, or for any other cause, beyond our control, which would result in a change in the price of coal, its transportation or prevent the delivery thereof.

All contracts and sales are made subject to the usual conditions of the trade, granting us release from the obligation in the event of strikes and other conditions beyond our control.

Under conditions existing to-day we are unable to guarantee prices. Therefore, all quotations are made subject to change without notice, and all orders are accepted with the understanding that same will receive our earliest possible attention. Orders accepted and entered only under the following express conditions, viz.: No liability shall be attached to either buyer or seller if delivery thereof is prevented by strikes, lockouts, fire, extraordinary high or low water, or other causes beyond our control.

All agreements contingent upon strikes, accidents, and other causes beyond our control.

All work to be repaired accepted at junk value. We guarantee for thirty days.

All prices quoted F. O. B. New York. Prices subject to change without notice.

Terms net cash. Prices to change without notice. We reserve the right to correct typographical errors made in this bill. All goods shipped at purchaser's risk. Claims for errors must be made immediately on receipt of goods.

All material is offered subject to prior sale, (without engagement).

(On invoice of embroidery.) These designs are copyrighted for the protection of our customers and ourselves; infringements will be prosecuted by law. TERMS. On open account, to rated concerns; to all others, cash with order or C. O. D. shipment by parcel post. Book may be returned within ten (10) days

if unsatisfactory for any reason, and payment will be refunded on its receipt in good order.

**Printed notices on invoices—Receipts.**

If you pay by check, please detach this coupon and mail with check, **RETAINING THE BILL FOR YOUR RECORDS.** Receipt of check remittances will be acknowledged only when specifically requested, since paid checks returned by banks constitute full receipts for such payments.

If agreeable to you, when paying by check, we would ask that you detach this coupon and forward it with the check, retaining your bill.—Your cancelled check will be your receipt.

Receipt will not be sent unless specifically requested

If paid by check, enclose this stub with remittance, retaining the statement. The cancelled check will be your receipt. If further receipt is required enclose complete statement with check.

Kindly tear off this coupon and enclose it when sending check. Retain other portion of this bill for reference. Your cancelled check returned by your bank will serve as a receipt.

Receipts sent only on special request.

Receipt sent on request only as your check is a receipt.

If this bill is paid by check and no further receipt is required, please detach this heading and mail with your check.

Your check is a receipt, remittance will not be acknowledged by mail.

Repair work done.....

Total charge.....

Cash Received

.....\$.....

.....

Mechanic..... Customer's Signature

This is your receipt. Do not lose it or destroy it. Mechanic is authorized to collect for service, also for additional parts furnished.

**Printed notices on Statements of Account.**

*To Balance* ..... \$.....

*To Mdse. per Invoice Rendered* ..... \$.....

Do not change statement. If incorrect please return at once.

**FOR COMPARISON;** if this does not agree with your records in every particular, advise us at once.

For Comparison.—Kindly remit past due bills.

This statement is sent for comparison, not as a request for payment of bills not due.

Statements issued Monthly, for Comparison, for all Bills.

Please compare this statement of items due with your own record, and if found correct oblige us with prompt remittance to.....

N. B.—Please compare above statement with your books, and if **NOT** correct advise at once. If the amount is **NOT DUE**, you will not consider this a demand for your payment.

We render statement monthly, for the purpose of showing you the state of

your account according to our ledger, thus enabling you to compare with your own books. Please check balance shown, and, if any error exists, advise us *without delay*.

**IF THE ACCOUNT IS CORRECT, PAYMENT SHOULD BE MADE  
WITHIN THIRTY DAYS FROM DATE OF INVOICE**

No discount allowed.

Not responsible for payments, nor money advanced, unless through New York office.

On the first of each month we render statements of all bills, DUE AND NOT DUE, as per our Ledger. Should any discrepancies be found, please notify at once.

Statements rendered first of each month, whether the account is due or not—please examine, and report if incorrect.

We render statement monthly, for the purpose of showing you the state of your account according to our ledger (irrespective whether bills are due or not due); thus enabling you to compare with your books. Please check balance shown, and, if any error exists, advise us **WITHOUT DELAY**.

If the Account is Correct, Please Send Check Promptly When Due.

It is our custom to render a statement on or about the first of each month. Please examine the above and if not correct advise us immediately.

For such amount as may be due, we shall be obliged for an early remittance.

We reserve the right to draw on you for items past due, without further notice.

Statements rendered for bills due; or not due, as per ledger, on the first of each month. This gives an opportunity for correcting errors. All claims must be made within 5 days after receipt of bill. This rule will be strictly enforced. For such amount as may be due I should be pleased to receive an early remittance. **THIS IS NOT A BILL**. It is a statement of your account, as shown by our books.

All bills payable direct to the house. Payable in New York bankable funds. Bills payable in Chicago or New York exchange, at par; 6% per annum best rate for discount before maturity. Agents not allowed to collect money or receive goods returned.

**Printed notices on Statements—Discounts.**

Net cash 30 days, unless specified otherwise. Advise promptly if incorrect. Remit by Boston or N. Y. draft, M. O., or Express.

This Account Is Due, Net, 30 Days from Invoice Date.

**TERMS**, net cash 30 days, or, less 2% 10 days. **INTEREST** charged at the rate of 6% after maturity.

**TERMS: 2—10 E. O. M.** (2%, 10 days after end of month.)

Terms 2%, 10 days E. O. M., or 3% cash; otherwise strictly net.

The cash discount given on this bill is an incentive to pay the bill on date due. It is not to be considered a trade discount and *will not* be allowed when bill is not paid on or before due date. Remittances sent on any other basis, will be returned for correction.

Payable in current funds on New York.

No further discounts for prepayment of invoice.

Make all Checks payable to Universal Stationery Co. Pay no Money to Agents.

Discount on overdue accounts, reduced 1% per month.

6%, 10 days; 5%, 30 days; 2½%, 60 days; later net.

No discount allowed for cash.

No discount allowed unless bills paid when due.

Interest at the rate of 6 per cent will be charged after maturity.

TERMS 7% 10 days—end of month (7% discount if paid within 10 days after end of month in which goods were bought).

Terms: 2% if paid on or before the 10th. Net if paid after the 10th of month following purchase. Absolutely no discount after.

YOUR CHECK in payment of this statement will be appreciated. THANK YOU. Account is due net. Please have this pay statement accompany remittance.

Positively no other terms than 2% 10 days, net 30 days.

DISCOUNTS. \$20.00 may be deducted from this Invoice if paid on or before 3/27 (March 27) and not otherwise.

The amount of discount shown on enclosed statement can be allowed only if payment of this bill is made by evening of the above discount date. Please bring this bill with you, or mail it with your check, to facilitate proper crediting of your account. Kindly make all payments to.....

If you forward check to us within 10 days from.....you may deduct 2% cash discount. This is equal to 36% per year. Have you thought of that?

NEW TERMS.—Reinforcing Steel and Steel Lumber; 30 days net or ½ of 1% if paid within 10 days from date of invoice.

All other material; 30 days net, 2% if paid within 10 days from date of invoice or 1% if paid on the 10th of following month.

Discounts in either case may be taken only if payment is made within discount period, regardless of whether material has been received.

Freight allowances must be deducted before discount is taken, and will be allowed only upon return of receipted freight bills.

Trade discounts, 20% and 10%, further 5% for prompt cash; 30 days net.

All prices are strictly net, for prompt cash, and therefore no discount deductions can be allowed.

Packing material is charged at cost price and is not returnable.

Accounts under \$10 are net. (No discount allowed on accounts of less than \$10.)

No discounts allowed on part payments. (Payments by instalments are not subject to discount allowances.)

Note. Our terms are 2 per cent 10 days, or 30 days net. If unsettled end of next month, the account will be placed on a cash basis.

### Requests for payment, written on Statements of account.

We sold you on THIRTY DAYS. Notice the dates on this account and kindly favor us with a remittance for overdue %.

PAST DUE; Kindly mail check

PAST DUE! This account has evidently escaped your notice. Remittance by return mail will be appreciated.

Is there any reason why this account should not be paid?

The above, on 60-day terms, was due on the 12th inst. We must ask, please, that you kindly let messenger have check to cover.

**SPECIAL NOTICE.** The established practice under which our collection work is handled provides for suspension of service when payment of the amount due is not received by the 15th of the month. A prompt payment is respectfully urged in order that any interruption to the service may be avoided.

In accordance with the rules of the various Insurance Exchanges, the Companies are obliged to send Cancellation Notices direct to the Policyholder, when failing to receive payment on the 10th inst. from the broker; therefore kindly remit at once.

Your account checked for credit by Woods Credit Agency, National Credit Agency, and Credit Clearing House. Past due items are referred to them for investigation.

Our credits checked thru The Credit Clearing House.

**PLEASE NOTE.** All Monthly Accounts must be settled on or before the 10th of following month.

*Want Ad Bills are payable at once.* We have adopted this rule for all, as it is not practicable for us to open a charge account, most of these amounts being small and there being thousands of these ads each month.

Enclose this notice in the addressed envelope, which will eliminate any possible chance of an error.

Date

Enclosed please find *check* ( ) *draft* ( ) *money order* ( ) *currency* ( ) in the amount of \$.....which please credit to my account.

Name.....

This bill representing mostly labor, prompt settlement is requested.

*Important.* This amount represents labor for which we settle weekly—our statements are issued monthly and we respectfully request monthly settlements. Terms, net, 10 days.

Add amount of our statement to your labor payroll this week and send us check.

This bill is for labor only and must be paid at end of each week.

This bill represents chiefly labor; prompt payment is requested. Positively no discount.

**TERMS.** Net cash, for labor only.

Please favor us with a check, as this bill is due prompt cash, being entirely for labor.

**IMPORTANT NOTICE:** We make drafts regularly twice every month; on the 20th for accounts where bills are dated before the 15th of the month previous; and on the 5th of the following month for all bills dated the latter part, as well as accounts covering both periods.

In order not to incur the expense caused by sending draft (we would rather have your remittance) we rely upon a notification before date named, in case you are unable to meet same, also stating earliest date you will honor draft. Our drafts always have 30 days' grace, or we draw 30 days' sight.

**Payments. Too much discount taken.**

Gentlemen,

We thank you for your check of \$347.40 on account of your August 6 purchase. Our discount terms, as you know are, 3½% for cash within 7 days after the invoice date, and 2½% on the 10th of the month following the purchase. Please keep to these for future payments.

Yours truly,

Dear Sir,

Your August 6 account has been paid September 10, but you have deducted \$12.60, which is 3½% on the gross total of \$360. This was probably an error on your part.

The regular discount was only \$9, being 2½%. Please note that we have carried forward the balance of \$3.60 to the September account.

Yours truly,

Dear Sir,

We have pleasure in acknowledging receipt of your check of \$51 in payment of our invoice of 17th March. Prompt cash discount of 3¼% has been allowed, as a special exception, but we shall be obliged if you would note that 3%, as agreed, is the utmost we can allow in the future.

Yours truly,

Dear Sir,

Your letter of 4th inst. is to hand enclosing check \$125.

We note you have deducted \$3.75 in error, presumably for discount. We are bringing this forward to your next %, our terms being net, as usual.

Yours truly,

**Invoice returned for correction.**

Dear Sir,

We are glad to hear that you can allow 10% from the price of your invoice of the 8th inst. We send it herewith for correction. On receipt of corrected invoice we will let you have remittance.

Yours very truly,

**Disallowing discount deducted.**

Dear Sir,

It is our custom to show our rates of discount on both invoices and statements. When you sent a check for your February purchases, on June 4th, you deducted 2%, amounting to \$19.20.

This discount of 2% applies only in case an account is paid within the 30 days following the month of purchase. If paid within 60 days from purchase, the discount is 1%. When paid later the account is due net, without discount.

You paid more than 90 days after the purchase, so no discount was due to you. If you had paid within the 30 days after purchase, you would not consider that we were treating you quite fairly if we allowed another customer the same discount after taking 90 days' credit.

We hope you will agree with us that it is only reasonable you should pay your account net. Will you please send us check for the \$19.20 balance.

Yours very truly,

**Asking customer to discount his bills.**

Gentlemen,

We have always had special pleasure in dealing with you, both on account of our long and friendly connection and also because of your custom of paying within 10 days after receipt of statements, so securing the largest cash discount. That was a profitable arrangement for both of us, and it enabled us to give you exceptionally low prices for goods which we could buy for prompt cash below the usual prices.

Unfortunately, you have lately missed taking cash discount, and there is a balance of \$720.00 for July purchases which is due now.

We should be glad to see you return to your previous custom of taking full discounts. Perhaps you could spare time to talk this over with the writer on your next visit. Meanwhile we hope it will be convenient for you to send a check for the balance now due.

Yours very truly,

**Asking customer to pay promptly, less discount.**

Gentlemen,

Enclosed is statement for \$225, due net, for March purchases.

We notice that you usually take a full term of 90 days' credit, but pay promptly on its expiry.

We send statements on the first day of each month for all purchases of the previous month. For payment within 10 days we allow 2½% discount. We suggest that it would be profitable to you to take these cash discounts instead of 90 days' credit, as you would then gain 10% per annum, which would be quite an appreciable increase in your annual profits.

As it may be possible for you to take advantage of the discounts now, we enclose copies of statements as follows: April account, subject to ½% discount, May account 1½%, June account 2½% discount.

It is understood that these discounts apply only to remittances made not later than the 10th of this month.

Yours truly,

**Claiming interest on trade acceptance.**

Dear Sir,

We thank you for your check of \$250 in payment of your acceptance due to-day. This was the balance of your account due next June 30. In agreeing to your request for an extension of 2 months, we stated that this balance should bear interest at 6% per annum, which is exactly what it costs us for your use of this money. Your acceptance included this condition.

Will you please send us check for \$2.50 for the two months' interest and we will return your acceptance.

Yours very truly,

**Disallowing discount taken.**

Gentlemen,

We thank you for your check of \$97.50 in payment of our September statement. The deduction of \$2.50 for discount is not in agreement with the terms stated on our invoices. We allow 2½% discount for payment within 10 days

after the invoice date. You will see by the statement that payment was made an average of 65 days after shipment. The account is therefore due net. Please send us your check for the \$2.50 deducted.

Yours truly,

**Allowing wrong deduction of discount.**

Dear Sir,

Your check of \$147, in payment of our March statement for \$150, has just reached us. We thank you for this remittance.

May we point out that the discount of 2% which you have deducted applies only when accounts are paid within the first ten days of the month following purchase.

For payment a month later, as in this case, the proper discount is 1%. As this error may have arisen through a misunderstanding of our terms, we have accepted your check in full settlement, as an exception. Will you please note our terms for use in further payments.

Yours very truly,

**CHAPTER 81.—ERRORS IN INVOICES (BILLS) AND STATEMENTS, AND THEIR CORRECTION; DISPUTES AND SETTLEMENTS.**

Phrases, paragraphs and letters referring to errors and their correction, excuses and regrets, differences in accounts, incorrect payments, allowance and disallowance of deductions, overpayments and underpayments, disputes, arbitrations and settlements, claims.

**Terms for mistakes.** Error, negligence, misunderstanding, error of addition, error in footing, posting error, error in casting (calculation, extension), miscalculation, to discover an error, to correct a mistake, to pass a correcting entry through the books, to send a corrected invoice, to pass credit and send a credit note for an overcharge, to send a debit note (invoice) for an undercharge.

**Errors in invoices (bills).**

**Phrases.** Instead of \$2.60, the price should be \$2.40, as ordered.

You have omitted to invoice the black felt hats.

The item of striped shirting appears twice in your invoice.

You have included fur necklets, which we have neither received nor ordered.

The gloves billed at \$2.00 should be \$1.90, as last.

Please send copy of invoice November 25, included in your statement, which we do not appear to have received.

Enclosed is corrected invoice, instead of the one sent yesterday which please cancel.

Your corrected invoice arrived too late; please send credit note.

**Excuses and regrets.**

**Phrases.** Please excuse this clerical error.

We tender you our apologies for (we regret) any inconvenience this error may have caused you.

We have taken steps to prevent any repetition of such mistakes and we ask (request) you to accept our regrets (apologies) for the error of our clerk.

We greatly regret that, in seeking to serve your interests, we should have caused you any annoyance; we trust that our good intention will somewhat excuse our offence.

We frankly admit that we were at fault, and we are anxious to repair the consequences; what would you like (wish, desire) us to do?

The error you mention has arisen from the absence of our bookkeeper through illness, but we have put the matter right at once, and wish to express our regret for the annoyance this mistake has caused you.

#### Differences in accounts.

**Phrases.** We have balanced your account by writing off your claim of \$2.80, dated 28th December last; in order to be agreeable to you, we have allowed the amount in question, but trust that you will take it into account in future transactions.

Although we are allowing the freight (carriage) this time, in order to settle this difference (dispute), we should be obliged if you will note that we cannot pay these charges on future lots, as our profits are too small to allow of this expense.

As the amount in dispute is so small, we have balanced your account by cancelling our debit (by crediting you with it).

We allow your claim, as an exception, but request your adherence in future to our printed sale conditions, of which a copy is enclosed.

May I ask you to correct the errors in the attached statement, in accordance with my notes written in the margin. Please send new statement after correction.

We have no invoice corresponding with the.....appearing on your statement under date..... Please send us a copy showing order number, and also proof of delivery.

All our invoices are already netted (have had the discount deducted) and you have deducted discount again on the statement.

Our prices are strictly net, and not subject to discount.

We do not allow discount on overdue accounts.

Jobs (seconds or imperfect goods) are not subject to discount.

You have deducted returns twice.

The returns you have deducted have not been received by us.

We have no knowledge of the claim you have deducted.

We have credited you with the amount of your check, as a payment on account, leaving a balance of.....to your debit; we cannot accept your check as a full settlement.

You were only entitled to 1½% instead of the 2% you have deducted, however, as this is our first transaction, we have balanced your account;

There is a small balance of \$5.60 unpaid from your account of the previous month.

#### Payment incorrect: Deductions *not* allowed.

We thank you for your check of \$....., just to hand; but we regret we cannot accept this in settlement (as a full discharge of your account), (send you receipt in full settlement), (balance your account completely),

**for the reason that**

1. our prices are strictly net; whereas you have deducted discount.
2. we cannot allow claims which have not been notified to us in time to give us the opportunity of examining the goods before you ship them.
3. full trade and cash discounts were deducted from the invoices sent you and we cannot allow any further discounts.
4. we cannot allow you agent's commission on purchases for your own account; special reductions of prices were granted to you in place of such commissions.
5. specially low prices were quoted you, and they were clearly stated to be net, and not subject to trade or cash discounts.
6. we only allow for empties after they have been returned to us and credit passed in proper form.
7. we do not pay freight (carriage); our goods are quoted taken at our Works.
8. there is a balance of \$....., owing from the previous month's account.
9. you have omitted to credit us with \$ ....., drawn by your principal, Mr. Jones, on his last visit.
10. by our clerk's error in footing (addition) the statement shows \$10 less than the totals of the invoices. We greatly regret this error, and ask your indulgence for same; please remit the difference at your convenience.
11. you have deducted packing, which is not returnable.
12. we are unable to allow, without further explanations, the amounts of the claims which you have deducted from the statement.
13. the discount agreed upon is 3% for prompt cash, not 3½%.
14. you have deducted 3%, instead of the customary 2½%.
15. we cannot allow deductions to be made for claims of which no particulars are given.
16. we have previously declined to allow the claim which you have deducted.
17. your practice of making deductions from each month's statement, for damages and shorts which have not been previously notified, is one which we cannot permit; any claims you wish to make should be made immediately after receipt of the goods and, if reasonable, the amounts will be promptly credited to you.

**Amounts underpaid.** The difference named has been carried to your debit in this month's account.

We shall be obliged by your remitting (sending check for) this difference at your earliest convenience.

Please carry this difference to our credit, and add same to your next remittance.

Oblige by remitting this small difference by postal money order or stamps.

**Overpayments.**

We are greatly obliged for your remittance of \$130, by check just to hand; we wish to point out that, &c.

Your account of last month was settled by a check received from you on the 2nd inst.; we therefore return herewith check received to-day, which we have canceled, for safety, by tearing off the signature.

You have a contra account against us of a larger amount, and we had intended to pay you the difference; however, we now enclose check in full for our

purchase from you. Please say whether, in future, you would prefer the accounts to be settled separately or to be set off against each other and a check mailed for the difference.

You have included the amount of a dated invoice, not due for payment for another 2 months (until 2 months later). To put the matter in order we send herewith credit note for 2 months' interest on this item, at 6% per annum.

You have not deducted the amount of our credit note of \$2, dated 25th ulto.; we have carried this to your credit for next month; please note.

By an error of calculation (a miscalculation) you have deducted \$1 too little for discount; this has been carried forward to your credit.

Through an oversight, the goods of our invoice of the 15th of June were billed a second time, in our larger invoice of the 17th June; we have brought forward this amount to your credit for this month.

You have, by error, added the amount of an invoice of the 12th June, which was a corrected invoice, replacing that of the 11th June, which you have also paid; we have credited your account with the overpayment, namely \$18.

The invoice you have paid was canceled and the goods stopped, owing to your having countermanded your order by telegram (wire). We return your check herewith; please acknowledge receipt.

You have not deducted an advance of \$10 made to our salesman (traveller) on the 20th March.

You have deducted only 2½% instead of 3%, prompt cash discount to which you are entitled; we enclose credit note for this difference.

You have not charged us with the freight on your returns of the 18th ulto., which we had agreed to pay; please send bill (debit note) for this expense.

The agreed rebate of 5% has not been deducted; please make this deduction from your next remittance.

Our salesman had already collected this account on the 3rd October; we therefore return your check herewith.

We have no amount to your debit in our books; please state whether you have received an invoice from us and, if so, oblige by stating its date.

### Disputes and their settlement.

With regard to the allowance you claim, we propose that this matter should be submitted to an arbitrator, to be appointed by your local Chamber of Commerce.

We are quite willing to submit your claim to the decision of two umpires, one to be appointed by yourselves and the other by us, and, in the case of disagreement, a referee to be appointed by our Chamber of Commerce.

Our conditions of sale provide for disputes being referred to the arbitration of our Chamber of Commerce; we are ready to adopt this course and should be glad to hear from you as to your arrangements for the submission of your claim.

We regret that we cannot make any further concessions and we must now ask you to be prepared to submit your case to the arbitration of our Chamber of Commerce, as provided by the conditions of sale (sale conditions).

Please note that this proposal is entirely without prejudice and that, if not accepted, we shall have to leave the question to be decided by arbitration, in accordance with the contract.

With regard to the writ issued against us for the claim of Messrs. Smith

Bros., please apply to the Court for the appointment of an official Referee to deal with the matter.

We have taken up the award of the arbitrator and find that it dismisses your claim and entitles us to our costs against you. We should be obliged by your making an appointment for going into these accounts, so as to make an early settlement of this unfortunate business.

We have now to give you notice that, unless you agree to submit the question to arbitration, we shall instruct our lawyers (legal advisers) to take proceedings against you for the amount of our claim.

We offer to submit this dispute to the arbitration of any two independent trade experts, one to be appointed by each of us.

We consider the arbitrator's award to be unsatisfactory, owing to his having admitted improper evidence. Although we are not satisfied with the conduct of the arbitrator, on the ground of his having refused to admit all our evidence, we have decided to accept his decision in order to close this dispute in a friendly way.

We now give you notice that we are appealing against the arbitration on the ground that the arbitrator's decision is against the weight of evidence, and also because it is contrary to law.

The case has been referred by the Judge to an Official Referee, who is empowered to employ experts to assist him on technical points.

We should very much prefer a friendly arrangement of this dispute; can you make an appointment to go into the matter with our Manager?

We wish to treat you perfectly fairly, and to convince you of our good faith; we therefore propose that we should both meet in a friendly conference to settle the question; this will be much more satisfactory and speedy than dealing with the dispute by correspondence; if you agree, will you please name a time and place for the interview.

We confirm the arrangement made between your Mr. Smith and our Mr. Brown, by which we are to allow you \$10 in full settlement of your claims for faulty shirtings; we have pleasure in enclosing credit note for this amount. Please acknowledge receipt of this as settling the matter.

#### Letters and replies.

Dear Sir,

Invoice of yesterday.

Enclosed is corrected invoice, which please substitute for that mailed you last night.

We regret the error which occurred in the extension of our invoice and trust it has caused you no inconvenience.

Yours truly,

Dear Sir,

We have pleasure in sending herewith credit note for the overcharge on black velvets of our invoice of the 23rd January.

We regret the error which has occurred and trust it occasioned you no serious inconvenience. (Or, we assure you of our regret for the inconvenience caused to you by this error).

Yours very truly,

Dear Sir,

Your invoice of yesterday shows a charge of \$2.10 each for the small clocks No. 25. These were bought from you at \$1.95, on your written quotation dated 10th inst.

Please send corrected invoice by return.

Yours truly,

**Reply to preceding letter.**

Dear Sir,

Enclosed we send you corrected invoice, in place of that sent you on the 21st inst., which please cancel. The error of charging \$2.10 instead of \$1.95 arose through the special quotation to you being overlooked.

We assure you of our regret for the mistake.

Yours truly,

Gentlemen,

During the last two months almost every bill (invoice) received from you has contained one or two overcharges. It is possible that these arise from the negligence of your billing (invoicing) clerks but we notice that this negligence never results in an undercharge.

We believe that this laxity only needs pointing out to insure your taking steps to prevent a recurrence of the errors.

Yours truly,

**Reply.**

Dear Sir,

Re errors in invoices.

We greatly regret that you should have had occasion to complain as to overcharges. The reason that the errors were all overcharges is that we always quote you lower prices than our other customers.

There appears to have been negligence on the part of our staff in this matter but we have taken immediate steps to prevent the recurrence of any such mistakes. As a further check your invoices will be specially examined in detail by our manager personally before being dispatched.

Yours truly,

Gentlemen,

I believe there are some errors in the statement of my % just received from you.

I return it herewith. If you will look into the items marked with crosses I think you will find that they are wrong.

Please correct these errors, and send me a new statement.

Yours truly,

Dear Sirs,

We are having an audit made of our accounts, as of May 30th, and, according to our records, the amount due by you on said date is \$50.00.

Will you kindly signify in the space below if the above amount corresponds with your understanding of the account, returning this letter in the stamped addressed envelope herewith enclosed?

Yours very truly,

Dear Sirs,

The balance shown above is correct (with the following exceptions)

.....  
.....

Yours very truly,

(Signature).....

Dear Sir,

In checking up your account, we note that we failed to deduct, from your last remittance, discount to the amount of \$12.77. This sum will be adjusted in our next payment to you, please note.

Very truly yours,

**Courteous withdrawal of claim.**

Dear Sir,

Replying to your friendly letter of the 10th May. I can see by your letter that you had in your mind a different idea of the arrangement to what I had. You have explained your view frankly, and I have explained mine. I do not, for one moment, question your good faith in the matter, and I ask you to believe that I was just as honest in holding the opinion which I have stated as to the arrangement made. I now see that there were misunderstandings on both sides.

As I was charging less than the actual cost for doing the work, and as I knew that a profit to you from the operation was very probable, I do not think I was very unreasonable in holding the view that I should be paid for my time and work. Otherwise, I should not have undertaken the work.

I repeat that no personal discourtesy is intended to yourself; on the contrary, I am obliged to you for the trouble you took with the arrangements. However, for the present, I suppose I must bear the loss, although I can ill afford it.

Yours very truly,

**CHAPTER 82.—CHECKS AND BANKING PRACTICE—  
INCORRECT DEDUCTIONS FROM PAYMENTS.**

Explanations of banking practice and use of checks.

Phrases, paragraphs and letters respecting methods and place of payment, receipts, pay days, making payments on account and in settlement, asking for receipts, remittances to cover orders, notice of incorrect payments and incorrect deductions. Printed forms for sending checks. Letters respecting remittances.

**Checks and Banking.**

See Chapters 83-85 on Bills of Exchange for full explanations of checks. Also see Chapter 48 for payments for imports and

exports, Chapter 77 for methods of payment in domestic and foreign trade, and Chapter 79 on making payments.

**False signatures.** If a banker pays a check on which the signature is not that of his customer, but an imitation of it (called a "*forged*" signature), the banker loses the money, and cannot charge it to his customer's account, unless the customer has, by great carelessness, rendered the forgery easily possible.

A banker paying cash on a customer's check is required to ask the person claiming payment to prove that he is the person named to be paid. In other words anyone asking to be paid in cash (instead of collecting the amount of the check by depositing it in a bank) must be "identified."

Checks received should be paid into the bank at once, otherwise if returned unpaid (dishonored) serious difficulties and losses may arise.

When paying money into a bank a "deposit slip" is used, which the customer must fill in with requisite particulars.

**Postal Money Orders.** The cash for these may be collected only at the special post office where payable, or, they may be paid into the bank, when the banker will collect the cash for them. They must be signed, by the person to whom they were made payable, before being paid into the bank.

*A Checking Account or Current Account* is a running account with a banker.

*A Deposit Account* is an account for money lent to a banker by a customer, not to be drawn out until after a stated date, or after so many months' notice has been given. The banker allows interest on deposit accounts, because he can use the money for loans or overdrafts.

*Bank Rate* is the rate of discount, per annum, which the bank charges for discounting bills for its customers. This rate is changed according to the demand for money.

**Warnings.** Take very possible precaution to prevent your banker losing through your carelessness. Keep your check book locked up. Never, on any account, give a blank check in payment, leaving the amount to be filled in afterwards.

In sending a check to a firm in another town, state the place, thus: "Pay Robert Williams and Co., Troy." This will prevent the check being collected fraudulently in your town.

Don't issue an undated check, with a condition it is not to be used until after a certain time. The holder may add a date to it, and then it may be presented earlier and cause trouble.

Don't draw a check for a larger amount than is to your credit in the bank, unless you have arranged for an overdraft, even though the check is sent out of town. The receiver may telegraph, through his banker to

your banker, asking if the check will be honored; then your banker would have to say "No."

**Certified checks.** If you receive a check from a customer, and you want to know, at once, whether it will be paid or not send a messenger to the bank (or branch) where it is payable and ask for the check to be "certified." If the customer has sufficient funds at the bank to pay the check, the bank clerk will stamp the check as being "certified." The bank in that way guarantees payment. Customers in other towns can get their checks certified by their bankers before mailing them to you if you require this. You can get your own checks certified in the same way, but remember that certified checks are charged to your account immediately the bank certifies them.

**Remittances by Bank Drafts.** You can send money through a banker to another town, even though you have no banking account. Go into any bank, and ask them to give you a draft on their branch in the town you name. On your paying them the amount in cash, with a small sum for expenses, they will give you a draft on their branch, ordering it to pay the amount stated to any person you name, either on demand or at any future date.

You can send money in this way if you have had a check or a bill dishonored for non-payment, or if you had ordered goods which would only be forwarded on payment of cash. The receiver would have no hesitation in taking this "*bank draft*," because there is no doubt about its being safe; a banker would not issue a draft unless he had already received the cash for it. At all events, he is sure to pay the draft, and that is the important point. Express companies also issue drafts payable in other towns.

**Paying in at Branches.** You can *pay in* for the credit of yourself, or anyone else, at any branch of the same bank, and the money will be placed to credit at the branch where the account is kept, on your stating this on the deposit slip.

Or, if there is no branch of your own bank in that town, you can pay the money to any other banker, anywhere, and ask him to remit it to your own banker, at your own town. This only costs you a trifle; less, usually, than postage, registration and insurance. Or, if the banker is connected with your banker, by an agency, you can pay money into any branch of the other bank, stating where it is to be placed to your credit. This costs you nothing, and it is safer than carrying a large sum in cash. Anyone else can pay money into a bank for your account. This is sometimes done instead of sending checks. It is a common practice for branch stores to deposit money in local banks for the credit of the head office in another town. Traveling salesmen deposit in local banks, for

remittance to their firms, the checks and cash collected by them from customers.

**Cashing Checks at Branch Banks.** Checks are payable only at that special branch of the bank from which they are issued. The address of that branch bank is stated on each check; they are payable at that special branch, and no other. Checks on the head office generally give no street address, only the name of the town. Even if a check is issued from the head office of the bank it would not be cashed at a branch. The reason is, that it is only the branch at which the check is payable which knows the state of the customer's account, and whether there is enough money to his credit to pay the check.

**Bad Check Law.** Most of the states of the U. S. have laws making it an offence to issue or negotiate a check which it is known will not be paid, by reason that there are insufficient funds in the bank and that the banker will not allow an overdraft.

The issuing or negotiation of a check under such circumstances is considered an attempt to defraud. States laws usually allow ten days after dishonor for payment to be made before intention to defraud is presumed.

These laws do not apply to checks given to pay old debts. They apply where goods or credit are obtained or arranged for at the time the check is issued or negotiated.

**Collecting on bad checks.** A way which is found to be effective is to enclose a printed copy of, or typed extracts from, the states bad check law, with the letter informing the debtor that the check has been returned unpaid.

### Payments.

#### Terms.

Payment in full,  
in settlement, in full settlement of all claims,  
payment on account,  
to pay prompt cash, to discount one's bills,  
to pay after usual credit,  
to pay within discount term,  
to take discounts on purchases,  
to pay after full credit has expired.

**Payment of portion only.** A payment on account; in part payment; as an instalment; to pay a deposit; to pay towards an %.

**Payment in full, to make a settlement.** To settle in full; to settle an account; to close the account; to pay in full discharge of all claims; to cover the March account, to balance the account.

**Method of payment.** By postage stamps; postal money order; express money order; by check, post-dated check, banker's draft, banker's acceptance; in cash (in coin); in notes, in bills (currency bills); by promissory note; by sight draft at 10 days; by acceptance of your draft; by banker's acceptance of your creditor's draft; by contra account for goods; by acceptance of dated bills; by exchange of goods to the value of the debt; by returning goods.

**Obtaining delay in payment.** By giving security, or by the guarantee of a third party; by giving bills or promissory notes payable at future dates.

**How payment to be made.** (The following 9 lines apply to Gt. Britain only).

All cheques to be crossed, "not negotiable."

Cheques, postal orders and money orders to be crossed and made payable to the company.

Cheques to be crossed to the National Provincial Bank, % J. Smith & Co., Ltd.

Cheques to be crossed and marked "account payee only."

Cheques to be crossed and made payable to our order at the National Provincial Bank.

Bank notes should be sent by registered post, fully insured.

**Place of payment.** Checks to be sent to the Head Office of the Co. All payments to be made to the Head Office only. Payments to be made to the Exchange Finance Co., for our %. All %s are payable at our offices in Seattle, only.

**Receipts.** No receipt will be recognized unless on the Company's printed form.

A facsimile of the company's form of receipt is shown below; no other form of receipt will be recognized.

Traveling salesmen (travellers) have no authority to collect accounts; all remittances should be made direct to the head office.

For cash paid on delivery the messenger will give a receipt on the company's official form; no other receipt should be accepted.

An official receipt should be demanded for all sums paid to our collectors.

For all payments otherwise than by check, the collector should give a receipt.

Customers are respectfully requested to demand an official receipt for any sums paid to our messengers.

Receipts will be mailed on check payments only when requested.

Remittances should be made only by check, draft or money order.

**Pay days.** Accounts are paid on the 1st Tuesday in each month; statements should be received (in our hands) at least 3 days previously (earlier).

Our pay day is the 7th of each month, for statements received not later than the 2nd of that month, including all purchases of the previous month.

Statements for all invoices up to the 25th of each month, inclusive, should be sent in not later than the 30th of that month; payment is made between the 7th and 10th of the month following; prompt cash discount should be deducted.

All payments are made by checks sent by mail (post) on the 7th to 9th of the month following the delivery of the goods; statements made up to the 20th of each month should be sent in on or before the 30th of each month.

**Sending payment.** Enclosed we send you (1) check, (2) postal money orders, (3) express order, (4) banker's draft, (5) certified check or (6) sight draft, for the amount of your account, with which please credit us.

Enclosed is check for \$68 in settlement (please acknowledge receipt by return, or no receipt required).

The enclosed check for \$68 please credit to my account, in settlement of March invoices.

We have pleasure in enclosing bank draft in settlement; oblige by returning statement duly received.

**Enclosed I send check for \$57,**

- (1.) with which please credit my account.
- (2.) which please carry to my credit towards April account.
- (3.) which will settle my account, after deduction of usual discounts.
- (4.) which balances my account after deduction of the returns and discounts.
- (5.) which, with enclosed debit note, balances my account.
- (6.) on account, the balance will be sent within the next few days.
- (7.) on account, oblige by carrying forward the balance to next month.
- (8.) on account; I hope to remit in settlement next week.
- (9.) on account, towards the May account, please draw on me at one month for the balance, after deduction of discount.
- (10.) please receipt the check at foot.

**Receipt wanted.** Please send receipt by return.

Oblige by acknowledging receipt at your earliest convenience.

Enclosed is \$7 in bills, which please acknowledge by return.

No other receipt is necessary or desired except that at the foot of the check.

[This is the usual practice in the U. S.]

We are waiting your acknowledgment of our remittance of \$120, which was mailed (posted) to you three days ago. [Gt Britain, see note below.]

Please oblige us by stating by return whether our check for \$207, mailed the 27th inst., has reached you; we have received no acknowledgment of it from you. [In Gt Britain it is usual to send a receipt for all cheques received by mail.]

On the 15th inst., we sent you check for \$62.50 which has not been acknowledged; we should be obliged if you would in future observe the rule of acknowledging our remittances on the exact day of receipt. [Gt. Britain.]

Your receipt for our check of \$35 has just reached us, but you have not returned the statement; please do so by return, as we require it as a voucher.

We return herewith receipt for \$62, just to hand, as you have not signed it. (For Gt. Britain receipts for over £2 must bear a revenue stamp.) Please affix and cancel stamp and return this receipt without delay.

Herewith we hand you postal money order for \$6.25 in settlement of enclosed bill (invoice) which please oblige by receipting and returning to us as quickly as possible [The word "bill" is used in Gt. Britain only for a bill of exchange, not for invoice.]

We have pleasure in remitting express money order for \$15 in settlement of your account for office files; will you please send duplicate invoice, receipted.

**Remittances to cover orders:**

We have pleasure in enclosing invoice for your valued order and if you will remit its amount by banker's draft the goods will be dispatched at once.

On receipt of your remittance of the invoice amount, by banker's draft (or certified check) the goods will be shipped at once.

If you will remit half on account at once, you may pay the balance a month later, as you propose.

If you are urgently in want of these goods, we could (we should be pleased to) forward them immediately, if you would make a telegraphic remittance of \$500, to our account through our bankers, the National City Bank, Wall St.,

New York; this would avoid the delay consequent on taking up the references which you have furnished.

**Replies.** To enable you to dispatch these goods immediately, we enclose a banker's draft for \$120 on the National City Bank to your order.

Enclosed we hand you check, certified by our bankers (certified check) to cover the invoice amount (amount of your bill).

We send herewith first class bills on London to the amount of £1200 which please sell to best advantage and from the proceeds meet our drafts on you due the 15th prox. (of next month).

We have instructed the Canadian Bank of Commerce, at Wall St., New York, to pay your draft on us for the amount of this shipment, against delivery of the bills of lading, insurance policy, and certified consular invoices.

#### **Acknowledging receipt of remittances.**

##### **Payment correct.**

We are in receipt of your letter of 5th inst., enclosing check for \$60, for which we thank you.

We thank you for your letter of January 5, enclosing check for \$60.

Enclosed is receipt for the check of \$60 received from you to-day.

We are obliged for your check of \$60 just received.

(1) which we have carried to your credit.

(2) which we have credited to your account.

(3) with which we have credited you.

(4) which has been credited to you on account of the March statement; please send balance within the next 8 days.

(5) towards the \$120 due on the 5th inst.; we should be obliged by your remitting balance within the next 7 days, as promised.

We thank you for the advice of \$60 having been paid into the National Bank, Birmingham, Ala., for transmission to our credit at the Reading Branch, Penna.; receipt will be sent on our bankers notifying us of its having been credited to our account.

##### **Payment incorrect: Deductions not allowed.**

We are obliged for your check of \$125, sent in settlement, but

(1) we regret we cannot allow the 3¼% you have deducted; 2½% is our utmost limit for payment after 1 month; if it were possible we should at once agree to make this concession, to prove our desire to extend our trade with you.

(2) you have deducted prompt cash discount of 3%, whereas you should only have deducted 1¼%, the full 3 months' credit having been already taken on this purchase.

(3) you have deducted prompt cash discount on the whole amount, \$257.35; this is incorrect because only \$60 of this total was dated forward, the remainder is February account and due for payment net.

(4) you have, by an oversight, deducted the cash discount a second time; the statement was already netted for prompt cash payment.

(5) trade discount has already been deducted from our invoices; this you have apparently overlooked and you have therefore deducted it, for the second time, on our statement.

(6) all our invoices are netted, and you have, by error, deducted discount again on the statement.

(7) our prices are strictly net, and not subject to discount.

(8) we do not allow discount on %s over 3 months old (on overdue accounts, or, paid later than 2 months after invoice date).

(9) jobs are not subject to discount.

(10) you have deducted the returns twice.

(11) the returns you have deducted have not been received by us, nor previously advised.

(12) we have no previous knowledge of the claim you have deducted.

(13) we have credited you with the amount of your check as a payment on account, leaving a balance of \$6.20, to your debit; we regret that we cannot agree to accept your check in full settlement, as the % was considerably overdue and therefore payable net.

(14) you were only entitled to 1½% instead of the 2% you have deducted; however, as this is the first transaction with your house (firm), we have balanced your account and trust you will accept this as an evidence of our desire to extend our friendly relation with you.

(15) there is a small balance of \$5.75 unpaid from your account of the previous month, which please add to your next remittance.

**Printed forms for enclosure with checks.**

If this check is accepted in settlement of account as per statement on face of check, no acknowledgment is necessary.

If not correct, kindly return check.

Enclosed please find our Expense Check in payment of our account with you. Date of invoice, amount, and discount, are enumerated on reverse side of check.

The attached voucher for \$.....is in payment of.....  
 First National Bank,  
 .....Auditor.

Please detach.

Check must be endorsed before depositing.

The National Bank of Commerce.

The enclosed check is in payment of statement rendered.

The enclosed Check is tendered in full payment of the account stated below. The endorsement and use of the check is the only receipt or acknowledgment required. The Payee should retain this Statement for future reference.

Date of Invoice	P A R T I C U L A R S	Amount of Invoice	D E D U C T I O N S			Net Amount Payable
			General	Cash Disc't.	Freight	

It is necessary that we obtain receipts for all money disbursed, to complete our files.

Please receipt and return promptly to.....

We enclose our check for \$..... in payment of your invoice of.....  
No acknowledgment other than endorsement on check required.

We enclose our check for \$..... in settlement of.....  
No acknowledgment required.

We are in receipt of your letter of the ..... enclosing check .....  
for which we thank you, and herewith have pleasure in handing you official  
receipt.

Bullivant & Co., enclose receipt for remittance, with compliments and thanks.

The Astra Co., Inc., thanks you for your remittance and encloses formal  
receipt.

Dear Sir,

I am exceedingly sorry to say that on re-presentation of your check, as  
suggested by you, it is again returned without payment.

Under these circumstances I must ask for immediate payment in cash or  
return of the receipt per bearer.

Yours truly,

Dear Sirs,

I will send you \$175 at once to redeem my postdated check for \$200.

This is a fair business proposition and I trust you will see your way clear to  
accept it.

We may be dead before Sept. ....

Yours very truly,

Dear Sir,

We have to inform you that your check for \$150, given to our Mr. Bristol,  
on %, has been returned to us by our bankers' marked "refer to drawer." Kindly  
put the matter straight.

Yours truly,

**(Reply to complaint of dishonor of check.)**

Gentlemen,

**re Check.**

Your check, unfortunately, was presented at a time when our bank balance  
was temporarily low, and we were unable to call upon Mr. Moore, senior, for  
cash, owing to his illness. We requested our banker to ask for re-presentation  
of your check, two days after the first presentation, when it would have been  
honored, but it has not been re-presented. We trust that this will now be done,  
when the check will at once be paid.

We regret extremely the inconvenience this may have caused you and ask  
you to accept our apologies therefor.

We might mention that we are reconstituting this firm at the end of this  
year, so as to allow of further capital being introduced. You will receive formal  
notice of this in due course.

Yours truly,

Gentlemen,

We have just received your letter of July 6, saying that we had not acknowledged receipt of the check for \$250 you sent us July 2nd. We find that most of our customers do not require receipts, as they consider our endorsements on their checks to be sufficient proof of payment.

We have no objection to this, because the saving in the expense of correspondence is considerable.

If you would prefer our acknowledging each of your remittances, we shall be glad to do so.

Yours very truly,

**Bank notice of overdraft.**

Dear Sir,

Our books show your account overdrawn \$56.96. If this is correct kindly call here at once; if not correct, please notify us immediately.

If an immediate notice is given you that your account is overdrawn, do not misconstrue the haste. It is a wise provision to detect forgery, raised checks, or mistakes.

Respectfully,  
A. Bent, Asst. Treas.

**Acknowledgments of remittances.**

Dear Sir,

Enclosed is receipted statement, as requested, for check of \$57, for which we thank you. Our salesman will be in your city next week to show you some special bargains.

Yours very truly,

Dear Sir,

We are returning herewith Trade Acceptance Number 5546 covering payment made to the Company by you.

It is quite possible that you have another receipt in your possession covering this payment. Please destroy it and keep this enclosure as your receipt.

Very truly yours,

Dear Sir,

Your letter (favor) of Jan. 18 to hand, containing check for one hundred dollars, which we have placed to your credit and for which we are obliged.

Respectfully yours,

Dear Sirs,

We are obliged for your advice of having instructed your Banker to remit \$3,000 by telegraph to the credit of our account with the Exchange Bank, Broadway, Denver. Receipt will follow by later mail.

As you may have further requirements in our specialties, we have taken the liberty of asking our local agent to call on you occasionally, so as to insure prompt attention to your enquiries.

Yours very truly,

Dear Sirs,

We thank you for your remittance of \$250 by check, which has been passed to your credit.

Please send the balance of \$147.50 on or before the 12th inst., if you wish to benefit by the 2½% discount; otherwise we can only allow 1½% for payment after the 12th and before the 31st inst.

Yours very truly,

Dear Sir,

We acknowledge with thanks your payment of \$100, which we have placed to your credit as follows:

\$55.66 to balance the account to March 1st and \$44.34, the remaining amount, we have applied against the March items, leaving a balance owing us, which includes deliveries up to May 11th, of \$218.54. This is shown on the statement enclosed. If it does not correspond with your records, please advise us.

Yours truly,

Dear Sir,

We desire to acknowledge receipt of your favor of March 29th enclosing check for \$107.34, as per bill received for this amount returned herewith, for which please accept our thanks.

The balance of \$4.16 is the difference between the December-January bill, amounting to \$129.23, and your payment of February 24th applied thereto, amounting to \$125.07, as per statement herewith for your information.

This item, together with bill for current consumed from February 18th to March 19th, \$116.04, makes up your outstanding account.

We trust you will find the above satisfactory and we thank you in advance for your further remittance.

Very truly yours,

## CHAPTER 83.—PAYMENTS BY BILLS OF EXCHANGE.

Explanation of the use of bills and promissory notes. Drawing and acceptances of bills; when bills can be demanded; non-payment of bills. Advantages of trade acceptances; specimen of approved form. Dishonor by non-payment; liability of endorsers. Renewals of bills. Domiciliary bills. Payment of dishonored bill by endorser; bankruptcy of acceptor. Reasons why buyers should give trade acceptances in payment. Return of unpaid checks and bills; noting. Protest for non-payment or refusal to accept draft; specimen protest. Legal requirements as to form of checks, bills and notes. Terms used in connection with bills, and their meanings.

For additional information relating to bills of exchange, refer to Chapters 82, 84, and 85 *passim*. Also see Chapter 48, on payments for imports and exports, Chapter 77, on methods of payment in domestic and foreign trade, and Chapter 79, on making payments.

## EXPLANATIONS OF USE OF BILLS.

**Bill Terms.—Notes.** Promissory Notes are called “notes” in business. (The notes of paper money, generally called “bills” in the U. S., are “currency notes.”) The person who writes out a Promissory Note, and agrees to pay it, is called the “*Maker of the Promissory Note.*” The person who receives it is called the “Holder.” As he is to receive the money, he calls it a “*Bill Receivable.*” Of course it is, at the same time, *payable* by someone, but in business we never consider anyone but ourselves. If the money for the bill is *receivable by us*, we call it a “Bill Receivable.” If we had promised to pay the money, we should call it a “Bill Payable.”

**Drafts.** The person who writes out a *draft*, (asking someone else to pay him money) is called the “*Drawer,*” because he writes out or “draws up” the draft.

The person who agrees to pay it, and who writes his name across the bill, to show that he “*accepts the conditions as to payment,*” is called the *Acceptor.* (He does NOT accept the money, he pays it.)

This “*Acceptance*” is usually written across the face of the bill, for the reason that the person accepting it then makes himself responsible for everything named in the draft. He cannot say he did not see what he was signing. He must have seen what was written on the draft, because he has written straight across it. If he accepts a “blank” stamped bill form, which has nothing written on it, he makes himself liable to pay the full amount which the stamp would cover.

**When Bills can be Demanded.** You cannot make a customer give you a promissory note, or accept your draft, for money owing, unless you have agreed with him beforehand to do so. Nor can he make you take a bill as payment. But, if he gives you a promissory note, or accepts your draft, he cannot change his mind after he has issued (delivered) it.

**Non-payment of Bill.** If you keep the bill until it is due, and he then does not pay it (this is called “*dishonoring the bill,*” you can then sue him for the money in a much quicker and simpler way than if you had no bill.

He cannot say he does not owe the money, because his signing of the bill proves that he did actually owe it, unless he can prove (and he must prove it fully) (1) that you obtained the bill by fraud, or theft, or otherwise illegally, or (2) that he received no value for the amount, as in the case of a betting transaction, or (3) that it was given for some illegal contract or dealing. If you had no bill you would have to prove that he owed you the money for some special debt, or that he received goods for the amount, and that he, or one of his assistants, actually signed for the receipt of them. If you had received the bill from someone other than the person liable to pay it, and if you had given value for it in a lawful way, or received it in payment of a debt, the person liable to pay could not refuse to pay you, even though he could prove one of the three defences named above against the previous holder, provided you were innocent of any fraud in the matter. If your customer dishonors his bill, he should pay any expense resulting (such as charges for “noting” or “protesting” the non-payment), unless you had no authority to draw on him.

**Other People’s Bills.—Endorsements.** Sometimes a customer will pay over to you a bill received by him from one of his customers. He should endorse it before handing it over to you.

Then you have the right to draw the money. If the bill is dishonored, you

can claim the money from your own customer, because, having endorsed the bill, he is liable to you for its payment. The more endorsements there are on a bill, the more secure it is, because everyone through whose hands it passes guarantees its payment to everyone receiving it after them.

**Trade Acceptances.** Bills given in payment of accounts for goods are called "Trade Bills" or "Trade Acceptances." When they have only a short time (ten days or less) to run before payment, they are called "*Short Bills.*" If longer than ten days to run, they are called "*Long Bills.*" A three months' bill is a "Short Bill" when within ten days or less of payment. Here is a specimen trade acceptance.

Form of Trade Acceptance recommended by the American Acceptance Council for general use.

*New York, N. Y., August 15, 19....*  
(city of drawer) (date)

On *October 15, 19....* Pay to the order of OURSELVES  
.....*Eight hundred fifty*..... Dollars (\$ *850.00* )

The obligation of the acceptor hereof arises out of the purchase of goods from the drawer, the drawee may accept this bill payable at any bank, banker or trust company of the United States which the drawee may designate.

To <i>John Doe &amp; Son</i>	Date <i>August 18, 19....</i>	<i>Richard Roe &amp; Co.,</i>
(name of drawee)	Payable at <i>Third Natl. Bank</i>	(signature of drawer)
<i>1433 Adams Street</i>	(name of bank)	by <i>Richard Roe</i>
(street address)	Location of bank <i>Boston, Mass.</i>	
<i>Boston, Mass.</i>	<i>John Doe &amp; Son</i>	
(city of drawee)	(signature of acceptor)	
	<i>John Doe</i>	

Some authorities have suggested that the words "maturity being in conformity with original terms of purchase", be inserted following the words, "The obligation of the acceptor hereof arises out of the purchase of goods from the drawer." The purpose of this is to guard against the use of the Trade Acceptance settlement of past due accounts. It should be remembered that Trade Acceptances are to be used only in connection with current transactions.

**Bank Bills.** Sometimes the acceptor's banker is required to accept bills, on behalf of his customers, in the same way that he certifies checks. These are the most secure of all for payment, as the Bank guarantees payment. They are then called "*Bank Bills,*" or "*Bank Acceptances,*" or "*Bank Rembours.*"

If a stranger asked you to let him have goods and allow him three months credit, he giving you a three months' bill in payment, you would not agree to it, because he might sell your goods and clear out of the country, or become bankrupt, before the bill became due. But if his banker accepts or endorses the bill you are safe, as then the banker must pay you, whether he has any money of his customer or not.

**Advantages of Trade acceptances.** The following are the advantages of having such a signed bill from a debtor.

1. The bill is a legal acknowledgment that he owes us money of an agreed amount, for goods delivered and accepted.

The debtor cannot postpone payment, or claim further discount. The date of payment, and the exact amount payable, are clearly stated on the bill. He must pay at the due date, as otherwise he would lose his reputation for paying his accounts when due, and no one would give him further credit.

3. In case of non-payment (dishonor) of the bill when due, we can sue him at once, and with less trouble than suing for an ordinary debt.

4. We can turn bills into cash at once, on allowing interest at a low rate, for the time the bill has still to run before it is due for payment. Or, we can deposit the bill at our banker's and if it is an "*approved bill*" (a bill on a reliable firm) he will then allow us to overdraw our account, or will lend us money, on this security. If we do not "discount" the bills, still we save the cash discount.

(To "discount" a bill is to sell it, or borrow money on it.)

5. Although, by discounting the bill, we receive the money at once, our customer has not to pay before the full time of credit allowed to him.

6. If the bill is dishonored, and we afterwards have to sue the acceptor for the money, we can claim interest at 6 per cent per annum from the time when the money should have been paid. We cannot collect interest on an open account.

**Bills payable "to order."** Bills are usually made payable to a certain person or "order."

**Alterations of Bill.** A bill must never be altered in any material way, such as in amount, or date. If this is done, the bill is at once void, and the holder of it has no security for its payment, as all the endorsers, and the drawer, are, by reason of the alteration, freed from liability on the bill.

**Payment Refused, Dishonor.—Liability of Endorsers.** A bill, when due must be presented, and payment demanded, at the place where payable, in business hours. Presentment must be made even though the acceptor (or maker) has declared beforehand that he will not pay. The person liable to pay, or his banker, if payable at a bank, has 24 hours within which to pay, if presented for payment on the exact date when due. If not paid within that time it is said to be "*dishonored*." The person first liable on the bill (the maker of a promissory note, or the acceptor of a draft) must pay the note or bill at once, if not presented for payment until after the due date. Presentment for payment on the due date is not necessary for keeping the maker or acceptor liable for payment. But the presentment for payment, on the exact due date, is necessary to keep any endorsers (and the drawer of a draft) liable to the holder of the bill as sureties for payment. The place where payment is demanded must be the place named for payment on the bill, or, if no place of payment is stated, at the place of business of the payer, or his last known address, and the payment must be demanded at a reasonable hour (in business hours). On the dishonor of a bill, the holder can claim payment from anyone who has endorsed the bill before him, as well as from the drawer and the acceptor, if it is a draft, or, from the "maker," if it is a promissory note. But, in order to be able to claim payment, the endorsers and others must be written to, by the holder, or someone acting for him, informing them of the dishonor, *on the same day that the bill is dishonored*. Otherwise they are not liable to the holder on the bill, as they then presume it has been paid. Notice of dishonor need not be given to the maker of a promissory note or to the acceptor of a draft. If any of the endorsers pays us, in full

for a dishonored bill, he takes the bill, and has the same rights we had, as to claiming payment from previous endorsers and the drawer or maker.

The holder of the bill must not allow the debtor extra time for payment, without the consent of previous endorsers, or they will not be further liable.

**Renewal of the Bill.** If the debtor wants further time to pay the amount of his dishonored bill, he is usually charged with interest for the extra time. This interest is profit to the holder of the bill.

The old bill must be cancelled, and a fresh bill drawn out, because the old bill cannot be extended as to time.

If the other endorsers agree to allow him this extra time, or do not refuse to do so when requested, they continue to be liable, even if a new bill is drawn.

**Place of Payment for Bills.** When accepting drafts, and when issuing promissory notes, unless there is an agreement to the contrary, between ourselves and our creditors, we (the paying party) can either make the bill payable at our place of business, or at our banker's.

If it is to be paid at our banker's, we add with our signature, the name and address of our banker, following the words "payable at." Unless we add our banker's name and address, the draft or note is payable at our place of business.

**Domiciliary Bills.** Bills payable which, on being accepted, have a certain place of payment stated by the acceptor, for example, at our office, are called "Domiciliary Bills," because they are payable at a certain "domicile" or house.

The holder of such a bill would call, on the due date, at our office (he must not apply anywhere else), bringing with him the bill, and would demand payment. If we pay in cash, he will deliver the bill to us, and we cancel it by tearing off the stamp or our signature. He need not give a receipt, unless he is a banker, because no one can demand payment from us again without having the bill. The person to whom we issued it must have endorsed the bill, in order to claim payment or to transfer it, and the endorsement is a discharge of the debt.

If we have not sufficient cash in hand to pay the bill, we may give a check in payment of it. The check must be one which can be cashed the same day. The holder of the bill is not compelled to take this check, but he does so as a matter of courtesy. But he will not extend his politeness so far as giving up the bill, as there is the danger of the check being dishonored. Yet we do not want him to collect the cash for the check and keep the bill as well. So we make a memorandum on our check, at the top corner on the left, in the following words, "bill to be given up on payment." This is not strictly legal, as the check should be an *unconditional order* for payment. There should be no conditions stated on it as to delivering up the bill against payment of the check. Both our banker and the holder of the bill will, however, as a matter of custom, observe our instructions.

The holder of the bill takes away both our check and the bill, which he fastens together. He can either pay them into his own banker's for collection, or, if we have given him an *open check* (payable in cash), he could take it to our banker and receive cash for it or have it certified. Whether our banker pays the holder in cash, or whether he pays the holder's banker, our banker will take and keep both the check and the bill, for delivery to us as proof of payment. The holder is compelled to deliver up the bill on receiving payment in cash, to which he is entitled by law. But a check is not considered by law to be cash, and until the check is paid in cash the holder will keep the bill. The reason is, that if the bill had passed through the hands of several people who had endorsed it, the

holder of the bill holds all the endorsers, and the drawer of the bill, liable as sureties for payment, if we fail to pay. If he gave up possession of the bill in return for our check, he would lose his right to claim payment from these endorsers, if our check was dishonored. His claim for payment would then be for the check and we are the only parties liable to pay that.

If our check is paid, the bill is then immediately dead. Should it by accident get into the hands of someone who fraudulently uses it as money after the due date, we can disclaim any liability on it, *as anyone negotiating an overdue bill deals with it subject to any defects of title.*

In other words, if the overdue bill has been once paid by us, the holder, if it gets into circulation again, cannot compel us to pay it a second time, even though he took it from someone else as a good bill and gave money or money's worth for it. He can only demand payment from the person who fraudulently transferred it to him. If such person had no legal right to payment from us, then the holder has no legal right to it.

With a bill which is not overdue, on the contrary, a holder of a bill, who has given value for the bill, would have the right to demand payment from the acceptor or maker, and from the endorsers, even though it was proved to have been stolen, provided that the present holder did not know of the theft, and provided also that he dealt with the bill in the ordinary way of business.

**Dishonored Bill paid by Endorser.** Any endorser paying the amount of a bill or note to a holder, after dishonor, is entitled to claim the amount from the acceptor, or drawer, or previous endorsers, together with expenses and interest. And, most important of all, the endorser so paying is entitled to claim any security which may have been given as security for the payment of the bill, to the holder or any other person, by the party or parties liable on the bill. If the persons who are liable become bankrupt, the holder claims on each of them, in turn, for the full amount, until he receives the full amount of the bill and expenses.

**Bankruptcy of an Acceptor of a Bill.** If we learn of the bankruptcy or insolvency of the acceptor or maker of a bill, or note, held by us, we should immediately make our claim for payment, without waiting until the due date arrives. If the bills have been discounted with our banker, or other persons, we should withdraw them at once by refunding the money received by us.

#### **Reasons why buyers should give trade acceptances.**

The signing of a trade acceptance enables the seller to get cash at once, by discounting the bill at his banker's. The buyer who gives a trade acceptance is therefore entitled to claim the benefit of cash terms of discount and the lowest prices. It also makes him a more careful buyer, because he knows that he has to pay these bills at certain definite dates.

If he cannot pay them when due he generally informs his creditor, in advance, of how much he can pay on account, and the creditor usually provides the balance to pay the acceptance. Failure to pay the bill when due (at maturity) would injure the reputation of the creditor with his banker who has discounted the bill for him; the banker would refuse to discount other bills in future.

In order to persuade customers to give trade acceptances some dealers will give the customers the full cash discount off their purchases. They draw the trade acceptance for the net amounts, after adding what the banker will charge for discounting. This is a considerable saving to the customer.

**Return of unpaid checks.** The following shows the form generally used by Banks when returning checks or bills drawn on accounts of their customers.

A cross is placed opposite the phrase which explains the reason why the check or bill is returned unpaid.

THE CHATHAM AND PHOENIX NATIONAL BANK,  
of the City of New York

RETURN TO No.....	Reason marked X
Acceptance Required	Insufficient Funds
Account Closed	No Accounts at this Branch
Amount Altered	No Authority to Pay
Bank Stamp	Official Signature Missing
Complete Endorsement required	Official Endorsement Missing
Corporate Title Missing	Payment Stopped
Date Altered	Post Dated
Do not Send Again	Receipt Not Dated
Drawn Against Uncollected Deposits	Receipt Unsigned
Endorsement Missing	Sent Wrong
Filling	Signature Incorrect
Guarantee of Alteration	X Signature Missing
Guarantee of Amount	Voucher Detached
Guarantee of Endorsement	

**Noting.** The printed slip, just shown, is pinned to the check. The statement of the reason for refusal of payment is called "noting."

**Protest for non-payment.** If the creditor who claims payment wishes to sue the debtor he has the check or bill presented again by a notary.

If payment is again refused the notary issues a certificate of presentation and refusal of payment. This certificate is called a "protest" and it is accepted by courts of law as definite proof of refusal of payment.

**Protest for non-acceptance.** A protest may also be made in case of refusal to "accept" (to sign) a trade acceptance, when the debtor had agreed to do so.

The following is a protest of a trade acceptance for non-payment when due.

**Protest for Non-payment of Trade Acceptance.**

United States of America, }  
State of New York, } ss.,  
County of N. Y. }

I, GEORGE KAIM, a notary public of the State of New York, duly commissioned and sworn and authorized to act in and for the County of New York, do

hereby certify that on *February 24, 19....*, at the request of NATIONAL BUTCHERS & DROVERS BANK, the original Trade Acceptance which is hereto annexed was duly presented to *A. Petrovsky & Bro.*, at *Chatham & Phoenix Bank, Bowery & Grand Streets*, New York City, N. Y., and payment thereof was then and there demanded and was refused, whereupon, I, the said notary, at the request aforesaid, in the City, County and State of New York, did Protest and by these presents do publicly and solemnly Protest as well against the drawer and endorsers of said Instrument, as against all others whom it doth or may concern, for exchange, re-exchange, and all costs, damages and interest already incurred, and to be hereof incurred for want of payment of the said INSTRUMENT.

And I do hereby further Certify, that on the *24th* day of *February 19....*, due notice of the foregoing Protest was given to the drawer and endorsers thereon, in manner following, to wit: by depositing notices thereof, postage prepaid, in the Post Office, in the City, County and State of New York, addressed to the following at the addresses set opposite their respective names, viz.:

*A Petrovsky & Bro.*, as drawer *569 Broadway, New York City*; *Friedman & Co.*, as endorser, *623 Broadway, New York City*.

Amount of Item \$3720.00  
 Protest fee \$1.25  
 Postage .08  
 Total \$3721.33

In Testimony Whereof, I have hereunto set my hand and affixed my official seal in the County and State of New York this *24th* day of *February 19....*

*George Kaim,*  
 Notary Public, New York County.

No. 280

Reason for non-payment .....	( Seal )
<i>Insufficient Funds</i>	( of Notary )
	( here. )

**Notice from Banker of non-payment of bill.**

Chatham & Phoenix Bank, New York.  
 No. 18940.  
 Messrs. Geo. Brown & Co., Inc.,  
 85 Lafayette St.,  
 New York City.

February 24, 19....

Gentlemen,

The trade acceptance of *A. Petrovsky & Bro.* for \$3720.00, on their account with the Chatham & Phoenix Bank, deposited by you in this Bank, has been returned to us protested.

We charge your % with \$3721.33, including \$1.33 expenses.  
 Please call to reimburse us for this amount at once.

Yours respectfully,  
 A. Bowen, Note Teller.

**Terms used for bills, and their meanings.**

**Kinds of Bills.**

**Promissory note**; a promise to pay, written by the promiser.

**Draft**; an order to pay, written by a creditor, asking the debtor to pay and

signed (accepted) by the creditor, to show his acceptance of the conditions of payment.

**Free draft or clean draft;** Draft payable for balance of an account owing, or for the amount of an agreed advance (loan).

**Documentary bill;** a draft having attached to it a bill of lading of the goods for payment of which it is drawn; an insurance policy or certificate of insurance is also attached. This kind of bill is also called a "*Draft with Documents attached*".

**Bank acceptance, or bank remours;** a draft drawn on a bank by a merchant and accepted by the banker, who agrees to pay on behalf of the merchant.

#### **Dates of Payment.**

**Sight draft;** a bill payable on demand, "at sight" (no days of grace allowed).

**3 days after sight;** a draft payable 3 days after it has been demanded from the person who is to pay for it. The acceptor (payer) "sights" it, that is, he writes on it the date that he saw it; this proves his agreement to pay the amount named three days later.

**Dated bills;** these are payable at fixed dates; a draft dated April 3rd and made payable "3 months after date" would be due 3 calendar months later, namely, on July 3rd in the U. S. or in England on July 6th, including 3 days of grace allowed by British custom and law.

**Bills at fixed dates;** a bill made payable on July 3rd would be payable on that date, no days of grace being allowed. (See explanation of days of grace a few pages further).

**60 days' after sight;** this is exactly 60 days, not 2 calendar months; days of grace must be added for bills payable abroad.

#### **Other terms.**

**To "make" a promissory note;** to write it out. The payer usually does this; it is completed when he signs it, whereas a draft is not complete until the person ordered to pay, the drawee, "accepts" it to show he agrees to pay.

**To "draw" a bill;** to write it out. The person entitled to receive the money usually writes it out, as it is an order to the debtor to pay.

**To "accept" a bill.** The person agreeing to pay writes his name across the face of the bill, to show that he agrees to pay and "accepts" the conditions as to the date and place of payment.

**To "endorse" a bill or promissory note.** The person to whom it is payable writes his name on the back when he receives payment, or when he transfers it to another person. Any later holder also endorses the bill before transferring it to another person.

**Endorsement "Sans recours" (without recourse).** Each person who endorses a bill or a check is liable for its payment to any later holder, unless he adds the words "sans recours" or their meaning in English, "without recourse". A selling agent who collects accounts for a manufacturer may receive a check made payable to himself.

He endorses it, in order to transfer it to his principal, but adds "without recourse to me" after his endorsement, so as to avoid any liability.

**To "provide for" (or to "protect") a draft or promissory note.** To provide money for paying it when due.

**Due date, or maturity,** the date of payment.

**To pay a bill or promissory note.** To meet it, to honor it, to protect it, to retire it.

**To dishonor a bill for non-acceptance.** To refuse to sign it, so declining to pay it.

**To renew a bill.** To draw a fresh bill payable at a later date, to replace one which has already been dishonored, or one which is not yet due, but payment for which is to be postponed; the first bill is then canceled. The date of payment of the first bill cannot be altered, as this would make the bill void by law; a fresh bill must be drawn and fresh revenue stamps affixed to it, if stamps are required.

**Documents attached to foreign drafts.** The original bill of lading, the marine insurance policy, (or the certificate of insurance) and a copy of the invoice of the goods to be shipped abroad, for payment of which the bill is drawn. These documents are fastened to the foreign draft and when the bill is transferred from one person to another the new holder takes the documents with the bill.

**Months' Date.** The months named in a bill are always calendar months, Jan., Feb., etc., not months of 4 weeks.

**Days of grace;** extra days of allowance or "grace," for payment of bills. Only a few states of the U. S. have days of grace. In Gt. Britain all bills have 3 days of grace after the due date, with the exception of bills due "at sight," or "on demand," or at fixed dates.

The days of grace vary for foreign countries; some nations, France, etc. allow no days of grace.

**Moratorium.** In cases of war, invasion, or great floods or fires, national governments may declare a moratorium, which is a dead time, during which all payments of debts on bills etc. are suspended by law.

**Stamp.** Almost all governments tax check, drafts, and promissory notes by stamp duties. The stamps are usually "impressed" in foreign countries, that is embossed in advance on the paper on which the bills are written. The tax varies with the amount of the bill and according to whether it is payable on demand or at a future date.

**To "negotiate" a bill.** To sell it for cash, after allowing a reduction for interest up to the date of payment.

**To "discount" a bill.** The same as "to negotiate."

**To "retire under discount."** To pay a bill before it is due, on receiving a reduction for interest.

**A "foreign" bill.** One payable abroad, although drawn in the U. S., or one drawn abroad but payable in the U. S.

**A domestic or inland bill.** One drawn in the U. S. and payable in the U. S.

**First of exchange.** Foreign bills are drawn in sets of three, all alike except that the first one begins after this style, "At three months after date pay this First of Exchange, Second and Third of same tenor and date unpaid" etc. A banker discounting a foreign draft would take all the three copies, hold one, and send the others abroad for acceptance and payment. Only the copy to be accepted would be stamped. If the first is lost or destroyed the second or third copy may be used. Or the second copy may be accepted and pinned to the first stamped copy, being then considered as one bill in two parts.

**Case of need.** An exporter discounting a foreign draft may ask his agent abroad to pay the draft if the foreign customer fails to pay. The agent's name would be placed on the draft after the words "in case of need with."

**Intervention for Honor.**

If the agent has to pay the draft he is said to "intervene for honor," that is, he protects the credit of his principal. He would then be entitled to claim the goods named in the draft and to sue the purchaser for payment or for breach of the contract to take and pay for them.

**Legal requirements as to form of Bills of Exchange.**

The following is a short definition of a bill of exchange, which includes promissory notes, trade acceptances, drafts at sight or at certain dates, and checks. A bill of exchange is: (1) An *unconditional order* in writing; (2) given by one person to another; (3) signed by the person giving it (Drawer); (4) requiring the person to whom it is addressed (Drawee, usually a banker); (5) to pay; (6) on Demand, or (7) at a fixed or *determinable* future time; (8) a sum certain, in money; (9) to, or to the order of, a person specified (Payee); (10) or to bearer.

Every bill of exchange must comply with the above conditions or payment cannot be enforced.

The term bill of exchange includes checks, promissory notes, drafts and acceptances.

**Phrases re bills.**

Draw a free draft on us at sight (a free draft is a merchant's own draft to which no documents are attached; this word "free" is to distinguish it from a "documentary" draft).

Draw on us at 3 days' sight (3 d/s.).

Draw on us at 60 days date, with documents attached (60 d/d. with D/A.).

Draw on us at 4 months after date (@ 4 mos.) with bill of lading attached.

Draw a documentary bill on us at 3 months after sight (3 m/s.).

**Draw on us**

for cost of shipment plus expenses (freight and insurance).

for 75% of the value.

for full amount of invoice (for the whole cost).

for cost and all charges, with 20% profit.

for c. f. i. (or c. i. f.), with 15% added.

for 60% of c. i. f. price, at 3 days' sight, and for balance of 40% at 60 days' sight (60 d/s.).

**And present for acceptance**

to the Bank of Montreal at Quebec.

to the Shawmut Bank at Boston.

to the Second National Bank, New York.

through New York agency of the Chartered Bank of India, at 60 d/s. (days' sight).

with documents attached, at 60 d/d. (days after date, that is, after the date of the bill).

at short sight (from 3 to 30 days after sight), if you cannot negotiate long bills.

**Draw on us**

long bills (from 4 to 9 months after date).

in blank (without naming the person who is to receive the money).

a blank draft, through the Chartered Bank of South America.  
when exchange is favorable, at short or long date.

on Chartered Bank of South America, at Callao (Peru), against our credit there.

The Canadian Bank of Commerce, at Montreal, authorizes your drawing on them, for our account, at 90 days' sight.

**Telegrams from selling agent to manufacturer.**

Smiths have refused to accept; we will accept for honor.

Jones refuses acceptance; we have protected your draft.

Brown has accepted for \$1200 only, instead of \$1500, wire (telegraph) instructions.

We cannot accept any drafts without documents (any free drafts).

We cannot allow you to draw any free drafts on us.

We cannot accept drafts for more than 60% of c. i. f. value of shipments.

Draft #167, presented for acceptance to-day has not been advised by you; it is in order, cable at once to avoid protest.

(Reply telegram). Advice unfortunately omitted; please accept.

**Telegrams from manufacturers to selling agent.**

If Smiths do not pay our draft get it noted.

Should Brown dishonor our draft return it without expense.

Get our draft on Jones noted, and protest if still unpaid on 30th inst.

Pay our drafts by drawing on us at 30 days' sight and discounting at lowest possible rate.

Can you pay our drafts without remittances, cable reply immediately.

Protect our drafts if acceptance is refused, we will remit cash if shipment is unsold at due date.

**CHAPTER 84.—LETTERS RELATING TO BILLS.**

Drawing drafts; payment by bill. Export order payable by draft; specimen letter of credit. Quotation of discounting terms. Discounting bills; asking acceptor to pay before due date. Request for renewal of bill. Demands for payment of dishonored bills.

**Bill drawn for amount of shipment.**

Gentlemen,

We received your letter of the 1st inst., and hand you herewith bill of lading and invoice for \$1411.15, for goods sent you to-day by freight, prepaid.

To reimburse us, we have taken the liberty of drawing on you for this amount, payable on the 30th of the present month, and we should be obliged if you would honor our draft on presentation.

We should welcome your further orders.

Yours truly,

**Bill drawn without notice.**

Gentlemen,

A bill of yours at 10 days' sight, for \$650, dated the 20th inst., has this day been presented to us for acceptance. As we are without any advice from you as to your intention to draw on us we have requested the holders to wait for your reply by return mail.

You will much oblige us by sending the necessary confirmation.

Yours truly,

**Payment on account by bill.**

Dear Sirs,

We have before us your letter of 25th June re our account. As we explained to your Mr. Stop, the terms of credit you now mention are not according to our arrangement made with your salesman when we bought the goods. We, however, enclose our trade acceptance at 3 months from present date for \$500 on account. As soon as your representative can give us a call, when in our town, we will go through the remainder of the account and settle with him.

Your acknowledgment of receipt of acceptance will oblige us.

Yours truly,

**Notice to debtor of bill becoming due.**

Sir,

I have to remind you that your acceptance for \$187.50 falls due on the 18th of October, and is payable at our offices. Please send check three days before the date named.

Yours truly,

**Asking Bank to discount bill.**

The Manager First National Bank of .....

Dear Sir,

Confirming our interview of this morning, I have pleasure in enclosing a trade acceptance for \$3,000, due July 27th, drawn by me and accepted by Mr. John Smith, of 66 Third Avenue, Utica.

I shall be obliged if you would inform me as quickly as possible whether your directors are prepared to discount this bill at a rate not exceeding 6% per annum plus a quarter of 1% ( $\frac{1}{4}\%$ ) commission.

Yours very truly,

**Reply.**

Dear Sir,

I am pleased to inform you that my directors have agreed to discount Mr. J. Smith's acceptance for \$3,000 at 6% per annum, plus  $\frac{1}{4}\%$  commission.

Detailed account is attached hereto; the net amount has been carried to your credit.

Yours very truly,  
A. Robertson,  
Manager.

**Refusal to endorse bill.**

Dear Mr. Smith,

I have thought very seriously over your proposal that I should endorse your note to the bank and am sorry that I must disappoint you.

I made a definite resolution on starting business for myself that I would never have anything to do with endorsing bills, nor with guaranteeing accounts for other persons, unless connected with my own trading.

If I would do it for any one, I would do it for you. I should have been glad to lend you the cash instead but, as you know, money has been difficult to collect during the last few months.

Sincerely yours,

**Asking debtor to retire bill before due date.**

Gentlemen,

We have on hand your acceptance for \$2,500, due July 24th, and as we are just now in need of the funds we should be obliged if you could make it convenient to take up this bill, less discount of 6% per annum for the unexpired time.

Please inform us if this will be agreeable to you.

Yours truly,

**Asking creditor to renew bill for 2 months.**

Dear Sir,

Our bill for \$762, in your favor, will fall due at the end of next week and we greatly regret to inform you that we do not see any possible means of meeting it on that date.

We should have been able to meet it without any difficulty in ordinary times, but owing to the present strike in this district, in which we do an extensive trade, our customers are unable to pay with their usual promptness. This has seriously altered our estimates of income for this month, and has left us temporarily very short of funds, although our position is perfectly sound. If one of your principals would call, we should be pleased to show him our present position by our books.

We ask you to be kind enough to draw another bill on us, say at two months later, for the same amount, plus interest at 6% per annum.

This would give us time to provide the sum from other receipts, and to arrange to have the cash in the bank in ample time to meet the renewed bill.

We should be grateful for such a favor, and we believe that you would not be a loser by the transaction, as we should be anxious to show our appreciation of your help by increasing our future trade with you.

Yours very truly,

**Check sent with excuse for non-payment of bill.**

Dear Sirs,

We are very sorry that through an error on our part you should have been put to any inconvenience. We advised our bankers to pay your draft on the 30th of this month, instead of on the 20th. If you need confirmation of this our bankers will give it to you.

Enclosed you will find check in payment.

Yours truly,

## Request for payment of dishonored bill.

Gentlemen,

We wish to inform you that your company's acceptance to draft of \$800, by A. Stuart, due 2nd inst., has been presented for payment and returned to us unpaid. We must therefore request you to take up this acceptance at once.

Yours truly,

## CHAPTER 85.—FOREIGN BILLS OF EXCHANGE.

Foreign words, for amounts and dates, used in foreign bills of exchange.

ENGLISH	FRENCH	SPANISH	PORTUGUESE
One	Un (M) Une (F)	Uno	*Um, M; Uma, F.
Two	Deux	Dos	*Dois, M; Duas, F.
Three	Trois	Tres	Tres
Four	Quatre	Cuatro	Quatro
Five	Cinq	Cinco	Cinco
Six	Six	Seis	Seis
Seven	Sept	Siete	Sete
Eight	Huit	Ocho	Oito
Nine	Neuf	Nueve	Novo
Ten	Dix	Diez	Dez
Eleven	Onze	Once	Onze
Twelve	Douze	Doce	Doze
Thirteen	Treize	Trece	Treze
Fourteen	Quatorze	Catorce	Quatorze
Fifteen	Quinze	Quince	Quinze
Sixteen	Seize	Diez y seis	Dezaseis
Seventeen	Dixsept	Diez y siete	Dezasete
Eighteen	Dixhuit	Diez y ocho	Dezoito
Nineteen	Dixneuf	Diez y nueve	Dezanove
Twenty	Vingt	Veinte	Vinte
Twenty-one	Vingt et un	Veinte y uno	Vinte um
Thirty	Trente	Treinta	Trinta
Forty	Quarante	Cuarenta	Quarenta
Fifty	Cinquante	Cincuenta	Cincocenta
Sixty	Soixante	Sesenta	Sessenta
Seventy	Soixante dix	Setenta	Setenta
Eighty	Quatre vingt	Ochenta	Oitenta
Ninety	Quatre vingt dix	Noventa	Noventa
Hundred	Cent	Cien, ciento (m), cien (f)	Cem
Thousand	Mille	Mil	Mil
Month(s)	Mois (mois)	Mes (meses)	Mez (mezes)
At sight	A vue	A la vista	A vista
At.....days sight	A.....jours de vue	A.....dias vista	A.....dias vista
At.....days date	A.....jours de date	A.....dias fecha	A.....dias data
Two hundred	Deux cents	*Ducientos (m) as (f)	*Duzentos (m) as (f)
Three hundred	Trois cents	*Trecientos (m) as (f)	*Trezentos (m) as (f)
Four hundred and } fifty pounds 16/11 } sterling	Quatre cents } cinquante livres } 16/11 sterling	Cuatrocientas y } cincuenta libras } 16/11 esterlinas	Quatrocentas e } cincocenta libras } 16/11 esterlinas
10th January	Le dix janvier	10 de Enero de	10 de Janeiro de
February	fevrier	Febrero	Fevereiro de
March	mars	Marzo	Marco
April	avril	Abril	Abril
May	mai	Mayo	Maio
June	juin	Junio	Junho
July	juillet	Julio	Julho
August	août	Agosto	Agosto
September	septembre	Setiembre	Setembro
October	octobre	Octubre	Outubro
November	novembre	Novembre	Novembro
December	decembre	Diciembre	Dezembro

\* (m) is the masculine form of the word; (f) is the feminine.

**PART VII**  
**WRITING LETTERS THAT COLLECT**



## CHAPTER 86.—COLLECTION OF ACCOUNTS—EFFECTIVE METHODS AND LETTERS.

### Correspondence with Debtors.

Every firm which wishes to pay its own accounts promptly, must try to persuade its customers to pay within the usual time of credit allowed. Clients who usually pay promptly should be at once informed, courteously, if their payments are in arrear. The letter should state clearly that the information is given in their own interest, and that there is no intention to “dun” them for the money.

Judicious attention to debtors’ accounts will avoid loss by bad debts.

If a customer cannot pay his account because the goods he bought remain in his stock unsold, it is good business policy to offer to take them back from him, either at the price he paid, or, if they are out of season, at some other reasonable price which would leave a profit on resale.

All the first letters asking for accounts should be most courteous, as a careless letter may easily cause a customer to close his account.

Different customers require totally different treatment, according to their reputation for paying.

It often happens that a young and active firm, which is quickly extending its business, on small capital, is compelled to take long credit. A great deal may be done at an interview in these cases, and it may even be policy to help such firms financially, until they become soundly established.

New accounts should be carefully watched, and short terms of credit insisted upon. All letters to debtors, as to accounts in arrear, should be signed by a chief. They should always be marked “private” and addressed to the head of the firm which owes the account.

Such a letter should be treated as a confidential communication between the heads of the two firms. It is advisable to enclose an envelope addressed to the person who signed the letter. In some cases it is necessary to write several letters, and ultimately the account may have to be collected through legal proceedings. Series of such letters are shown in this section.

A carefully composed standard form may be used for most cases, but these should be written or typed separately, otherwise they will have little or no effect.

The last letter should be sent by registered mail, so as to ensure that it actually reaches the head of the firm to which it is addressed; he may have been absent on a business trip, or through illness, or previous letters may have been prevented from reaching him.

Remember that a business man who has always previously paid promptly is likely to take offense quickly at any careless remarks in letters asking for payment of overdue accounts, because he will probably be more worried about the delay in payment than his creditor. Such cases need handling with the greatest tact.

### Collection Letters.

If credit has been given prudently, and only after making sufficient enquiries as to the resources of a debtor, the collection of accounts will be much easier than if the credit is given before the enquiries are made.

**Credit enquiries.** It is unwise to refrain from making proper enquiries simply because the credit asked is small. If such an account becomes overdue it may require considerable trouble and expense in the collection. Frequently small accounts have to be written off as bad debts, because legal proceedings would be too costly in proportion to the amount at stake. Therefore, the small credits asked for should be investigated as carefully as the large ones.

The large customers are generally anxious to keep their credit good. If they are at any time unable to pay their bills promptly, they usually inform the creditor and make proposals for later payment, meanwhile restricting their purchases. A willing debtor is always more satisfactory to deal with than the man who can afford to pay but who deliberately delays payment, because he is using his creditors' money to make extra profits.

**Unwilling payers.** There are some people who will not pay until they are sued, for the above reason. They know very well that the expense of collection cannot be recovered from them, unless judgment is entered against them in a court of law. The only way for the trader to "beat" such tactics is to charge those customers higher prices and to start legal proceedings early.

**Fixed terms essential.** One of the best methods for ensuring regular payments by customers is to have fixed conditions of credit; for example, a discount of 2% to be allowed for payment within 30 days, 1% discount if paid within 60 days and accounts paid after 2 months to be net. Purchases made during any month should be included on a statement sent at the end of that month; the 30, 60 or 90 days credit should start from the next day, that is, from the first day of the month

after the purchase. In some trades all purchases after the 19th of each month are considered as purchases of the next month. There should be a printed notice on the invoices, and on the statements, showing the terms of payment and discount.

**Collection routine.** The routine of collection of accounts in the above case would be as follows:

Statement to be sent on the 1st day of each month, for all purchases billed during the preceding month.

Second statement to be sent 30 days later; 3rd statement to be sent still 30 days later, with a short letter asking for payment; 4th statement to be sent after another 30 days, with a note on the statement that the account is now due net. If no reply is received after 10 days, another statement should be sent with a reminder stamped or written on it to say that the account is overdue, and with a letter stating that an early remittance is requested.

A form letter should be sent after a further 10 days, and then the matter should be taken up actively until a reply is obtained.

Sending a registered letter of application addressed to the head of the firm will generally bring a reply. This should point out that applications have been made in the ordinary way for payment of the account, and that no notice has been taken. If previous accounts have been paid promptly, it should be stated that you are anxious that the good record of the debtor should be maintained, etc.

**Final letters.** Threats of handing the account over to collection agencies or lawyers should never be made unless it is intended to carry them out. If the threat is made, a time limit should be fixed for a reply from the debtor and, on the expiration of that time, the threatened action should be taken promptly.

**Helping the debtor.** Collection letters should invite frank statements from debtors as to why their accounts are unpaid after the due date. It should be pointed out that assistance may be given in tiding over any temporary shortage of funds, but that it is impossible to help unless all the facts are known.

If a customer can be supported during a time of bad trade, or helped to dispose of stock bought unwisely, there is a considerable saving, because each regular customer is a source of profit and the obtaining of new customers is both difficult and costly.

Collecting accounts through lawyers should only be done when it has been decided to lose the customer rather than lose the amount owing.

A good method of collection is to ask the debtor what further time he requires for payment; for example, 30 days or 60 days. Let him fix

the time; then ask him to give his note for the amount, payable at the time he suggests. He will usually make a great effort to pay then. Even if he does not, it is easier to obtain judgment on a note, because it is then not possible for the debtor to raise the usual defenses of the goods being of inferior quality, or not according to order, or denying receipt of them, etc., defenses which cause considerable delay and expense in obtaining judgment for goods delivered.

**After the battle.** When the debtor finally pays, after having been forced into doing so, write him a soothing letter of acknowledgment of the payment. Asking for further orders should be deferred for a time.

**Writing the collection letters.** Losses by bad debts can be largely prevented by arranging a fixed system of collection, and keeping to it. This system should be stated in writing, and copies of it given to the cashier or credit manager who is to be made responsible for the work being done. The letters to be sent with the first statements may be printed, with blank spaces for insertion of the totals of the statements. The first 2 or 3 letters sent after the account is overdue may be prepared as form letters; but they should be typewritten as individual letters. Any further action should be taken only after the case has been referred to the general manager of the business, or the credit manager and sales manager, but up to that point the case should not need their attention, if the instructions already given have been observed.

#### **Insistence important.**

A systematic method of collecting accounts will cause customers to know that regular payments will be required. With slow paying customers, methodical persistence and firmness will secure payment better than irregular demands and threats of legal proceedings. It is the continuously troublesome man who is paid in preference to the others.

#### **Arguments to be used in collection letters.**

- (1) The goods sold to the customer were bought for cash and the advantage of buying cheaply has been given to the customer, by fixing the lowest possible selling prices. Allowing long credits would mean charging higher prices to the customer.
- (2) It is impossible to sell at a minimum profit unless customers pay within the time allowed.
- (3) The reminder that the account is overdue is sent in case the amount has been overlooked, or the statement mislaid or lost in the mail.
- (4) Neglect to pay accounts at the due date injures the credit of the customer.
- (5) As several statements have been sent without any reply from the customer, it is desired that he should state frankly the reason for the delay in remitting, so that the firm may meet the customer's wishes if possible.
- (6) Further delay in payment will prevent the execution of new orders.
- (7) Refer to the number of statements and letters previously sent, and ask for a reply within the next few days.
- (8) Towards the end of the series of letters, fix a definite time limit (return of post, or within 3 days) within which a reply is requested. It is better to write firmly, insisting on payment within a fixed time, than to make threats which it is not intended to carry out.

- (9) Insist on a reply of some kind, and make suggestions of help if needed.
- (10) Point out that you have trusted the customer with your goods on his promise of payment and that you rely on him to justify this confidence in him. Ask him to be fair to you.

**What to avoid.**

- (a) Threats of legal action, or of turning the account over to a collection agency, if it is not intended to carry out these threats promptly.
- (b) The use of any kind of insulting language. This may result in the loss of a customer, whether there is any reason or not for the delay in payment. Besides, using offensive language to a customer shows a want of intelligence, as well as a lack of courtesy.
- (c) Do not assume that the customer is dishonest; he may be unable to collect accounts from his own customers, or his trade may have fallen off on account of some local cause, such as a strike, or temporary slackness of trade in a special industry.
- (d) Do not send the same kind of letter each time. Each letter should make the appeal for payment from a fresh point of view, using different arguments.
- (e) At first do not be too certain that the account has not been settled; it is possible for the payment to have been credited to the wrong account in your own books, or the goods may have been returned, or the customer may have been promised an extended credit at the time of purchase, as a special concession, or the letter containing the check may have been misdirected or stolen, or not posted to the credit of the customer in your books. Or, the check may have been handed to your traveling salesman when calling, or it may be held over until his call, so as to secure an allowance on goods which are unsatisfactory and which it is desired to show him. Or, the customer may have withheld payment until a claim already made has been adjusted, and the fault may be yours in having neglected to deal with the claim properly.

**Collection by drafts.** Some firms print a notice on their statements that if accounts are unpaid, after a certain delay, the debtors will be drawn on at sight for the amounts owing.

This action may be adopted when no replies have been made to several applications and the account is much overdue.

The draft is sent for collection through your own bank or presented by a local bank. The debtor must then either pay or give a reason for non-payment. If the draft is refused payment, without good cause, the customer's credit with the local banks would be injured. A notice of the intention to draw is therefore a threat to make public the customer's neglect to pay his due debts.

The easiest excuse for the customer to give would be that he had received no previous notice of the draft. For this reason sufficient notice of the intention to draw at sight should always be given to the debtor, to allow of his sending a check before the draft is sent for collection. This notice also gives him an opportunity to make some proposal for settlement, if the whole amount cannot be paid at once. The banker presenting the draft cannot accept payment of part of the amount unless instructed to do so; the draft must be paid in full or dishonored. When the customer makes a direct offer of part payment it is wise to accept it, because that is an acknowledgement of the debt, and it prevents the

debtor from denying that the account is due, in case the amount has eventually to be recovered by legal action.

If a reason is given by the debtor for dishonoring the draft, this is stated on the advice of non-payment. Any further letters should deal chiefly with that point, because if legal action is taken that would be the chief defence.

If the draft is dishonored without giving reasons, the creditor may assume that the customer will not pay until compelled; action to compel him to do so should be taken at once.

**Collections through Attorneys and Collection Agencies.** If there is any chance of a settlement, the creditor should keep the collection in his own hands. By helping the customer through a difficult time he may enable him to get on his feet again. If the shortage of funds is likely to be only temporary, it is good policy to allow the customer extra time for payment, for the sake of future trade.

Collection agencies follow the same methods of collection as those already explained, but their letters are more peremptory and more threatening, and they more quickly proceed to legal action. Some of them are very slow in accounting for the amounts collected.

An attorney is usually more reliable than an agency. The expense is about the same. If there are many collections to be made, arrangements are usually made with the attorney to charge a minimum fee where no result is obtained. Collection of a small account requires almost as much time and attention as for a large sum. Therefore, credit for small amounts should be refused, or given very carefully, and if the usual collection methods fail they should be written off as bad, instead of taking legal action and wasting time.

**Trade Protection Societies.** All the large branches of trade have associations which act as credit agencies in supplying information to their members as to the financial standing of customers or persons wishing to obtain credit. These associations also act as collection agencies. The collection of a debt through the trade association would result in the customer being classed as a bad payer, in the association's future reports to its members.

The credit reports of such associations are privileged, and a customer whose credit is injured by them has no remedy in law, unless the report was made maliciously and without any foundation of fact. It is very difficult to prove this.

**Care necessary in drafting collection letters.** All letters of this kind should be carefully examined to see that they contain no phrases which would not be considered courteous a year later. Too quick recourse to a law action is more easily forgiven than the use of written phrases attacking a customer's honesty. The written words cannot be withdrawn, nor can the effect on the customer be so easily or quickly effaced (wiped out) as a law action can be discontinued. It is possible also that a settlement of the account may ultimately be made, and the customer would be more inclined to renew business relations with a firm if it had not been untactful in its collection correspondence.

**Weak arguments.** Collection letters should not appeal for payment on the ground that the creditor needs the money urgently. This argument does not appeal to the debtor and it is likely to make him have less respect for the creditor. The debtor would be more inclined to pay if he knew that the creditor was determined to have his account paid quickly or to commence legal action to recover the amount.

The aim of the collection letter should be to make it clear to the debtor that, if it is impossible for the account to be paid when due, you want to know

why; that you are quite ready to help him in any difficulty, but that you require a clear and truthful statement of facts from him. If no explanation is given after it has been invited, the debtor must be made to understand that he will be treated as an unwilling payer, and that if he wants further time for payment he must give convincing reasons.

**The law as to collection letters—what to avoid.**

Creditors are forbidden by law to use certain kinds of threats in letters to debtors. It is illegal to write that unless an account is paid the creditor will write to parties with whom the debtor deals, so as to destroy the debtor's credit with them. It is also illegal to write collection notices on postcards, or to print or write words on an envelope to show that it contains a dunning letter.

If an article has been sold through the mail, it is illegal for the seller to threaten the buyer that unless he pays for it the post office authorities will be informed that he has been using the mails to defraud. In all the cases named, the debtor would have the right to sue the creditor for damages for libelling him. The postal authorities would also demand explanations from the creditor for the misuse of the mails.

The creditor may however threaten that, unless the debtor pays his account, legal proceedings will be taken. It is not an offence to write this to the debtor himself, but it must not be written to other persons with the intention of injuring the debtor's credit or reputation.

The law of libel should be carefully studied, through some standard textbook on commercial law, in order to know what not to write.

There is no risk in writing a strong letter in polite terms and the most severe remarks can be made in courteous phrases.

**Collecting small balances of wholesale a/cs.**

**Phrases.** There is a small balance of \$7.80 outstanding against you, due May 25. Won't you please send us a check for it, so as to save our annoying you by requests for payment.

You have probably overlooked the small balance of \$7.80 which was due May 25. This is just a friendly reminder, which we have no doubt will receive your early attention.

You are probably busy, like ourselves, preparing for the coming season. That is no doubt the reason why a small item of \$7.80, due from you May 25th, has not yet been paid. Please send us a check for it now, and get it out of the way.

We hope that the next season may be a successful one for you. You may rely on our helping you to make it so.

A/c due May 25. \$7.80.

We dislike, as much as you do, receiving reminders of overdue accounts, but as we all overlook small things at times, these reminders are sometimes necessary. Please send a check in the enclosed addressed envelope; no need to write.

There is a small amount of \$7.80, for the purchase of October 18, still on our books against you. Your check in payment would be welcome.

There is a small amount of \$7.80 unpaid, which was due from you on May 25. Since then we have sent two statements and two letters, without

receiving any reply. Please send us your check. Or, if there is any reason why this should not be paid, will you please tell us.

You have no doubt overlooked the statement we sent to you on the 1st of this month for \$75. As we know that it is your custom to pay on the 10th of each month, we believe that you would wish to know of this oversight.

We ourselves like to be reminded of any small accounts which we overlook, and we have no doubt that you feel the same way.

There is a small amount of \$7.80, due May 25, standing on our books against you. Will you not please send a check for this, or tell us just what is wrong with it.

A small item of \$12.50, dating back to January, is still open against you on our books. We have no doubt it has been overlooked by you. May we be favored with your check for this. We hope to soon have the pleasure of serving you further.

Please allow us to call your attention to the small account of \$16, charged to you July 6. Copy of invoice is enclosed. This account was due 2 months ago. Will you please send check. We should be glad to send you a further supply of these articles at any time.

The small account shown on attached statement has been due for the last 3 months. We believe that you did not anticipate taking such a long credit, and we feel sure that you will see that we receive a check in settlement, by return post, now that the account has been brought to your notice.

In balancing our books for the year we notice that there is an old item of \$5, for an undercharge, which has been outstanding since August 3. Copy of our invoice is enclosed. We should be obliged if you would send check for this balance.

### Collecting Retail Accounts.

**Points to remember.** Retail sales are made to individuals, chiefly women, who are not used to considering a purchase as a legal contract the conditions of which should be fulfilled exactly, as regards payment.

If the purchaser is disappointed with the article when delivered, she is likely to return it and ask for a credit to her account or the repayment. Most retail stores allow their charge customers to freely return or exchange goods in such cases, even though they may object to refund the purchase price to a cash customer.

The important difference between wholesale and retail sales is that the retailer sells to a principal (a consumer) and that the retail customer is more "touchy," that is, more sensitive and inclined to think that reproaches for not paying accounts are attacks on her personal character for honesty. If offense is given by an impolite letter, the customer is not only likely to cease dealing with the store, but she will probably tell her grievance to many others and damage the seller's reputation for fair dealing and for being obliging to customers.

As it is not the custom to give discount to charge customers, they

consider that there is no particular reason for paying within the strict time allowed by the seller and that they gain no advantage by paying promptly.

Another important difference is that the retail customer does not generally reply promptly to letters. She may be away from home or sick, or giving all her attention to some matter connected with her family or other interests.

For these reasons it is dangerous to use, with retail customers, any series of letters each of which is stronger in tone than the former one.

The retail collection letter should never fail in courtesy. If there is any doubt whether the letter has actually reached the hands of the customer, the telephone or a personal call should be used to make sure of this. The strongest argument which can be used for retail collection is the convenience of the charge account to the customer and the special attention always given to her tastes and wishes. A hint that the charge account may be stopped will sometimes bring a check.

If it is possible to learn the time when the customer receives funds, it is advisable to have the collection letters sent just before that time.

**Retail Collection Letters.**

**Allowing further time for payment.**

Dear Madam,

We regret to learn from your letter of yesterday that the expenses of a serious illness have prevented your giving your usual prompt attention to your account with us.

We are glad to assist you, by extending the time of payment for a further two months, as requested.

It will no doubt be possible for you to pay at the time of purchase, or on delivery, for such further articles as you may require. Be assured that we value the continuance of your patronage, and that this arrangement is merely temporary.

Yours very truly,

Dear Madam,

We thank you for your letter of May 10 promising payment of our account at the end of this month. We are relying on your promise to put the account in order, so that the facility of a charge account in your name may be continued.

Yours respectfully,

**Asking for overdue account.**

Madam,

We thank you for the purchases you made from us yesterday, amounting to \$27, to be charged to your monthly account. Such accounts are due for payment on the 10th of the following month. We notice that there is still a balance of \$87 owing, for purchases made by you in March last. It would be appreciated

if you could put your account in order, by sending us your check for the March account.

Respectfully yours,

Same.

Dear Madam,

We are pleased to notice that you have again made use of your charge account, after an interval of several months. Your purchases of yesterday, amounting to \$18.75, have been delivered to you this morning.

May we call your attention to the balance of your January account, \$25.30, which you have evidently overlooked. Statement of this account is attached, for your information.

Yours respectfully,

**A/c overdue, asking for cash for new purchases.**

Dear Madam,

The purchases which you made at our store to-day amount to \$35.60. They will be delivered to you to-morrow morning, as requested.

We notice that your account shows a balance of \$40 for purchases made in April, due for payment May 10. This you have no doubt overlooked. Instead of sending a check in settlement of this old account, we trust that it will be equally convenient for you to pay cash on delivery for your purchases of yesterday. You may then make payment for the old balance next month. This arrangement will, we hope, be acceptable to you.

Yours very truly,

### **Collection letters for Professional Men and Small Traders.**

Dear Mr. . . .

Could you let me have about \$20 on account. I have to pay several large amounts this week and am short of funds. If you cannot send \$20, please send as much as you can spare. It will all help.

Yours sincerely,

To-morrow I have to pay my monthly accounts. They are larger than usual, while I have less than usual to meet them. I should appreciate your help if you could spare me about \$20 to-morrow morning.

You know that I have been working lately on a small capital, and that I have had unusually heavy expenses. Just now money is difficult to get in. Could you help me by sending me \$20 or \$30, on account. It would assist me very much, and I should appreciate the courtesy.

A sudden call has come on me for a larger amount than I have available. Could you give a helping hand and send me about \$30 on account, to-night or to-morrow morning.

You were so good as to send me \$20 a month ago and you said then that you expected to pay the balance of your account a few weeks later. If you could do so now it would be a very real help, because I have some heavy bills to pay at the end of this week.

Last month you were unable to pay me anything on account, but you said that you expected to be in funds in two or three weeks. I have another heavy list of payments to make this month end, and I should be glad if you could send me a check for \$30, or as much more as you can spare.

There is a small balance of \$7 owing by you since July last, which I should be glad to have cleared off. Could you let me have your check for this during this week.

I am sorry to have to ask you for payment of your account but my expenses, as you know, are heavy and have to be met promptly every month. For this reason I should greatly appreciate your making a payment towards your account. If you could send me about \$30 now I should be much obliged.

At the beginning of last month you said that you could let me have about \$50 at the end of that month. I am rather short just now, for current expenses, and should be glad if you could let me have a check.

I dislike asking for money, but you usually pay your accounts so promptly that I venture to ask whether you could spare me a check for about \$50, on account. I have several large amounts to pay within the next few days and am rather short of funds.

As business is now rather better with you, I hope that it will be convenient for you to let me have a check of \$30 or \$40 towards your old account.

You have several times promised to pay the account which has been owing for nearly 6 months. If you cannot pay it in one sum it will be perfectly agreeable to me if you will pay me something on account each week or each month. Will you please try to begin doing this during the present month.

Won't you please take care of the enclosed bill before you forget it?

It's the third time we have sent you this bill and now we are knocking at your door again. We should be glad if you could clear it off.

Please don't think us offensively persistent. Your credit is as good as gold. But, we want to feel that you are pleased with your purchase—your payment will be a good way of telling us so. Thank you.

We're not exactly hard pressed—but the fact of the matter is—these small accounts in the aggregate amount to quite a sum.

And if our friends don't co-operate and exercise their write hand occasionally it's pretty apt to cost us our profit trying to collect them.

Your check for the amount due us will do much to make life's burden lighter for

Yours expectantly,

### Collections by Telegraph—Wholesale a/cs.

The Western Union Telegraph Co. recommends the use of telegrams to collect accounts.

The company publishes a folder giving the following explanations and sample telegrams.

**The facts.** Many large business houses have solved the problem of collecting from slow-paying customers and raising money on bad debts. They use the telegram.

When the idea was originally suggested to a number of representative firms,

they expressed doubt of the telegram's superiority as a collecting agent. They were persuaded to give it a trial. The results were astonishing.

*Remittances were received on accounts upon which all other methods had proved futile.*

**The reason.** The telegram gets results because it commands preferred attention. Its brevity and urgency suggests immediate action. It means business.

*The Telegram carries a "punch" that cannot be obtained in a letter.*

**Try it out.** Pick out your delinquent accounts and send collection telegrams. You can use Night Letters, Day Letters, or Fast Telegrams—each one gets the same satisfactory results. Only one copy of the text and a list of addresses is required.

*The Telegram, as your busiest agent, will soon become your biggest collector.*

Local telegrams are being used effectively in collection work.

The Western Union Manager will be glad to assist in every way. Ask him to call on you.

### Sample Telegrams for Use in the Collection of Delinquent Accounts.

In need of immediate funds. Can you assist with remittance?

Please settle your outstanding account. Unwilling to wait longer.

You have probably overlooked outstanding account. Kindly favor with remittance.

Account overdue. Unless we receive prompt remittance collection proceedings will be instituted.

Will draw on you Monday unless we receive remittance.

Our account long past due. Please remit at once.

Please remit for account due. Imperative need. Thank you.

In order to clear our books kindly send check.

Account overdue. Immediate need of funds. Can you assist me?

Very important that we receive remittance by January first. Answer.

Won't you kindly send check? Will appreciate. Need funds badly.

Our account past due. Please send check without further delay.

Remittance imperatively needed. Kindly help us out. Answer at our expense.

Very important we receive your remittance without further delay.

May we remind you that your account is long overdue?

Need funds by Monday. Please remit by return mail. Thanks.

What is delaying remittance? Urgent need of funds. Answer collect.

Disappointed failure receive your check. When may we expect it?

In need of funds. Remittance greatly appreciated. Answer.

Have been very patient. Won't you kindly remit now? Urgent.

Regret cannot extend further credit until account is paid.

Pleased to fill order when you remit for account due.

Can we have remittance by January first? Please accommodate us.

Large obligations to meet next few days. Remittance greatly appreciated.

Your prompt remittance will assist us greatly. Please accommodate us.

Closing our books for audit. Remittance on account will be much appreciated.

Remittance for our invoice of December first will be much appreciated.

Unless remittance is received promptly must decline further credit.

Our account overdue. Please send check. Thank you.

Have you overlooked us? Oblige us with check if possible.

Please help us out with remittance for our account.

Have large amount to pay January first. Please help us out.  
 If account correct please remit as per terms of order.  
 Unexpectedly in need of funds. Please accommodate us.  
 Closing our books. Anxious to collect outstanding accounts. Please remit.  
 Have you overlooked us? Remittance on account much appreciated just now.  
 No reply to our letters. Expect to hear from you without further delay.  
 Why have you not paid December invoices? Remittance greatly appreciated.  
 Your remittance must be here by January first. Patience exhausted. Answer.  
 Should not telegraph unless very imperative need. Kindly send check on account.  
 Our collections slow. Can't you send check on account? Greatly appreciated.  
 Will appreciate at least partial payment our account. Urgently need funds.  
 Must take sharp action if remittance not received at once.  
 Please accommodate us with prompt remittance. Many payments to meet.  
 Very important remittance should reach us on Monday. Large payments to meet.  
 Have you overlooked invoice of December tenth? Attention greatly appreciated.  
 Reply our expense.  
 Understand your collections are good. Kindly let us have check on account.  
 Wire our expense if we can have remittance by December first. Your help appreciated.  
 A check for account by return mail will be of great assistance.  
 Cannot understand failure receive remittance. Account long overdue. Please send check.

**Telegraphic requests for remittances. (Wholesale trades.)**

Please remit at once by telegraph to cover invoice, or we cannot dispatch in time to catch the steamer to-morrow.

We must ask you to remit by return of post without fail, by bank draft, or you risk the goods being shut out from this steamer.

We have received your shipping instructions but no remittance; we cannot dispatch without receiving remittance for half, and balance against bills of lading.

Unless you remit at once, we shall have to sell the shirtings we have been holding over for you.

Your remittance by certified check or bank draft must reach us to-morrow morning, Wednesday, if you wish us to dispatch the goods in time for Thursday's steamer.

Telegraph at least \$4,000 to meet your draft due to-morrow.

Unless you telegraph deficit on your drafts, they will have to go back.

Ask Brown's to give you certified check for \$1,500 at once, to cover their 0/632 (order 632) now ready for dispatch.

Get about \$1,200 on account from Smith's as deposit on their order just received, otherwise we cannot put it into work.

**Replies.**

It is impossible to get a check signed to-night, but we will send it by to-morrow afternoon's post.

We are telegraphing \$2,000 through our bankers to your credit at the National City Bank head office, Wall St., New York.

For what account is the remittance you ask for, and what is the amount required?

We cannot pay except against bills of lading or mate's receipt; the British Bank of South America has instructions to pay cash against shipping documents only.

Our arrangement was half on deposit, balance against documents; please send the documents through your bankers for delivery to us against payment in cash.

Remittance will be sent you to-morrow without fail; have goods ready for immediate dispatch then.

We will remit you this week end; we regret it is impossible earlier, as we shall not receive our own remittances until then.

Impossible to remit you just now to cover drafts; draw against us at three days' sight and negotiate the draft on best terms possible; meet our drafts now due from the proceeds.

Draw against us at seven days' sight, and meet to-morrow's drafts from the proceeds.

We are remitting by crossed cheque to-morrow morning; owing to the absence of directors we cannot get (obtain) necessary signatures until then.

## CHAPTER 87.—TWELVE SETS OF COLLECTION LETTERS.

Sets used in various wholesale and retail trades.

### First Set. (Retail.)

(A<sub>1</sub>)

Dear Sir,

On looking through our accounts, we find an amount of \$4 against you for a February purchase. We regret to write you about such a small amount, but we try to get such items cleared off early. Will you please send us check.

Yours truly,

(A<sub>2</sub>)

Dear Sir,

The amount of \$4 for stationery supplied in February is still unpaid. No doubt it has been overlooked, or you may be expecting to call in to select something else you need and pay for this at the same time.

Of course we shall be glad to wait your convenience as to this and we want to avoid annoying you by reminders. Will you please therefore let us know when we may expect to hear from you, or to receive the favor of a call. An addressed envelope is enclosed for your convenience in replying.

Yours truly,

(A<sub>3</sub>)

Dear Sir,

Our bookkeeper has lately become interested in efficiency methods and has been estimating the expense in connection with your small account of \$4, still owing for your February purchase. He showed us that he had already written you two statements and two letters, which have cost, for time and postage, nearly 40%, equal to 10% of your account.

As the account is still unpaid, he is rather troubled about this proportion of expense. Will you not send us a check by return, to clear off this small sum?

Yours truly,

**Second Set. (Wholesale.)**

(B1)

Dear Sir,

Two weeks ago we sent you a statement for \$75 then due. We have had no reply so far, probably because it has been overlooked or left until you wish to pay it.

We have quite a large number of such small accounts, and you will see the importance to us of receiving them on the due dates.

We should be obliged if you would send us a check by return of post.

Yours truly,

(B2)

Dear Sir,

Account of \$75, due Sept. 1. On Oct. 16th we wrote you about this item which was due for payment Oct. 1. We are sorry to again remind you of it but unless we collect our accounts it would be obviously impossible for us to continue in business.

The amount is so small that we hope you can send us a check by return and save us further correspondence as this causes us unnecessary expense, as well as being an annoyance to yourself.

Yours truly,

(B3)

Dear Sir,

A/c of \$75, due Sep. 1. Already we have sent two statements and two personal letters about this overdue account. Will you not let us know if there is any reason why it should not be paid. If it is in order, please send us check in settlement. Or, may we draw on you for the amount at the end of this week?

Yours truly,

(B4)

Dear Sir,

Overdue A/c of \$75. You received from us goods to this amount on August 10. Payment was due Sep. 1. We have sent you two statements and three personal letters. Finally we drew on you but the draft has been returned unpaid and we have not heard a word from you.

If you intend to pay, but cannot do so just now, we think you should tell us just when you expect to settle this account. We cannot know that you want to pay unless you say so. Will you please write us within the next 3 days. Failing to hear from you, we shall be reluctantly compelled to collect through the courts.

Yours truly,

**Third Set. (Wholesale.)**

(C1)

Dear Sir,

The amount shown on the enclosed statement is now overdue. As the amount is small, it has probably been overlooked by you. Will you please send us check within next few days.

Yours truly,

**(C<sub>2</sub>)**

Dear Sir,

The small amount shown in the enclosed statement is still unpaid, although we sent you a reminder two weeks ago. It is both troublesome and costly for us when such small items are left unpaid. May we draw on you for this amount in 7 days from this date? If you do not desire this, please send us check by return.

Yours truly,

**(C<sub>3</sub>)**

Dear Sir,

Twice already we have written you in regard to your overdue account, shown on the enclosed statement.

As no reply had been given we drew on you, but our draft has been returned unpaid and without explanation. There may be some very good reason why you should not pay but we are not aware of it. The present position is damaging to your credit. Unless you write us, or send check within the next 5 days, we shall have no alternative but to instruct our attorney to collect the account by an action at law.

Yours truly,

**Fourth Set. (Wholesale.)****(D<sub>1</sub>)**

Dear Sir,

Our usual monthly statements were sent out on the 1st of this month. Is it possible that yours did not reach you? If not, we shall be glad to send you a copy. Your accounts have usually been paid so promptly, within a few days after receipt of statement, that we think our first statement must have miscarried. We shall be pleased to hear from you.

Yours truly,

**(D<sub>2</sub>)**

Dear Sir,

We should appreciate your sending us a check for a part of your October account if you cannot, at this moment, remit in full. We have several opportunities of using cash very profitably just now in making purchases at much below current prices. This will enable us to offer you specially favorable quotations for your next month's purchases of several leading lines. You will see why your check would be welcome.

Yours truly,

**(D<sub>3</sub>)**

Dear Sir,

Although we have sent the usual monthly statement, and written you two personal letters respecting your October account, we have not heard from you yet as to why the account is still unpaid. If there is anything wrong with the account we shall be glad to have the opportunity of adjusting it.

If it is correct, we shall expect to hear from you by return, with a check for the whole or part of the amount due.

Unless we hear from you by Monday morning next we shall draw on you for the full amount.

Yours truly,

**Fifth Set. (Wholesale.)**

(E1)

Dear Sir,

When you needed shoes, 3 months ago, to sell to your customers, we sent them at once. We gave you really good value and 60 days credit, so that you could sell them before our account was due.

We know that you meant to pay for them at the time agreed and we know that you want to do the right thing. But, do you think that you are doing it?

This account is a month overdue. We have sent three statements and written you two special letters. You have not replied at all. Are you ill, or on a vacation, or has your trade just died out? Won't you tell us just what is the matter why you do not send a check?

An envelope is attached, ready stamped, addressed to me personally.

Just while this is fresh in your mind turn this letter over and write on the back of it anything you wish. Attach a check to it, and mail it right now.

Send a part if you cannot send the whole amount, and say when you can send the remainder. Deal with it now, and keep your credit good.

Sincerely yours,

(E2)

Dear Sir,

We are still waiting to hear from you about that overdue account. The amount is \$87.

Why don't you send a check?

Yours very truly,

(E3)

Dear Sir,

If you wrote a credit customer several times and asked him to pay, or to say something about when he could pay, YOU WOULD EXPECT A REPLY.

Then why don't you answer our letters?

Write and tell us; we would like to hear from you.

Yours very truly,

**Sixth Set. (Wholesale.)**

(F1.) 1st Reminder.

Dear Sir,

Enclosed is statement of account, due on the 7th of this month. We should appreciate your remittance in settlement.

Yours truly,

(F2.) 2nd Reminder.

Dear Sir,

With this we enclose statement of your account which is three weeks overdue. We should be obliged by your sending a check by return.

Yours truly,

(F3.) 3rd Reminder.

Dear Sir,

You will see by the enclosed statement that your account is now a full month overdue. We regret to say that unless we receive a remittance from you in settlement, within the next 7 days, we shall be compelled to place it in the hands of our law agents for collection.

Yours truly,

**Alternative letters.**

Dear Sir,

Our auditors are now examining our books, and they have called our attention to your account as being overdue. We do not wish to have an adverse report on it, for the sake of your trade credit.

Will you not, therefore, protect it by sending us a check at once, in settlement of the amount as shown by the enclosed statement. It is in your own interest to make a special effort to clear off this account before the auditors make their formal report.

Yours truly,

Dear Sir,

May we ask your early attention, please, to the enclosed account, which was due for payment a month ago. The amount is so small that we feel sure you will send us a check at once, in settlement.

Yours truly,

Dear Sir,

Your attention is requested to the enclosed statement. The amount is small but our business is extending so rapidly that we are unable to grant extended credit, owing to the demands on our capital.

Yours truly,

**Seventh Set. (Retail newspaper.)**

(G1)

Dear Sir,

In order to save you time and expense, we published an advertisement amounting to \$2.24. As this is considerably past due, we feel sure that now your attention is called to it you will remit by return mail.

Yours very truly,

(G2)

Dear Sir,

This is the second letter. Bill of \$2.24 still due. We trust you will not make it necessary for us to take other means to collect. Kindly let us know if there is any reason why this bill should not be paid.

Yours very truly,

**Eighth Set. (Retail.)**

(H1)

Dear Madam,

I regret you have not favored me with a response to my applications for payment of our account rendered, which from.....to..... amounts to \$.....

I have now to ask you to favor me with a check in settlement without fail by the.....

Yours respectfully,

(H2)

Dear Madam,

A/c \$.....

I am instructed by my Directors to again bring our account to your notice, reminding you that the terms of the company do not admit of such extended credit, a quarterly account being the limit the company's prices permit.

I trust to receive your check in settlement before the.....inst.

Yours respectfully,

**Ninth Set. (Wholesale.)**

(J1)

Dear Sir,

We refer you to ours of 14th inst., and would ask you to please let us have reply by return.

We trust we will have a check from you by return, together with definite dates and amounts by which you propose clearing the account.

Yours truly,

(J2)

Dear Sir,

We are very much annoyed to learn from our St. Louis House that they have been unable to secure payment of account from you, notwithstanding your promise.

The account, as you are aware, is many months overdue, and we must insist upon payment by return. We trust you will not compel us to press this matter further.

Yours truly,

(J3)

Dear Sir,

We are in receipt of yours of yesterday, covering check \$250, on account, for which we thank you.

You will understand, however, that this cannot be looked upon as satisfactory, more particularly in view of your promise of 7th January that the account would be paid in full within about two weeks (a fortnight). In your present letter you give no indication of the dates and amounts by which you propose to clear our account and, in view of the age of the account, we must ask you to give us a definite statement on these points by return mail.

We thank you for the business which you are putting in our way, and fully appreciate your trade, but it is necessary that your purchases should be paid for within reasonable limits of time.

We wait your reply.

Yours very truly,

(J4)

Dear Sir,

We received your letter of 7th inst. and expected to have the further promised communication yesterday or to-day, but up to this afternoon nothing has reached us. We must ask you to understand that matters have now reached a stage when no further delay will be permitted, and unless we have settlement forthwith we shall certainly have to protect our interests actively.

We wait your check, in settlement, by return of post (by return of mail).

Yours truly,

**Tenth Set. (Retail.)**

(K1)

Dear Sir,

\$47.50, due Oct. 1.

We wish to call your attention to the above account, which has probably escaped your notice.

As your account is noted as a monthly one, we should be glad to receive your remittance in settlement at an early date.

Yours very truly,

(K<sub>2</sub>)

Dear Sir,

\$47.50, due Oct. 1.

We wrote you on the 12th inst. calling your attention to the above account, but have not received any reply.

Your account is noted as a monthly one on our books, at your request, but if it would be a convenience to you, we shall be pleased to extend this credit to a quarterly (3 months) account, which is the limit of credit permitted by our Directors.

We should be pleased to hear from you as to whether we are to do this.

Yours very truly,

(K<sub>3</sub>)

Dear Sir,

\$47.50, due Oct. 1.

We wrote you on the 12th inst., and again on the 20th, requesting a remittance in settlement of the above account, but have not received any reply from you.

As the arrangement made between yourself and this company was for a month's credit, you will see that the above account is considerably overdue. We should, therefore, be pleased to receive your remittance in payment of same by return mail.

Yours very truly,

(K<sub>4</sub>)

Dear Sir,

re account \$47.50, Sept. 1, due Oct. 1.

We regret you have not taken the trouble to reply to our previous letters with reference to the above overdue account. We have now to request that you send us a check for at least half of the above amount, say \$24, by return mail.

The balance of \$23.50 could then remain over until the 10th of next month.

Yours very truly,

(K<sub>5</sub>)

Dear Sir,

re account \$47.50, due Oct. 1.

As you have not replied to our numerous applications for a settlement of the above outstanding account, we have to inform you that, unless a check for the full amount is in our hands by the 3rd Jan., without fail, the matter will be placed in our lawyer's hands for collection, without further correspondence.

We trust you will see the desirability of avoiding the publicity of legal proceedings.

Yours very truly,

P.S.: Copy of bill for above account is enclosed.

**Eleventh Set. (Wholesale.)**(L<sub>1</sub>) 1st. Application.

Dear Sir,

Our statement for the goods delivered up to the 20th of last month was mailed to you on the 25th, and was due for payment on the 5th of this month. The matter has probably been overlooked by you. May we ask you to give it your early attention.

Yours very truly,

**(L2) 2nd. Application. (A week later.)**

Dear Sir,

On the 12th inst. we wrote you, pointing out that we had not heard from you as to our account of \$187.35, due for payment on the 5th inst. The terms on which we sell to you do not allow of long credit, and we have to pay manufacturers promptly for the goods we supply to you.

May we ask you to be good enough to let us have your check for the above amount by return.

Yours very truly,

**(L3) 3rd. Application. (Another week later.)**

Dear Sir,

We regret that we have not heard from you in reply to our letters of the 12th and 19th inst., reminding you that the account due for payment on the 5th inst. has not been settled.

We think you will agree that we are only reasonable in asking for a prompt settlement, or for some explanation of the delay.

If it were possible to grant you longer credits we should be glad to do so, but our margin of profit does not permit of this.

If it is impossible for you to settle the account at once, will you please state the earliest date at which you can do so and send a payment on account if possible.

Yours very truly,

**(L4) 4th. Application. (5 days later.)**

Dear Sir,

We regret to have again to remind you that the account of \$187.35, due on the 5th January is still unpaid. Our letters of the 12th, 19th and 26th inst., pointing this out to you, have not yet been answered. We do not wish to press you unduly, but we think you will agree that we are entitled to receive from you either a prompt payment or some definite proposal for an early settlement. It is always unpleasant for us to press for payment of accounts, but you really leave us no option and, unless we hear from you within the next few days, we shall be very reluctantly compelled to place the account in our lawyer's hands for collection.

Yours very truly,

**(L5) 5th and Last Application. (4 days later.)**

Dear Sir,

We have to-day furnished our lawyers with particulars of your account of \$187.35 for the purpose of collection.

It is with extreme regret that we have taken this step, after the pleasant business relations which have been maintained between us. We are desirous of giving you every opportunity of avoiding the annoyance of such a collection, and if you will remit half of the amount to us to-day, and promise to settle the balance within a week, we will withdraw the matter from our lawyers.

We must, however, point out that unless we receive such a reply from you by

Friday morning, we shall be obliged to allow our lawyers to proceed, without further notice.

Yours very truly,

**Twelfth Set. Instalment business.**

**(3 days before monthly instalment is due.)** Your monthly payment of \$15 on the furniture agreement will be due for payment, at this office on August 20.

**(3 to 7 days after due date.)** Your monthly instalment of \$15 on the furniture agreement was due August 20. Will you please send check or call to pay the amount due without delay.

**(1 week later.)** We have already sent you two notices respecting the instalment of \$15 due August 20th, according to your agreement. As these must have reached you, we now give you notice by registered letter that this amount is still unpaid. It is important that you should give this matter prompt attention.

**(About 10 days afterwards.)** When preparing usual monthly notices, we find that your instalment for last month has not been paid, and there is now another month's instalment due.

Seeing that we gave you the advantage of a long period of payment, we are not unreasonable in asking you to keep strictly to the terms of payment to which you agreed when you bought the furniture from us. It would be impossible for us to continue to grant credit if our customers did not keep their promises of payment.

We shall expect to receive from you, within the next 3 days, the amount of \$30 for the instalments of last month and this month.

In your own interest we advise you to make future payments regularly at the agreed times, as it is always difficult to make up arrears.

**(A further 7 days later.)** We wrote you Sept. 18th, pointing out that 2 monthly instalments of \$15 each were then due on your furniture agreement.

We regret to find that you have not replied to this letter.

While we have no desire to press our customers for payment at times when it is impossible, we certainly think that we are entitled to some explanation when they fail to make payments at the agreed dates.

This courtesy is due to us because we have treated you considerably so far.

Will you please send us at once the \$30 now overdue, or call here to make a payment on account, and to say when you can pay the balance.

**(Alternative letter.)** Your instalment of \$15 due on Aug. 20th is still unpaid, and there is a further \$15 due for Sept. 20th. We have written you twice pointing this out, without receiving any reply from you.

We again urge you to send this amount without further delay.

Unless we receive your check by return, or a definite promise of early payment, we shall draw on you at sight for the \$30 named.

**(If draft is not paid.)** The draft of \$30 for overdue instalments, of which we gave you notice, has been returned to us unpaid. Your failure to pay this, combined with your persistent neglect to answer our letters, seems to show a complete unwillingness to keep the promises you made at the time of purchasing the furniture from us. We do not wish to exercise the undoubted legal rights we have, under the agreement, to recover the furniture and to sue for the unpaid instalments, but you seem to leave us no option. A prompt remittance from you, or a call within the next 2 days to make an arrangement for settlement, will be to your interest. We shall not wait after that date.

**Asking for payment of arrears.**

Dear Sir,

When you bought your furniture from us, 6 months ago, we gave you the advantage of our lowest cash prices, at only 6% per annum interest. To make it more convenient for you to pay, we agreed to accept monthly instalments during 2 years.

We want to point out to you that we have ourselves had to pay the full price of this furniture to the makers and we trusted you to repay us by the agreed monthly payments.

It may mean some sacrifice for you to make these payments regularly, but isn't it worth while to do so in order to keep your agreement with us?

There are two monthly instalments of \$50 each now overdue and we must ask you to clear these within the next 10 days. If you cannot pay the whole amount at once, please send a check for \$50 by return, and the remaining \$50 7 days later.

Yours truly,

(See also Chapter 39, page 214, on Instalment Sales.)

**CHAPTER 88.—GENTLE REMINDERS.**

Phrases, paragraphs and letters used in different classes of business, wholesale and retail.

**Phrases for Gentle reminders.**

**May we request the favor of a remittance by return, as:**

we wish to close our books for the annual audit.

we are about to balance our accounts for the inventory (stocktaking).

we have several heavy payments to make within the next few days.

it is strictly against our rule to allow such long credit.

the arrangement made with us was for monthly settlements.

all our accounts are due, net, on the 10th of the second month after delivery of the goods.

we only agreed to 2 months' credit, whereas you have taken 4 mos.

our profits are too small to allow of such extended credit.

it would be quite impossible for us to sell at such a small margin of profit if all of our customers took the extended credit you have taken.

We are anxious to help our customers as far as possible in the matter of credit, but you must admit that this account is now rather overdue.

We must really ask you to give this matter your serious attention, without delay.

We trust you will see your way to send a check, in settlement, by return.

We must ask you to be good enough to remit this week-end, at the latest.

We hope that you will see that we have given you the utmost possible extension of credit, and that you will not think it unreasonable of us to ask a prompt settlement.

Although we are anxious to grant every facility to our clients we have our own engagements to meet, and we have to rely on our customers remitting within the agreed terms of credit, if we are to finance our business effectively.

We know that you are extending your trade, and for that reason we have not pressed for payment within the strict limits of credit allowed to you, but in this case we must ask you to let us have, by return, a considerable payment on account, as we have some heavy engagements to meet within the next few days.

We beg to again call your attention to the unpaid invoices of June and July.

Please excuse our again reminding you that the account for goods supplied in June last is still unpaid.

We regret to be obliged to again ask your attention to our June statement.

The attached bill shows an amount past due. We would greatly appreciate the favor of a prompt remittance.

The account sent you June 1st was due then but we have not heard from you, although we have since sent you two further statements. Will you please give this matter your immediate attention.

The enclosed account is made up chiefly of labor charges, which we have to pay weekly. We hope you will see that we are not unreasonable in asking our customers to pay promptly, so as to reimburse us for the cash we have paid on their behalf for the work done.

We shall be glad if you will send us a check by return. Do not trouble to write a letter; just place the check in this letter and send it in the enclosed envelope to-day.

You have probably overlooked your account of \$15 which was due a month ago. The amount is small, but it gives us a lot of trouble if we have to bring it forward every month and send you other statements. Won't you please save us this expense, by sending your check at once.

We are writing you to-day, in your own interest, to ask you to protect your credit with us. Your account for May purchases was due for payment, net, at June 30. It is now two months overdue. We have you recorded as a first class account but you will see that we cannot continue this classification for you unless the amount now owing is paid without delay. May we hear from you promptly, please, so that we may get the matter settled and leave the record undisturbed.

I am writing you personally to respectfully ask your attention to the account of \$87.50 for June purchases, which is now overdue. Statement is enclosed.

I should appreciate your sending a check for this amount during the next few days.

John Smith,  
Manager.

I am writing to suggest that if it is not possible for you to pay the enclosed bill at one time, that we would accept it in instalments, and thereby clear off the indebtedness.

I trust you may let me hear from you in regard to this

We regret to have to remind customers of their obligations. It is difficult for us to know just what to think when repeated statements and letters do not bring any reply. Won't you please tell us just what is preventing your paying this account.

May we ask your early attention to your account, as enclosed statement, which is now overdue. If you cannot send us a check now, please tell us when to expect a remittance.

The enclosed statement for \$18 was due for payment July 10. Will you please send check by return or let us know when we may expect a remittance.

May we request your personal attention to the enclosed account of \$75. Several statements have already been sent and we have written you previously without receiving any reply.

You will understand that we cannot leave this account open any longer in the absence of any news from you. Please write us without delay.

You will remember that there is a long outstanding account of \$75 remaining due from you to the late firm of Wells & Roney, a notice of the dissolution of which was sent to you on the 12th Nov. We must ask you to be good enough to let us have a check to settle the above account without further delay, as the late firm's books have to be closed at an early date.

We have written you four times about the account due March 31, but have had no reply. It would be appreciated if you would send us a check during this week. If we do not hear from you before June 15th we propose to draw on you for the amount of \$197.30, as shown by attached statement. We would very much prefer your remitting direct.

Provided past due invoices are paid,

You will save \$\_\_\_\_\_

by paying this invoice on or before\_\_\_\_\_

No discount allowed after that date.

Your account with us is overdue. So that we may settle our obligations, may we have your check in settlement? Thank you.

You can preserve your credit reputation by sending at once the amount due.

Please allow me to point out that an amount has been standing to your debit in our books since July 5th last. You have probably overlooked this small amount. As we are anxious to clear our books before our annual inventory (balancing, stocktaking) we shall be obliged if you would send us your check at an early date.

Will you please send us your check within the next few days for the amount of the enclosed statement, which has been outstanding some time and which has probably escaped your notice.

On the 20th ulto. we wrote asking your attention to the outstanding invoice of July 5th, but have not yet received any reply. Will you please let us have an early remittance.

Your account has always been so regularly settled on the due date, that we feel sure the statement of which we enclose copy has been overlooked.

We trust that you will not consider it unfriendly on our part to recall the matter to your memory.

**THIS CHARGE IS NOW PAYABLE.** We shall appreciate your check by return mail.

Will you please remit the amount of our account as above.

Several applications have been made to you for payment of the enclosed small account, and we shall be glad if you will let us have a settlement, as we are anxious to clear our books.

We wish to call your attention to our account amounting to \$9.60 which was due on the 10th of Feb. and has no doubt escaped your notice.

Will you kindly favor us with your check covering same, for which we thank you in advance.

We take the liberty of calling your attention to the enclosed account, which doubtless has escaped your notice.

We enclose two statements, one of which is now overdue. Kindly give this matter your attention.

We have not yet been favored with your check for \$36, in settlement of our account against you. We understood we should receive this in January, as per your letter to us of the 19th December last. Please be good enough to give this matter your immediate attention and let us have a check for the above amount without delay.

I am sure you will agree with me that it is time I had another check on account; can I have \$20 or \$30 by Friday morning? I do not mind small checks, so long as they are fairly frequent.

Enclosed we hand you our monthly statement of account, which stands at the same figure as on the previous month. Your remittance will oblige.

Won't you kindly send us a check for bill of June 20, amounting to \$145. If it happens to be inconvenient to send the entire amount, won't you please send us a check for such portion of it as you can pay at this time.

This is the second letter reminding you of the bill of \$3.36 which is still due us. Kindly remit at once or let us know if there is any reason why this bill should not be paid.

We have to remind you again of your promise to make another payment to us by the end of February. As yet, we have not heard from you, but trust to do so in the course of a few days.

We wish to call your attention to our outstanding charges as per annexed memorandum; an early settlement of this will oblige.

Permit us to call your attention to the enclosed bill of \$49.13, which covers your purchases since February last, and is considerably overdue.

The favor of a check will be appreciated.

Will you be good enough to advise us when we may expect to receive a remittance in payment of rent due for the premises occupied by you at the below address? We should be glad to receive it at your earliest convenience.

We trust that you will excuse our calling your attention to the invoices of the 5th and 7th July last, which are still unpaid. We quoted you specially low prices for these goods, and gave you an extra date; we hope that it will now be convenient for you to remit at least half of the amount during this week, should you not be prepared to settle the whole account.

We have some very heavy payments to make at the end of this week and if it is convenient for you to send us a check for the goods supplied to you last month, we should be very greatly obliged.

If you could favor us with a payment on account we should be quite willing to allow an extra  $\frac{3}{4}\%$  discount for the accommodation and we should much appreciate the courtesy.

Please excuse our calling your attention to our invoice of Feb. 15th last for \$76, which remains unpaid. Knowing your exactitude in such matters, we feel sure that the amount (account) has been overlooked.

Enclosed we take the liberty of handing your statement for Jan. purchases, dated March 1st, which was due for payment on the 10th ulto. As it may be a convenience for you to have a further time for payment, we should be prepared to allow you an extra month, if you will be good enough to accept our draft on you for the amount. Please say whether this would be any convenience to you.

Since writing you on the 10th, we have received remittance for \$9.80 covering bill of April 1st.

There is still unpaid bill of April 16th, \$6.18. Will you kindly let us have check for this item, or your advice as to just why you are withholding payment.

Our financial year ends December 31st and we are anxious to have as many accounts as possible balanced before beginning the new year.

Won't you please co-operate with us to this end by forwarding the amount due promptly? Thank you.

You have probably overlooked this item; to save you any trouble in the matter we have taken the liberty of asking our salesman (traveller) to collect the amount, when he calls on you at the end of this week.

Small classified advertisements are taken on a cash basis, but in order to save you time and accommodate you we charged to you an advertisement amounting to \$..... We feel sure that now you are reminded of this small indebtedness you will remit by return mail.

**Collection Letters—Gentle Reminders to Old Customers.**

Old customers are generally offended if, when they occasionally delay payment, they are reminded of it.

The following letter is a friendly reminder to which no customer could object. It produces good results. It is sent to good customers who do not pay at their usual settlement periods.

Dear Sir,

If it is not convenient for you to pay your account in full at present, we should deeply appreciate your helping us out with a payment of whatever you can spare.

We do not want to dun you, and if you cannot pay just now you need pay no attention to this request until such time as you may be in a position to favor us.

We thank you very much for your business.

Yours very truly,

Dear Madam,

Our bookkeeping department has this morning called attention to your account, with notation that it is seven days overdue. It refers to a delinquent payment on your machine.

We feel sure it was an oversight on your part in not remitting when you received our reminder a few days ago. No doubt you had intended to stop at our store to pay this account. Will you not kindly do so now or, if it is more convenient, attach your check or money order to the statement enclosed and mail it at once.

We thank you for this attention.

Dear Mr. —:

Would you be good enough to let me know the kind of letter I ought to send to you that will promptly bring your check for the enclosed account and at the same time retain your good-will.

Cordially yours,

Dear Sir,

With your order of May 24th you sent \$16.50. The total cost of these goods is \$17.75.

We sent this parcel at once rather than cause you inconvenience by writing and waiting for your reply. We keep no charge accounts, as we sell solely for cash. Will you please therefore send check or money order for the difference, at your earliest convenience, to complete this transaction.

We shall be glad to receive any further orders. The same careful attention is given to mail orders as is given when a customer calls to make a selection from our stock.

Yours very truly,

Dear Madam,

We are enclosing another statement of the present standing of your account, showing amount due on your recent purchase of a Clothes Washer. This is now fourteen days past due. We are inclined to believe that your apparent ignoring of our previous reminders is simply due to carelessness and not to any desire on your part to avoid payment. It is true that we are all careless occasionally about such small amounts.

May we point out that it is only possible through the co-operation of all of our customers that we can sell our appliances on easy payments. Even a few delinquent accounts, as you will understand, are very likely to upset all of our calculations.

May we not receive your co-operation by making payment at once, either at our store or by attaching your check or money order to the enclosed statement. Please do this NOW while the matter is still fresh in your mind.

Yours very truly,

Dear Sir,

Haven't you overlooked something again?

Something you wanted to take care of long before now?

Just the small item shown on the enclosed statement, covering your subscription to our service.

We know exactly how easy it is to overlook these small items, but because of their very insignificance it is expensive for us to send many collection letters in regard to them.

If you would pin your remittance to the enclosed statement, NOW, it would save us the expense of writing you again and would save you the bother of further reminders.

Will you do it to-day? Thank you.

Yours very truly,

Dear Sir,

We should be sorry to hear that you had been ill, or prevented by some other reason from attending to business as closely as formerly. It is so unusual for your account to remain unpaid longer than 7 days after our sending you the first statement that we are writing you to say that an amount of \$255, due a month ago, is still unpaid. As it may have been overlooked, we enclose a copy of the statement. We should be glad to hear from you.

Very truly yours,

Gentlemen,

This is the third time we have written you about your overdue account for June purchases, without receiving any reply. Unless you send us a check, in settlement of the overdue \$252, within the next 4 days we shall draw on you at sight for this amount, through our bankers. We hope that you will send check promptly or be ready to honor this draft.

Yours truly,

Dear Sir,

We thank you for your letter of Sept. 20th, telling us that you are waiting until you can send the whole amount of \$155 now overdue.

We regret to hear that trade has been so bad in your district. Why not return to us any of the goods purchased which are in the original packages, so that we may credit you and reduce the amount owing.

You must admit that we have been very patient, but we cannot leave this account open any longer. Instead of waiting until you can send the whole amount, we suggest that you should pay us by instalments. Send us your check now for \$35, and three notes, made payable at your bankers, for \$30 each, dated respectively 2, 4 and 6 weeks from to-day. That will make the settlement easier for you and you will be relieved from worry, and keep your credit good. Let us hear from you by return, please, with the first instalment.

Yours very truly,

Dear Sir,

We wish to call your attention to your account for May purchases, which is now overdue. Statement, amounting to \$357.75, is enclosed. Will you please send us check for this amount before the end of this week.

We buy for cash and give our customers the benefit of the special values we obtain in this way. We rely on our customers to help us in this, by meeting their accounts within the time allowed.

On your approaching visit to our town we shall be glad to show you some very choice winter and spring dress goods which we can offer you at attractive prices. They are low and medium qualities and are likely to be quick sellers.

Yours very truly,

Dear Madam,

When we opened a credit account with you, we explained that the purchases of every month were to be paid for before the end of the following month. We see that your April account is still unpaid and that you made additional purchases in May.

We wish to point out that we sell only for cash and that the privilege of a credit account is allowed only to a few customers of exceptionally good standing. It is to your interest to preserve your good reputation with us.

This can be done by a prompt remittance to cover the April account, for which statement is enclosed.

Yours truly,

Dear Sir,

We have had pleasure in noticing your promptness in settling each month's account within the time allowed for taking discounts.

It is possible that you have overlooked the amount of \$87.45 for your Janu-

ary account, which appears to be still unpaid. Statement is enclosed; if found correct, will you please send us check for this amount at your earliest convenience.

Yours very truly,

Dear Sir,

I have written you four times about your June account, namely, August 4, August 20th, September 1st, and September 15th, but have not yet received any reply. Will you not now tell me frankly why you are unable to send a check in settlement. I am willing to accept a part payment, or to make any reasonable arrangement, but it is difficult to help you with concessions unless you let me have the facts.

Yours truly,

Dear Sir,

We have not received the balance of \$87 owing on your March account, which was due May 1. We are anxious to clear that account, so as to enable you to send us your further orders. May we not hear from you by return?

Yours truly,

Dear Sir,

Your accounts have been usually paid so promptly that we wish to point out that the account for October purchases is still unpaid and is now due net. As you have previously paid within a month, and taken the usual  $2\frac{1}{2}\%$  discount, we bring this delay to your notice in a friendly way, as our account may possibly have been overlooked by you.

Yours very truly,

Dear Sir,

The small amount, for which statement is enclosed, is now very much overdue. We trust it will be convenient for you to send us a check without delay. Please make an effort to settle it at once, so that you may continue to receive the usual credit facilities for your future requirements.

Yours truly,

Gentlemen,

We enclose copy of a statement of account rendered two weeks ago, payment of which is now due. We are collecting all we possibly can at present, for the following reason. At this time of the year we require large sums in order to pay cash for our next season's supplies, and the benefits of buying for cash are passed on to you and our other customers in the shape of lower prices. This explanation, and the very friendly relations between us, will we trust excuse our asking you to oblige us with a check for the amount of your account at your earliest convenience.

Yours very truly,

Dear Sir,

On going through the list of outstanding accounts, I was surprised to find your name there for an amount of \$350. Our collection manager, Mr. Brown, tells me that this is nearly two months overdue, and he has shown me letters he wrote you recently, pointing this out. I am writing you personally to ask you to give early attention to this matter, as I dislike such letters being sent to our old customers.

Will you not write me frankly, saying just how matters are with you?

If you will make some reasonable proposal for payment you may depend on my giving it the friendliest consideration, so as to help you through any difficulty. It may be possible for you to pay a part now and the balance by instalments, at the times most convenient to you. I should welcome such a proposal from you.

An addressed envelope is enclosed, to ensure your letter reaching me unopened.

Sincerely yours,  
Robert Smith,  
Vice President.

Gentlemen,

We wrote you several days ago requesting a remittance to cover your account, now past due.

Evidently the letter did not secure the attention of the proper person, as we have received neither remittance nor reply.

It is our earnest desire to get all past due accounts closed without delay, and we therefore request that you favor us with a remittance by return mail.

Yours very truly,

Dear Sir,

We notice that your account for October purchases, the full credit for which expired in January, has not yet been settled. As you have always previously paid your accounts within the discount terms, we trust you will not be offended by our calling your attention to this amount of \$96.25.

We have no doubt that this item has been overlooked on your usual payday, but should this not be the case we wish to assure you the present letter is not to be construed as a request for payment, should you require a little further time.

Yours truly,

Dear Sir,

On the 20th inst., we wrote to your firm a friendly letter pointing out an unusual delay in the settlement of the account of October purchases. This letter remains unanswered and, as we are anxious that no misunderstanding may arise, we wish to explain that the intention of the letter was merely to remind you that the account had probably been overlooked. It was not intended to be in any way a request to pay earlier than would suit your convenience. Will you oblige us by stating whether you wish for an extension of credit on this item.

Yours very truly,

Gentlemen,

December account, \$69.30, was due on the 10th.

Please send us your check.

Yours very truly,

Gentlemen,

We would appreciate it very much if you would favor us with a check to cover in settlement of invoice January 7th, amounting to \$23.38, which was due on the 10th inst., as per statement rendered.

Yours truly,

Gentlemen,

The contract you signed with us calls for settlements on the 10th of the month.

We respectfully call your attention to this and trust to hear from you within a few days.

Sincerely yours,

Dear Mr. Anderson.

Enclosed you will find burglary policy #1096853 continuing your insurance for one year.

At your convenience you can mail \$25.00 check to cover the premium on same.

With kindest regards.

Yours very truly,

Dear Mr. —,

We are writing you frankly to-day because we feel sure that you know our friendly feelings towards you.

Your overdue account with us has probably not been paid because you had not enough money to pay all the accounts which were due. We don't want to press you and, if you have any older accounts than ours, we don't want to be paid out of our turn. But we also don't want any newer creditor to get paid before his turn, by threatening you. If such a thing occurs, we should like you to tell us frankly, as we may be able to remove the pressure. It is for you to decide how much you wish to tell us of your present position; we should be glad to advise and help you, if desired. Please let us hear from you.

Yours very truly,

Gentlemen,

We call your attention to the balance on your account amounting to \$143.01. This account is long past due.

Under normal conditions we would gladly extend a longer period of credit but present conditions compel us to ask that our terms of thirty days net be complied with.

May we request your co-operation in the form of a check by return mail?  
Very truly yours,

## CHAPTER 89.—URGENT REQUESTS.

Phrases, paragraphs and letters used for wholesale and retail businesses.

### Phrases and Paragraphs.

Our auditors have noted your account as overdue and we do not wish to have a bad report on it. Will you please remit us at once, to protect your credit.

We are closing our books at the end of this week for the half yearly audit. Unless you remit during the next three days, the auditors will make an adverse report on your account. We are sure you will see the importance of protecting your credit by sending a check at once in settlement.

We have already, at your request, considerably extended the time for payment of your account. You agreed to pay it by instalments, one of which

was due 7 days ago. Why not make a determined effort to pay this at once? We treated you fairly and we want you to show that you appreciate our help.

We regret that it should be necessary to send you so many reminders about your account. The credit agencies gave us good reports on you but if we continue to have difficulty in obtaining payment from you we shall have to point out to the agencies that their reports on you were incorrect.

The opening of a credit account with us is a recommendation to other firms. Your continual delays in paying accounts will, we are afraid, make it necessary for us to withdraw credit privileges from you.

In the agreement you signed it was distinctly stated that we owned the piano until you had completed the payments, and you agreed that we should have the right to remove it if the instalments were not paid. We do not want to submit you to the loss of the amounts already paid but, unless you make more regular payments, we shall have to protect ourselves.

Unless you pay this account before the end of this week, we shall be compelled to request payment from Mr. Robertson, who guaranteed your account to us.

You may be quite willing to pay but unable to do so at this moment. Why not write us frankly and tell us if this is the present situation. Then we can make some arrangement which would suit your convenience. That would be much better than leaving our letters unanswered.

We want to think that you wish to pay us, but we are puzzled to know why you do not reply to our letters. We should consider it as a friendly action if you would write us fully, saying what you propose. You will understand that the matter cannot be allowed to continue in its present state.

We cannot help you as we would like unless you write us frankly, to say just how and when you will be able to pay our account. You will find us very reasonable, but please write us promptly.

We are willing to help you by extending the time of payment for your account for a further 30 days. We hope this will tide you over your difficulty.

We are glad to help you during this time of quiet trade by allowing a further 60 days for a complete settlement of your account. It is understood that you will not wait until that time has expired but that you will send us payments on account about every two weeks.

We should like you to write us frankly, saying just why you have not paid the account of \$94 which is now two months overdue.

Just enclose \$3 in bills in our letter and return it to us in the attached stamped envelope. There is no need to write a letter. Then it will be off your mind.

Please call and pay the amount during this week. Or, send us a check or money order now.

We must press for a prompt reply.

We expect to hear from you by return of post (return mail).

We urge you to give this account your immediate attention.

We shall expect a remittance from you within the next 3 days.

If it is not possible for you to pay the whole amount will you please call at our office, so that we can make a friendly arrangement with you. You will find us both fair and reasonable.

We have several times written asking for remittance of our overdue ac-

count of \$17. We must ask you to forward check for this amount by return, as we cannot allow any further time.

We enclose a statement covering your subscription to "Hosiery Trade" which has probably been overlooked.

As this is now considerably overdue, will you be good enough to pass it for payment and let us have your check at your earliest convenience.

On the 20th Sept. we wrote asking your attention to the outstanding invoice of July 5th, but we have not yet been favored with your reply. Will you please let us have a remittance by return mail.

You have already been allowed five months' credit on our invoice of July 5th, and although we have requested payment by numerous letters we have not received any reply. May we point out that it is hardly fair to us to treat us in this way. We trust we shall hear from you promptly with your check in full payment. The account cannot be left open any longer.

We know that the enclosed account is a small matter, but believe you would like to have it called to your attention, since it is overdue.

We dislike bothering you about a matter of this kind but previous reminders have undoubtedly escaped your attention.

#### Collection Letters—Urgent Reminders.

Gentlemen,

We are surprised that it should be necessary to again write you regarding the \$82 balance of your January account. You are usually so prompt in your settlements that we are afraid you have overlooked this item. It is important to you, as well as to ourselves, that we should have this amount early, in order to make our usual cash purchases of novelties, to be offered to you for the coming season.

Relying on our constant friendly relations, we hope you will be able to send us your check within the next few days.

Yours truly,

Dear Sir,

Regarding your account for March, which is considerably overdue. We have already written you three times, without receiving any reply. This is unlike your usual courteous attention to our letters and we do not understand your silence. We ask you to please give this matter prompt attention and to either send us a check in settlement or to say when you can do so.

Yours very truly,

Gentlemen,

We are always sorry when it is necessary to send urgent requests for payment to customers with whom we have previously had such pleasant relations as with yourselves. But you will understand that it is impossible for us to allow your account to drag on without any definite time for settlement. It is now two months overdue and you have not replied to any of the letters we have written you during the last six weeks. The matter is getting serious and we think it is not unreasonable of us to ask that you should give it your immediate attention. Send us a check for the whole, or at least half, of the amount, by return mail.

Please let us hear from you without delay.

Yours truly,

Dear Sir,

Our rule is not to allow more than 90 days' credit; on its expiry our accounts become payable net. If we allowed further time that would be really giving you an extra discount and it would be unfair to our other customers who pay within the time limit. We prefer that you should return the unsold portion of our goods, which we will credit to you, and that you pay the balance of your account within the next 10 days. That should make an early settlement easy for you.

Please let us hear from you by return as to this.

Yours truly,

Dear Sir,

re Jan. a/c, \$260.

We are sorry that you are unable to pay the full amount of your % now. To help you, we are willing to accept any of the following arrangements:

(1) Give us your personal note at 60 days for the full amount, plus 1% for interest.

(2) or, give us two personal notes; the first payable at 30 days, plus ½% interest, and the second payable at 60 days, plus 1% interest.

(3) or, give us three notes; each for one third of the total, payable respectively at 30 days plus ½% interest, 60 days plus 1% interest, and 90 days plus 1½% interest.

You may choose whichever of these ways you will find most convenient to you. We hope this will help you out of your present difficulty. In return for this extension of time, it is understood that you will certainly meet the notes at their due dates.

Yours truly,

Dear Sir,

Our statements and reminders for the account of \$97.50, due net on Oct. 31, have brought no reply. We should be glad to hear from you, by return, with some proposal for an early payment.

Yours very truly,

Dear Sir,

We are sorry to learn that trade has been so bad in your district through the strike. We want to help you and we propose that you should return to us any of the unopened rolls (bolts) of cotton goods which you bought from us. If there are any other goods which have not been opened, please give us details of them and we will tell you just what we can do in regard to accepting them in our stock again.

What can you do in the way of paying the balance of your account? Will you make a payment now on account and send the balance in amounts which will be convenient to you?

Please write us frankly, so that we may find a way to help in your present difficulty.

Yours very truly,

Dear Sir,

We would point out that you have already been allowed three months' credit on your invoice of July 1st last and, although we have requested payment in our letters of Sept. 10 and Sept. 20 and 27, we have not received any reply. If you will look at the matter from our point of view, you will see it is hardly fair to treat us in this manner. We trust to receive your check, in settlement at once.

Yours truly,

Dear Sir,

We herewith send you statement amounting to \$123, and shall be obliged if you will send us a check now to clear off this amount, which is long overdue. These goods were sold to you at low prices, and we cannot afford to cut prices and also allow long credit.

Yours truly,

Dear Sir,

We hoped that it would not have been necessary for us to have to again remind you of this considerably overdue account. We must request that you give this matter your prompt attention, and that you remit at least half by return, stating when you can pay the balance, if it is not convenient for you to settle in full at once.

Yours truly,

Gentlemen,

We regret to hear from you that the strike in your district has caused such a serious falling off in your trade during the last few months.

We wish to remind you, however, that the account of \$250 is two months overdue. In our letter of October 10 we asked you to return any of the unsold goods which you bought from us. As you have not done this, we must presume that you have already sold them.

It is, therefore, not unreasonable for us to expect payment for them. We have ourselves had to pay for these goods before delivering them to you.

We want to make it possible for you to pay, so we offer you the following concession; send us a check by return for \$100 and two notes, payable at your bankers, the first due in 2 weeks and the second 2 weeks later, each for half of the balance.

Will you please write us by return and enclose the check and the notes, so that the matter may be settled in a friendly way.

Yours truly,

Dear Sir,

Why should you say—"Oh there's that advertising bill again!"—each time you receive one of our reminders relative to your open account of \$150.00.

Quite true, ours is an advertising bill, but is it fair to keep us waiting while other accounts, of much more recent dates, are being paid? We rendered valuable services. Perhaps the others supplied materials. One obligation is as important as the other. They should be paid in turn as they become due.

Will you not be good enough to correct this condition by sending us your check AT ONCE? We will appreciate it greatly.

Yours very truly,

Gentlemen,

"Enclosed find check."

Some one has said those are the three sweetest words in the English language, not excepting even "I love you."

They're the three words at all events, that will bring you that WOMEN'S WEAR subscription you instructed us to enter some time ago, but for which we have not yet received payment.

We know how such things can slip your memory,—though we've jogged yours twice with an original bill and a second notice.

Really, you've missed some splendid articles by not having your check book handy when you wrote us. And every day that you put off payment means that you are missing others.

So here's still another bill, enclosed for your convenience. Pin the check to it and send it back, right away, for your business' sake.

Thank you.

Very truly yours,

Dear Sir,

The enclosed statement, covering your subscription to the Radio Magazine, was just about to be mailed last night when I volunteered to write you concerning it.

I understand that this is the fourth statement sent you concerning this charge, and I feel that something more than oversight must be the cause of your non-payment.

If there is any question about this matter, therefore, won't you please write me frankly concerning it, so that I can have it adjusted to your satisfaction?

If you will at the same time send your check, direct to me, I will be glad to see that it is properly credited to you.

Yours very truly,

.....

Manager.

Dear Sir,

I am favored with the copy of a letter which our Works have written to you in reference to the delay in paying their account, and to the smallness of the check which I understand you have just drawn. I am enclosing a copy of a letter which I have personally received from our Secretary, and from which you will see that this continual promising and breaking faith has placed me in a somewhat awkward position.

Yours sincerely,

(Copy of Secretary's letter.)

Dear Mr. Jones,

re Calvin, Heep & Co.

We are very much disappointed that we have not received a check from the above-named up to the time of writing. You have on many occasions advised us that a check had been promised, and that it was only a question of the company receiving a large sum of money, and that immediately this had been done our account would be paid. Our directors are naturally very surprised that a check has not been forthcoming as, on your assurance, they quite expected it would have been to hand before now. We wish you to at once see the directors of the above concern personally and let us know what is the cause of the great delay which has taken place in payment of amounts now much overdue.

Yours truly,

Dear Sir,

We wrote you on March 19th, and again on April 5th, regarding the \$64.75 still due, but we have received no response. We are surprised at this, as you seemed so desirous of settling the account, in time if not at once.

Won't you please let us hear from you, as we are very loath to give the claim to our attorney.

Yours very truly,

Gentlemen,

We are in receipt of your order of yesterday for 5 pces. Black Vicuna at 55¢ per yd. These we have in work and could deliver in 7 days, but before doing so we want some definite understanding with regard to terms.

We enclose statement of % which should have been paid last month. We thought it was understood that goods should be paid, less 2½%, within one clear month, and are rather surprised that you are not adhering to that understanding. Kindly let us have check per return for account overdue, statement of which is enclosed.

Yours truly,

Gentlemen,

According to our records we have not received payment covering our charge of \$9.00 for advertising published in the — during the month of July and charged to your account.

If there is any reason for withholding payment, we would appreciate advice so that an investigation may be made; otherwise, as the indebtedness is long past due, we must urge your prompt attention.

Appreciating your co-operation.

Very truly yours,

Gentlemen,

Several more bills have matured on your account, with the result that your overdue indebtedness is now \$251.58, and we have not received a reply to any one of our several letters in reference to the old account.

We believe that we are justified in saying that this matter should have your immediate attention. Please do not make it necessary for us to write you again about this.

Very truly yours,

Dear Sir,

Replying to your letter of June 2nd, we wish to advise you that we will grant you an extension of time until June 15th.

We hope that you will meet your obligation, promptly, then.

Very truly yours,

## CHAPTER 90.—FURTHER URGENT REQUESTS.

Phrases, paragraphs and letters of various degrees of urgency; final demands before action.

### Phrases and Paragraphs.

Re Account, \$27.

Not having received a reply to our former requests for a settlement, please note that this account passes out of our hands on Monday next, and will be given to our attorneys for collection, unless we are paid on or before that date. We trust you will save us that unpleasantness.

Our Account, \$23.

Our previous applications not having received the attention we should have

expected, we regret having now to inform you that unless we receive payment of the above account in full, on or before Tuesday morning next, the 23rd instant, we shall feel compelled to place the account in other hands for collection.

We regret it should be again necessary to write you regarding the balance of \$47 which has been outstanding since May 1st. We now have to inform you that unless we receive your check in full settlement by the 3rd prox., we shall at once instruct our legal advisers (attorneys) to commence suit for recovery of the amount in question.

Replying to yours of the 10th; we will wait until Tuesday next for payment of our account and if we do not receive it then, we shall not wait any longer. THIS IS FINAL.

We refer you to our letter of 15th March and regret that you have not made any reply (response). Please note that, failing receipt of your check in full settlement by Monday, 27th current, we will instruct our attorneys to proceed for recovery.

Not having received your check in response (reply) to my previous applications, my Directors instruct me to inform you that a remittance must be sent on or before the 16th May without fail. Please accept this notice as final.

Our previous requests for payment of your account, amounting to \$70.00, have up to this time brought no reply.

As this account is now long past due, and we do not wish to be put to any further annoyance or expense in collecting payment, we must INSIST on your check in settlement per return.

I am exceedingly sorry to inform you that our auditors have called our attention to the credit you are taking, WHICH THEY CANNOT SEE THEIR WAY TO ALLOW ANY LONGER.

They instruct me to say that unless payment is made by RETURN OF POST, I must pass it to the attorneys for official collection. Please save me from taking this unpleasant course.

**Collections—Strong Letters.**

Dear Sir,

We are both surprised and disappointed that you have not replied to our letters, nor paid our draft for the amount of \$60, balance of account, which is considerably overdue. We must now insist on an immediate settlement, if you wish to avoid the expense and publicity of a legal action for the recovery of this amount.

Yours truly,

Gentlemen,

We do not wish to cause you expense or inconvenience, but your repeated neglect to pay, or to answer our letters, leaves us no other recourse except legal proceedings. If you wish to avoid this, we advise you to make a prompt remittance in full.

Yours truly,

Dear Sir,

You have not answered our repeated reminders as to your overdue account of \$94, nor have you called to see us, although you are in town every day. We cannot leave this matter open any longer and we now inform you that unless you

make a substantial payment within the next 3 days, and come to some arrangement (which you will keep) for payment of the balance, we shall give your account to our attorneys for collection.

If you compel us to sue you, we shall instruct our attorneys to press for payment of the whole amount immediately and not to accept anything less.

Yours truly,

Sir,

Your neglect to reply to any of our recent letters forces us to the conclusion that you do not wish to pay your overdue account of \$15. This leaves us with no other remedy but recourse to the courts, in order to obtain judgment against you. We now give you formal notice that, unless you make a reasonable arrangement for payment of this amount within the next 3 days, we shall instruct our attorney to bring suit against you at once.

Yours truly,

Dear Sir,

We are subscribers to the National Agency, which collects accounts for its members, and we are going through our overdue accounts, so as to hand some over for collection. We do not wish to include yours if we can avoid it, but it will require some action on your part to prevent this.

Why not make a big effort and pay us something at once. Pay half now, and say how soon you can pay the balance. It is worth something to you to keep your credit good. The amount overdue is \$46.

Yours truly,

Dear Sir,

We have repeatedly written you asking for payment of our invoice of August 10, and as we have not received any reply from you, we are now compelled to inform you that we cannot wait longer for a settlement of this much overdue account.

We always regret to take legal proceedings against our customers, but you give us no alternative. Unless, therefore, we receive your check in settlement within three days from date, the matter will be placed in the hands of our attorneys (lawyers).

We trust you will see the necessity of avoiding these unpleasant legal proceedings, and that you will let us have your check within the time stated.

We should be sorry to have to take the course named and trust you will permit us to avoid it by your remitting by return.

Yours truly,

### Final Notice.

Dear Sir,

I must ask you to let me have a check for \$63, in settlement of enclosed account, within the next seven days, otherwise my attorney will receive instructions to collect through the courts, without delay.

This amount has been outstanding since November last year, and I have written you several times respecting it without receiving your reply.

Yours truly,

Dear Sir,

We understood, from your letter of the 22nd Dec., that you were remitting early this month, but your check has not as yet reached us, neither have we received any news from you.

The account dates back nearly three months, and we think you will admit that we have allowed you ample latitude as regards length of credit, seeing that our terms provided for payment within one month from date of invoice.

We certainly consider that settlement should be made forthwith, and we have to request that you will give the account your attention immediately on receipt of this letter and see to our receiving check in settlement per return.

Yours very truly,

Dear Sir,

Our Treasurer's office recently notified you of a serious delinquency in connection with your account and warned you of impending action.

You have not remitted. You have not answered. Are we to construe your silence as evidence that you would rather do business with a Collection Agency? Their measures are not pleasant.

The Board of Directors has voted an additional five days grace during which you have still an opportunity to remit or show cause why you cannot give your immediate attention as recommended.

Very truly yours,  
The Management.  
Per.

Sir,

I think you must admit that I have some justification for having become VERY tired of the continual delay in settling up your little account. If it is not settled up by the end of this week I shall presume that you do not willingly intend to pay and I shall take action accordingly.

Yours truly,

Sir,

We received your letter of the 30th July, and fully expected you to keep your promise. We will wait until Saturday the 11th inst. for our account. If we do not receive it by then we shall take proceedings to recover the amount. We think you have treated us very unfairly.

Yours truly,

Dear Sir,

We have to inform you that we must now have a prompt settlement of our account, both for the machine and the goods we supplied to you on October 13th. The arrangement made was that we should receive your check for the machine before the end of January. It is now the 4th February, and it is not to hand. We do not like to threaten anyone with putting a claim in an attorney's hands, but both these accounts have got to be paid, and that without any further delay. We ask you for your check by return, failing which we shall leave our New York people to deal with the case as they think fit.

The price of the machine is \$260. The discount of 25% which we agreed to allow you is really forfeited but, provided we get your check by return, we will still allow you this discount,

Yours truly,

(Reply to complaint by the receiver of the preceding letter.)

Dear Sir,

We are in receipt of yours of yesterday and are sorry that you have any cause to complain of the tone of our agent's application to you for your account. The fact is that when goods are sold on the special terms which you had from our Syracuse office, the instruction from the Head Office is that such terms should only be given under certain circumstances, and for immediate cash. We observe that the goods were supplied you on October 13th, and we have no doubt that Mr. David consented to the arrangement of your paying for them at the end of January. He really ought not to have done anything of the sort, and we take it that when he wrote to you he was smarting under some reproof from the Head Office for having put a transaction of this nature through on credit terms. We regret that he should have used any expressions that hurt your feelings, but we think you take an over-sensitive view of their meaning. Possibly you will see the pressure under which Mr. David was acting, from the information contained in this letter. Personally, when we get letters of this sort, and it does sometimes happen that we do, we always feel that the best answer which can be given is a prompt and immediate payment, which I take it has been the course that you have observed. If so, we are quite certain that Mr. David will be equally sorry with ourselves that he should have used any terms that would wound your feelings.

We trust this explanation will be satisfactory to you.

Yours very truly,

Gentlemen,

We regret that we are compelled to write you again respecting our account. Some of the items are now overdue for new terms. We must ask you for prompt attention to this, as we cannot allow it to stand over.

Yours truly,

Dear Sirs,

Your check for \$50, dated 23rd inst., has been returned through our bankers unpaid (dishonored).

I am rather surprised that, after delaying payment so long, you should have sent us a check which was not covered by cash. I shall be glad to receive your explanation.

I must also ask you to be so good as to forward a banker's draft or certified check for the \$50. On receipt of this I will return your unpaid check.

Yours truly,

## CHAPTER 91.—COLLECTIONS THROUGH ATTORNEYS, COLLECTION AGENCIES, AND TRADE ASSOCIATIONS.

### Set of 3 letters used by Collection Agency.

(1)

Dear Sir,

Johnson & Co., \$70.

We have this day received a claim against you in the above matter. Our client reports that you have had ample opportunity to settle this matter amicably.

Experience has taught that most claims which come to us for collection have merely been overlooked by the debtor, or unintentionally put off from time to time until it is too late. We feel reasonably sure that yours is just another one of these instances. No reliable business house cares to have its affairs aired in Court.

If you will drop us a line within the next FIVE days stating when settlement will be made, or better still, send us a check to cover the indebtedness, we will advise our client to overlook the delay and strike the matter off their records.

Yours co-operatively,

(2)

Dear Sir,

Johnson & Co., \$70.

We are greatly surprised to note that we have not as yet received your reply to our last letter regarding above captioned claim.

You have been shown every consideration by our client and your failure therefore to remit at once will result in our advising suit. This action will mean added expense, covering Court costs, and much annoyance to you.

It is imperative that you answer IMMEDIATELY as to your intentions.

Yours very truly,

(3)

Dear Sir,

Johnson & Co. have this day turned over to us a claim against you amounting to \$70. Their claim is supported by a signed contract, plus proof of publication, therefore there can be no controversy relative to the amount due.

We will withhold any legal action we may be contemplating for a period of ten days, in order that you may have an opportunity to send us a check for the amount involved.

Yours truly,

THE MALIN COLLECTION AGENCY,

Per A. Filou,

Resident Manager.

Do you know that after judgment is secured

- judgment debtor pays all court costs?
- execution is issued on unsatisfied judgment?
- levy is made if execution is not paid?
- property seized by sheriff is sold at public auction?
- customers indebted to judgment debtor may be garnisheed?
- competitors become aware of judgment debtor's financial condition?

**First letters.****(From collection agency.)**

Gentlemen,

The Eastern Shoe Company has asked us to apply to you for payment of an overdue account of \$46. Is there any good reason why you should not pay this at once?

If you cannot pay in full now, why not send part and make some promise, which you can keep, for payment of the balance.

Please reply at once, because we can only wait a few days before taking action.

Send your check to-day, direct to the Eastern Shoe Company. We shall have to take action quickly unless we hear from them that you have paid. Why not save yourself the annoyance and expense of this action.

Yours truly,

**(From attorney.)**

Dear Sir,

The Bronson Furniture Company have placed in our hands for collection an account of \$450 which they state is owing by you for goods bought from them May 25 last. Our clients have asked us to make the terms of payment easy for you and not to take legal action unless you make no attempt to settle the account.

We should be glad to hear from you, with some reasonable proposal for payment of the amount, at an early date. We suggest that you send us a check for \$150 now and make the balance payable in instalments, so that the whole amount may be cleared within the next 2 months.

Please let us hear from you by return.

Yours truly,

**(From attorney.)**

Dear Sir,

I have to inform you that my client, A. R. Ober, has placed a claim in my hands, for collection against you, amounting to \$12.

The amount of the bill is very small and before taking any drastic action I ask that you send me check in settlement. If I do not receive it by return mail I shall be obliged to proceed further against you.

Yours very truly,

**(From Trade Association.)**

Sir,

I am instructed by B. Humm & Co., Members of the above, to draw your attention to the account of \$110 owing by you to them the payment of which is considerably overdue, and which has in consequence been placed in my hands for collection.

I feel sure the matter has simply escaped your attention, and shall be pleased if you will send me the amount at your earliest convenience, say within the next five days.

Yours faithfully,  
A Beecher,  
Secretary.

This application being made from an earnest desire to avoid friction, it is particularly asked that attention may be given to it promptly.

**Strong letters, threatening suits.**

**(From attorney.)**

Dear Sir,

In re: S. Altman.

I wrote to you under the date of September 26th, regarding the above claim, but up to the present time have received no reply.

Therefore, I have taken it for granted that you do not intend to pay this claim and I am issuing summons against you and shall expect you to pay all additional costs of suit after the service of papers upon you. If you wish to settle this matter before the papers are served, thereby saving costs of suit, I am willing to accept payment, if made within three days from the date of this letter.

I await your reply,

Yours very truly,

**(From collection agency of traders' association.)**

Sir,

Messrs. S. N. Hooper & Co., who are valued clients of this Bureau, have turned over to us for adjustment their account against you amounting to \$96.

Not wishing to do you an injustice, and before referring this matter to our Committee and notifying our members of this claim, we will be pleased to give you the opportunity to call at this office and go over the facts with us.

If you will call us up on the telephone on receipt of this letter and appoint a time for Tuesday, Aug. 21, when you will call, the writer will arrange to see you promptly and we hope we can dispose of the claim without the necessity of taking any other action.

Very truly yours,

Sir,

U. Heep, \$72.

The above entitled claim has been placed in my hands for collection, and I am writing to you to give you an opportunity to communicate with me with a view to payment.

I have been instructed to commence suit against you for the collection of the above, but will hold the matter in abeyance in order to give you a chance to make good.

If I do not hear from you within five days I shall be forced to proceed against you, which will cause you much additional trouble and expense, as you will be compelled to pay the costs of court.

Yours very truly,

**(From collection agency.)**

Dear Sir,

**Watson & Co. \$840.**

I wrote you on 18th March, with regard to the balance of account owing by you to Watson & Co., requesting payment. You have not yet replied to this letter, nor have you paid anything.

My instructions with regard to collecting this account are imperative, and I have now to inform you that unless you make a reasonable proposal for payment of same, within the next 5 days, I shall be compelled to order legal proceedings to be taken for its recovery, without further notice.

Yours truly,

**First and the last letters of series from Collection Agency.**

Dear Sir,

Your attention is called to the above account with a request that you give it your immediate attention.

Several demands by your creditor for payment have not been effective. However, it is possible that the delay in this matter is not intentional but merely due to an oversight.

Therefore, we are giving you this opportunity to pay the above amount direct to your creditor, without costs, so that further proceedings by this bureau may be stopped.

Very truly yours,

**Final Request.**

Dear Sir,

Our last letter requested that you give this matter your immediate attention, but up to the present you have failed to make payment.

We regret to notify you that if the above account is not paid by return mail, direct to your creditor, he is ready to start litigation at once.

If suit is brought and judgment obtained, execution may be issued to the Sheriff of your county, with instructions to levy upon all your property not exempt from execution, or garnish any wages, salaries, or earnings that are due or may become due.

If execution is returned unsatisfied, your creditor may obtain an order of the court, whereby you will be compelled to appear and answer under oath questions as to your property.

You are the only one able to avoid all that by paying at once direct to your creditor.

Very truly yours,

(From attorney.)

Sir,

**Walters & Company—Your account of \$640.**

We have received your letter of yesterday's date and the enclosed check for \$100 and have forwarded this to our clients. We are taking their instructions in regard to your proposal for payment of the balance of your account and we shall write you again as soon as we hear from them.

Yours truly,

(Follow up of preceding letter.)

Dear Sir,

**Walters & Company—Your account of \$540.**

Referring again to your letter of 12th inst., we have now heard from our clients. They again point out that the account has been outstanding for a very long time and ought to have been settled long before this. They have, however, consented to give you further accommodation in the matter and will accept payment by 3 instalments of \$180 each, at one, two, and three months from

the date of your letter. Instead, however, of taking separate bills they propose to take one bill from you for the full amount, at one month, and it will be understood that payment will be accepted in these instalments and at the dates above mentioned. Please, therefore, send us your bill for this total sum.

Yours truly,

## CHAPTER 92.—LETTERS FROM DEBTORS REGARDING OVERDUE ACCOUNTS.

Letters explaining delays and asking for extension of time; payments on account and promises of settlement, etc.

One of the chief reasons why debtors do not reply to letters from creditors, referring to overdue accounts, is that they have found that it is dangerous to show any signs of financial weakness. There are some creditors who have neither hearts nor consciences; on learning that a debtor is in a financial difficulty they press for payment and promptly commence a legal action.

Shortage of funds is generally caused by a trader giving credit unwisely or accumulating old stock. The debts can generally be collected by persistent following up. The old stock should be sold off at special sales, at large reductions, for example, half or a quarter of usual prices. Stock which has been on hand for a long time must be unsalable at the price asked or it would have been sold. It should be cleared out, at a sacrifice.

Where a debtor has bought too much, he should try to arrange for the seller to allow him to return a portion, even at a loss, before the season is far advanced. Or, he should sell them off at bare cost, or less, before the end of the season.

If a trader is unable to pay through a bad or a late season, he should explain the case frankly to his creditors. Most of them will help him by extending the time for payment. Those who press him should be refused further orders.

Where there is only a small amount of cash, and many creditors, the best policy is to give each creditor a portion, and to write explaining this, rather than to pay in full any one insistent creditor.

Gentlemen,

We regret the delay in replying to your letters respecting our account. We have been doing our utmost to collect a large amount of outstanding accounts but, owing to a depression in the shoe trade having caused the closing of several factories in this district, it has been difficult to collect funds.

We are greatly obliged to you for being so patient and we hope to repay your confidence in us by making you a remittance within the next 10 days.

Yours very truly,

Gentlemen,

In reply to your letter of May 8th, pointing out that the account of April 15th is three weeks overdue. This is evidently an error. Our new season's purchases, in March, were dated May 1, and your representative agreed to give us the same terms for the additional order invoiced April 15. Payment is therefore due 30 days after May 1, that is, May 31. Check will be sent you May 30 to clear March and April accounts.

Yours truly,

Dear Sir,

Please excuse our having overlooked the invoice of January 10 for \$87. Check is enclosed. We thank you for having reminded us of this in such a pleasant manner.

Very truly yours,

Gentlemen,

We assure you that we shall be glad to take care of your account completely as soon as our season opens, in the next few weeks.

We shall consider it a favor if you will wait another week for a check on account.

Yours truly,

Dear Sir,

We have received your letter of the 4th and have pleasure in stating that we expect to send you a check in settlement within the next two weeks. We hope this will be satisfactory to you.

Very truly yours,

Gentlemen,

We are glad to be able to send you \$50 towards our June account. If you will be patient a little longer, it will enable us to completely clear off our account with you without serious inconvenience.

Please accept our thanks for the consideration you have shown us by waiting so long.

Yours very truly,

Dear Sir,

We enclose check in settlement of July account. We regret that this has been delayed through our having had an unusually dull season, in consequence of bad weather.

Allow us to thank you for the courtesy with which you have treated us in this case—we greatly appreciate it.

Yours very truly,

Gentlemen,

We are sorry for the delay in payment of your account, but we now enclose check in settlement. Our bookkeeping had fallen into arrear, on account of the absence of the writer through illness.

Yours truly,

Gentlemen,

We regret that payment of your account has been delayed through the writer having been busy with negotiations for the sale of this business. The deal is now completed and settlement will be made early next month. Check will be sent you, for the full amount, immediately the transfer is made and financial matters completed. Please wait until then.

Yours very truly,

Gentlemen,

The reason we have not replied earlier to your various letters respecting our account is that we wanted to make the most practical reply of sending you a

check in settlement. Unfortunately, we have not been able to collect outstanding accounts as quickly as we anticipated, owing to a depression in the cotton trade, on which this district largely depends.

We are doing out utmost to make collections and to realize our stocks, even at less than cost, in order to secure ready cash. This, however, takes a little time when trade is bad owing to unemployment. You have been so good about our account that we are even more anxious than yourselves to settle the indebtedness at the earliest possible moment, so as to justify your confidence in us.

We propose to send you checks every week, as partial payments, instead of waiting to have the whole amount. This, we hope, will be agreeable to you.

Yours truly,

Dear Sir,

We note by your letter of May 10th that you have drawn on us at sight for the balance of February account. We regret that it is impossible for us to meet this draft at once. If you will be so good as to instruct the collecting bankers to treat it as payable 10 days after sight, we have every confidence that we shall be able to pay it then. This will be in your interest as well as our own.

We await your reply as to extending this courtesy to us.

Yours truly,

Gentlemen,

Referring to your letter of yesterday that your sight draft on us for \$257 had been returned unpaid. We regret that this should have occurred, but we feel that it is not entirely our fault. We wrote you three weeks ago pointing out the serious depression of trade in our district and asking, in consequence, for an extension of time. Since then we have sent you three checks on account, and we promised to pay the whole account by weekly instalments from our collections and cash sales. You did not object to this and the first notice we had of your intention to draw at sight, for the balance of the account, was your letter of the same date as the sight draft.

We are sorry that we cannot pay the balance at once. Our desire to clear the debt at the earliest possible moment is proved by our sending your checks every week for a large proportion of our takings. We are grateful to you for having waited so long and we ask that you have a little more patience, so as to permit us to clear your account in the way we are doing now.

Yours truly,

Gentlemen,

We regret to hear, by your letter of the 4th, that you believe we have been paying other creditors before yourselves. We assure you that this is not the case. All the others, like you, have been considerate, knowing that we are passing through a hard time. They have not pressed us, but have simply asked to be kept informed of what we were doing.

From the middle of October until Thanksgiving, business with us is usually quiet, but from Thanksgiving until the New Year we are very busy. That is our best season, and we clear out practically all our stocks at that time. If you will extend your courtesy a little further, by waiting until then, we shall be able to pay your account in full, about the middle of December. We are as anxious as yourselves to have this matter straightened out satisfactorily, at the earliest possible moment, and we are doing our utmost towards it.

Allow us to thank you for the extension of credit you have already granted. We are deeply sensible of your kindness and consideration.

Yours very truly,

Gentlemen,

In reply to your letter of yesterday. We now send you check for \$87. This was due 3 weeks ago, but the lateness of the opening of the winter season with us has unfortunately prevented our being able to pay it earlier. Your letter claims payment of \$123 also, for the August 25th invoice. This is not yet due. It was dated October 1; 60 days' credit would make it payable on the 1st of next month. We shall send you check for it on that date.

Yours truly,

Gentlemen,

In reply to your very kind letter just received, I have prepared the figures you asked for. A statement of my assets and liabilities is shown on the attached sheet, which also gives the due dates of my debts to trade creditors and my average business receipts and expenses, per week.

I shall be grateful for your advice as to the best method of clearing off my indebtedness to you with as little loss as possible. I thank you in advance for your friendly advice and help.

Yours very truly,

Gentlemen,

Your letter of the 17th to hand respecting our account. When we wrote you on June 20 we fully expected to be able to pay you on July 15. Unfortunately we have been disappointed, both by sales and collections having been much smaller than usual during the last four weeks. We are doing our utmost to obtain funds from both these sources, and expect to redeem our promise before the end of this month. As you have been already very considerate in waiting, we are sorry to have to ask for any further delay, but we are obliged to do so. We assure you that immediately we are in funds we shall send you a check in settlement.

Yours truly,

Gentlemen,

On July 20th we wrote you promising to send a check to-day, in settlement of our account of \$95. We regret that we are unable to send the full amount at present, owing to our having been disappointed in the amounts we have been able to collect. The enclosed check of \$50 is the most we can do at this time, but we hope to send the balance a week later. We trust this will not inconvenience you.

Allow us to thank you for having waited so long.

Yours truly,

Gentlemen,

In reply to your letter of the 5th, asking for a check in payment of September account, this account was paid in full by our check of October 10. This check appears to have been collected through your bankers on October 13, after being endorsed by you in the regular way.

Please inform us whether you are able to trace receipt of this amount.

Yours truly,

Dear Sir,

Referring to your letter requesting payment of \$57 for invoice of December 2. These goods were returned to you December 12 and we hold your credit note for the amount, dated December 20. So far as we are aware there is no balance due to you from us.

Yours very truly,

Gentlemen,

We are disappointed that we shall not be able to pay our acceptance of \$200, due June 30. We are particularly sorry for this because you have already extended the time for payment by 30 days beyond your usual limits. Unfortunately our weekly takings have recently been insufficient to cover the payroll and other unavoidable expenses. There is likely to be a revival in business during the coming month, because the local factories are reopening next week after a stoppage of several months. We confidently expect to be able to pay your note in another 4 weeks. Is it possible for you to renew it for that period. We wish we could propose a better arrangement, but we cannot. It would not improve matters for us to promise what we know we could not perform. If, as we hope, you are willing to renew the note, will you please send us a new acceptance, plus 6% interest for the extra month. We would promptly sign and return it.

Yours truly,

Gentlemen,

Replying to your letter of May 3rd, respecting our account. We regret that we cannot send you a check at present, because the opening of our season has been delayed through bad weather. Our customers are still wearing winter clothing instead of buying the spring and summer goods we bought from you. It is probable that we shall have a change in the weather soon, which would enable us to realize on the present stocks. We therefore ask that you do us the favor of taking the enclosed note, at 30 days, for the balance of the account. In case we have any considerable amount of sales before the note becomes due we shall be glad to send you a check on account.

Yours truly,

Gentlemen,

In reply to your recent letters respecting my account with you. The reason for the delay is that this business has grown very much faster than I anticipated. The capital I had originally invested has proved insufficient for the increased trade. I am at present negotiating for the sale of some real estate I own, in order to bring in sufficient cash to clear all my present indebtedness and provide for still further extensions.

I expect that it will take another month to obtain this cash. Meanwhile I should be glad if you could leave the account open and charge me interest on the amount now owing to you.

Yours truly,

Gentlemen,

We have received your letters of November 22 and 30, referring to our account. The reason for the delay in payment was so that our Thanksgiving trade was less than half its usual volume. We are looking forward to the

Christmas trade, which is our most important season. We are carrying a larger stock than usual of good saleable articles for Christmas, most of which have been already paid for by us. Our liabilities, to yourselves and other trade creditors, are less than one-third of our average Christmas sales. We confidently expect to be able to send you a check in full settlement by December 22. We thank you for the considerate way in which you have treated us respecting this account.

Yours truly,

Gentlemen,

We assure you that it is our earnest desire to meet our outstanding obligations and pay them just as rapidly as it is possible for us to do so.

While we realize that your account is very much past due, and you are entitled to more prompt payments, it is nevertheless impossible for us to do any better to-day than we are doing. You may readily appreciate that we would much rather have the account paid up in full than not, and we again wish to state that just as soon as the Fall season opens up and we begin to turn our merchandise into cash, we will promptly mail your check for the outstanding balance.

Yours truly,

Dear Sirs,

We enclose check in full settlement of our % with your firm. We wish to say that we are very annoyed by the manner in which your representative spoke to us on the telephone yesterday, in threatening us with legal action at once. We may have been in fault in not sending the check on the day arranged but, as you must be aware, it is not always possible to keep to a definite date in these matters because funds do not always come in at the time promised. We have done business in hire work with you on several occasions, and have also recommended one or two clients to you for the purchase of cars, but in consequence of your treatment of us in this case we do not feel inclined to have any further transactions with you. Please note.

Yours truly,

**PART VIII**  
**EFFICIENT MANAGEMENT**  
**OF CORRESPONDENCE**



## CHAPTER 93.—PREPARING INCOMING MAIL FOR PROMPT ACTION; PREPARING LETTERS.

Daily conference on mail; centralization of correspondence; filing letters; mail orders.

**First**, divide the letters into classes:

1. Those which can be answered at once.
2. Those requiring attention by others before reply can be given.
3. Those not to be answered.

**Next**, divide the letters which are ready to be answered into a few groups.

First, write the short and easy letters, on ordinary subjects.

Next, write any requiring special attention,

Then write the long letters, putting a fresh side-heading before each new subject in these letters, so as to make the reading easier for the person to whom you are writing.

Dictating letters to a stenographer requires experience, as well as the close attention of both the parties. Some people waste time in this work, through being slow to find the right phrases, or through using awkward or ungrammatical sentences.

The stenographer usually corrects the faults of grammar and smooths out the awkward phrases. The dictator should try to correct his own faults by a careful study of the phrases in this book.

Robert Burns, the poet, in one of his poems wrote of the common wish to see ourselves as others see us.

That wish can be gratified, as regards dictators of letters, by reading the following "Don'ts" recently compiled by a number of stenographers for the benefit of employers and other men folk in offices. "Don't be impatient—the stenographer has only one pair of hands. Don't give letters at all times during the day. Don't want little things done that you could easily do yourself. Don't dictate letters with a cigar, cigarette, or a pipe in your mouth. Don't keep the stenographer after her usual leaving time; she wants her pleasures and recreations the same as anyone else. Don't start a letter and not know what you are going to say; it only wastes her time. Don't discuss with your fellow workers the latest topics of the day while dictating letters; it also wastes her time. Don't pace the room while dictating—the stenographer cannot

hear then. Don't be sarcastic if she makes a mistake; the error is often due to your incoherency or your changing your mind while dictating. Don't leave your letters until afternoon; dictate them early."

**Daily conference on mail received.** A very good method of securing prompt and efficient attention to letters from customers is here explained by the general sales manager of a factory.

"In a large organization it is difficult to keep that personal touch in sales work which is possible in a small concern. But as we realize the value of that personal contact, especially in getting results by correspondence, we make it a practice in the sales department to handle our morning's mail as a unit.

With hundreds of dealers, salesmen, and large national buyers writing to us about matters very vital both to them and to us, we believe that we cannot be too careful. A company may have wonder workers on the road, it may treat visitors at the factory with gracious hospitality, but if it handles its mail in a sloppy manner it may easily lose hundreds of thousands of dollars' worth of orders a year without ever knowing the reason.

**Sales Mail Gets First Attention.** When the factory office opens at eight o'clock, the nine of us in the sales manager's office hold an informal conference on the morning's mail before we do anything else. This conference includes myself as sales manager, the assistant sales manager, sales engineer, specification man, advertising manager, sales promotion man, secretary to the sales manager, and the sales correspondents.

The mail has already been opened and arranged by my secretary. The principal letters are read aloud, usually by me, taking the most important first. Each man notes those items affecting his work and gives suggestions or helpful information for answering them.

Questions of policy, detail, and company decisions are settled on the spot, and the letters are then turned over to the men whose duty it is to handle that particular phase of the correspondence."

The following is an example of how all the ordinary correspondence with customers can be handled by one or more stenographers.

This arrangement allows all questions being answered completely in one letter, even though several departments may be concerned. By this method the order clerks in the departments are relieved of the work of writing letters (in which they are usually inefficient) and the letters sent out may be more easily controlled as to style.

(See Chapters 43 and 51 for methods of handling orders by mail.)

### **Centralization of Correspondence.**

**Sorting the inward mail.** Letters received by the first mail are usually sorted out by three juniors; one sorting the departmental from the personal, and two juniors engaged on opening the department letters, which are then marked in red ink with the initials or numbers of the department or departments referred

to. These departmental letters are stamped by a consecutive numbering stamp, and then laid on the desk of the general manager or secretary to be read.

After perusal they are sent out to the correspondence room where they are entered in a letter register.

**Letter Register.** This book has columns for the date, time received, the consecutive number of the letter, the writer's name, the subject of the letter, and the department to which it refers. It also contains columns for the amount of any cash received by mail, the date of reply, and the initials of the correspondence clerk who writes it.

**Reply form.** A reply form is now attached to each letter. This form is filled up by the juniors. The form shows the following particulars:—The name and address of the sender, the date, time received, and the department.

**Notes for replies.** The letter is then sent to the department for reply. The assistant dealing with the matter writes, on the form, brief notes for the reply, and the manager of the department initials them. The original letter, and notes for reply, are then put in the correspondence basket usually kept in the general office, which basket is cleared from time to time by the juniors and the letters delivered to the correspondence clerk who types the replies and a carbon copy of each.

If a letter is on various subjects, relating to several departments, reply forms are attached for as many departments as are referred to in the original letter. Each department passes the letter along to the next one mentioned, after writing its reply on its own form. It is usual, in the case of replies being necessary from several departments, to send the original letter first into the department which has the smallest mail on that day, so that it may be answered quickly, and passed along with as little delay as possible.

**O.K. of reply.** Every reply must be initialled by the manager of the department as the authority for such a reply being sent to the customer. The letters are typed in duplicate, the carbon copy being pinned to the original letter and reply notes. The originals of the typed replies are signed by the secretary or general manager of the firm and then mailed.

**Recording replies.** The carbon copies are used to complete the record in the letter registry book. This is done by entering the date and initials of the typist against the entry of the original letter.

**Tracing Unanswered Letters.** A list is prepared every day of the previous day's letters which were not answered on that day. This list is sent to the general manager, who requires an explanation from the department as to the reason for no reply having been given to any letter.

**Filing.** All the carbon copies are kept together, for the secretary to examine the following morning, after which they are filed alphabetically in their respective filing cabinets, "departmental" or "accounts."

**Mail Orders.** When orders are received through the mail, a mail order form is attached to the letter, instead of a "reply form." This mail order form contains similar details to the reply form, except that the value of the order received is filled in a space provided. Before the original letter containing the order is sent to the department for attention, it is sent to the general office so that the credit clerk may see whether the writer has a credit account or is known as a cash customer only.

**Credits a/cs.** The credit clerk initials these forms if credit is to be allowed. If the writer is not known (as in the case of a first transaction) the form is usually inscribed "return to G. O." The letter is then sent to the department for reply, but before being typed it is sent back to the general office for remarks, which are usually asking for trade references, or a notification that the goods will be sent "cash on delivery."

**References.** In the case of asking for trade references, the firm usually asks what terms of credit the customer desires, and these terms, if agreed to, are entered on the customer's ledger card.

Where references are given with first transactions, these particulars are entered on a special form, and the credit clerk calls up the firms mentioned on the telephone; (this is termed "taking up references"). If the references are satisfactory, a credit account is opened, and the goods are immediately shipped.

In case of difficulty, as, for example, if the customer is not known by the firms referred to, the customer is written, mentioning the difficulty and asking for further particulars. Meanwhile the goods are sent to be paid for on delivery, if they are urgently wanted.

**Remittances.** Checks, postal money orders, bank drafts, &c., received in letters with orders, or in payment of accounts, are stamped with the firm's name, as part of the endorsement and then passed to the cashier to be entered in the cash book. These are checked by the cashier, and the receipt forms prepared by him, the checks or cash being handed to the secretary to be banked. (The remittances are not sent to the departments with the letters.)

**Parcels Mail.** When letters are received enclosed in parcels, details of the letters, as well as of the parcels, are first entered in a special book, kept in the parcels office. From there the letters are sent up to the correspondence room to be numbered and entered in the letter register. The letters are then given to the parcels office clerk, who delivers them to the various departments, at the same time as the goods received with them.

**Financial.** All invoices and statements of goods bought by the firm are first delivered to the general office and distributed from there to the buyers of the various departments, for checking.

**The correspondent's work—Typing replies.** In typing the replies to customers, the correspondence clerk builds up one letter from the brief notes on all the different reply forms. The registered number and the initials of the typist are typed in the bottom left hand corner of the letter (thus:—1234/AB) for reference.

**Dictated letters.** Special letters, relating to the management of the business, are usually dictated by the secretary or manager, the initials of both the dictator and the typist are then given, instead of the number, thus: "AB/CD." These letters are handled in the same way as the departmental letters, but the copies are filed in the private cabinets of the secretary or manager, instead of in the correspondence room.

**Correspondence Filing.** The departmental letters are usually filed alphabetically, in order of date, and every month the file is cleared and the whole contents put in a larger box file with the date marked outside, thus:—

LETTERS

A to H

January, 19—

Letters relating to accounts are usually filed separately, a separate folder being used for each customer; these folders are also placed in an alphabetical file.

**Index cards.** Customers' ledger cards are filed numerically by the index number of the account. There is also for each customer an index card giving particulars of name, addresses (permanent and temporary), references, credit terms, number of account, &c. These index cards are filed alphabetically.

**Forms used in this system.** The simple forms used are here shown.

**MAIL ORDER FORM.**

Please write neatly and distinctly. .... Department.  
 Customer's Name .....  
 Address .....  
 Registered Letter No. .... Date .....  
 Office to give this } Time order reached Dept.....  
 information } " reply " Office.....

**IMPORTANT REGULATION:—**In the space below the manager, buyer, or stock-keeper is to dictate, or clearly and explicitly outline, a suitable reply dealing fully with all points referred to in the customer's letter and return same to the Office (with the customer's letter attached) before 12.30 noon.

(Sufficient space is left on this form for full notes of the reply to be given)

When supplied from stock, } .....  
 quote entry list No. }  
 When procuring, quote } .....  
 special order No. } Buyer's sig. ....  
 Value of goods \$. ..... } Correspondence  
 Office instructions as to Credit ..... } clerk's sig. ....

**REPLY FORM.**

**NOTE.—**A "Reply Form" will not Time reached dept. ....  
 be accepted in the correspondence Time reached correspondence room .....  
 room without the original letter. Date .....

Please write neatly and distinctly.

Dept. ....  
 Customer's name .....  
 Full address .....  
 .....

**SUBJECT.**

(Space for notes)

[Cont'd]

If goods sent quote entry list No. } .....	Buyer's sig. ....
Value \$.....	{ Correspondence clerk's sig. ....

## CHAPTER 94.—WHO SHOULD SIGN LETTERS, HOW THEY ARE SIGNED, AND WHY.

**Names of persons addressed.** Sometimes signatures are unreadable, and then the only safe means of reaching the writer is to cut his signature off the letter and paste it on the envelope of the reply.

If the name of the sender is not printed on the letter heading it should be either written very clearly or the stenographer should type the name below the space where the letter will be signed.

Rubber stamps should not be used for signatures of individuals, because that reduces the authority of the letters. A better way is to have a clerk write the name and add his own initials underneath it. No person should sign on behalf of another without clear instructions to do so.

### Signing on behalf of firm.

Ordinary routine letters of a company or large firm should be sent out under the firm name; a rubber stamp may then be used for the signature. Individuals should not be allowed to sign the name of the firm. Only directors and executive officers should be authorized to sign. They should then show that they are signing for the firm, and should state their official position in this way:

For The Atlas Foundry Company,  
A. Green, Partner.

For and on behalf of Horwitz & Co., Inc.,  
R. Philips, Director.

Per pro. A. Bestwick,  
A. Hood.

Any person who signs for another without being authorized to do so becomes liable himself on documents he signs in this way. On the other hand, if a firm knowingly permits one of its employes to sign the firm name, it becomes liable for the letters and contracts he signs with its name.

**Per Pro.** A man can be authorized to act as agent for another by the principal signing, in the presence of a notary, a legal form of authority, called "a power of attorney" or "procuration."

The agent then signs "per procuracy" (shortened to "per pro"), which means "by authority of a power of attorney."

The following signature, "John Smith, per pro A. Ward," is wrong. John Smith in this case is the principal. The right way of signing is "per pro John Smith, (principal) A. Ward," (agent)

**When a firm is liable for the signature.** Unwritten authority is generally given to officials of a company to sign informal documents connected with their own branches of the business. For example, a treasurer or secretary may sign the firm name, followed by his own name and his official position.

Examples:—Lehigh Coal Co., by J. Tait, Treasurer.

For Ohio Engineering Co., Inc., A. Dodd, Secretary.

The company is in each case liable for documents signed in this way, if such methods of signing are permitted to continue. In the same way, the cashier of a firm may be allowed to endorse checks with the name of the firm and to add his own name followed by the word "cashier."

**When the person signing is liable, and not the firm.** Several court decisions have laid down the rule that if a man signs his own name first, thus: William Walsh, Treasurer, Brown, Black & Co., Inc., the signature is not on behalf of the company. It has been decided that William Walsh in such a case is the person responsible, and that the remainder of the signature simply describes him as being treasurer of Brown, Black and Company.

**Printed and stamped signatures.** Any signature which is given by proper authority is binding, even if it is the name of the firm printed on a partly printed form, or a rubber stamp signature. Some persons try to shirk responsibility by having their letters signed by a typist and stamped by a rubber stamp with the words "dictated but not signed by Mr. . . . ." The trick is useless, because the signature having been given by authority of the person who dictated the letter, it is binding on him. The effect on the person to whom the letter is written is to make him distrust the writer.

## CHAPTER 95.—USING THE POSTAL SERVICE EFFECTIVELY AND ECONOMICALLY.

### The different classes of mail and the cost.

#### DOMESTIC POSTAGE RATES.

*First-Class* (limit 70 pounds): Letters and written and sealed matter, 3 cents for each ounce, except when addressed for local delivery: Local letters, 2 cents an ounce at letter-carrier offices; and 1 cent an ounce at all other offices unless collected or delivered by rural or star-route carriers, in which case the rate is 2 cents an ounce.

Government postal cards, 1 cent each.

Private mailing or post cards, 1 cent each.

*Second-Class* (no limit of weight) : Newspapers, magazines, and other periodicals containing notice of second-class entry, 1 cent for each 2 ounces or fraction thereof, or the fourth-class rate, whichever is lower.

*Third-Class* (limit 8 ounces) : Circulars and other miscellaneous printed matter, also merchandise, 1½ cents for each 2 ounces.

Books (including catalogs) of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants, 1 cent for each 2 ounces.

Identical pieces of third-class matter may be mailed under permit in bulk lots of not less than either 20 pounds or 200 pieces, at the rate of 12 cents a pound or fraction thereof, in case of circulars, miscellaneous printed matter, and merchandise, and 8 cents a pound, or fraction thereof, in the case of books or catalogs having 24 pages or more, seeds, plants, etc., with a minimum charge of 1 cent a piece in either case. Apply to postmaster for permit.

*Fourth-Class* (over 8 ounces) : Limit of size, 100 inches length and girth combined. Limit of weight, 70 pounds.

Merchandise, books, printed matter, and all other mailable matter not in first or second class—

#### Parcel Post or Fourth-Class Mail Postage Rates.

ZONES	First	Additional Pounds
	Pound Cents	
Local .....	7	1 cent each 2 pounds
1 and 2 .....	8	1.1 cents each pound
3 .....	9	2 cents each pound
4 .....	10	3.5 cents each pound
5 .....	11	5.3 cents each pound
6 .....	12	7 cents each pound
7 .....	14	9 cents each pound
8 .....	15	11 cents each pound

(A fraction of a cent in the total postage on any parcel is counted as a full cent.)

#### Exceptions.

(a) In the first or second zone, where distance by shortest practicable mail route is 300 miles or more, the rate is 9 cents for the first pound and 2 cents each additional pound.

(b) On parcels collected on rural routes, the postage is 2 cents less per parcel than at rates in table when for local delivery and 3 cents less per parcel when for other than local delivery.

(c) Parcels weighing less than 10 pounds, but exceeding 84 inches in length and girth combined, are subject to 10-pound rate.

**Special Handling—Fourth-class matter only:** Parcels of fourth-class matter indorsed "Special Handling" will be given the most expeditious handling, transportation and delivery practicable (but not special delivery) upon payment, in addition to the regular postage, of the following charge:

Up to 2 pounds .....	10¢
Over 2 pounds up to 10 pounds .....	15¢
Over 10 pounds .....	20¢

**Special-Delivery Fees:**

	First-Class	Second-, Third-, or Fourth-Class
Up to 2 pounds .....	10¢	15¢
Over 2 pounds up to 10 pounds .....	20¢	25¢
Over 10 pounds .....	25¢	35¢

The prepayment of the foregoing fee on second-, third-, or fourth-class mail entitles it to the most expeditious handling and transportation practicable, and also entitles it to special delivery at the office of address.

**Air Mail** (Limit 70 pounds): Six cents for each ounce or fraction thereof.

*Registry Service.* Any matter acceptable for transmission by Airplane Service may be registered upon the payment of the prescribed registry fees in addition to the required airplane postage.

*Special Delivery.* The use of special delivery stamps in addition to the Air Mail postage will insure prompt delivery at office of address.

*Special Air Mail Stamps* are issued, but any stamps good for postage may be used.

*Indorsement.* All mail matter intended for despatch "via Air Mail" should be indorsed with those words to avoid possible errors in handling any despatch.

*Any mailable matter* except that liable to damage from freezing will be carried by airplane, including sealed parcels, not exceeding 50 pounds in weight and not exceeding 100 inches in length and girth combined, with postage at the rate of 6 cents an ounce or fraction thereof.

**Registered Mail.** The registry fees on both domestic and foreign mail must be prepaid by stamps affixed in addition to the regular postage at the following rates: For domestic articles of the first class, indemnified for \$5 or less, 15 cents; for \$25, 18 cents; for \$50, 20 cents; for \$75, 25 cents; for \$100, 30 cents; \$200, 40 cents; \$300, 50 cents; \$400, 60 cents; \$500, 70 cents; \$600, 80 cents; \$700, 85 cents; \$800, 90 cents; \$900, 95 cents; \$1,000, \$1.00.

A charge of 5 cents is collected from the sender, in addition to the postage and registry fee, for a sender's return receipt for each international registered Postal Union article, and each international registered parcel post package except those addressed to a certain few foreign countries.

Any mailable articles, except unsealed fourth-class matter (parcel post) for domestic destinations, may be registered. Domestic parcels containing fourth-class matter may also be registered if sealed and the required fee, and postage at the first-class rate, are paid.

Return receipts for domestic registered mail, showing delivery, may be obtained upon request and payment of a fee of 3 cents for each receipt.

Letters, prints, samples of merchandise and commercial papers may be registered to practically all foreign countries.

International parcel post mail may be registered to some, but not all, foreign countries. In the case of only a few foreign countries is indemnity paid for the loss, or rifling, or damage to international parcel post articles.

**Insured Mail.** Domestic third- and fourth-class matter mailed at or addressed to any post office in the United States or its possessions (except parcels mailed in the Philippine Islands), or on or to the United States naval vessels, may be insured against loss, rifling, or damages in an amount equivalent to its value or the cost of repairs, but not to exceed \$5, upon payment of a fee of 5 cents,

\$25 for 10 cents; \$50 for 15 cents, \$100 for 25 cents, \$150 for 30 cents, \$200 for 35 cents. In addition to the postage, both fee and postage to be prepaid.

Return receipts for domestic insured parcels, showing delivery, may be obtained upon request, at time of mailing, for 3 cents; after mailing, 5 cents; at time of mailing to show address of delivery, 23 cents.

**Insured International Mail.** International insurance service is provided for Canada, Great Britain and Northern Ireland only. Negotiations are pending for the introduction of this service with other foreign countries.

**Canada.** Mailable third-class or "printed matter" and fourth-class parcels of general merchandise may be insured for the same fees and under the same conditions in so far as applicable, including payment of indemnity, as apply to domestic mail of these classes. Third-class or "printed matter" may be registered, if desired, but fourth-class parcels of general merchandise may be registered only when sealed and postage is paid at letter rate. No sender's return receipts are furnished for *insured* parcels addressed to Canada.

Certain articles of considerable intrinsic value, usually of small size, such as jewelry, coins, precious stones, etc., cannot be insured to Canada, but may be registered when sealed and prepaid at the letter rate of postage in addition to the registry fee.

**Great Britain and Northern Ireland.** International parcel post packages for Great Britain and Northern Ireland may not be registered but may be insured when sealed and prepaid at the ordinary parcel post rates of postage for the following insurance fees in addition to the postage, within the limits of indemnity prescribed for the fees received. *Fees*—20 cents on \$10 indemnity; 25 cents on \$25; 35 cents on \$50; 55 cents on \$100.

Return receipts for insured mail to Great Britain and Northern Ireland may be obtained on request and payment of a fee of 5 cents for each receipt.

**C.O.D. Mail.** Domestic third- and fourth-class matter may be sent C.O.D. between money order offices of the United States, its possessions, except the Philippines, and United States naval vessels having money order service, on payment of a fee of 12 cents when the amount to be remitted does not exceed \$5; on payment of a fee of 17 cents when the amount to be remitted does not exceed \$25; on payment of a fee of 22 cents when the amount to be remitted does not exceed \$50, or upon payment of a fee of 32 cents when the amount to be remitted does not exceed \$100. Such parcels are insured against loss, rifling or damage in an amount equivalent to the actual value or the cost of repairs, but not to exceed \$5, \$25, \$50, or \$100, according to whether a 12, 17, 22, or 35 cent fee was paid.

**Money Orders.** The maximum is \$100, but there is no limit to the number that can be issued in one day to the same remitter. The fees for domestic orders are: \$0.01 to \$2.50, 6 cents; \$2.51 to \$5, 8 cents; \$5.01 to \$10, 11 cents; \$10.01 to \$20, 13 cents; \$20.01 to \$40, 15 cents; \$40.01 to \$60, 18 cents; \$60.01 to \$80, 20 cents; \$80.01 to \$100, 22 cents.

**Unmailable Matter.** Includes not only legitimate matter not conforming to the rules as to legibility of address, size of package or certificates of inspection, but also game, etc., killed out of season, poisons, explosive or inflammable articles, or bad smelling; all spirituous and malt liquors; all liquor advertisements to or from prohibition localities, indecent matter, written or otherwise; dunning postals and lottery, endless chain and fraud matter. In addition, sealed mail to a *foreign*

country, except it be obviously letters, cannot be sent, nor can publications in violation of the copyright laws of the country of destination.

**Postal Savings.** The limit of an individual deposit has been increased from \$1,000 to \$2,500. No sum of less than \$1 will be accepted for a deposit. Interest is allowed at the rate of 2 per cent.

### FOREIGN POSTAGE RATES.

*Letter Rates.* 2 cents an ounce or fraction thereof, to the following countries:

Argentina, Bahama, Barbados, Bermuda, Bolivia, Brazil, British Guinea, British Honduras, Canada, Colombia, Cook Islands, Costa Rica, Cuba, Dominican Republic.

Dutch West Indies (Aruba, Bonaire, Curaçao, Saba, St. Eustatius, and the Dutch part of St. Martins); Ecuador, Great Britain, Guatemala, Ireland, Haiti, Honduras, Republic of.

Jamaica (including Turks, Calcos, and Cayman Islands).

Leeward Island (Antigua with Barbuda and Redonda, St. Kitts, or St. Christopher, Nevis with Anguilla, Dominica, Montserrat, and British Virgin Islands). Mexico, Newfoundland, New Zealand, Nicaragua, Panama, Paraguay, Peru, Salvador, Spain (including the Spanish colonies), Trinidad (including Tobago).

Uruguay, Western Samoa.

Windward Islands (Grenada, St. Vincent, the Grenadines, and St. Lucia).

Members of the United States Navy in foreign waters, when addressed care of postmaster at New York, San Francisco or Seattle, as the case may be.

*The rate to all other foreign countries and places in foreign countries for letters is 5 cents for the first ounce or fraction thereof, and 3 cents for each additional ounce or fraction thereof.*

*Postal Card Rate.* 2 cents each to Argentina, Bolivia, Brazil, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Salvador, Uruguay, and Spain and her colonies and to other foreign countries.

*Rates on other matter for foreign countries—*

Newspapers and periodicals, each 2 ounces or fraction, 1 cent.

Commercial papers, first 10 ounces or less, 5 cents; each additional 2 ounces or fraction, 1 cent (limit of weight, 4 pounds 18 ounces).

Samples of merchandise, first 4 ounces or less, 2 cents; each additional 2 ounces or fraction, 1 cent; (limit of weight, 18 ounces).

### TRANSIT TIME OF LETTER MAILS FROM NEW YORK CITY.

(Figures show hours in train transit. Add time for handling in the post offices and for collection and delivery.)

*Alabama.* Birmingham, 31; Mobile 36; Montgomery, 30.

*Arizona.* Ashfork, 72; Flagstaff, 69; Phoenix, 82; Prescott, 77; Tuscon, 77.

*Arkansas.* Fort Smith, 41; Hot Springs, 41; Little Rock, 35; Pine Bluff, 42; Texarkana, 39.

*California.* Los Angeles, 85; Oakland, 83; Pasadena, 89; Sacramento, 80; San Diego, 88; San Francisco, 83; San Jose, 86.

*Colorado.* Colorado Springs, 58; Denver, 57; Leadville, 69; Pueblo, 62.

*Connecticut.* Hartford, 4; New Haven, 2; New London, 4; Waterbury, 3; Willimantic, 6.

- Delaware.* Dover, 5; Wilmington, 3.  
*Dist. of Columbia.* Washington, 6.  
*Florida.* Jacksonville, 29; Key West, 50; Miami, 43; Palm Beach, 41; Pensacola, 39; Tampa, 40.  
*Georgia.* Atlanta, 26; Augusta, 30; Brunswick, 29; Macon, 28; Savannah, 25.  
*Idaho.* Boise, 70; Pocatello, 62.  
*Illinois.* Bloomington, 27; Cairo, 26; Chicago, 21; Danville, 23; East St. Louis, 26; Evanston, 26; Peoria, 26; Rockford, 26; Rock Island, 29; Springfield, 28.  
*Indiana.* Elkhart, 18; Evansville, 25; Fort Wayne, 18; Indianapolis, 19; Lafayette, 22; New Albany, 24; South Bend, 19; Terre Haute, 20.  
*Iowa.* Burlington, 27; Cedar Rapids, 28; Council Bluffs, 34; Davenport, 27; Des Moines, 33; Dubuque, 28; Sioux City, 38.  
*Kansas.* Atchison, 41; Fort Scott, 37; Leavenworth, 40; Parsons, 39; Topeka, 41; Wichita, 46.  
*Kentucky.* Bowling Green, 26; Covington, 19; Frankfort, 24; Lexington, 25; Louisville, 22; Paducah, 26.  
*Louisiana.* Baton Rouge, 47; New Orleans, 41; Shreveport, 43.  
*Maine.* Augusta, 14; Bangor, 17; Bar Harbor, 19; Eastport, 22; Lewiston, 13; Portland, 11.  
*Maryland.* Annapolis, 9; Baltimore, 5; Cumberland, 10; Hagerstown, 7.  
*Massachusetts.* Boston, 6; Fall River, 7; Lawrence, 10; Lowell, 8; Lynn, 8; New Bedford, 8; Pittsfield, 8; Somerville, 8; Springfield, 4; Taunton, 8; Worcester, 5.  
*Michigan.* Battle Creek, 17; Bay City, 20; Detroit, 15; Grand Rapids, 20; Jackson, 16; Kalamazoo, 18; Lansing, 19; Saginaw, 22; Sault Ste. Marie, 29.  
*Minnesota.* Duluth, 40; Minneapolis, 33; St. Paul, 32; Winona, 30.  
*Mississippi.* Hattiesburg, 39; Jackson, 39; Meridian, 37; Natchez, 46; Vicksburg, 41.  
*Missouri.* Jefferson City, 31; Kansas City, 37; St. Joseph, 36; St. Louis, 25; Sedalia, 33.  
*Montana.* Billings, 61; Butte, 71; Great Falls, 72; Helena, 69.  
*Nebraska.* Grand Isl., 39; Lincoln, 36; Omaha, 36.  
*Nevada.* Carson City, 83; Reno, 74.  
*New Hampshire.* Concord, 12; Keene, 14; Manchester, 11; Nashua, 12; Portsmouth, 12.  
*New Jersey.* Atlantic City, 4; Cape May, 7; Paterson, 1; Trenton, 2.  
*New Mexico.* Albuquerque, 60; Las Vegas, 55; Santa Fé, 60.  
*New York.* Albany, 3; Auburn, 10; Binghamton, 6; Buffalo, 10; Elmira, 8; Geneva, 10; Ithaca, 10; Jamestown, 12; Plattsburg, 10; Port Jervis, 3; Rochester, 8; Rome, 10; Saratoga Springs, 6; Schenectady, 5; Syracuse, 7; Troy, 5; Utica, 6; Watertown, 11.  
*North Carolina.* Asheville, 22; Charlotte, 18; Raleigh, 17; Wilmington, 19; Winston-Salem, 16.  
*North Dakota.* Bismarck, 49; Fargo, 40; Grand Forks, 45.  
*Ohio.* Akron, 15; Canton, 13; Cincinnati, 18; Cleveland, 14; Columbus, 14; Dayton, 16; Mansfield, 14; Sandusky, 16; Springfield, 16; Steubenville, 12; Toledo, 17; Youngstown, 13; Zanesville, 17.  
*Oklahoma.* Guthrie, 49; Oklahoma, 42.  
*Oregon.* Astoria, 86; Portland, 80; Salem, 84.  
*Pennsylvania.* Allentown, 3; Altoona, 8; Chambersburg, 9; Chester, 4; Easton, 2; Erie, 12; Harrisburg, 5; Johnstown, 12; Lancaster, 6; McKeesport, 14;

## Foreign Mails; Transit Time in Days, and Distances from New York City.

(Details by the office of the U. S. Postmaster General)

NAME OF PLACE	D'ys in Tr'n sit	Stat- ute Miles	NAME OF PLACE	D'ys in Tr'n sit	Stat- ute Miles
Abo, Finland.....	17	4,665	Cork, Ireland.....	10	3,220
Adelaide, Australia.....	32	11,843	Curacao, Dutch West Indies.....	9	2,937
Aden, Aden.....	20	7,530	Danzig (Free City of).....	13	4,863
Alexandria, Egypt.....	17	6,135	Delagoa Bay, Portuguese East Africa.....	36	11,520
Algiers, Algeria.....	14	4,192	Dresden, Germany.....	12	4,669
Amsterdam, Netherlands.....	11	4,043	Dublin, Ireland.....	10	4,287
Antigua, British West Indies.....	8	1,810	Florence, Italy.....	13	4,683
Antofogasta, Chile.....	18	4,787	Frankfort on the Main, Germany.....	12	4,363
Antwerp, Belgium.....	9	4,015	Freetown, Sierra Leone, West Africa.....	21	7,125
Athens, Greece.....	15	5,432	Funchal, Madeira Islands.....	15	3,184
Auckland, New Zealand.....	27	9,732	Geneva, Switzerland.....	11	4,310
Bagdad, Mesopotamia.....	42	14,229	Genoa, Italy.....	13	4,561
Bahia, Brazil.....	17	4,709	Gibraltar.....	13	3,714
Bangkok, Siam.....	38	14,939	Glasgow, Scotland.....	10	3,656
Barbados, British West Indies.....	12	2,106	Granada, Spain.....	14	5,187
Barcelona, Spain.....	12	4,697	Greytown, Nicaragua.....	11	2,816
Batavia (Island), Dutch East Indies.....	35	11,991	Guadeloupe, French West Indies.....	9	1,903
Beirut, Syria.....	18	6,475	Guatemala, Guatemala.....	7	2,645
Belgrade, Jugoslavia.....	13	5,217	Georgetown, British Guiana.....	13	2,553
Belize, British Honduras.....	6	1,962	Guantanamo Bay, Cuba.....	6	1,519
Berlin, Germany.....	10	4,597	Guayaquil, Ecuador.....	18	3,236
Berne, Switzerland.....	12	4,319	Havana, Cuba.....	3	1,560
Bluefields, Nicaragua.....	9	2,304	Hague, The, Holland.....	11	4,083
Bombay, British India.....	25	9,434	Halifax, Nova Scotia.....	2	686
Bordeaux, France.....	10	3,821	Hamburg, Germany.....	9	4,317
Boulogne, France.....	10	3,859	Hamilton, Bermuda.....	2	784
Bremen, Germany.....	9	4,294	Havre, France.....	8	3,792
Brindisi, Italy.....	15	5,282	Helsingfors, Finland.....	17	4,734
Brisbane, Queensland, Australia.....	32	10,400	Hongkong, China.....	23	10,453
Brussels, Belgium.....	10	4,137	Honolulu, Hawaii.....	12	5,599
Bucharest, Roumania.....	18	6,684	Iquique, Chile.....	17	4,611
Budapest, Hungary.....	13	4,965	Jacmel, Haiti.....	6	1,715
Buenaventura, Colombia.....	10	2,728	Jerusalem, Palestine.....	18	6,035
Buenos Ayres, Argentina.....	18	6,914	Johannesburg, South Africa.....	28	8,665
Cadiz, Spain.....	14	3,649	Kingston, Jamaica.....	6	1,697
Cairo, Egypt.....	15	6,265	Kristiansand, Norway.....	11	4,166
Calcutta, British India.....	28	11,324	La Guayra, Venezuela.....	9	2,127
Callao, Peru.....	13	3,873	La Paz, Bolivia.....	18	4,692
Cape Haiti, Haiti.....	6	1,478	Las Palmas, Canary Islands.....	17	3,414
Cape Town, South Africa.....	27	11,933	Leningrad, (Petrograd) Russia.....	18	5,639
Cartagena, Colombia.....	9	2,134	Lima, Peru.....	14	3,807
Cayenne, French Guiana.....	16	2,818	Lisbon, Portugal.....	12	5,342
Celebes (Island), Dutch East Indies.....	37	13,246	Liverpool, England.....	9	3,707
Cherbourg, France.....	8	3,715	Loanda, Portuguese West Africa.....	37	9,189
Christiansted, St. Croix, Virgin Isl'ds.....	6	1,687	London, England.....	8	3,964
Cienfuegos, Cuba.....	6	1,937	Madras, British India.....	29	10,434
Cologne, Germany.....	11	4,250	Madrid, Spain.....	13	4,851
Colombo, Ceylon.....	30	9,932	Magdalena Bay, Mexico.....	5	4,345
Colon, Panama.....	7	2,273	Manila, Philippine Islands.....	30	11,206
Constantinople, Turkey.....	14	5,809	Maracaibo, Venezuela.....	12	2,598
Copenhagen, Denmark.....	11	4,639	Marseilles, France.....	12	4,506

NAME OF PLACE	D'ys in Tr'n sit	Stat- ute Miles	NAME OF PLACE	D'ys in Tr'n sit	Stat- ute Miles
Martinique, French West Indies...	10	1,963	Rome, Italy.....	13	4,854
Mayaguez, Porto Rico.....	6	1,614	Rotterdam, Netherlands.....	10	4,016
Melbourne, Australia.....	31	11,253	Saigon, Cochin China.....	26	12,492
Mexico City, Mexico.....	6	3,760	St. Helena.....	26	9,280
Milan, Italy.....	13	4,466	St. John's, Newfoundland.....	3	628
Montevideo, Uruguay.....	17	7,037	St. Kitt's, British West Indies.....	8	1,800
Moscow, Russia.....	18	5,535	St. Lucia, British West Indies.....	10	2,012
Mozambique, Portuguese East Africa	42	10,470	St. Vincent, Cape Verde Islands.....	18	3,356
Munich, Germany.....	10	4,534	Salonica, Greece.....	16	5,676
Naples, Italy.....	12	4,837	Santo Domingo, Dominican Republic	7	1,715
Nassau, Bahamas.....	3	1,108	San Juan, Porto Rico.....	5	1,611
Natal, South Africa.....	29	11,974	Santiago, Chile.....	21	5,398
Nicc, France.....	12	4,665	Seychelles Islands.....	42	9,485
Odessa, Ukraine.....	19	6,185	Shanghai, China.....	23	9,530
Oporto, Portugal.....	12	5,337	Singapore, Straits Settlements.....	33	13,358
Oslo (Christiania), Norway.....	13	4,342	Sofia, Bulgaria.....	15	5,804
Pago Pago, Samoa (Island).....	18	7,970	Southampton, England.....	8	3,782
Panama, Panama.....	7	2,323	Stockholm, Sweden.....	14	5,405
Papeete, Tahiti.....	17	7,210	Stuttgart, Germany.....	13	4,376
Para, Brazil.....	15	3,392	Suez, Egypt.....	16	6,023
Paramaribo, Dutch Guiana.....	15	2,688	Sumatra (Is.), Netherlands E. Indies	35	11,856
Paris, France.....	8	3,946	Suva, Fiji Islands.....	22	8,762
Penang, Straits Settlements.....	32	11,280	Sydney, New South Wales.....	27	11,496
Pernambuco, Brazil.....	18	4,522	Tampico, Mexico.....	5	2,338
Plymouth, England.....	9	3,609	Teneriffe, Canary Islands.....	16	3,544
Ponce, Porto Rico.....	6	1,684	Tiflis, Georgia.....	20	6,685
Port Antonio, Jamaica.....	6	1,639	Trieste, Italy.....	13	4,743
Port au Prince, Haiti.....	6	1,580	Trinidad, British West Indies.....	8	2,212
Port Limon, Costa Rica.....	13	2,357	Turin, Italy.....	13	4,560
Port of Spain, Trinidad.....	8	2,340	Turks Islands.....	5	1,550
Port Said, Egypt.....	14	5,922	Tuxpam, Mexico.....	6	2,514
Prague, Czechoslovakia.....	11	4,738	Valetta, Malta Island.....	14	4,846
Progreso, Mexico.....	7	1,853	Valparaiso, Chile.....	21	5,335
Puerto Plata, Dominican Republic	6	1,463	Venice, Italy.....	13	4,631
Puerto Cabello, Venezuela.....	10	2,422	Vera Cruz, Mexico.....	7	2,323
Punta Arenas, Chile.....	25	6,863	Vienna, Austria.....	14	4,795
Quebec, Quebec.....	2	555	Vladivostok, Siberia.....	25	11,343
Queenstown (Cobh), Ireland.....	9	3,441	Warsaw, Poland.....	14	4,857
Rangoon, British India.....	33	12,210	Yarmouth, Nova Scotia.....	2	586
Reykjavik, Iceland.....	15	5,350	Yokohama, Japan.....	17	8,717
Riga, Latvia.....	17	5,102	Zanzibar, East Africa.....	37	10,678
Rio de Janeiro, Brazil.....	13	5,493			

For foreign mails to or from other towns in U. S. A., add the time for transit between those places and New York City. These are shown two pages back.

Philadelphia, 2; Pittsburgh, 11; Reading, 4; Sharon, 16; Scranton, 4; Wilkes-Barre, 5; Williamsport, 8; York, 6.

*Rhode Island.* Newport, 8; Pawtucket, 6; Providence, 5; Woonsocket, 6.

*South Carolina.* Charleston, 21; Columbia, 22; Greenville, 21; Spartanburg, 20.

*South Dakota.* Aberdeen, 46; Deadwood, 63; Sioux Falls, 40; Yankton, 42.

*Tennessee.* Bristol, 19; Chattanooga, 27; Knoxville, 22; Memphis, 36; Nashville, 28.

*Texas.* Austin, 49; Beaumont, 51; Dallas, 45; El Paso, 66; Fort Worth, 46; Galveston, 53; Houston, 30; Longview, 42; San Antonio, 54; Waco, 50.

*Utah.* Ogden, 61; Salt Lake City, 64.

*Vermont.* Brattleboro, 10; Burlington, 10; Montpelier, 13; Rutland, 7.

*Virginia.* Cape Charles, 10; Charlottesville, 9; Danville, 13; Fortress Monroe, 12; Fredericksburg, 8; Lynchburg, 12; Newport News, 13; Norfolk, 12; Petersburg, 11; Richmond, 10; Roanoke, 14; Staunton, 12.

*Washington.* Olympia, 85; Seattle, 80; Spokane, 69; Tacoma, 83.

*West Virginia.* Bluefield, 20; Charleston, 20; Clarksburg, 15; Grafton, 14; Harpers Ferry, 8; Huntington, 21; Martinsburg, 9; Parkersburg, 18; Wheeling, 16.

*Wisconsin.* Green Bay, 30; La Crosse, 31; Madison, 29; Milwaukee, 25; Oshkosh, 28; Racine, 25; Superior, 39.

*Wyoming.* Cheyenne, 46; Green River, 54; Laramie, 48; Rock Springs, 53.

*Canada.* Halifax, 34; Hamilton, 12; Kingston, 17; London, 18; Montreal, 10; Ottawa, 14; Quebec, 19; St. John, 25; Toronto, 14; Vancouver, 90; Winnipeg, 50.

## CHAPTER 96.—FILING FOR QUICK REFERENCE AND FOR BRINGING FORWARD.

Various ways of filing letters; the tickler; bringing forward letters.

The systems generally used are the following:

**By Alphabet.** There is a separate folder for the letters received from and sent to each customer or correspondent. The name is written on the edge of the folder. All folders are placed in the cases in alphabetical order for the surnames of customers.

**By Subject.** The name of the subject is written on the folder, and all letters referring to that subject are placed in the same folder. These folders may be placed in alphabetical order or numbered and indexed.

**By Number.** Or, each subject may have a number, which is shown on an index card. Then the folders are placed in numerical order. The index cards are arranged alphabetically, and cross-indexed, so that the subjects may be found quickly.

**By districts—geographical arrangement.** The folders are arranged alphabetically, according to the names of towns, villages, or streets. By using guide cards the folders may be grouped by countries, states, towns or divisions of a city. The folders may be arranged alphabetically (or by routes) in these separate groups.

Or, the folders may be arranged by numbers only; then the alphabetical arrangement would be made by using index cards which would show the numbers of the folders, according to the geographical or other subdivisions.

**'Card Indexes.** These are small oblong cards kept in boxes. Each card can be taken out separately for making notes on it. The cards are used for making an alphabetical index of folders which are arranged according to numbers.

For example, customers names and addresses may be arranged alphabetically according to the first letter of the chief name of the firm, (J. A. Smith & Sons would be in "S"), or according to the town (then J. A. Smith & Sons of Main St., Troy, would be arranged in "T"). Or, the customers in Troy may be grouped under "Troy," and their individual cards may be arranged either by the names of the firms or by streets.

**Cross references.** Subjects are usually shown in the card index under several headings. For example, if brushes are bought from several makers, the card index for "Brushes" would have written on it the names and the folder numbers and catalog numbers of all the firms supplying these articles. One of these makers, A. Hardy & Co., would be also shown in the card index under "H" and their card would have a cross reference to "brushes."

**Indexed Letter File.** This is a letter file, having strong paper sheets to mark the alphabetical divisions. The letters are placed in this file in alphabetical order under the names of the senders, the first letter in the name being used to show in which division it should be placed.

The file has two round metal prongs fixed to the wooden back and arranged so that they may be opened to allow letters to be placed in the proper alphabetical divisions. The last letter received is placed on the top; this is found to be the most useful arrangement.

**The Tickler.** This is a small box containing 31 cards numbered from 1 to 31. Each card represents one day of the month. On it there is written in pencil a list of the things to be attended to on that day. After that day has passed, the notes are marked off or transferred to another and later date and the card is cleaned from the pencil notes and placed at the back of the others, so that it can be used for notes for the same day of the next month.

**Bringing forward letters.** When a letter is written to a firm from whom a reply is expected the carbon copy is marked for bringing forward. For example, a letter may be written to J. Abbott on December 3, and it may be desired to write him again on Dec. 10, if no reply has arrived at that date. The person signing the letter would write on the carbon copy of it "b/f Dec. 10." The filing clerk would then take #10 card (for Dec. 10) from the tickler and write on it "J. Abbott file, b/f."

On the morning of Dec. 10 this tickler card would be referred to, and the letter folder containing the letter sent to Abbott would be placed on the desk of the man who had written him on Dec. 3.

**P.A.** Letters which are not to be brought forward are marked "p.a." which means "put away."

**Vertical filing.** The usual way of keeping folders is to place them in steel or wood filing cabinets, consisting of sliding drawers, in sets of 2, 3, 4, or more drawers.

The folders are stiff covers of manila paper, doubled so that one edge projects about three quarters of an inch. On this edge is written the name of the person or firm whose letters are contained in that folder, or the name and the subject to which the letters refer. The letters are generally placed loose in the folder, the last being on the top. The folders are placed in the drawer with the open side upwards and the writing on the edge facing towards the front of the drawer, so that it can be easily seen.

The folders are placed in alphabetical order, or numerically with a separate alphabetical index.

The disadvantage of having the letters loose in the folders is that there is danger of some of the papers slipping out, while being used. This can be avoided, at very little expense, by having a hole punched at the top of the folder, on the left hand side, about one inch from the doubled edge. A string, with a metal tag attached to each end, is slipped through this hole, leaving one end inside the folder. A hole must be punched at the top of the left hand side of each letter to be filed. Or a pencil point may be used to make the hole. The metal tag is slipped through this hole and the letter is then held in the file. Although safely attached to the holder in this way, the letter may be moved about easily, or taken out and replaced, without trouble. The security from loss given by this method is well worth the slight extra attention required. The cost of the tags is very small. The ends of the string are fastened to the middle of the metal tags.

### FILING MARKS.

**F.W.** (File wanted.) The file of all previous letters on the same subject, or from the same writer, is wanted for reply.

**I.R.** (Investigate and report.) "I.R. to me J.R." means that the matter is to be investigated and report made to the executive "J.R." before a reply is sent.

**B.F.** (Bring forward) "B.F. 14 days" means that the letter is to be filed and the whole file is to be brought to the same person 14 days later, for further attention.

**P.A.** Means "put away," showing that the letter needs no later attention.

**USEFUL REMINDERS.**

**First Method.**

Make an EXTRA carbon copy of any Letter or Memo you write—

- 1. Promising to do something at some future date, or
- 2. Asking someone else to do something at some future date.

Mark the date you want this copy returned to you as a reminder and instruct your stenographer to hand you this copy on the day indicated.

Have the following heading printed on the extra sheet.

**EXTRA CARBON COPY FOR THE "PENDING" FILE**

To Stenographer:

Hand this copy to Mr.....on date.....

**Second Method.**

Have small gummed slips printed, of the kind here shown.

Place one of these on the original letter received, or on the carbon copy of a letter sent out.

B/F on.....19..  
 to Mr.....  
 of .....

If required to B/F this paper again, the File cover must be marked accordingly and date altered above.

**Indexing by Names of Firms.**

**Proportions of First Letters in Surnames.**

A, 3 per cent; B, 10 per cent; C, 7 per cent; D, 4 per cent; E, 2 per cent; F, 4 per cent; G, 5 per cent; H, 8 per cent; I, ½ per cent; J, 2 per cent; K, 5 per cent; L, 5 per cent; M, 9 per cent; N, 2 per cent; O, 1 per cent; P, 4½ per cent; Q, and R, 5 per cent; S, 11 per cent; T, 3 per cent; U, ½ per cent; V, 1 per cent; W, 7 per cent; X, Y, Z, ½ per cent; total, 100 per cent.

**CHAPTER 97.—WHAT THE STENOGRAPHER SHOULD KNOW.**

The difference between a stenographer and a secretary, as regards correspondence, is that the secretary is entrusted with the responsibility of composing letters, while the stenographer writes what is dictated. The chief reason for the appointment of a secretary is to relieve a busy man of routine work, such as replying to ordinary letters, and to give him assistance generally in carrying out important duties.

The more the secretary saves time for a chief, by doing work and

doing it efficiently, without being asked to do it, the more likely is promotion and a better salary certain. The work of a stenographer should be considered as only a step towards a better position.

Failure to do stenographic work well will prevent promotion, so that it is important that the ability to write at least 140 words per minute in shorthand should be acquired, as well as the art of typing quickly and accurately. A good knowledge of English, a correct grammatical style, and a careful attention to the displaying of letters and tabular matter, are also essential.

An efficient stenographer ought to be able to write a better letter than the employer. The following are the important things for a stenographer to learn in any business:

(1) Understand the products dealt in, or the service rendered by the firm, or the special subjects in which a private employer is interested.

(2) Study all catalogs, price lists, circulars, and advertising matter used to bring business; keep up with price changes.

(3) Learn methods of buying and selling, and the trade and other discounts, the names and addresses of the chief suppliers, and of the most important customers.

(4) Study the letters dictated; analyze, summarize, and re-write them until you can write a better letter than the original. Get an understanding of the correspondence of other departments besides your own.

(5) Make suggestions for improvement if you can. But make sure first that your own work is turned out perfectly and attractively, that you use correctly the abbreviations and technical phrases of your special business, that each letter is completed by having the proper documents, catalogs, statements or checks enclosed, or sent separately by the same mail. Do not trust other people to do this. See that it is done, or do it yourself.

(6) Study the most common forms of invoices, statements, accounts, receipts, contracts, agreements, bills of exchange and other forms used; learn how to draft them and complete them.

(7) Learn the quickest and cheapest ways of sending circulars, letters, telegrams, parcels, and freight, and be able to fill up the different forms required.

(8) File papers so that they may be quickly referred to by other people besides yourself. Or, learn how and where the filing is done by others, so that you may find papers speedily without any help.

(9) Keep your typewriting machine in good order, replace worn ribbons, clean the type frequently, have small repairs done at once,

and keep a sufficient stock of supplies, such as paper, carbons, and envelopes of various sizes, both for yourself and for your chief.

Attention to these points will find you ready for promotion and capable of doing better work.

Here is some helpful advice from a great administrator. "The capacity to continue working when working becomes distasteful is the essential quality for success in life."

For men he gives the following advice: "If you want to do well, keep working; keep clean—bodily, mentally, and morally and keep straight."

### From Stenographer to Secretary.

The absence or illness of a competent stenographer in a busy office will usually cause more trouble than the absence of a chief. A competent stenographer becomes indispensable, because the work requires a thorough knowledge of business.

The head of a business expects that employees doing any special kind of work shall become experts. Therefore, the stenographer should be more capable of writing effective letters than the persons by whom the letters are dictated. If the ideas are given to the stenographer, it should not be necessary to dictate the actual words. The stenographer should be able to select the proper wording and to write a clear, neat, correct, and courteous letter which will carry the message in the way desired.

Most business men find the dictation of letters to be drudgery, and they are glad to be relieved of the burden, so as to be able to give more time to their own special work.

Private secretaries are expected to write all but the most important letters for their chiefs, from brief instructions. A stenographer in a business house should also be able to do this.

The ability to do so will come by practice. A study of this book will make it possible to write the same message in a number of different ways. The phrases given will permit of a choice of suitable words for all ordinary operations of business.

Before an employer will entrust his correspondence entirely to a stenographer, he needs to be convinced that it will be dealt with as well as, or better than, it would be if each letter were dictated by him.

This requires that the stenographer shall have a thorough understanding of the working of the business, and especially of the work of the chief whose correspondence is to be handled.

### **Studying the Employer's Interests; What Is Required from a Secretary.**

What are the qualities which the employer values most in an employé, and which he is most willing to pay for?

The general opinion seems to be that there are three—initiative, willingness, and tact.

Initiative consists in doing things that are necessary, without requiring to be told, and in doing them thoroughly, and well, and promptly, at the right time.

The employer, or the immediate chief of the employé, has his own problems to deal with. The best way to help him is to take up as much of his work as you can do, without waiting to be asked to do it.

Willingness will excuse many shortcomings. A willing helper will always be taught how to do things, whereas a grumbler is a hindrance. Busy men would rather do the work themselves than always have to ask for assistance which is given unwillingly.

When it is closing time, but the chief has still a lot of work to do, that is the time to lend a willing hand.

**Tact; What Is It?** Tact is saying the right words, or doing the right thing, at the right time, and in an agreeable way.

Tact means understanding the other person and desiring to meet his views and help him.

One of the most successful diplomatists in Europe was a mild mannered and kindly gentleman who was friendly with even his bitterest opponents. He disarmed distrust and suspicion by his frankness and his willingness to sympathize with the other men's desires; he always showed an anxiety to find a way to come to an agreement which would satisfy the other party. He got better terms in that way than he could have got by aggressive methods.

Tact requires a careful consideration of the other person's wishes and prejudices. The value of tact is so great that it is well worth considerable effort to acquire it. Honesty and truthfulness are essential to tact. Deceit, or weakness in giving way, in order to appear agreeable, are not tactful, nor are they good business qualities. On the other hand, even telling the plain truth will rouse enmity unless it is done with tact.

**Qualifications required for secretaryships.** Most employers lay stress on a good knowledge of the English language and the ability to express one's meaning clearly, with ease, and in well chosen words.

Stated briefly, they want a secretary who, on being given the ideas, can put them into an agreeable and persuasive form.

One lady of large experiences in training girls for secretarial positions gave the following opinion as to what is required by an employer. She said, "I consider the essentials for a good secretary are (1), a thorough knowledge of English; (2), a sound knowledge of shorthand and typewriting; (3), quickness of perception; (4), method; (5), plenty of tact and (6), initiative. Any girl possessing these qualifications is bound to get on." Common sense, proper attention to work, and restraint in speech and dress, are also necessary.

One does not need to be a genius, or even extraordinarily intelligent, to be a success as a secretary. But constant trying, to become more capable, is essential.

### **Letting the Stenographer write the letters without dictation.**

Stenographers who require the whole of every letter to be dictated to them are of little use to busy men; they want secretaries who can do things without being told how to do them, or when.

Chiefs of important businesses want to be left free to work, instead of being tied down to the details of correspondence. The chiefs want secretaries who can draft good letters from short notes of replies scribbled on letters received, or from very brief instructions.

The secretary may receive instructions in this style:

Letter #1. "Say much too high; might interest us if 20% less."  
#2. "Say decidedly not; but politely"; #3. "Not in our line"; #4. "Tell Jones we will wait no longer for his remittance"; #5. "Offer that special line to Smithsons', at 45, to clear at once, or ask what he will offer"; #6. "Get this man to hold his offer over, and write to Jackson's, at once, asking their lowest price for similar goods."

These instructions should be quite sufficient for anyone who trains herself or himself for letter-writing by the use of this book.

Every chief has some special turns of expression, which his secretary should adopt, so as to make the letters appear to have been dictated personally by the chief.

The secretary who makes herself useful in this way can make her work a stepping-stone to better things. It is her own fault if she does not improve her position, because she is in daily contact with the man who can influence her advancement. If the secretary takes the burden of correspondence off the shoulders of a busy executive, by relieving him of the drudgery of dictating letters, the reward is certain.

This advice applies just as fully to typists who do not write shorthand as it does to stenographers. They can train themselves, by the use of this book, to become thoroughly capable of dealing with all routine correspondence without dictation. Then only a few important letters will require dictation by the chief. He will appreciate the saving of his time in this way.

## CHAPTER 98.—CHANGE OF ADDRESS OF FIRM.

Dear Mr. Carter,

I am giving you, as above, our new address. The telephone number (Madison Square 6214) remains unchanged.

I shall be pleased to see you any time that you are in this vicinity.

If there is any thing that I can do for you, please let me know of it, for serving you will be a pleasure.

Yours sincerely,

Dear Sir,

I wish to inform you that owing to the expiration of my lease I have been obliged to transfer my business to

No. 43 Fulton Street, five doors further up the street. I take this opportunity of thanking you for your support in the past and hope to merit a continuance of it at my new address.

I shall endeavor to give the best service possible, and to supply only articles of the highest quality.

Yours truly,

Dear Sir,

In order to cope with our rapidly increasing trade, we have taken more extensive store rooms at 90 Broad St., in this city, to which address we shall remove on June 24th next.

This is quite near to our old store as you will see by the street-plan at foot.

We trust to have the pleasure of receiving your calls at our new store. Meanwhile, please address all letters, orders, etc., but not goods, to the new store, where our office staff is already installed.

Before removing, we shall hold a clearance sale of stock, at exceptionally low prices; all invoices to be dated September 1st. The sale announcement, together with samples of the goods, will be sent you on the 5th June.

Yours very truly,



**PART IX**  
**ENCYCLOPEDIA OF BUSINESS TERMS,  
PRACTICES, AND LAW**



## COMMERCIAL TERMS, EXPORT AND IMPORT TRADE PRACTICE, BUSINESS FINANCING AND BUSINESS LAW.

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For terms not included in this section the index at the end of this book should be consulted, as many more terms are explained in the particular sections dealing with special subjects.

Important words and phrases used in business, on which a business man or his secretary are likely to require information, are here explained.

The explanations are made simply and briefly, so as to be easily understood by business people; they are not intended to be legal definitions such as a lawyer would require.

Where different terms are used for the same thing in the U. S. and Gt. Britain, both terms are generally given in the explanations. Some terms or phrases have different meanings for different businesses. Care has been taken to explain these differences. This section covers the chief business and legal terms used in the U. S., Canada, Gt. Britain, Australasia and other countries where English is used for business.

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**A-1 at Lloyds.** (See also Lloyds, in this section). Lloyds' Register, called "the book," is a series of books containing detailed information respecting the seagoing ships of all nations, both steamships and sailing ships. The vessels are classified in the Register according to their seaworthiness. The letter A is used for vessels of which the hull is classified as first class. The figures refer to the equipment of masts, spars, rigging, cables, and anchors, etc.; the highest class of equipment was formerly shown by A; A1 was the highest rating for the hull and the equipment combined, including the engines and boilers.

Since 1870 the following classification has been used: 100 A1 is the highest class; 90 A1 is the next lower classification, and 80 A1 the class below that.

These classifications are also used for vessels designed for special purposes; thus 100 A1 may be applied to a "tanker" for carrying petroleum in bulk, or to steam trawlers, or seagoing tugs.

The Register also provides separate classifications for small vessels which are not seagoing, such as light draft vessels for river service and coastal trade, and for barges.

The figure 1 following the letter A shows that the vessels have complied with the severe regulations of Lloyds as regards equipment. If the equipment is considered deficient in quality or quantity the classification is shown by a minus mark after A; thus, 100 A-.

*Surveys by Lloyds.* The surveyors of Lloyds supervise the construction of vessels for which a classification has been requested by the owners.

Vessels are also surveyed for classification immediately after their building is completed. In order to continue in the 100 A1 classification they must be again examined every four years afterwards. The examinations are thorough and include

the machinery and boilers as well as the hull and equipment. The surveyors may order extensive repairs and renewals, after survey, as a condition of continuing the original classification.

See Plimsoll Mark and Lloyds, in this section, also insurance in Chapter 54.

**Abandonment.** The insured owner of property seriously injured by fire, or of cargo damaged at sea, has the right to surrender it to the underwriters (the insurance company) and to claim for its value, instead of claiming for damage.

In marine insurance abandonment means the leaving of a sinking or burning ship and the claiming of its value from the underwriters, as for a total loss. See claims and Chapter 54.

**Abatement.** A reduction in the amount of a claim for the price of goods or services, or for taxes.

**Abbreviations.** See end of this section for general abbreviations. Other abbreviations are shown in the special sections to which they refer.

**Abrogation.** The canceling of a law, or its replacement by a later law.

**Abstract of Title.** A legal document describing the title to land in a summarized form. See title and mortgage.

**Accept, to.** A bill may be accepted before it is signed by the drawer, or after it has been dishonored by a previous refusal to accept or to pay. The holder of a bill may refuse to take a qualified acceptance and may treat such an acceptance as a dishonor of the bill. If he takes a qualified acceptance without the consent of previous endorsers, or of the drawer, they are discharged from liability to him on the bill.

**Acceptance.** The signing of his name on a bill of exchange (a draft), by the payer, to show that he agrees to accept the conditions of payment, or, in other words, to pay the bill when due. The word "acceptance" is also used to mean both the signature and the bill itself after being signed. Until it is signed it is a draft. In a "special" acceptance some place of payment is named, none being stated in a "general" acceptance, which is then payable at the acceptor's place of business. In a "qualified" acceptance, some material alteration of amount or time, etc., is made by the acceptor. See Chapter 84.

**Acceptance Bank.** A bank which accepts foreign bills of exchange for importers or exporters, or which buys and sells commercial bills of exchange.

**Acceptance for honor, supra protest.** After a bill has been protested for non-acceptance any person who is not already liable to pay it may accept it for honor (to protect the credit) of the drawer or of any party liable. The "acceptor for honor" engages himself to pay the bill at its due date if the drawee refuses to pay, provided that the bill is protested for non-payment and that he is informed of this. He is liable to the holder of the bill and to all later endorsers.

**Acceptance of an offer.** See Chapters 24 and 25, and 48.

**Acceptor.** The person who has to pay the amount of a draft; he is called the "drawee" before he signs the bill. He "accepts" it by writing the word "accepted" across the face of the draft and signing his name under that word. Until he accepts he is not liable on the draft.

**Accommodation Bill.** A bill for which no value has been given, and which has been drawn, accepted, and endorsed, simply so that it may be discounted in order to raise money. Also called "kites." If two persons exchange accommodation bills both are good, because consideration has been given. See Chapter 83.

**Accommodation Party.** A person who signs an accommodation bill as drawer, acceptor, or endorser, without receiving any value and solely for the purpose of lending his name to the other party so that money may be raised by discounting the bill or issuing it as a payment. The accommodation party is liable to any holder of the bill, but by paying it he becomes the principal creditor and is entitled to any security held by previous holders of the bill or any person to whom the bill was given in payment.

**Accord and Satisfaction.** (a) The replacement of an agreement by a later one which cancels the first and usually extends or enlarges the previous agreement.

(b) An agreement to pay a smaller sum in satisfaction of a larger debt is void, when there is no consideration, but if a promissory note is given, or an acceptance, the bargain is valid and the balance cannot be sued for.

**Account.** (1) A statement showing the details of the amounts debited and credited to a person or firm. (2) See settlement on London stock exchange.

**Account and Risk.** A term used to show who is the principal for whom a dealing is made. A broker's account to his principal would state that he had bought or sold for the account and risk of such principal.

**A/C Current.** An open account to be settled at agreed times, such as 30 or 60 days for domestic trade, or half yearly for foreign trade.

**Account Days.** A term used by the English stock exchanges for the days when accounts are paid for the dealings of the previous half month. On the American stock exchanges purchases and sales are paid for at once, on the day following the purchase. The British practice is to pay each half month, usually on the 1st and the 15th. See settlement days.

**Accounts Payable.** Liabilities on open accounts for purchases, etc., for which bills or notes have not been given.

**Accounts Receivable.** Assets; amounts receivable for open accounts for sales, etc., for which notes have not been given.

**Account Rendered.** The total of a detailed statement already supplied, showing amounts previously due from a debtor. Usually the first item in a monthly statement, showing the amount brought forward from the previous months.

**Account Sales (A/S.)** An account, drawn up by an agent, showing the amount received for goods sold on behalf of a principal, and also the expenses on them paid by the agent, the account being balanced by the amount paid to the principal, after deduction of the selling commission.

**Account Stated.** An account which has been agreed as correct between the parties concerned. The onus of proof that this is wrong is on the debtor.

**Accountant.** An expert in accounts who audits the books and accounts of trading firms and companies. In Gt. Britain all public companies (corporations) are required to have their accounts audited each year by an independent public accountant. The accountant certifies the annual balance sheet, a copy of which must be filed for public inspection at the government registry of joint stock companies, (corporations).

A certified public accountant (C. P. A.) is one who has passed a state examination in the U. S. A. and received a certificate to practise.

A public accountant is one who does accountancy work for the public but this title does not mean that he has passed any examination in the subject. The term "accountant" is also used by persons in charge of accounts of large firms, and by bookkeepers.

In Gt. Britain junior public accountants are called "articled clerks;" they are required to serve an apprenticeship of 5 years and to submit to an entrance examination and two practical examinations later, in order to receive a certificate to practise.

The largest associations of British accountants are (1) the Chartered Accountants, using the abbreviated titles of F. C. A. for Fellows, or senior members, and A. C. A. for general members or associates, and (2) the Incorporated Accountants, using F. S. A. A., and A. S. A. A.

**Acknowledgment.** A written declaration signed before a notary, or a judge or an officer of a court, who also signs as witness that the signature of the first party has been made before him.

**Accrued.** Interest accrues, that is, it becomes due and accumulates from day to day. If this is brought into account before the time agreed for payment, it is called "accrued interest."

**Acre.** A measurement of land. The English acre, used in England and in the U. S., measures 4840 square yards of 36 inches. This is equal to a square field measuring 208.71 feet on each of its four sides.

A square mile consists of 640 square English acres. The English acre is 0.40467 of a hectare, roughly two-fifths.

The Irish and Scotch acres are considerably larger than the English acre.

**Act of Congress.** A law made by Congress and the Senate of the U. S., and approved by the President and not in violation of the constitution.

**Act of the Legislature.** A law made by a State Legislature of the U. S. on a subject within its authority, such as commerce.

**Act of Parliament.** A law passed by the British House of Commons and the House of Lords and approved by the sovereign (King or Queen). Parliament is the supreme power and its actions are not limited by any written constitution.

**Act of God.** A violent, sudden, and irresistible natural occurrence, which could not have been foreseen or prevented by reasonable care or precaution.

As used for insurance agreements, this term is applied to risks from natural causes, such as earthquakes, hurricanes, fire caused by lightning, floods, and droughts, which cannot be foreseen or prevented. The insurance companies do not pay for damages arising from "acts of God." See Chapter 54.

**Action.** A claim made through a court of law.

**Active Account.** An account with a customer having regular dealings. If there are no further dealings with him the account would be a "dormant" account.

**Active Partner.** See Chapter 67 for explanations.

**Actuary.** An officer of a life insurance company who makes the calculations required for estimating the risks of insurances undertaken and who prepares the statistics and financial statements of the company.

**Acts of Bankruptcy.** Firms may be insolvent and still continue doing business, so long as they pay the claims of creditors. Creditors who cannot obtain payment from an insolvent firm may ask the courts to appoint a trustee to take possession of the property and assets of the debtor firm, and to realize them and distribute the proceeds amongst the creditors, provided that they can show good reason why the court should interfere. The U. S. Bankruptcy Act of 1898 (which applies to all the territories and states) names the following as acts of bankruptcy which are sufficient reasons for creditors to petition a court for a declaration of bankruptcy against a debtor (or a firm) and for the appointment of a trustee of his property on behalf of creditors.

(1) Transferring, selling or removing part of his property with the intention of delaying or avoiding payment, or of defrauding any of his creditors.

(2) Transferring any part of his property as security to any creditor, in order to give him a preference over others.

(3) While being insolvent, permitting any creditor to obtain a judgment for his claim and leaving such judgment unpaid until five days or less before execution can be levied and the property taken or sold to satisfy the judgment.

(4) Making an assignment of his property for the benefit of all his creditors, or asking for the appointment of a receiver because of insolvency, or having a receiver of his property appointed in any State or territory of the U. S.

(5) Having admitted in writing his inability to pay his debts and his willingness to have a trustee for the creditors appointed by the court. See bankruptcy, composition and winding up.

**Address Commissions.** A sum paid by owners of a vessel to a person who obtains freight business.

**Ad interim.** In the meantime; in the interval.

**Adjudication Order.** A declaration by a court of bankruptcy that a debtor is bankrupt. This involves the appointment of a receiver or a trustee for the creditors, who takes possession of the debtor's property and realizes it for equitable

division amongst the creditors. The creditors first petition the court for an adjudication order; the debtor then must appear in court, with a statement of his assets and liabilities, to be examined as to his alleged insolvency. The order is made by the judge if in his opinion the debtor is insolvent. The order may be made at once on the petition of the debtor himself, or if the creditors present a petition and produce a signed admission by the debtor acknowledging his insolvency. See bankruptcy proceedings.

**Ad litem.** Means for the purpose of legal proceedings. In litigation, parties who are under age, or incapable of defending their own interests, have a representative appointed by the court, called a guardian ad litem, who watches over their interests during the suit.

**Administration, Letters of.** Where a person dies intestate, that is, without making a will, or without appointing executors (or if they refuse to act) the court may appoint an administrator, by letters of administration, to take charge of part or the whole of the property of the deceased. Usually the nearest relative, husband or wife or child, can claim this grant of power. A creditor may claim the appointment if he undertakes to pay his own and all other debts in the same proportions. Security must be given by any administrator. The persons first entitled to take out probate are summoned before the court by a "citation" and asked to consent to the appointment of another person if they do not wish to act as administrators. See executors and probate.

*Letters of administration cum testamento annexo* (with the will annexed) are issued for an administrator appointed to carry out the instructions given in a will where no administrators have been named in the will or they decline to act (renounce probate) or they have died before the testator.

*Letters of administration de bonis non administratis* (for property not administered) are granted when an administrator dies before he completes the administration; usually his executor takes this grant and completes the work.

*L. of A. pendente lite* appoint an administrator to act during litigation as to the validity of a disputed will. *L. of A. durante absentia* are granted to a temporary administrator to act during the absence or illness of an administrator entitled to act.

The duties of an administrator are the same as those of an executor, namely, to pay funeral expenses of the testator, prepare an inventory of his property, to realize it, to pay debts and legacies and to keep an estate account showing all his receipts and payments. As regards stocks and shares the administrator must produce the *L. of A.*, granted by the court, at the registration office of the company, for the recording of his title to transfer the shares when sold and to receive dividends until then.

**Ad valorem.** According to value. (1) A term applied to customs duty on imported goods, when it is charged at a certain percentage on the value, and not on weight or quantity. (2) Stamp duties are charged according to value on sales or transfers of stocks, bonds and real estate.

**Advance.** (1) Increase in price; (2) part payment before goods are delivered, or work completed; (3) a loan on the value of goods received for sale by an agent or broker.

**Advance Freight.** Payment of freight at the time of shipment.

**Advice.** (1) Any information given by letter; (2) written instructions to merchants or bankers regarding bills of exchange; (3) market reports; (4) notice given of the shipment or arrival of goods or ships; (5) written opinions of lawyers.

**Affidavit.** A written statement, sworn or affirmed to be correct by the person signing it, made before an officer having authority to administer oaths. A "declaration," "statutory declaration," or affirmation is a similar statement made without oath.

**Affirmation.** A solemn declaration for affidavits, etc., which may be made instead of taking an oath.

**Afloat.** Goods in transit by sea. Cotton and grain are frequently sold, from samples, "to arrive," while on the journey by sea.

**After date.** A term used on bills of exchange, meaning after the date of issuing (dating), or drawing of the bill.

**After sight.** Bills of exchange drawn at so many days or months after sight require a written acceptance. They are presented (delivered) to the drawee (the payer) for acceptance. He signs his name on the draft to show his agreement to the terms of payment, and he adds the date when he signed. The days or months begin to run from that date and not from the date when the bill was drawn. See section 100 for further information as to bills.

**Agenda.** A short list or summary of the business to be done or discussed at a meeting of directors, or stockholders, or of a committee. The minutes of the meeting are prepared from the agenda and other records made by the secretary. See minutes and meetings.

**Agent.** A person or firm who buys, sells, or does other business for the account, and according to the orders of another person called the "principal." See commission, broker and factor.

**Agio.** The difference between the real and the face value of the currency of a country. Also the difference between the buying and selling prices of stock exchange quotations.

**Agiotage.** Buying and selling stocks and shares or produce for future delivery for the purpose of receiving or paying the differences only.

**Agents de Change.** Members of the Paris stock exchange. They are recognized as officials of the government; they are wealthy and limited in number. They guarantee the credit of each member. Their section of the exchange is called "le Parquet," which means the floor. The unofficial brokers are called "coulissiers" and their market is "la coulisse," meaning the passage way or the lobby of the exchange. The public has free access to the floor of the Paris stock exchange while trading is being done.

**Agreement.** A written undertaking between two or more parties to do, or to abstain from doing, certain things on certain conditions. There must be some consideration for both parties, that is, there must be some advantage given to each of them, otherwise the agreement is void and cannot be enforced by law. See full explanations in Chapter 48.

**"A" List and "B" List Shareholders.** See limited liability.

**Alienate.** To transfer property or rights to another person, that is, to take it from under one's own control.

**Alienation.** The transfer of property from one person to another. "Involuntary alienation" is a forced transfer, as in bankruptcy, where the property of the insolvent debtor is transferred by the order of the court to a trustee for the creditors.

**Alimony.** Money for living expenses. A term applied to money ordered by a court to be paid by a husband to his wife, for living expenses, during legal proceedings for separation or divorce, or as part of the judgment.

**Allocatur.** The English term for the certificate showing the allowance by the taxingmaster of costs in a legal proceeding.

**Allonge.** A bill of exchange which is already covered by a number of endorsements is lengthened by a slip, called an allonge, attached to it, to contain more endorsements.

**Allotment.** The apportioning of shares or bonds in a syndicate or a corporation (public company) to persons who have applied for them by sending in an application form and a remittance of so much each share or bond, as demanded. All applications have one of these three results; either they receive no shares

or bonds, their application money being returned with a "letter of regret"; or they receive all they applied for, the notice being a "letter of allotment," the application money being kept; or they are allotted part only, in which latter case the balance of application money is either returned or, oftener, kept towards payment of future calls, interest being allowed. Applications can be legally withdrawn at any time before the allotment has actually been made.

**Allowances.** See discount, draft, tare tret, trade discount and Chapters 9 and 53.

**All risks.** An insurance against all loss or damage to goods, however caused, during a voyage. See average and Chapter 54.

**Alongside.** Goods delivered in barges at the side of a ship, instead of on the dock. See Chapter 60.

**Amalgamation.** A joining together of two or more businesses for their common advantage.

**Amendment.** An alternative proposal, submitted to a vote at a meeting, instead of another proposal. The first or original proposal or motion becomes void if the amendment is adopted by a majority of the votes.

**American and American—Egyptian Cotton.** See cotton.

**American Parity.—New York and London Parity Prices.** The English gold sovereign or pound sterling, valued as gold metal, is worth nearly 4.87 dollars. One U. S. gold dollar is worth about 4s. 1½d.

American securities are sold in London at prices quoted in dollars and cents, on the basis of a dollar being equal to 4s. (four shillings).

It is evident that if the securities were sold, in London, at the same prices as in New York, there would be a loss on London sales of 1½d. (3 cents) on each dollar of the price.

To avoid this, the English price is increased by 1½d. for each dollar. An American stock quoted at 115 dollars in New York would be quoted in London at 115 dollars plus 115 times 1½d. (172½d.).

The American cent equals nearly half an English penny (½d.), therefore 172½ pence equals about 345 cents, or 3.45 dollars. Adding this to the American price of 115 dollars gives an English price of 118.45 dollars.

This is not quite correct because, although the gold value of the English sovereign is 4.87 dollars, the rate of exchange (that is the price of sovereigns in New York) is continually changing. Remittances are made daily, by cable, between New York and London, and the rates of exchange are quoted in the newspapers as "cable transfers."

In order to accurately compare the London stock exchange prices with the New York prices, the rate of cable transfers must be taken into account.

For example; assuming that a share is quoted 115 dollars at New York, and that the cable transfer rate of exchange is 4.863 (4 dollars 86 and 3/10th cents); what is the exact proportionate price in dollars at London, taking the dollar at 4s.?

The calculation is simple. Multiply the New York price by 5, then divide the total by the price quoted for cable transfers, thus:—

$$\left. \begin{array}{l} 5 \times 115 \text{ (New York price)} \\ 4.863 \text{ (Cable transfer rate)} \end{array} \right\} = 575 \div 4.863 = 118.24 \text{ dollars, English price.}$$

This "English equivalent," usually called the the "parity price," is 118.24 dollars, at 4s. per dollar.

The two prices would be quoted in the list of New York prices as follows: "New York 4% Gold Bonds, closing bids New York, 115; English equivalent 118¼."

This is proved to be correct by dividing the English price of 118¼ dollars by 5, (the dollar being taken at 4s.). The result is £23.65 or £23 13s.

Dividing 115 dollars (New York price) by the cable transfer rate of 4.863

gives the same result, £23 13s., this being the exact value in English sovereigns of 115 dollars at the rate of 4.863 dollars per pound sterling.

Therefore, if the English buyer pays 118¾ dollars in London, (at 4s. per dollar), he is paying exactly the same price as the buyer in New York, who is charged 115 dollars in American money.

The dividends are, of course, paid in the U. S. in dollars and cents, which are remitted to London, for British stockholders, at the rate of exchange then existing.

**American Valuation.** The valuation of imported goods by the U. S. Customs authorities at the usual wholesale price obtained in the U. S. A., instead of at the price at which they have been bought abroad. This is to prevent declarations of too low values by importers, in order to obtain smaller import duties.

**Amortization.** The gradual reduction of the book valuation of an asset, or of a liability such as a premium on redeemable bonds, by setting aside or reserving from the income of each year a sufficient sum to extinguish the full amount within a desired time. As applied to bonds amortization means their repayment or redemption.

**Ancillary.** Supplementary; for example, in the bankruptcy of a firm having property in different states, ancillary receivers would be appointed to take charge of the property in other states than that in which the adjudication in bankruptcy was made. See receiver.

**And Reduced.** These words must be added to the name of a British limited company on all its stationery for the three months following any legal permission to reduce the paid up amounts of its shares in order to wipe out losses of capital.

**And/or.** For both or for one. Thus "freight and/or demurrage" means; either freight and demurrage, or freight alone, or demurrage alone, whichever applies.

**Annual Return.** (British companies). See limited companies.

**Annuity.** An annual payment; for example, in consideration of a fixed lump sum paid by a person in advance, an insurance company will pay him an agreed sum each year until his death.

**Antedate.** To write on a document a date earlier than the present date. Example; a check written out on May first would be antedated if the date was stated as April 1. It would be postdated, if the date was written as June 1.

**Ante-nuptial Settlement.** See marriage settlement.

**Annual Return.** The certified balance sheet and list of members (stockholders) which public companies in Great Britain must file each year at the government registry.

**Appearance.** To attend in court to answer to a summons, or to appear personally or by an attorney in obedience to a writ, or to make a written reply if required.

**Applications for shares.** See allotment.

**Apport.** A remittance "per appoint," or "on account," is a sum paid as part of a debt.

**Apportionment.** An adjustment of sums due between parties, or of interest, taxes, expenses, or income accrued to date.

**Appraisal.** A detailed valuation of machinery or other personal property. For real property it is called a valuation.

**Appropriation of Payments.** The right of a debtor, at the time of making a payment, to select the debt (if there are several) towards which the payment is to be applied. If the debtor does not state this, the creditor may apply the payment against any debt he pleases, even one which is in dispute or statute barred. The general rule is that the first payment is to be applied to the earliest debt. See statute barred.

**Appurtenance.** A right, such as a road or easement, connected with a property, which is transferred along with the property.

**Arbitrage.** The buying of bonds or stocks, or exchange, in one foreign market and selling it immediately afterwards in another at a profit. Or, selling one position in a futures market and buying another position.

**Arbitration.** 1. The settlement of a disputed matter by a neutral person, called an "arbitrator," the two disputing parties agreeing to accept his decision. Sometimes the two disputing parties each name one person (who, in commercial disputes, is usually a merchant), and these two name a third, called an "umpire"; if the arbitrators disagree his decision is final. After considering the claims and the arguments of both sides and, in the case of disputes as to goods, examining them, the arbitrator or umpire gives his decision in writing, this being called his "award," which both the disputants are bound to observe. 2. An arbitration of exchange is a calculation made to find whether it is cheaper to remit or draw bills direct, or through other countries, indirectly, for payment of a business debt. 3. Shareholders in British companies who refuse to agree to the terms of a reconstruction are entitled to claim payment of the fair value of their shares, this value to be fixed by arbitrators.

**Arrangement in Bankruptcy, etc.** On "suspending payment" (which see) a creditor may arrange privately with his creditors to pay a certain part or proportion of his debt as a settlement, instead of the whole amount due. For Great Britain all the creditors must accept this arrangement in order that it may be legally binding and final. If even only one creditor refuses the offer, he may take action to have the debtor declared bankrupt, in which case the agreement is void. Usually creditors prefer private arrangements, as being a less expensive and quicker method of realization and distribution of assets of an insolvent than bankruptcy proceedings. In most cases an agreement or deed is drawn up, which (for Gt. Britain) must be registered, (filed), agreeing to discharge the debtor from further liability for the balance of the debts, on condition of his paying the part promised. See also composition and bankruptcy.

**Articles of Agreement.** A written agreement, such as articles of partnership, stating the intentions of the parties and their rights and duties.

**Articles of Association.** (British term). The rules and regulations for the internal government and the management of the affairs of a company. Most companies have their own special articles, but if none are adopted, then the articles stated in the Companies' Act of 1908 (known as Table A) legally apply to its affairs, as they do also where not contrary to the special articles adopted. See Chapter 67.

**Articles of Incorporation.** A written agreement, signed by the first members of a corporation, petitioning the State to grant them permission to carry on business as a corporation, usually with limited liability of stockholders for debts of the firm. This document is commonly called a "charter."

**Articles of Partnership.** An agreement in writing made between partners. A partnership may be entered into without any written agreement, but it is usual to have a deed or agreement made, stating the conditions of the partnership and the rights and duties of each partner.

**As per indorsement.** A term used for foreign bills of exchange. For example: a U. S. exporter may draw a 60 days' sight bill on a London merchant for \$5,000, payable in London in pounds sterling "as per indorsement at the date of acceptance." The London merchant, when writing his acceptance on the draft, would add the rate of exchange current on that date. If this rate was \$4.85 the amount to be paid 60 days later would be, in pounds sterling,  $\$5000 \div \$4.85$ , or £1030.928, which is £1930 18s. 7d.; divide .92 by 5 to obtain shillings, then divide the remainder, .028 by 7, to obtain pence; this makes £0.928 into 18s. and 7d.

**Assay.** The analyzing of gold, silver or other metals to find the exact proportion of pure metal contained in bars, ingots, or ores. These metals and ores are sold at prices proportionate to their contents in pure metal.

**Assessed valuation of property.** Usually called an "assessment" of real estate. The fixing of a value for calculating taxes, which are charged at so many cents and mills (one hundredth part of a cent) per dollar of assessed value.

**Assessment.** (1.) A demand made by a corporation on its stockholders for payment of a certain sum per share. In re-organizations of insolvent corporations, the owners of full paid shares are sometimes given the option to pay a further sum per share (for settlement of liabilities and costs and for providing new working capital) in order to retain their interest in the corporation. Failure to pay the assessment causes the original shares to be cancelled and the amount paid for the shares is then lost. (2.) See taxes and assessed valuation of property.

**Assets.** The whole of the property of a firm or person, as distinguished from the liabilities or debts. The excess in value of total assets over total liabilities is capital. See capital and Chapter 67.

**Assigned Accounts.** Firms which have not sufficient working capital frequently borrow from financial companies, by assigning their accounts receivable from customers as security for the loans. The lenders advance from 70% to 80% of the accounts receivable and require the borrower to sign a note payable on demand for the amount of the advance, and to supply a list of the accounts and copies of the sales invoices. Sometimes the lender requires the borrower to print or stamp on the monthly statements to customers, "this account has been assigned to (name of lender) to whom payment should be made."

**Assignment for Benefit of Creditors.** The transfer by deed of all the property of a person or firm to a trustee for his creditors, for the purpose of realizing the assets and paying the debts equitably in cash. Any surplus belongs to the debtor person or firm. An assignment is an act of bankruptcy. See acts of bankruptcy.

**Assigns.** See executors and transfers.

**Assurance.** Another term for insurance. Assurance is the word commonly used for assurance of lives, the word insurance being applied to insurance of property against fire or sea risks.

**At call.** (1) Money deposited with a bank and repayable on demand (2) Money lent by bankers to stockholders from day to day (repayable the next business day), generally described as "call loans."

**At sight.** Bills of exchange "at sight" are payable on demand, immediately when presented. See Chapter 83 for full information.

**Attachment.** The laws of most U. S. States give a plaintiff in a civil suit the right to ask for the seizure by the sheriff of property in that state belonging to a non-resident defendant. This property is held as security for any amount which may afterwards be found to be due from the owner. The plaintiff is required to give a bond guaranteeing to pay any loss or damage caused through a wrongful attachment.

**Attestation.** The signing of a document (1) by a witness to the signature of another person, or (2) as a certificate of its correctness.

**Attorney at Law.** All attorneys at law who have been admitted to practise law are officers of the courts. No written authority is necessary to authorize an attorney at law to act as agent for a client. In Gt. Britain attorneys at law are called "solicitors." Lawyers who plead in the courts are called "barristers"; they are engaged by the solicitors and do not deal directly with clients. Barristers who plead in the higher courts are called King's Counsel or K. C.'s.

**Attorney in Fact.** A person who is not a lawyer, but who acts as an agent or attorney for another person. Usually the principal gives the agent a signed "power of attorney," stating what he is authorized to do. See attorney at law and power of attorney.

**Attachment of debt.** British procedure for garnishee by the judgment

creditor of debts receivable by a debtor. See "supplementary proceedings" for U. S. procedure.

**Auctioneer.** A selling broker, who must be licensed to sell by public auction. Both the seller and the purchaser are bound by his acts; he is the agent for both parties.

**Audit.** An authorized examination of books, accounts and documents by an auditor, for the purpose of testing the accuracy of the accounts, or for preparing financial statements.

An "internal audit" is the examination of the accounts of a firm by an employee. This is a very imperfect check, because the auditor is under the control of the firm. A professional audit is one made by a public auditor, such as a certified public accountant, who is independent of the firm and in a position to freely criticize any misstatements in the accounts or any fraudulent practices by officers of a firm.

**Auditor's certificate and report.** Every company registered in Gt. Britain under the Companies' Acts, except a private company (a close corporation) is required by law to have its accounts audited each year by an independent public accountant. He is held to be the agent of the shareholders, to whom he makes his report. The law also provides that (1) the auditor has a right to examine the books and accounts of the company at any time; (2) the auditor is entitled to require all such information and explanations from directors and officers of the company as he may consider necessary for the performance of his duty as auditor; (3) the auditor must sign a certificate at the foot of the balance sheet stating definitely whether or not all the information he required has been given to him; (4) he must also make a written report to the shareholders on the accounts and the balance sheet of each year, stating whether, in his opinion, the balance sheet is a true and correct statement of the affairs of the company, and whether the actual condition is shown by the books. (5) The auditor's report must be laid before the company at the annual general meeting and be open for inspection and read to the shareholders at that meeting. Many companies send printed copies of the annual accounts and balance sheets to the shareholders, together with the notice calling the annual general meeting.

**Authorized capital and authorized issue.** The total capital stock which a corporation has power to issue. See Chapter 67.

**Aval.** The endorsement of a bill of exchange, as guarantor, by a person who is not liable as drawer or acceptor.

**Average.** (1) Means loss usually covered by marine insurance. General average is a general loss. See *general average and particular average*. (2) The medium rate of varying amounts, thus, the average of 100, 120, and 134, is the total, 354, divided by 3,=118.

**Average adjuster.** An expert in insurance claims who prepares the accounts showing the proper distribution of loss amongst the persons or firms whose property has been at risk. See Chapter 54 on insurance.

**Average due date.** An adjusted date for the settlement in one sum of several amounts due at different dates. The method of finding this date is to multiply each sum by the number of days it has still to run before becoming due. Dividing the total products of days by the totals of the different amounts will give the number of days from the present date when the whole of the sums become due in one amount. Discount or interest may be allowed from this date to the date of actual payment.

**Averaging.** A speculator in stocks who sees prices fall may, by buying more at the lower price, reduce the average price of his entire holding. For example, if he holds 100 shares which cost him \$80 each, and he afterwards buys 100 more at \$40 each, his average cost is \$60 each. See bear.

**Avoirdupois.** Means "to have weight." It is the name of the weights used in the U. S. and the British Empire. The unit is one pound, consisting of 16 ounces. In the U. S. and Canada 100 pounds is called a hundredweight and 20 hundredweights are a "short ton" of 2,000 lbs. British countries use 112 pounds as the hundredweight, and the ton (long ton) consists of 2,240 pounds. The quarter hundredweight is 25 pounds in the U. S. and 28 lbs. in British countries. See pound and ton.

**Award.** The judgment of an arbitrator, umpire, or referee, on questions submitted to them voluntarily by the parties interested. The award must be entire and final on all the matters submitted for decision, and it must be legal. It may give alternative decisions depending on the settlement of a point of law. An award can be set aside by a court for the reasons that the arbitrator has exceeded his authority, or admitted improper evidence, or excluded proper evidence, or misconducted himself as to the procedure at the hearing, or otherwise. See arbitration.

**"B" list shareholders.** See limited liability.

**Baby bonds.** Those having a face or par value of \$100 or less. Ordinary bonds are usually for \$1,000.

**Backwardation.** See settlement on London stock exchange.

**Backing and filling.** Small up and down changes of price, following speculations in stocks and shares.

**Bad debts.** Debts unpaid through insolvency, bankruptcy, or fraud of debtors. See statute of limitations, arrangement, and sections 92 to 97.

**Bailment.** A deposit of goods with another person for storage, or for use on payment of hire, or for pledge, or to have work done on them either with or without payment.

**Balance Certificate** (for stocks and shares). See certified transfer.

**Balance of Trade.** Amounts receivable or payable by a country as the difference between its total imports and exports. A favorable balance of trade is where a country exports more than it imports and consequently has a balance to receive. An unfavorable balance is the reverse.

**Balance Scrip.** A certificate for the balance of shares of a stockholder, where the original stock certificate has been delivered to the company so that a new certificate may be issued to a purchaser of a portion of the original holding. See certified transfer.

**Balance Sheet.** A statement of the financial affairs of a firm at a certain date, arranged in two portions, assets (property), and debts (liabilities, including capital). A consolidated balance sheet is one which combines the balance sheets of several associated companies, which are under the same control and management. In the U. S. the assets are shown on the left hand side of the balance sheet and the liabilities and capital on the right. In Gt. Britain assets are on the right and liabilities and capital on the left.

**Ballast.** Heavy material placed at the bottom of the hold of a vessel, to keep her steady, when the vessel is only partially loaded or the cargo is very light in weight. "Kentledge" is permanent ballast, such as iron bars, needed to keep the vessel level.

**Bank Bills or Bankers' Bills.** (1) The promissory notes of banks, or drafts drawn by one banker on another bank, (2) The Bank of England issues "bank post bills" on itself, for any amount over £10 and under £1,000. They can be obtained from any of the branches, or from the chief office, on payment of the exact amount for which they are drawn, no extra charge being made. The two usual times for which they are issued are, seven days, or sixty days from date, no days of grace being taken.

**Bank Note.** A demand note of the Bank of England, which is legal cur-

rency in England and Wales (not in Scotland or Ireland). These notes are redeemable in gold, on demand, at the Bank of England.

**Bank of England.** A privately owned bank in London which acts as banker for the British Government. It holds most of the English gold reserves. It has the monopoly of issuing bank notes in the London district, the lowest value being £5, equal to nearly \$25. It is the most important bank in England, because its directors are all heads of other large banks or financial firms. They hold a meeting each week, when the minimum rates to be charged by the bank to its customers for discounting 3 months' trade bills of exchange (trade acceptances) are decided on, and published. This rate, called the official rate, is considered as an indication of the general demand for money. It is the basis for the discount and interest rates of all other banks and discounting firms. The bill brokers who deal in bills of exchange in the "open market" usually charge less for interest than the Bank of England.

**Bank Rate.** The rate of interest charged by bankers for discounting bills of exchange for their customers. In the U. S. it is the rate based on that charged to member banks by the Federal Reserve Banks. In England it is the rate fixed by the Bank of England. In France it is the rate charged by the Bank of France (Banque de France).

**Bankers' loans.** Loans at interest, to a customer of a bank (an overdraft). A fixed sum is stated, which must not be exceeded. The borrower draws bills or checks for the sums required for payment of purchases, or for wages, etc. Foreign banks charge interest only on the amounts actually withdrawn. American and London banks charge interest on the full amount of overdraft arranged, whether the borrower uses the money or not. In the U. S. the borrower signs a promissory note for the loan. See security, surety and mortgages.

**Bankruptcy.** The state of not being able to pay one's debts. A bankrupt is one who, on the petition of himself, or of a creditor, to a court of bankruptcy, has been declared insolvent. His property is then taken into possession by a trustee appointed by the court, and, after an inquiry into his affairs, it is sold towards payment of his debts. To avoid being declared bankrupt debtors sometimes assign (transfer) all their property to their creditors. See arrangements and acts of bankruptcy, also Chapter 80.

**Bankruptcy Notice.** (British term.) A legal notice served on a debtor by a judgment creditor requiring him to pay a debt within seven days, or to arrange for security or other satisfaction. Neglect to pay after this notice is an act of bankruptcy; see this term.

**Bankruptcy proceedings.** The first stage in bankruptcy is the filing of a petition to the court for a declaration (adjudication) of bankruptcy. A voluntary petition is one filed by the debtor; the court may grant the petition at once and appoint a receiver. An involuntary petition is one made by creditors; the debtor is allowed time to prepare a reply and to furnish accounts and other evidence of his solvency at a hearing before the court.

The next stage is the hearing of the petition at which the debtor and his creditors may appear and give evidence. (See adjudication order.) The court then decides whether to refuse and dismiss the petition, or to adjudicate the debtor bankrupt and to appoint a referee to take charge of the latter proceedings.

If the adjudication in bankruptcy is ordered, a creditors' meeting is called, at which the referee presides. The bankrupt must be present to answer questions by creditors as to the reasons for his insolvency and his dealings with his property before the bankruptcy. At this meeting the creditors deliver their claims (proofs) to the referee for examination. The creditors also elect a trustee to manage and realize the estate (the property of all kinds belonging to the debtor). A trustee is chosen by the votes of a majority in number of the creditors and a majority in the total amount of their claims. The trustee takes title to the assets

of the bankrupt, manages the estate, realizes it, distributes the cash proceeds and pays the expenses of the bankruptcy under the direction of the referee. If money is required, for paying wages of workmen, etc., before the assets are realized a receiver may borrow from banks on "receiver certificates," which are interest bearing promissory notes payable as preferential claims from the funds received from sale of the assets.

A bankrupt who has given up all his property to his creditors, to pay their claims, is considered to be entitled to claim a release, so that he may have a further chance to earn a living without being hampered by having to pay old debts. This release from old claims is given by the court by an order of discharge in bankruptcy.

The bankrupt must file an application for discharge within the period of not later than twelve months after the adjudication but not earlier than one month after.

The court refuses or grants the discharge after a hearing of which notice is given to creditors so that they may appear and object. The discharge may be refused if the bankrupt has been dishonest or has tried to defraud his creditors by concealing part of his assets or in other ways.

The discharge, if granted, releases the debtor from all the debts which he declared to be owing, and which were provable (could be claimed) at the time of his bankruptcy, whether the creditors proved (made claims) or not. A creditor is not allowed to refuse to prove in the bankruptcy so that he may afterwards claim payment in full if the bankrupt becomes able to pay.

Certain debts and claims, chiefly arising from torts (injuries to other persons), are not cancelled by a discharge in bankruptcy. The federal bankruptcy laws govern bankruptcy proceedings in all the states and territories of the U. S., the power to make such laws having been reserved to Congress by the Constitution and expressly excluded from powers of the states. See receiver and Chapter 91 and business laws for further information.

**Barratry.** Unlawful or malicious acts, committed from criminal motives by the master or crew of a vessel, which endanger it or render it liable to seizure, or detention, or fine. Amongst the acts are, smuggling, desertion of a ship, the sinking of it wilfully, unnecessary delays on the voyage, or running off with the ship (taking it out of the control of its officers).

**Barrister.** The English name for a lawyer who pleads in the higher courts and acts as a consulting lawyer. He does not deal directly with the public; he is employed to plead in court by a solicitor, who prepares the facts for him in a "brief" or summary of his client's case. The highest class of barristers, pleading in courts of appeal, are called K. C.'s, meaning King's Counsel. See solicitor.

**Barter.** Selling goods for produce or other goods, instead of money. A means of trading largely adopted in uncivilized countries, or where there is difficulty in obtaining payment in gold or acceptable exchange. See Chapter 76.

**Bazaar.** In Egypt, Turkey, India, and the East and Far East generally, a bazaar is either an open air market place or a collection of stores where goods are offered for sale to the public, or to wholesale dealers. It is the business quarter of a town.

**Bear.** A speculator in securities or produce who sells, for future delivery, what he has not got, in the expectation of buying at a lower price before the delivery date. The speculator who buys now to sell later when prices advance is called a "bull." See averaging and liquidation of a speculation.

**Bearer Bonds.** See bonds.

**Bearer Warrants.** See shares.

**Beneficiary.** The person who is entitled to receive the benefits or income arising from property which is managed by trustees appointed for this purpose.

**Bequeath.** To give personal property to anyone by a will. The giving of real property (land and buildings) is to "devise."

**Berth.** (1) The position or place alongside a quay or wharf to which a vessel is tied, in order to load or unload cargo or passengers. To berth a ship is to allot it a position. A ship is "on the berth" when it is ready to receive or discharge cargo, or is actually doing so. (2) A berth is a bunk or other place for sleeping on a ship.

**Bill of Entry.** This is a declaration required by the customs from merchants exporting or importing goods. For exports (entry outwards) a description of the goods is to be given, with their quantities and values. The customs officer signs the form as a consent to the exportation; the bill is then called a "perfect entry."

For imports (entry inwards) the description and quantity and value of the goods are required to be stated by the importer before they are allowed to be unloaded. If he cannot give these details, he applies for a "bill of sight" which allows the goods to be landed and examined in the presence of the customs officials, in order that a proper bill of entry may be made with the particulars required.

**Bill of Exchange.** A bill of exchange is an unconditional order given in writing, addressed by one person to another, signed by the person granting it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a certain sum of money to the order of a specified person or to bearer. Bills are of two kinds, namely, (1) payable at once, checks (cheques), and "at sight" drafts (foreign); or (2) payable at future dates, drafts and promissory notes. A promissory note is a written promise by a debtor to pay his creditor, or the holder of the note, a sum of money at a future stated date. A draft is a written request made by the creditor to the debtor, asking him to pay a sum of money to the creditor, or his order, at a future stated date. It requires signing by the debtor. See sets of bills and Chapter 83 for full explanations.

**Bill of Lading.** A receipt for cargo delivered on board a ship, stating particulars of the quantities or packages shipped, their markings, the freight to be paid, and the person to whom they are to be delivered. Three copies are usually signed, of which one only is sent to the consignee abroad, who must produce it when claiming delivery of the cargo on his side, as the endorsement and transfer of the bill of lading is a transfer of the ownership of the goods. The captain of the ship has the second copy and the exporter keeps the third copy. See documentary bills and Chapter 58.

**Bill of Sale.** (1) In the U. S. a bill of sale is a written transfer of the ownership of movable property to another person; it acts as a legal proof of ownership but it need not be recorded (registered or filed). (2) A security for a loan or debt; by the bill the debtor authorizes his creditor, in the case of nonpayment of the debt to seize the debtor's property detailed in the bill, and sell it towards repayment of the debt. The law requires these chattel mortgages (bills of sale) to be recorded (legally registered) and to state the nature of the debt, otherwise they are void. In England they must not be given for a less sum than £30.

**Bill of Store.** A British government permit for the return to Gt. Britain of goods liable to customs duty which have been previously exported.

**Bill of Sufferance.** A British customs permit for the transfer by water of dutiable goods, from one British port to another.

**Bimetallism.** See full explanations in Chapter 76.

**Binder.** See cover note and Chapter 54.

**Black List.** A list of persons or firms with whom dealings are undesirable. See Chapters 70 and 71.

**Blank Endorsement.** One made by a holder transferring a bill of exchange or stock certificate, without stating to whom the transfer is made. A special

endorsement is one which names the next holder; in this case his endorsement is necessary for any further transfer. See bills of exchange, endorsement and Chapter 83.

**Blank transfers.** See transfers.

**Blanket Mortgage.** An open mortgage making all the property of a firm security for the repayment of the money borrowed on mortgage. See mortgage and Chapter 67.

**Blind Pool.** See pool.

**Blotter.** A combined cash book and day book kept by American stock exchange firms for the daily recording of receipts and payments of cash, receipts and deliveries of stocks and bonds, and sales and purchases.

**Blue Book.** A British government report or statement; it usually has a blue paper cover.

**Blue sky law.** A State law for supervising and controlling the sale of stocks and bonds within the State. Commissioners are appointed to investigate the soundness of securities offered for sale by brokers and others, who must obtain licenses to sell. The sale of fraudulent stocks and bonds may be prohibited by the commissioners.

**Bonded goods.** Articles liable to customs duty, stored in a government or private bonded warehouse, under government supervision, until the duty is paid. There are private bonded warehouses also, for manufacturing in bond, (solely for exportation) of articles made partly or completely of imported materials, or of materials subject to internal revenue taxes. The exported articles are not subject to customs duty where they are manufactured.

**Board of Trade Returns.** The British Board of Trade is a government department like the U. S. Department of Commerce. The term Board of Trade is restricted to this meaning in Gt. Britain and is never used for local associations of merchants, they are called Chambers of Commerce.

The British Board of Trade has extensive powers of control over domestic and foreign trade; it publishes periodical reports (called "returns") of imports, exports, and consumption of produce and materials, and gives other information of value to business men.

**Board.** A name applied to the body of directors, or managers, of a company or other concern. Their meetings for discussing business are called "board meetings." See meetings.

**Board of Trade.** (1) As used in the U. S. and Canada; an association of traders and land owners for the purpose of developing local trade. (2) As used in Gt. Britain; a department of the British government which supervises and has authority over commerce, both marine and land, (domestic and foreign) shipping, railways, imports, exports, &c.

**Bonds.** Legal documents, sealed and delivered (deeds), by which a person or firm undertakes to pay certain sums at a stated time. They are somewhat similar to a "debenture," which see. Also see Chapter 67 and "Bonds" in index.

**Bolt.** See doubles, ends and pieces.

**Bond redemption.** (1) The repayment of the principal and interest on a bond, or (2) the exchange of convertible bonds for stock of the same company. See sinking fund and Chapter 67.

**Bonds—Description of American Bonds.** (See also loans, mortgages, and Chapter 67.)

**Railroad Bonds.** For many years, railroads have been financed by the issue of bonds. These bonds were secured by mortgages on the land and buildings, the tracks and rolling stock, the income receivable from leased lines, and the income from freight and passenger traffic. The mortgages created were numerous, extending in some cases from the first to the eighth mortgages. When all the properties had been mortgaged to their full value, income bonds were issued.

They were payable out of the income of the railroad, but they were not supported by any security.

The bonds, (with, in a few cases, the preferred stocks), represented the only cash brought in. The common stocks and many of the preferred stocks were so much water, issued for more or less valuable services rendered in the promotion of the railroad companies.

*Industrial Bonds.* It is only recently, in comparison with railroads, that manufacturing and trading concerns have adopted the plan of obtaining additional capital by issuing bonds. One of the essential differences between railroad bonds and industrial bonds is that there are generally no assets behind the railroad bonds other than the borrowed money; railroads are chiefly valued on their earning power.

*Security Behind the Bonds.* On the other hand, in the case of industrial bonds, there has usually been a very considerable investment of cash and property in the concern, for preferred or other stocks, before any borrowing whatever is done.

The concern must have been already built up on cash raised by the issue of preferred stocks, and it usually has assets in the shape of real estate or machinery and plant, and a trade connection, acquired against payment by preferred and common stocks.

*Limit on Borrowing.* Industrial bonds cannot be issued in unlimited amounts, because the corporation laws of many states limit the total indebtedness of all kinds to an amount not exceeding the total paid in cash or property by stockholders. As the bonds usually give a mortgage which makes them rank for payment before the claims of ordinary business creditors, the bonds cannot be issued for more than about half of the total assets of the corporation, (including the cash received by the bond issue). Also, the consent of a majority of two-thirds or more of the stockholders is required before any mortgage bonds may be issued.

*Issuing Bonds Is Good Financing.* From the point of view of the stockholders of a corporation, it is good financing to raise part of the working capital by an issue of bonds. In ordinary times, well-secured industrial bonds yielding 6% interest can be sold at nearly par. If they are issued as 6% bonds at 95%, redeemable in 10 years, the discount of 5% from par is equal to an extra  $\frac{1}{2}$ % interest for the 10 years. The total interest would, therefore, be 6 $\frac{1}{2}$ %. Assuming that the business earns 10% average, on the total share capital and the money borrowed on the bonds, there would be a profit of 3 $\frac{1}{2}$ % by the borrowing. This would considerably increase the profits available for dividends to stockholders. If the dividends on preferred stock are limited to say 7%, there would be a surplus of 3%, (out of the 10% average profit) to pay dividends on common stock, or to build up a reserve for repaying the bonds at their due date.

*Bonds Issued in Times of Bad Trade.* The large consolidations and mergers of manufacturing concerns, made some years ago, have been generally arranged by the issuing of preferred stocks, which represented the values of the assets, (in many cases inflated), and by issuing common stock as a bonus to repay the supposed increase in profit-earning capacity through the consolidations.

A succession of low dividends, which followed this period of amalgamations, showed that the expected increase in earning power had been over-estimated.

Further capital was needed for extensions and renewals of plant and machinery, and for developing new processes and opening new markets for the products of the combined mills and factories. As the profits had declined, it was not possible to obtain funds by further issues of preferred stocks. The only resource was to borrow money on the security of the assets, by issuing bonds which gave mortgages on the real estate, buildings, machinery, and plant belonging to the corporations.

This was done, and on the revival of trade, it was found that the borrowed money earned, in profits, several times the percentage payable for bond interest.

*Industrial Bonds Now Common.* The issuing of bonds has now taken its place as part of the ordinary financing of industrial and trading concerns.

The position of the holders of preferred and common stocks is considerably improved by the issue of bonds although the stockholders rank after both the bondholders and creditors.

*Advantage to Stockholders of Bond Issues.* The bondholders certainly have a mortgage on the property of a corporation, but actual cash has been received for the mortgage, and the money is usually borrowed in this way on better terms, and for longer periods, than could possibly be obtained from a bank or financial house.

Industrial bonds are issued for short periods and if the concern is prosperous it is generally possible to renew them, on the expiry of the term, at the same or even lower rates of interest.

*Naked Debentures.* In times of dear money, when loan capital is required, it would be foolish to issue bonds at the high rates of interest which would then be demanded.

It is necessary to pay the high rate at that time, if the money is needed urgently, but the period of the loan is very considerably shortened. The money is therefore borrowed for from two to five years only, on short-time notes. These notes can generally be sold by corporations of good standing without giving any mortgages on the assets.

Short-time notes without a mortgage are really promissory notes of the corporation, and the security for payment is the whole of its property.

*Debenture Bonds.* (See floating charge). This method of borrowing introduces to the American stock exchanges industrial securities, called "naked debentures" or debenture bonds, which have been used in England for many years.

It should be clearly understood, however, that these naked debentures give their holders no preference whatever as regards either interest or repayment of the principal. They rank equally with all other business creditors, in the case of insolvency of the corporation.

*Convertible Bonds.* The ordinary industrial bond, even with a mortgage, offers few chances of any great profit by an increase in market price.

In order to make such bonds more attractive to the investor who likes a speculation, many industrial bonds offer the option of conversion into preferred stock or common stock, at a price fixed at the time the bonds are offered for subscription. This option exists during the whole period of the bond. The options of conversion prove valuable if the concern has a run of prosperity. Its preferred or common stock may then increase greatly in market value.

Where the stock is already at a premium, or is likely to yield large dividends, it is usual to give the option of conversion on the basis of a premium value for the stocks. For example, a bond may be convertible into 7% participating preferred stock at 140%. This means that \$1,400 par value of bonds would be exchanged for ten preferred shares of \$100 each. Or the option may be given to exchange each \$1,000 bond for common stock at a premium of 50%; the bonds to be valued for conversion at 75% of their value. The \$1,000 bond would then be valued at \$750, and would be exchanged for \$500 of common stock. At a premium of 50% this \$500 par of common stock would amount to \$750, equal to the convertible value of the \$1,000 bond. The effect would be that the bond (\$1,000) would be convertible into common stock (\$500) valued at 200% of its par price. If the market price of the \$100 shares of common stock rose above \$200, the conversion of the bonds would be a profitable operation for the bondholder.

*Importance of Publication of Annual Accounts.* The chief weakness of industrial bonds is that, owing to the general neglect of corporations to publish their annual accounts, it is not so easy to gauge the standing of an industrial bond as it is to judge a bond of a railroad, which is compelled to publish annual statements and balance sheets.

Very slowly it is being recognized, by financial houses and the general investing public, that the stockholders and bondholders of a corporation are best served when the directors insist on having an annual audit of the balance sheet and trading accounts by an independent public accountant. When this is generally done, and a copy of the annual accounts with the auditor's report is sent to each bondholder as well as each stockholder, the present general disinclination to buy industrial bonds will disappear.

*Government Bonds.* Every government (except Monaco) issues bonds to raise money for national purposes. The security for payment of the interest and principal of the bonds is the entire wealth of the inhabitants. In case of default there is no legal means of compelling a government to pay interest due or to repay the principal of bonds due for redemption. Instances of this kind are the defaults of Mexico since 1914, due to the various revolutionary changes of government, and the recent case of Russia, where the communists have entirely repudiated the national debt.

As regards the American states, each of them on joining the Union retained its sovereign power, to the extent that it could not be sued under federal or state law for payment of state debt, on bonds or otherwise. Some of these states are at present in default for old loans.

*Municipal Bonds.* Many municipal bonds are issued to provide funds for profit-producing undertakings, such as street railways, electric lighting and power, waterworks, and cemeteries. The security for repayment is not only the property acquired from the proceeds of the bond issue but the whole of the municipal funds which can be raised by taxation. Government bonds are guaranteed by the wealth of a nation. In the same way municipal bonds are guaranteed by the taxation values of the whole of the real estate and improved property included in the area of the municipality, and by the taxes which can be imposed on personal property.

Administrative bodies, forming part of a municipality or county or other division, are similarly guaranteed by the body which grants it power to borrow money by issues of bonds.

The state, which gives the power to a municipality or county to borrow money on loans, has the power to enforce payment of interest and repayment of principal.

*Special Assessment Bonds.* These are bonds issued to provide cash, at once, for payment of work done by improving property. An example is the grading, sewerage, and paving of roads and streets, the expense of which is to be paid by the owners of the neighboring land. The owners are permitted to pay by instalments, with interest, spread over a number of years, their contributions eventually paying the cost of the work and the expenses of the loan obtained by the issue of the special assessment bonds. In some cases, the municipality agrees to pay part of the cost; for this portion it is liable, to the full extent of its resources. For the portion payable by the owners of the land, the municipality is not liable, and if such owners fail to pay the only remedy of the municipality is to take and sell the land. If this does not yield the required amount to pay the principal and interest of the bonds issued for the owner's share of the expense, then the bondholders will lose the balance.

*Difference Between Bonds and Debentures.* In the U. S. an industrial mortgage bond is one which is secured by a mortgage of real estate of a corporation, or by a chattel mortgage of its other property such as plant and machinery or

stocks of raw material and goods. Mortgage bonds are usually called "bonds," while unsecured bonds are referred to as "debentures." The security for a "debenture" is the wealth of the corporation issuing it.

*British and Canadian Practice.* On the London stock exchange, the words "stocks" and "bonds" are used only for the bonds issued by governments. In Britain and Canada, the word "debenture" is used to describe all kinds of industrial bonds. If they are secured by any kind of a mortgage they are called "mortgage debentures." If they are unsecured, they are called "debentures" or "naked debentures." Where the mortgage given is on real estate, (land, buildings, and fixed plant), the property is usually transferred to a trustee for the bondholders, and the mortgage is called a "specific mortgage," because it is on specified assets.

*Floating Charge or Blanket Mortgage.* Where the property mortgaged is composed of assets which are continually changing in character and amount, such as stocks of goods, raw materials of manufacture, and accounts receivable, it is obviously impossible to transfer them to a trustee, because they are being used all the time. The mortgage given is then called a "floating charge," which is a "blanket mortgage" or general mortgage. On default being made in the payment of interest or the repayment of principal, or on insolvency occurring, the trustee for the bondholders has the power to apply to the court to have the mortgage declared "fixed," for the reason that the security is in danger.

*Foreclosure of General Mortgage.* With the authority of the court, the trustee then takes possession of the assets on behalf of the general body of the bondholders, in whose interests he was appointed at the time the bond issue was made.

In both America and Europe, the mortgage bondholders are entitled to be paid out of the proceeds of the sale of the mortgaged property, in case of insolvency of the corporation. For any deficiency, they are entitled to claim with the unsecured creditors. Ordinary debentures, (naked debentures) are unsecured debts and give no preference for payment of interest or repayment of principal.

*Bonds of American Corporations.* The bonds issued by American corporations usually give a specific mortgage on the real estate and buildings and also a chattel mortgage, i.e., "floating charge," on other property. ("Charge" means the same as "lien.")

*Collateral Bonds.* The security for this class of bonds is usually the deposit of bonds or stocks of other corporations. The bonds or stocks are usually deposited with a trustee appointed to represent the bondholders. This is really a pledge, not a mortgage, and the collateral bonds are not actually mortgage bonds.

Where the collateral bonds are secured both by a specific mortgage of real estate and by the deposit in trust of bonds and stocks, as collateral security, their description is properly changed to mortgage bonds. In every case the bond or debenture would be called by the title applying to the higher security, out of several given, no matter how small the proportion of such higher security may be, as compared with the total of the bond issue.

*Parent and Subsidiary Corporations.* Engineering and similar corporations frequently promote subsidiary public service corporations for local undertakings, such as street railways, or gas or electric lighting. The bonds are issued by the parent corporation (the engineering corporation), and are guaranteed by the deposit of the whole of the bonds issued by the subsidiary corporation, which may be either of the same total or larger. The bonds of the parent corporation so issued would be collateral bonds.

The rate of interest receivable from the bonds of the subsidiary corporation would generally be higher than that of the collateral bonds of the parent corporation.

*Guaranteed Bonds.* Another method adopted between parent and subsidiary corporations is for the bonds to be issued by the subsidiary corporation and for

the parent corporation to guarantee the principal and interest of the bonds by its own credit. In order to be effective, the guarantee should be printed on the bond certificates.

*Mortgage on Mortgage.* Directors of a corporation are not entitled to grant mortgages on the property of a corporation without the authority of a resolution of a majority of stockholders. Where authority has been given by the stockholders to issue long-term bonds, and the issue has eventually been necessary at a time when high rates of interest are demanded, the following method is adopted.

Authority is taken also for the issue of bonds repayable in a short term of years. These are secured by the deposit of the long-term mortgage bonds with a trustee. It is anticipated that interest rates will be lower when the short-term bonds will be due for payment. Then the long-term bonds can be issued, at a smaller rate of interest, in order to repay the short-term bonds.

*Refunding Bonds.* These are new bonds, issued to raise funds with which to redeem old bonds. The redemption may be either because of the expiry of the period for which the first bonds were issued, or because the new bonds can be issued at a lower rate of interest. Bonds are not redeemable before the time stated on the bond, except by agreement with the bondholders.

Where power is taken to redeem after notice, it is usually provided that the corporation shall pay a premium on the redemption, over and above the par value. The trust deed for bond issues usually provides that the new bonds, issued to replace the redeemed bonds, shall be certified by the trustee for the old issue. In such a case, he will only certify new bonds to the same amount as the old bonds redeemed.

*Priority of Mortgages.* The issue by a corporation of debentures giving no mortgage on its property does not prevent the corporation from afterwards creating specific or general mortgages on its real property or chattels, either in favor of an individual, for money borrowed, or as security for an issue of mortgage bonds.

The specific mortgage, or the mortgage bonds, would in such a case have a preference for repayment out of the assets mortgaged.

The issue of bonds giving a "floating charge" over real property and chattels does not prevent the corporation from making later mortgages or pledges of its property. Chattels bought with the cash received would be included in the floating charge.

*Future Acquired Assets.* The assets mortgaged as security for a bond issue are usually described in the trust deed which nominates the trustee and defines his duties. Any property subsequently acquired by the corporation is not included in the mortgage unless the trust deed distinctly states that it shall be included. If so stated this would be described as a "future acquired property mortgage."

A method sometimes adopted for evading the obligation of bringing such subsequently acquired property into the earlier mortgage is the formation of a subsidiary corporation to acquire the new property, which is then mortgaged separately.

*Partial and Complete Issues.* It has already been explained that directors of a corporation have no authority to grant mortgages, or to issue mortgage bonds, except by authority of the stockholders given by a resolution of such a majority as is stated in the by-laws of the corporation. Usually, the authority is given to issue an amount not exceeding a stated total.

*Closed and Open Mortgage Issues.* When the full authorized total of mortgage bonds is issued the mortgage is said to be "closed." If only a portion is issued, the mortgage is "open," and the unissued balance is referred to as "authorized and unissued bonds."

These are sometimes stated as assets in balance sheets, the full amount authorized being then shown as a liability. It is better to state only the actual amount issued as a liability, the unissued portion being referred to by a note, thus :

6% First Mortgage Bonds, total authorized..... \$100,000  
 Total issued and outstanding at this date..... \$50,000

*Income Bonds.* These are really not bonds, but debentures. They are usually stated to be secured on the income of railroad or other properties. They give no mortgage on the property from the use of which the income is to be derived, for the very good reason that such property is usually already mortgaged to the full extent of its realizable value. The position of such a bond is that the interest will be paid only if the income is sufficient to pay working expenses and leave a sufficient surplus for payment of the bond interest. The principal is unsecured; in case of insolvency, the bondholder would be an unsecured creditor, having no preference for repayment over any other creditors.

*State Prohibition of Mortgages by Corporations.* The laws of several of the states forbid any corporation carrying on business in their territories to create any mortgages of property within the state in favor of creditors for debts incurred outside the state. This does not make such mortgages illegal, but it prevents the assets so mortgaged from being taken or realized by the mortgage holders while any of the creditors inside the state remain unpaid to the full extent of their legal claims against the corporation.

The issuing of debentures giving no mortgage is not prevented by such a law, because the holders would have no preference for repayment as against creditors inside the state.

Some of the states forbid domestic or foreign corporations to incur total indebtedness beyond the amount of the subscribed and paid-in capital stock. Mortgages created beyond this amount, on property within the state, would be void as against domestic creditors, and the directors and officers responsible for the excess indebtedness would be liable to pay it.

*Registered and Bearer Bonds—Coupons.* Certificates for bonds may be issued either as payable to bearer or to a person whose name is entered on the bond. Ownership of bearer certificates is transferred by delivery; that is, by the mere handing over of the certificate, no form of written transfer being required. It would be impossible for the corporation issuing such bonds to trace their changes of ownership, in order to pay the interest on them by checks mailed at the due dates. The certificates are therefore printed with a series of small tickets, bearing the same registered numbers as the bonds, each coupon having also a consecutive number and a date, beginning with No. 1, which is dated for the first quarterly or half-yearly payment of interest. These coupons are cut off the bonds at the dates when the interest becomes due. They may be then either cashed at the offices of the corporation or presented through a broker or a banker, for payment like checks of the corporation. In Europe, both brokers and bankers collect such interest coupons free of charge, as they find that this service brings them into touch with prospective buyers of other securities.

Registered bonds are only transferable by the change of ownership being entered on the books of the corporation. Interest on a registered bond is paid by check, mailed at the due date to the person whose name is entered on the bond register as being the owner of the bond. In order to allow time for the preparation of the checks, transfers of bonds will not be registered by the corporation during a period of about seven days before the dates when the interest payments are due.

In order to avoid delaying transfers, some corporations give notice, by advertisement, that payment of interest or dividends on registered bonds and stocks will be paid to the "holders of record" at a stated date. The holder whose name is shown on the bond or stock register at that exact date will then be paid.

*Transfers of Registered Bonds.* The method of transfer is by the bondholder signing an order to the corporation to enter the name of the purchaser on its books as the owner of the bond, in place of the seller's name.

Some corporations have special forms of transfer, which are printed on the back of the bonds. Other corporations permit the use of the usual printed forms of transfer. The endorsed bond (or the bond and the separate transfer form) is then delivered to the corporation, so that a new certificate may be issued. If the owner, whose name is stated on the front of the bond, signs the transfer form without also writing the name of the purchaser, the bond may then be transferred like a bearer certificate. It is said to be "endorsed in blank." Any purchaser who wishes to hold the bond for investment can complete the transfer by adding his own name on the transfer form and presenting the certificate to the corporation, for the recording of the transfer and the issuing to him of a new certificate.

*Tax Free Bonds.* Interest receivable on bonds is taxable for federal and state income tax, and it must be declared in the income tax return of the receiver of the interest. This return may be checked by the internal (inland) revenue officials, from the lists of payments of bond interest obtained from the corporations or from their transfer agents.

*Collection of Income Tax "at Source"—Foreign Method.* In Gt. Britain and generally in Europe, where the income taxes have been in force for over 100 years, the tax is collected "at its source."

A corporation abroad paying interest on bonds (or dividends on stock) is compelled by the foreign law to deduct income tax, at the maximum rate, from the interest paid to the individual bondholder. The balance is sent to him by check, with a certificate showing the tax deducted. If his income is below the limit of taxation, or if he is entitled to a lower rate of tax, the department of internal revenue will refund the deduction, on delivery of the certificate of the corporation.

The total taxes collected at the source are paid by the corporation to the internal revenue department.

This method of collection is not used by the American federal or state authorities but a knowledge of it is of considerable importance as regards foreign bonds, because some foreign corporations undertake to pay the tax for their bondholders. In such cases, the interest would be paid to the bondholder in full and the corporation would pay the full amount of the taxes to the internal revenue, charging such expense against the profits of the year. The interest so paid "free of income tax" is really greater than the actual rate, by the amount of the tax.

Bondholders can claim repayment from the foreign internal revenue on their portion of the income tax paid by the corporation, if they are exempt from income tax, or if their income is taxable at a lower rate than that paid by the corporation.

*Liberty Bonds Tax Free.* In the U. S., the interest payable on certain Federal Liberty Bonds, and on the bonds issued by states and state divisions, is not subject to income tax. For this reason, their market prices are considerably higher than those of other bonds of which the interest is subject to taxation. In effect, the interest paid on Liberty Bonds is greater than the stated rate by reason of this exemption from taxes.

Many of the foreign government bonds issued during the war are also free from income tax. This increases their market prices in comparison with those of earlier issues, the income from which is taxable.

*Double Taxation of Bond Interest.* By the foreign method, interest on bonds (usually paid from profits) and the dividends on stocks, are taxed twice. The corporation pays a separate tax on all its profits of the year. The portion of such profits distributed as bond interest and stock dividends is taxed again, by deductions made from the amounts receivable by the individual bondholders and stockholders.

The argument used by the foreign governments to justify this double taxation is, that the corporation is a separate person from its bondholders and stockholders,

and that each of the three persons, corporation, bondholder and stockholder, has a separate income, which is taxable separately.

The Australian practice is to levy a small income tax on the corporation and a heavy one on the individual investor's income from bond interest or dividends.

*Effect of Excessive Taxation of Corporation Profits.* The recently adopted American and European methods of imposing heavy taxes on the profits of corporations (by means of income taxes, and excess profits taxes) has had the effect of greatly increasing the prices of all commodities. In some cases, it has actually been more profitable for a manufacturing corporation to restrict its production than to work at full pressure, because the excess profits taxes would have more than offset the additional profits gained by the extra production. The additional "overhead" added to the prices of goods by the manufacturer, jobber, and retailer, in order to provide for the heavy taxation, has been out of all proportion to the amount of taxes received by the governments. The Australian plan mentioned was better, because it taxed the ultimate receiver of the net profits, without appreciably increasing the overhead expenses of the manufacturer or any of the distributors.

*Time of Repayment of Bonds*—(A) *Government Bonds.* These are issued in two forms: (1) redeemable at certain dates fixed in advance, or (2) irredeemable, that is, without any promise of repayment.

The irredeemable bonds vary in price according to the current rates of interest obtainable at the time, the market prices being highest when money is plentiful and lowest when money is in demand at high interest for trading or speculating.

The redeemable bond being repayable at par, at a stated date, gradually approaches the par price as the date of redemption draws near.

Bonds bearing high rates of interest, which are quoted at a premium, will fall in value to the par price at the time of repayment, so reducing the net income yield to their holders. Bonds at low interest, which are quoted at a discount, will gradually rise to the par price of redemption. Where the government has fixed a distant date for repayment at par, but with the option of redeeming the bonds earlier, by giving notice a few months in advance, the bonds are speculative to the extent of the probability or improbability of repayment at the earlier dates.

(B) *Industrial Bonds.* Almost without exception, industrial bonds are issued for a fixed term of years. They are either (1) redeemable at par at a definite date, fixed at the time of issue, or (2) they are made redeemable at that date at par, or at an earlier date, after notice, with a premium of about 5% on the par value.

If money is cheap at the optional date for repayment, the bonds would probably be redeemed and replaced by another issue at lower interest.

Industrial bonds are generally issued by corporations at a discount and made repayable at par.

*Sinking Fund.* In order to provide the funds necessary for the repayment of industrial bonds, it is usual to have a "sinking fund" by means of which a portion of the profits is laid aside each year and invested in easily salable securities, so that the entire sum required may be available at the time of redemption without disturbing the ordinary financing of the business.

As a further safeguard, a trustee may be appointed for the bondholders, and an agreement made that fixed amounts shall be paid to him each year (not necessarily out of profits), for investment in securities under his own control, until the full par value of the bonds to be redeemed has been received by him.

Any surplus of such a sinking fund belongs to the corporation.

*Serial Bonds and Drawings.* Another method of redeeming debentures by yearly instalments is for the corporation to undertake to purchase its own bonds on the market, to a minimum amount for each year, provided that they can be purchased under the par price, plus interest accrued. Or, the corporation may pay over a fixed sum each year for this purpose to a trustee for the bondholders.

Still another method of partial repayment is by holding yearly drawings by lot, to select the numbers of the bonds to be redeemed at par, the quantities being evenly divided over the period for which the bonds have been issued. This method also assists in keeping up the market price of the bonds.

Where the bonds are redeemable at a premium, by means of yearly drawings, the bonds have a speculative character.

*Foreign Premium Bonds.* Some of the bonds of the French, Belgian, and Italian governments are redeemable with large premiums for the first of the numbers drawn, out of the considerable quantity redeemable each year. The other bonds drawn are redeemed at par. These foreign bonds are favorite speculative investments. The principal is quite safe but the interest is small.

*Bonds Not Capital But Liabilities.* Although bonds or debentures of industrial corporations may be redeemable out of profits, it should be clearly understood that neither the payment of interest or principal depends on the earning of profits. The bondholders are creditors and are entitled to payment even if assets have to be sold to raise the funds required. The arrangement to pay out of profits is a voluntary undertaking by the corporation not to distribute all the profits in dividends.

*Bonds Becoming Due Through Default of Issuing Corporation.* The mortgage bond certificate usually has printed on its face the date of redemption of the bond. It also states the other obligations of the corporation, as regards payment of interest and an agreement not to create any prior mortgages, when the bonds are first mortgage bonds. A condition is usually included that in case any interest payable shall be in arrear for 30 days (in some cases 60 days), or if a receiver of the corporation assets shall be appointed, the principal sum of the bond shall become immediately repayable. Where a trustee for bondholders has been appointed, it is his duty in such cases to secure possession of the property mortgaged to the bondholders and to realize it for repayment of the bonds and interest. Any surplus must be paid to the corporation or to the receiver.

#### *Other Kinds of Bonds*

*Adjustment Bonds.* These are issued by railroad or other companies in settlement of claims which have been adjusted. There are two kinds: cumulative and non-cumulative, as regards interest.

*Assumed Bonds.* Where one company absorbs another, it may adopt one of three methods of dealing with the bonds of the absorbed company:

- (1) To repay the bonds;
- (2) To leave them as issued, but with the additional security of a guarantee by the existing company;
- (3) To assume the liability for the bonds of the company absorbed, in addition to the liability it may have on bonds issued originally for its own purposes.

In this last case the bonds issued by the company absorbed are "assumed bonds" of the larger company which absorbed it.

*Bonus Bonds.* Also called Subsidy Bonds. These are bonds issued to railroads by townships or cities, as subsidies towards the cost of making railroads to the towns or cities.

*Bridge Bonds.* Issued by a separate company formed to build a large bridge between important centers, the tolls charged providing the funds for maintenance and bond interest and for the redemption of the principal borrowed. The railroad companies using the bridge generally guarantee the bonds, or they may build the bridge themselves and issue their own bonds for the cost, pledging the tolls as security.

*Callable Loans or Bonds.* Bonds issued with a fixed date of redemption, but giving the issuing corporation the option of repayment before that time, usually at a premium. The "call" is the notice given to the bondholder that the corporation will exercise its option to redeem at the earlier date.

*Car Trust Bonds.* Issues to cover the cost of railroad cars leased to railroads and paid for from funds raised by the issue of the bonds. The rental should be sufficient to pay interest and provide a sinking fund for redemption of the bonds during the life of the cars. The railroad company enters into an agreement to keep the cars in good repair out of revenue.

*Certificates of Beneficial Interest.* These are certificates issued against stock certificates pooled in order to control voting rights, or to withdraw share certificates from the market where a rise is being arranged. On the expiry of the time needed for the scheme to be completed, the holder of the certificate of beneficial interest is entitled to a proportionate amount of the assets of the pool, in cash or in share certificates. Bonds are sometimes dealt with in this way.

*Certificates of Indebtedness.* Short-time notes, without mortgages or collateral security, issued by governments, states, towns, or stock corporations. These are "naked debentures."

*Charter Bonds.* Bonds of the U. S. Government (usually 2% bonds) deposited by national banks as security in order to obtain their charters.

There is only a limited quantity in existence and they are so much in demand that they are usually quoted at a premium, about \$101½ for the 2% bond of \$100 par value.

*Collateral Trust Notes.* Also called collateral bonds and collateral income bonds. Debentures secured by the deposit of bonds or shares with a trustee, usually a trust company. The securities deposited as the guarantee are called "collateral" (additional), because they are supplementary to the security of the notes themselves.

*Consolidated Mortgage Bonds.* Bonds payable jointly by a group of consolidated businesses or corporations, each of which has other mortgages outstanding on its assets. The security given by the consolidated mortgage bonds is the excess in the actual values of the joint properties over the amounts of the mortgages previously given.

*Consolidated First Mortgage Bonds.* These are bonds giving a first mortgage on the properties of consolidated corporations, this mortgage having preference over any other mortgages given by the separate corporations.

*Construction Bonds.* Short-term bonds, issued to obtain advances on buildings or works in process of construction. They are generally replaced by permanent bonds, issued at lower rates of interest and for long periods.

*Continued Bonds.* Renewals of bonds previously issued, which have matured. The old bonds are retained in use; the period of extension and any alterations of the terms of interest, etc., are printed or stamped on the original bonds. Or a series of new bonds, for the same total sum, may be issued on altered conditions, the old mortgage deed being left to apply to the new issue.

*Convertible Bonds.* These are explained in preceding pages. (See general index).

*Corporation Notes.* Short-time notes of corporations, giving no mortgage, but generally secured by the deposit of long-time bonds with a trustee. (See previous explanation of the reasons for the issue of such notes under the heading "Time of Repayment," in this section.)

*Coupon Bonds.* Bond certificates to which coupons are attached for claiming payment of the periodical amounts of interest.

The bonds and the coupons are transferable by delivery, without any written transfer form. Being more easily salable, coupon bonds are usually quoted higher than registered bonds of the same class. The coupon bonds can generally

be changed into registered certificates without expense, but a fee is usually charged for issuing coupon bonds in exchange for registered certificates. If the issuing corporation permits the conversion to be made either way, the bonds are called "interchangeable bonds."

Some foreign registered bonds are provided with interest coupons, but most foreign bonds are bearer certificates with interest coupons attached.

*Debenture Income Bonds.* Debentures are certificates for unsecured loans made to a business corporation. Some issues are made with an undertaking that on any later issue of bonds provided with a mortgage the same mortgage shall apply to debentures.

Income debentures are payable out of income in preference to dividends on the preferred or common stock. They may be cumulative or non-cumulative, as regards interest, but they have no preference over the debts due to ordinary creditors, in the case of a dissolution through insolvency of the issuing corporation.

The name "debentures" is used in Great Britain and Canada as the general name for loan certificates; where there is no security given, they are called "debentures"; but if a mortgage is given as security, they are called "mortgage debentures."

*Delinquent Tax Certificates.* Issued by municipalities. The security is land which has been sold for default in payment of taxes. The owner of the land is entitled to redeem his property within a limited number of years on paying the arrears of taxes. The security is, therefore, likely to be the cause of litigation, causing delays in redemption.

*Dividend Bonds.* (See "Participating Bonds.")

*Divisional Bonds.* Issued by railroad companies and giving as security a mortgage on a separate "division" or district of the railroad undertaking. Some of these bonds are parts of issues originally made by smaller railroads, afterwards absorbed by a large company, or they may be issued by a large company which has built the divisional lines.

*Dock and Wharf Bonds.* These are issued to provide funds for building and equipping docks and wharves. They may be issued either by a separate corporation formed for that special undertaking, or by a railroad or steamship company which undertakes the construction in order to increase its own transportation facilities. In the latter case, the bonds would be guaranteed by the railroad or steamship company.

*Drainage and Levee Bonds.* Where the land near a city is marshy, or liable to be flooded by rains or by the rise of rivers, the town may make an issue of bonds to obtain funds for draining the area and building embankments (levees). The cost of the work would be charged on the owners of the land, and on neighboring land owners whose property was benefited, by means of special taxes assessed on the properties in the area affected. These classes of bonds are guaranteed by the municipalities which issue them.

*Endorsed Bonds.* By the rules of the New York stock exchange, all bonds which have any additional guarantees or conditions stamped or written on the printed certificate must be sold as "endorsed bonds." A stamp on the certificate to show that the mortgage given by the bond had been recorded would make it an "endorsed bond."

Renewed bonds stamped with a notice of extension of the period of the loan are also "endorsed bonds."

*Equal Instalment Bonds.* Canadian municipal bonds, repayable by uniform annual payments, including both a portion of the principal and the interest up to date. In the earlier years, the annual payments include a large proportion of interest, but towards maturity the instalments are almost entirely principal.

*Equipment Bonds.* Similar to "Car Trust Bonds," which are explained earlier in this list.

*Extended Bonds.* Bonds which have matured but have been renewed for an extended number of years. See "Continued bonds" earlier in this list. (Notice the difference between "Extended" and "Extension" bonds.)

*Extension Bonds.* Issued by railroad companies and secured on a branch line extension of a main line.

They may also be guaranteed by a mortgage on the main line properties, but they would rank after the separate mortgages placed on these main line properties.

The security is doubtful, unless the extension produces a large and profitable income.

*Farm Mortgage Bonds.* These are issued by financial corporations formed to lend money to farmers on their land and buildings. The loans to the farmers are usually repayable by half-yearly instalments of principal, with interest up to date, spread over 5, 7 or 10 years.

The security is generally good, because loans are only made on about 50% of the realizable value of the farms, after a careful appraisalment.

The chief security, however, is the honesty (in addition to the financial resources) of the mortgage corporation issuing the bonds. See "Federal Farm Loans," in this section.

*Ferry Bonds.* These are of the same class as dock and wharf bonds. There should be provision made for a sinking fund large enough to redeem the bonds within a short period. Otherwise, the bonds may become worthless through the building of a bridge by another corporation.

*First Consolidated Mortgage Bonds.* These are explained under the title of "Consolidated Bonds," earlier in this list.

*First and Refunding Bonds.* Used by railroad companies to pay off earlier mortgages, the method adopted being to replace first, second and later mortgages as they become due, by exchanging for refunding mortgage bonds, or by repaying the earlier mortgage bonds from the proceeds of the sale of refunding bonds. The effect is to change a number of issues of bonds, with different mortgages, into one uniform class of mortgage bonds giving a first mortgage.

*First General Mortgage Bonds.* The security is a blanket mortgage over the real estate and chattels of a corporation or railroad company. All separate mortgages of specific assets rank before the general mortgage bonds. These latter are, therefore, only secured on the unmortgaged balance of the value of real property (the equity), and on the unpledged chattels. (See also "General First Mortgage Bonds.")

*Founders' Bonds.* One kind of bonds issued under this name is similar to the "bonus bonds" already explained. Another kind is the bonds issued to promoters of corporations, for their services in forming the company. A third kind is issued in payment for assets transferred to a corporation, by the owner of a business which has been converted into a stock corporation.

*General First Mortgage Bonds.* These also are secured only on the value of the property (of a corporation or railroad company) in excess of the amounts borrowed on them by means of specific mortgages or pledges, or the giving of liens.

Where the bonds are issued as "General First Mortgage Bonds," there is usually only a small amount owing on prior mortgages of the properties. (See also "First General Mortgage Bonds.")

*Gold Bonds.* This term is used in the U. S. A. to place beyond doubt the currency in which payment of interest and the repayment of the principal of the bond will be made.

There are still in existence in the U. S. bonds stated to be payable in "silver," "currency" and "legal tender."

The present standard of the currency of the U. S. A. is gold, and American gold currency is at par or a premium in every country of the world. The term

"gold bonds" is, therefore, unnecessary as regards bonds of the American government and American corporations. For foreign bonds, however, the term "gold" is important.

Some of the Mexican national bonds are payable in silver, as regards both principal and interest. French government bonds are payable in silver or gold, at the option of the government or of the Banque de France. During the war, and in the recent period of reconstruction, European nations refused to repay their national bonds in gold.

As the price of silver is subject to great fluctuations, there may be a heavy loss to an investor receiving repayment of principal in silver.

Gold, on the contrary, remains at a fixed price, and continued so even during the war, because it is the accepted international money which can be sold to any nation at a standard price.

The values of the domestic monies of nations, (silver and bronze), may vary considerably, but gold has a constant unvarying value, for the reason that there is no danger of over-production, the demand for it at the fixed price being larger than the supply.

The heavy discount on European exchange, as compared with the American dollar, arises from the fact that Europe has for a time ceased to pay its debts in gold.

The price for food stuffs, raw materials and manufactured goods have all increased very greatly in Europe, because they have been bought on a credit basis. When Europe is again ready to pay for all her purchases in gold, prices will fall.

*Guaranteed Bonds.* (1) Where a city or a town takes over the business of a public service corporation, for the supply of gas or electric lighting or power, &c., and conducts the business for the municipality, the bonds of the corporation may be issued with the guarantee of the municipality. The security is then the whole taxable wealth of the town or city.

(2) Another form of guarantee bond is where one corporation guarantees the bonds of another corporation. In this case, the security is the amount of the unmortgaged resources of both corporations, together with the value of the guarantee as estimated by the honesty of the executive officers of both corporations.

(3) Unscrupulous promoters sometimes form a separate corporation, with few or no assets, for the sole purpose of using its name as the guarantor of worthless "guaranteed bonds."

*Guaranteed Mortgage Bonds.* (See "Real Estate Bonds.")

*Improved Mortgage Bonds.* Railroad companies issue bonds with this name to obtain funds for improvements, such as the building of branch lines, or the extension of existing lines, or the creation of terminal facilities (freight yards or passenger stations.)

*Improved Property Bonds.* (See "Real Estate Bonds.")

*Income Bonds.* These are explained in earlier pages. No interest is payable on these bonds, at any period when due, until declared payable by the directors of the corporation, even though sufficient profits have been earned.

Where a corporation has already issued several classes of preferred stock (1st, 2nd, 3rd, &c.), and it is desired to issue still another class, they are called "preference income bonds." They rank for dividends after all the different classes of preferred stocks, but before the common stocks; the interest is payable out of profits, if any.

*Investment Trust Companies' Bonds.* (See "Real Estate Bonds.")

*Irrigation Bonds.* Bonds issued to provide funds for supplying water to otherwise unfertile lands which are so situated as to be deprived of the natural moisture from rain, springs, or rivers.

The construction works necessary to bring water to the district, and to store

it and to provide means for its distribution on the land, may be undertaken either by irrigation companies or by states, counties, or municipalities.

Where a state or other public body does the work and issues bonds for the cost, the bonds are secured on the municipal powers of taxation.

If an irrigation corporation issues the bonds and does the work, there are usually two guarantees. The land to be improved by irrigation is usually owned by a separate corporation, which gives a first mortgage to the irrigation company. The irrigation company pledges this mortgage to the bondholders, and also gives a first mortgage on its own land and works. The income necessary to provide for the bond interest and redemption is derived from the sale of water to the land company or to private land owners.

*Joint Bonds.* Bonds of this class are guaranteed jointly by two or more corporations. If the guarantee is stated to be "joint and several," each of the guarantors is liable separately for the whole bond issue. Collateral security may be provided by means of a mortgage, or by the deposit of other bonds or stock.

*Judgment Bonds.* Issues made to cover the cost of municipal litigation and secured on the taxable wealth of the city issuing them.

There is always a risk that the judgment may be reversed on appeal, but this would not affect the liability of the municipality for the payment of principal and interest of the bonds.

*Land Development Bonds.* (See "Real Estate Bonds.")

*Land Grant Bonds.* The Canadian Pacific Railway issues bonds of this kind, which are secured by a mortgage on the lands given to the railway company by the Canadian government, as a bonus for the building of the railroad.

The income for the payment of interest and principal is obtained from the sale of the lands to settlers, usually against payment by annual instalments. The security is good.

*Land Mortgage Bonds.* (See "Real Estate Bonds.")

*Leasehold Investment Companies' Bonds.* (See "Real Estate Bonds.")

*Loan and Mortgage Companies' Bonds.* (See "Real Estate Bonds.")

*Long-Term Bonds.* Bonds issued for a period of years ranging from 20 to 60 years. They are usually government or municipal bonds and are practically irredeemable, but are freely salable.

*Mortgage Investment Companies' Bonds.* (See "Real Estate Bonds.")

*Mortgage Trust Companies' Bonds.* (See "Real Estate Bonds.")

*Mortgage Securities Corporation Bonds.* (See "Real Estate Bonds.")

*Optional Bonds.* These are bonds issued for long terms, but with an option, taken by the issuing government or corporation, to give notice of repayment before the expiry of the agreed term. It is usual to make such earlier redemptions with a premium of 5% or 10% above the par value of the bonds.

In times of cheap money, the government or corporation would take advantage of this option by making a new issue at a lower rate for a long term, repaying the higher interest bonds from the proceeds. The investor in the original bonds would receive the premium on redemption but, on the other hand, he might have difficulty in finding a good investment at that time, except at a lower rate of interest.

*Participating Bonds.* Also called "dividend bonds" and "profit sharing bonds." These are usually issued to the persons or firms participating in stock pools. The dividends received on the stocks during the existence of the pool is apportioned as interest on the participating bonds. The profit or loss on the pooling operations is divided in proportion to the quantity of stock brought into the pool.

*Plain Bonds.* Old name for simple debentures having no mortgage or other guarantee of payment.

*Preference Income Bonds.* Explained under "Income Bonds."

*Premium Bonds.* (1) Bonds bought above par value.

(2) Foreign bonds redeemable by annual drawings and sharing in the chances of receiving large cash prizes given to the first bonds drawn for redemption. A considerable number of the bonds are also redeemable each year with premiums of 50% to 100% on the par values. The others are redeemed at par.

*Prior Lien Bonds.* Railroad bonds giving a priority or preference over other bonds also having a lien. These prior lien bonds usually rank after several mortgages, (probably 1st to 5th), given at the time of issues of other bonds. A lien does not give the same security as a mortgage. The mortgage transfers the legal ownership of the property to the lender; a lien does not.

*Profit-Sharing Bonds.* Explained under the heading of "Participating Bonds."

*Property Mortgage Companies' Bonds.* (See "Real Estate Bonds.")

*Purchased Line Bonds.* Railroad bonds, issued to provide the purchase price for additional lines which have been built by special corporations formed for that purpose. They are secured by a mortgage on the line purchased.

*Purchase Money Bonds.* Bonds of this kind are issued to pay for real estate or other property bought by a corporation.

The security may be either by a mortgage or lien on the property itself, or by the deposit of stock or other bonds of the purchasing corporation.

*Real Estate Bonds.* Corporations formed for the purpose of investing in real estate mortgages may issue bonds to provide additional capital. There are three chief classes of real estate bonds, as follow:—

(1) So-called "real estate bonds" which are really unsecured debentures, because they are issued by the mortgage corporation on its own credit, without giving any direct charge or lien to the bondholders on the mortgages purchased with the capital obtained from the bond issue. It is impossible for the investor in these bonds to know whether the corporation is issuing bonds of the same amount, or to a larger total, than the mortgages acquired. Nor can the bondholder prevent the corporation making specific mortgages of its assets which would have preference over his own security. The bonds issued by real estate corporations are usually at a lower rate of interest than the amount received by the corporation on the mortgages it buys. The excess income should be sufficient to pay all expenses, provide for bond interest, and allow a margin for redemption of the bonds. Or, the corporation may buy land and improve it by building properties for sale or rental. Mortgages created on the improved land would have preference over the claims of the real estate bondholders.

This class of debentures is usually issued at 6% or 7% interest and with a condition that the bondholder may, at any time after the first three or five years, give notice for repayment of his bonds, but that, in such a case, he must renounce part of the interest. For example, if the bond had been issued at 7% interest, and had been held for five years and was then repaid at the request of the holder, the settlement would be on the following basis: The mortgage corporation would allow only one-half of the 7% interest actually paid, the argument being that 3½% would be the highest rate of interest which any banker would allow the investor for deposits at notice. The mortgage corporation would, therefore, deduct from the principal five years' interest at 3½%, total 17½%, and would repay the bond at the rate of 82½%, although these bonds are usually issued at par. The debentures have no fixed date for redemption, but they are generally repayable by the issuing corporation at par, after 10 or 15 years from the date of issue. The security behind the bonds depends on the honesty of the directors of the corporation, and their methods of management.

(2) Real estate bonds secured by mortgage. These give a direct lien on the mortgages acquired by the corporation; the titles to the mortgages are usually guaranteed by title insurance companies. Collateral security for the bonds may also be deposited with a trustee for the bondholders. This class of real estate bonds is generally amply secured. They are usually issued at par and bear interest of

from 4% to 5%, which is lower than for the real estate debentures first described, but the security is better. They are redeemable at par after 10 or 15 years.

(3) Real estate bonds secured by charges on leases of improved land (land and buildings).

The corporations issuing these bonds take leases of the lands, erect buildings on them, and receive the rents. The income from the properties is then taken as the basis for the issue of mortgage bonds, provision being made for the payment of interest and the repayment in full of the principal of the bonds from the net rentals, before the expiry of the leases. Mortgages are usually created on the leases and the buildings as soon as they are rented. These specific mortgages come before the real estate bonds, both as regards payment of interest and repayment of principal.

In the case of foreclosure of the specific mortgages, it would be necessary for the real estate bondholders to repay the first mortgage holders in order to protect their own security, which is the equity or balance of value of the properties after deduction of the first mortgages.

The leases of the land should be either for long terms or renewable at the original rent, or near. There is also usually a provision that the owner of the land shall pay a portion of the value of the buildings erected on it on their being given up to him at the expiry of the lease. Bonds of this kind should be supported by an independent valuation of the leaseholds, on the security of which the bonds are issued.

*Receivers' Certificates.* A railroad company which is unable to pay its fixed charges, or the interest on its bonds or notes, may have a receiver appointed by the court to take charge of its business in the interests of creditors.

Where additional rolling stock or construction work is necessary in order to bring the railroad to an efficient and profitable state of working, the court may authorize the receiver to raise the required funds by the issue of receivers' certificates. These have generally a preferential claim on the surplus of earnings of the company, after paying wages and other direct expenses. The receivers' certificates also rank before all other mortgages and liens on the property. They are a well-secured class of bonds, the only claims having precedence over them being those for wages and new supplies of materials.

Usually, they are issued only for short terms of about three years, at interest rates from 5% to 8%, payable half-yearly. The bonds are usually in certificates of \$1,000, \$5,000 and \$10,000.

*Reclamation Bonds.* "Drainage bonds" and "irrigation bonds," which are explained under these headings.

*Redemption Bonds.* Bonds which are redeemable at a premium and, after notice, at the option of the issuing corporation, before the expiry of the full period for which they are issued. (See also "Optional Bonds.")

*Refunding Bonds.* Issued to replace bonds which are due for redemption. "Refunding First Mortgage Bonds" are those issued to replace matured first mortgage bonds.

*Registered Bonds.* Those which are issued to an individual or firm whose name is written on the certificate. They are transferable by the entry of the new holder on the books of the issuing corporation. (See explanation of the method of transfer in earlier pages of this section.) Where the bonds are registered, and interest is payable by check to the registered holder, the bonds are called "registered" bonds. (See next paragraph.)

*Registered Coupon Bonds.* If the principal is registered but the bond certificates are furnished with coupons for the collection of interest, the bonds are called "registered coupon bonds." Transfers of both registered bonds and registered coupon bonds are made by endorsement of the transfer on the bond, the back of the certificate being printed with a blank form for this purpose.

*Renewal Bonds.* Similar to "Extension Bonds" and "Refunding Bonds," which are explained under these headings.

*Residuary Estate Bonds.* Issued by persons whose legal title to inherit property at a future date has been admitted. As an example, a son may be entitled to the whole of his father's fortune on the death of his mother who has been left a life interest, which means that she is entitled to receive the income from the whole estate so long as she lives. On her death the property passes absolutely to the son, as sole owner. The son could, in such a case, raise money at once on his future inheritance by the issue of residuary estate bonds. The person issuing the bonds should secure them by first having the will admitted to probate. He should then transfer his interest in the property to the purchaser of the bonds by a deed. From the sums received by the sale of the bonds, a sufficient amount should be set aside to purchase an annuity payable to him during his lifetime. This annuity would be for the amount required to pay the annual interest on the total of the bonds issued. These sums receivable each year should be assigned to the purchaser of the bonds, to ensure the payment of interest. On the death of the mother of the heir, the bondholder would be entitled to receive the heir's share of the estate, which would cancel the indebtedness under the bonds.

In England, this would be called a "sale of a reversionary interest," but the transfer would be made by deed, as a private transaction, no bonds being used.

If the value of the estate has increased before the bonds are repaid, the excess value is retained by the bondholder as profit on his investment.

*Revenue Bonds.* Notes of municipalities, due in a few months, issued to provide funds for immediate use, for purposes for which a tax has been levied but which is not yet due for payment. The security for the bonds is the total amount of taxes receivable. The bonds are repaid from these receipts.

*School Bonds.* Issued by townships or municipalities to provide funds for public school expenditure. They are secured on the township or municipal revenues.

*Second Mortgage Bonds.* Those issued with a preference for payment of interest and principal coming immediately after first mortgage bonds already issued and outstanding. In cases of default and foreclosure, the mortgages are repaid in the order of 1st, 2nd, 3rd, &c., the first and other mortgages being each paid in full, in numerical order, together with interest and expenses, before any payment is made on the later mortgages. In reorganizations, their claims are provided for in the same order. Holders of late mortgage bonds (4th, 5th, &c.) may receive nothing if the assets have been mortgaged beyond their realizable value. The proceeds of the sales would, in such cases, only be sufficient to pay the claims of the earlier mortgages, for example, the 1st, 2nd, and 3rd, while there may be later mortgages extending to the 7th or 8th, in the case of railroad companies.

Industrial corporations rarely issue mortgage bonds of other classes than 1st and 2nd mortgages.

*Serial Bonds.* This name is given to bonds which are repayable in equal yearly or half-yearly instalments, spread over the period for which the bonds have been issued.

Each instalment includes portions of both the principal and interest. (See the earlier pages of this section for explanations of the method of arranging such payments.) No sinking fund is provided for bonds of this class, because the yearly payments of instalments of both principal and interest have the same result as the creation of a sinking fund.

*Sewer Bonds.* Municipal bonds issued for the cost of drains and sewers. They are secured by the taxable wealth of the city or town and are usually payable out of the receipts from special drainage taxes.

*Short-Term Bonds.* Those issued for short periods of from three to five years.

*Sinking Fund Bonds.* Issues of European bonds are usually made with a provision for repayment by yearly or half-yearly instalments, funds being reserved for this purpose and paid over by the corporation to a trustee for the bondholders. The trustee is responsible for the investment and management of such funds, and for the arrangements for the eventual repayment of the bonds. If the annual payments to the sinking fund are provided out of the profits, the redemption of the bonds by this means is practically the creation of a surplus fund of accumulated profits. Where the annual instalments for the repayment are taken from the business otherwise than from profits, the repayment has not this effect; it is simply the payment of a debt, and leaves the corporation neither richer nor poorer.

Reserves made for sinking funds should not be left in the business, because, if used as trading capital, the money may be locked up in unsalable assets at the time the funds are needed for the redemption of the bonds.

All bonds issued on the security of rapidly wasting assets, such as ships, plant and machinery, mining leases, &c., should be made subject to the condition that the issuing corporation should pay over to the trustee for the bondholders annual sums sufficient to pay bond interest and to repay the whole of the bonds within the life of the wasting assets.

Further explanations of sinking funds are given at the beginning of this section.

*Stamped Bonds.* Those having any special conditions stamped or written on the face. (See also "Endorsed Bonds.")

*Steamship Bonds.* Issued by steamship companies and secured on the ships, with their supplies and materials, and on the ownership or leases of docks, wharves and quays, with their equipment. The bonds may give mortgages on certain ships named and a general mortgage on the other assets, or they may give a general mortgage over a fleet of vessels and the total assets of the corporation.

The liability of loss and damage to the vessels is so great as to make the question of sufficient insurance of the highest importance to the bondholders. There should be a condition that the vessels should be amply insured, with sound insurance companies, to an amount greater than the total of the bonds issued. Any sums recovered from insurance should be used solely for replacing the lost assets or for repayment of bonds.

No new bonds should be issued against property acquired by insurance monies received, or from the receipts from sales of steamships or other property. Those assets are already mortgaged as security for outstanding bonds. The effect of creating new bonds would be to mortgage the same property twice, so depriving the original bondholders of part of their security.

*Terminal Bonds.* Issued by railroad companies on the real estate, tracks, installations, and buildings, of depots for freight or passenger traffic, in cities. Where two or more railroad companies have the joint use of the terminal, and have each contributed part of the cost, the bonds should be guaranteed by all of them, with joint and separate guarantees.

*Underlying Bonds.* These are old mortgage bonds, having prior liens on property over which new mortgages are created by the issue of later mortgage bonds. The new bonds give a general mortgage on the same property and other assets.

*Unifying Bonds.* Similar to "consolidated" or "general mortgage bonds," which are explained under those headings in this section.

**Bonus stock.** (1) A quantity of common stock given to the original buyers (subscribers) of preferred (preference) stock or bonds of a corporation, as a

bonus or discount; (2) stock given to the promoters of a company for their services; (3) in Great Britain this means an extra dividend paid in stock (shares).

**Book debts.** Open accounts owing to a firm by its customers and which are shown in the books of account. See open accounts and Chapter 83.

**Book of original entry.** The book which contains the first entries of transactions; for example, a sale would be first entered in the sales book.

**Book value.** The value at which an asset is entered in the books of a business firm. It may be (1) actual cost, or (2) cost of purchase plus cost of improvements or additions, or (3) the first or second of these values less depreciation written off, or (4) the value of replacement as ascertained by a recent appraisal or revaluation.

**Boom.** A time of increased business at rising prices.

**Boosting.** To raise prices artificially or to increase market prices against competitors.

**Bottomry bond.** A bond given for a loan required for making extensive repairs to a ship while in a foreign port, the keel or bottom of the ship being pledged as security. The loan is repayable only if the ship arrives safely at its home port, otherwise the amount lent is lost.

If the loan is made on the security of the cargo, the bond is called a respon-  
dentia bond.

**Bought note.** A stock or produce broker records transactions for his principal in a contract book and sends a copy of the record to the principal. If he has made a purchase, he sends a "bought note"; if a sale, he sends a "sale note." See agent, factor, Chapter 24, and settlements.

**Bounty.** A premium or bonus given by a government to producers or exporters of certain goods, in order to encourage the development of their manufacture or sale abroad. Countries to which such "bounty fed" goods are exported frequently charge increased import duties, to offset the amount of the bounties. These extra duties are called "countervailing duties." See dumping.

**Bourse.** A foreign stock exchange or wholesale produce market. A stock exchange is a "bourse de valeurs" (market of securities); a produce market is a "bourse de commerce" (commercial market).

**Boycott.** An agreement by a number of persons to refuse to have any dealings with a certain person or firm during a dispute.

**Branch house.** A place used for carrying on business in another town or district from the chief or head business house. See taxes and foreign corporations.

**Breach of trust.** Misconduct or dishonesty of a trustee. If a beneficiary under a trust, (the cestui que trust) consents to or forgives a breach of trust he may lose his right to claim any loss from the trustee. See trusts, in business laws section.

**Brief.** A condensed statement of the facts and arguments of a plaintiff or defendant, prepared by a lawyer for submission to a court or referee.

**British Business Laws.** The British commercial laws both written (statute laws), and unwritten (common law), are, in many respects, similar to U. S. laws, because the U. S. laws are founded on them. An important difference is that there is only one legislature and only one set of laws in Gt. Britain, whereas each state of the U. S. makes its own laws respecting commercial transactions. Laws passed by the British parliament apply to England, Wales, Northern Ireland and generally to Scotland. Southern Ireland, the Isle of Man, and the Channel Islands, have their own legislatures and separate laws, which are almost the same as the British laws. These British laws relating to business are generally copied by the parliaments of Australia, New Zealand and Canada. The Union of South Africa has also a separate legislature, and the laws are a mixture of British law for business and Dutch Roman law for other purposes. For all practical purposes the

British business laws may be considered as applying to the whole of the British empire. The British laws governing corporations (called limited companies) are designed to give greater publicity as to their financial standing, and more government control over the acts of promoters, managers, and directors. All limited companies which issue shares to the public (public companies) are compelled by law to have their accounts audited annually by an independent public accountant, who must certify the balance sheet and declare whether it is a fair and full statement of the financial position of the company at the date named. British law also requires the registration (filing) of all mortgages and charges created on the personal or real property of limited companies and also the registration of the certified balance sheet, together with detailed lists of the bonds and shares issued and the names and addresses of shareholders (stockholders). All these records are open to public inspection at the government registry of companies. Directors of companies are generally individually responsible for actions of the board of directors. A study of British commercial law is advisable as leading to a better understanding of the business laws of the different states of the U. S.

**British companies.** See companies and limited companies.

**British ship.** One registered under the laws of Gt. Britain and owned entirely by British subjects, a British company. The ownership of British ships is divided into parts of 1/64th each. A person may hold one or more parts. See registry of ship.

**British stock exchanges.** See settlements on London stock exchange, and American parity.

**Brokerage or Commission.** A charge made by brokers (agents), usually as a percentage, for transacting business for a principal. See *del credere*.

**Brokers.** See Chapter 24 and stock exchange.

**Bucket shop.** A stockbroking concern which does a gambling business in stocks. The customers bet on the rise or fall of the stock exchange prices of certain securities and pay a proportion of the market price as a margin. No actual sales or purchases of the securities are made, but commission is charged to the customer as if the transactions were made. See blue sky law, stock exchanges, and curb markets.

**Building lease.** A lease of land for a long period, such as 49, 99, or 999 years, on payment of a yearly ground rent, the lessee (the tenant or hirer) undertaking to build at once, and to keep in good condition, a building of a certain value, which is to become the absolute property of the owner of the land on the termination of the lease, without any compensation being given to the tenant who built and paid for it.

**Building societies.** British co-operative societies which lend money on mortgage to their members, for the purchase of small houses or for building them. The funds are obtained from weekly or monthly instalments paid by the members and by deposits from the public, on which interest is paid. These societies are under the supervision of the British government, like savings banks, and they are required to make and file (register) fully detailed annual returns, which must be audited and certified by independent public accountants. Copies of the annual accounts and statements must be given to all members, depositors, and creditors.

**Bullion.** Gold and silver in bars. See assay, also Chapter 76 for full explanation.

**Bulls and bears.** See bears.

**Bunker.** To "bunker" steamers, or to "coal" them, is to load their coal bunkers with coal, for the use of the steam boilers during the voyage.

**Burden.** See overhead expense and cost accounts.

**Bureau of foreign and domestic commerce.** This bureau is part of the U. S. government Department of Commerce. It was organized in 1913 to assist in the sale of American goods abroad. Information is collected in foreign

countries from U. S. consuls, commercial attachés, and resident trade commissioners stationed in the chief foreign trading and manufacturing centres. Trade experts are employed to be constantly travelling abroad to obtain information as to trade openings for American goods. The bureau furnishes information without charge to American exporters and manufacturers. It also issues valuable booklets of trade information, which are sold at cost. The head office is at Washington, D. C., and there are district offices at New York, Boston, Chicago, St. Louis, New Orleans, San Francisco and Seattle.

**Business holidays**, U. S. A., Canada, Great Britain, Ireland, France and Germany.

January 1st..... <i>New Year's Day</i> .....	}	United States, Canada, Scotland, France, Germany.
February 12th ..... <i>Lincoln's Birthday</i> .....		In the States of New York, New Jersey, Colorado, Connecticut, Illinois, Massachusetts, Minnesota, North Dakota, Pennsylvania, Delaware, Washington, Wyoming, Kansas, Nevada, California, Iowa, Indiana, Michigan, Montana, Utah and West Virginia, U. S. A.
February 22d ..... <i>Washington's Birthday</i> , United States.		
(Movable Date) ... <i>Good Friday</i> .....	}	England, Ireland, Scotland, Canada, Germany. (Not in U. S. A.)
(Movable Date) .. <i>Easter Monday</i> .....		England, Ireland, France, Germany. (Not in U. S. A.)
(Movable Date) ... <i>Ascension Day</i> .....		France, Germany.
(Movable Date) ... <i>Whit Monday</i> .....	}	England, Ireland, France, Germany. (Not in U. S. A.)
May ..... <i>First Monday</i> .....		Scotland.
May 30th ..... <i>Decoration Day</i> .....		United States.
June 17th ..... <i>Bunker Hill Day</i> ....		Massachusetts, U. S. A.
July 1st ..... <i>Dominion Day</i> .....		Canada.
July 4th ..... <i>Independence Day</i> ....		United States.
July 14th ..... <i>National Holiday</i> ....		France.
August ..... <i>First Monday</i> .....		England, Ireland, Scotland.
Sept., 1st Monday.. <i>Labor Day</i> .....		United States.
September 9th .... <i>Admission Day</i> .....		California, U. S. A.
October 12th..... <i>Columbus Day</i> .....		United States.
November 1st .... <i>All Saints' Day</i> .....		France.
November ..... <i>Election Day</i> .....	}	United States. (The first Tuesday after the first Monday in the month.)
November ..... <i>Thanksgiving Day</i> .....		United States, last Thursday in the month.
November ..... <i>Day of Atonement</i> ....		Germany.
December 25th .... <i>Christmas Day</i> .....	}	United States, Canada, England, Ireland, Scotland, France, Germany.

December 26th .... *Boxing Day* ..... } England, Ireland. (If on Sunday,  
 then Monday is a holiday.)

The London Stock Exchange is closed on the first day of January, May and November, following an old custom.

In Lancashire and Yorkshire (England) all the factories, works and business houses are closed for holidays for the whole week beginning with Whit Monday, except on the Tuesday, when a few business houses are open.

In the Glasgow district of Scotland all factories are closed, for the Glasgow Fair holiday, during the two weeks following the second Monday in July. Many factories also close for a few days after the first day of January of each year.

Belgian business holidays are generally the same as for France. Canada is generally the same as England. See Time Differences.

**Buying-in.** When a member of a stock exchange has sold securities to another member, but fails to deliver, the broker who bought may appeal to the stock exchange committee which then officially buys in and charges the defaulting broker with any excess paid.

**By-law or Bye-law.** A rule made by an association or company, binding only on its own members, as distinguished from a federal law or state law. See articles of association.

**By-products or residual products.** The surplus material which is left after a material has been used to produce something for which it is chiefly intended. For example, coal may be bought chiefly for making coal gas; the by-products obtained from the surplus are coke, breeze, tar and ammonia. The sale of these by-products reduces the cost of producing gas.

**Cable.** (1) To "cable" is to telegraph across seas. The message is called a "cablegram" or cable. The line itself is also styled "the cable." (2) A sea measure of 240 yards.

**Cable transfer.** Instructions given by cable to a foreign banker for the payment of money abroad to a certain person or firm. The banker who transfers money in this way for a customer also cables the person to be paid, informing him where to apply for payment.

**Call.** (1) An agreement or option given by a seller of stocks or bonds, to deliver a stated quantity at a certain price within a limited time. The sum paid for the option is called "option money." (2) In Gt. Britain a demand for payment of an instalment of the total value of shares or bonds (debentures). Public companies usually ask for only a small portion of the price on application for shares and the remainder is paid in response to "calls" made by the directors. See "B" list and winding up.

**Call loans and call money.** Money lent by banks to stockbrokers and bill brokers for repayment on any day when demanded. These loans are also called "day to day loans."

### Canadian Banking System.

**Chartered Banks.** All Canadian banks are chartered by the Parliament of Canada, and are subject to the provisions of the Banking Act. No person or institution other than a chartered bank can use the title bank, banking house, or similar terms as the style of their business, but no monopoly of the banking business is conferred on the banks. No new bank can be incorporated with a capital stock of less than \$500,000, of which at least \$250,000 must be paid up and deposited with the Minister of Finance before it begins business. Bank charters are renewed every ten years. In the event of failure each shareholder of a failed bank is liable for a sum equal to the amount which has been paid on his shares.

**Central Gold Reserve.** This is a device to enable banks to increase their note issue beyond the limits previously fixed. The Central Gold Reserve is under the control of four trustees, of whom three are appointed by the Canadian Bankers' Association, and one by the Minister of Finance.

**Bank Note Circulation.** A bank is permitted to issue circulation notes, which are a first charge on its assets, for the sum of \$5 or multiples thereof to the amount equal to its paid-up capital, and to the amount of the gold coin and Dominion notes deposited by it in the Central Reserve. The bank notes (with the Dominion Government issues of \$1, \$2, \$50, \$100, \$500, \$1,000, which are used as legal tenders), form the ordinary currency of the country, silver being used for small change. Gold is rarely seen in circulation, practically the whole stock in the country being held in the reserves of the banks, and by the Dominion Government against the issues of legal tender notes.

**Additional Circulation During Moving of Crops.** From 1st Sept. to 28th Feb., a bank may issue additional notes to an amount not exceeding 15% of its combined unimpaired paid-up capital and reserve or rest fund. The bank must pay to the Ministry of Finance interest not exceeding 5% per annum on the amount of notes in circulation from day to day above its unimpaired paid-up capital.

**Reserve Required of Banks.** Banks are required to hold forty per cent. of their reserves in Dominion Government notes, but they are not compelled by law to maintain a fixed minimum of cash reserves. Publicity has proved a sufficient safeguard. Monthly statements must be furnished to the government and are published in the *Canada Gazette*. Heavy penalties are enforced against any director who has concurred in making false statements to the government.

**The Canadian Bankers' Association.** Every chartered bank is a member of the Canadian Bankers' Association, and every general manager is an Associate. The office of the Permanent Secretary is in Toronto. The Association watches legislation, exercises a general supervision, appoints trustees of the Central Gold Reserve, and makes periodical inspections of the banks, to verify the monthly statements as to circulation, reserve, etc. In the event of the failure of any bank, provision is made by law for the Association to take charge as liquidator. (From Heaton's Annual.)

### Canadian Monetary System.

**Dominion Currency.** The following coins are issued by the Royal Mint at Ottawa: Gold, \$10, \$5, and British Sovereign; Silver, 50c., 25c., 10c. and 5c.; Bronze, 1c.; Dominion Government notes are: \$1, \$2, \$50, \$100, \$500, \$1,000.

**Par of Exchange.** When the rate of exchange between two countries represents the exact ratio between the monetary units of each country, having regard to the weight and fineness of both coins, it is then said to be at par. Thus in the United States, where the American gold dollar is taken as the monetary unit, the British sovereign expressed in terms of the gold dollar is  $113.001.605 \div 23.22 = \$4.8665635$ , the result being obtained by dividing the grains of pure gold in the sovereign by the grains of pure gold in the American dollar. In Canada the Par of Exchange was fixed by Act of Parliament at  $\$4.86 \frac{2}{3}$ .

**9½ Per cent Premium.** The expression "9½ per cent premium" used in Canada to designate the Par Rate of Exchange has reference to the "Old Par of Exchange." On the occupation of Canada in 1760, owing to the scarcity of English money in the country, the British Government officials imported Spanish milled dollars, which they paid out at the rate of four shillings and six pence each, thereby adopting the par value of the Pound sterling established by an Imperial Act of 1704 dealing with the currency question of the American Colonies. The present Par of Exchange was adopted by the United States Government in 1837, and by the Canadian Parliament in 1871. The old Par of Exchange, being the value of the English sovereign expressed in terms of the Spanish dollar, was  $\$4.44 \frac{4}{9}$ . The present Canadian par of  $4.86 \frac{2}{3}$  is an advance of 9.497679 (ap-

proximately 9½) per cent on this amount. The United States continued to quote sterling by premium on the old par until 1873, when the method was sensibly abolished, and exchange has since been quoted on the \$4.8665 basis. Canadian bankers have now generally followed the example of the United States. (From Heaton's Annual.)

**Capital.** (1) The amount of money available for the formation and carrying on of the business of a new firm. In an established firm, the capital is the amount by which the real value of its property (assets) exceeds its debts (liabilities). This term is greatly misused by fraudulent companies most of their so-called "capital" having no existence except on paper. (See Chapter 67 and making a market.) (2) "Fixed capital" is wealth spent on land, buildings, factories, railroads and docks, which are not intended to be sold but used to produce further wealth. (3) "Circulating capital" is wealth used for production, such as raw materials or crops, and the wages required to prepare them for sale or to manufacture articles from them. Circulating capital is continually being changed by purchases and sales. (4) See companies and Chapter 67.

**Capital accounts.** Accounts for amounts invested in permanent assets such as land, buildings, machinery and other property not intended for sale.

**Capital expenditure.** (1) The capital subscribed by stockholders, and the receipts from loans, spent on the construction of fixed assets, such as railroads or docks, or the building and equipment of a factory; (2) amounts spent by a firm on fixed assets, such as real estate, buildings, or machinery.

**Carats fine.** See hall mark.

**Carrying over.** See settlements on London stock exchange.

**Case of need.** When a bill of exchange (draft) is drawn on a person abroad and it is considered doubtful whether he will pay it at the due date, or even accept it, the words "in case of need with —" (the name and address of a friend of the drawer's) are added. Should the bill be dishonored (refused acceptance or payment) it is protested, and then the friend or agent of the drawer, or any other person not already liable to pay the bill, may, with the consent of the holder, accept the bill or pay it, as required, for the account of the drawer or an endorser. He can then himself sue the drawee for payment, or allow the drawer or endorser to do so. This is called "intervening for," or "paying (or accepting) for the honor of," the drawer, or "protecting his signature." An "acceptor for honor" undertakes the liabilities towards other endorsers of the person for whom he accepts. See "acceptance for honor."

**Cash against documents.** See full explanation in Chapters 77 and 83.

**Cash on delivery.** (See C. O. D.)

**Cash with order.** (C. W. O.) Payment made for goods when the order is given. See Chapter 60, selling price and delivery conditions.

**Casing.** (1) Packing in cases; (2) applied also to the wrapping of goods in stiff paper.

**Caskets.** Name used for coffins in U. S.

**CASTING vote.** A vote given by the chairman of a meeting, when there are an equal number of votes for and against a proposal (resolution).

**Caveat.** (1) A legal notice issued by a court on the application of a party interested, (the caveator) warning persons in charge of property to postpone doing certain things, such as obtaining probate or letters of administration, until a complaint made to the court has been heard and decided. (2) Caveat emptor ("let the buyer beware") means that a purchaser examining goods before purchase buys at his own risk.

**Cental.** A short hundredweight, 100 lbs., in distinction from the British long hundredweight (cwt.) of 112 lbs.

**Certificate of damage.** A declaration, made by the surveyor of a dock company, that he has examined the goods named in the certificate and has found

the cause of injury or damage to them to have been as stated, (generally damaged by sea water). These certificates are issued to importers when goods are found to be damaged when landed from a ship. The certificate is required to prove the claim of the importer against the insurance company or the shipowner.

**Certificate of Incorporation.** The certificate issued by a state or government to show that a corporation has complied with the legal requirements for incorporation and it is entitled to carry on business as a company. For fuller explanations see Chapter 67, companies in this section, and corporations and companies in the business law section.

**Certificate of origin.** A declaration required for shipments to foreign countries, stating the country in which the goods shipped have been produced. Most foreign nations have treaties with the U. S. and certain other countries, entitling them to reductions in customs duties. The certificate of origin is required as evidence that the goods shipped are entitled to these lower duties, called "most favored nations" duties.

**Certification and Certified Checks.** See full explanations in Chapters 77 and 82.

**Certified transfer.** A British term applying to a transfer form of stocks and shares signed by the seller and stamped with a notice, by the company or transfer agent or the secretary of a local stock exchange, certifying that the vendor's share certificate, for the shares to be transferred, has been deposited by the seller with the persons certifying the transfer form.

**Cestui que trust.** (plural, cestuis que trustent.) An old Norman-French term used in law to describe a person entitled to rents of property or income from investments, (a beneficiary), a trustee having the legal title and management.

**C. f. i.** Cost, freight and insurance; another abbreviation for c. i. f., which means the same thing. See Chapters 60 and 49 for full information.

**Chain store.** A retail store which is one of a large number owned by the same firm, usually selling groceries, cigars, or drugs, in a considerable number of districts.

**Chamber of Commerce.** An association of merchants for the purpose of protecting their interests and encouraging and extending their trade.

**'Change or Exchange.** A place where merchants or dealers in goods, produce, or stocks usually resort to do business together. The stock exchange is for dealers in stocks and shares, the cotton exchange for cotton merchants, &c.

**Charges forward.** Notice given by the shipper to a carrier that the charges for transporting goods are to be paid by the person or firm to whom they are shipped.

**Charging order.** An order issued by a court on the application of a creditor who has sued and obtained judgment, the order being addressed to a company of which the debtor holds registered shares. It prevents the debtor from transferring the shares. Unless he pays, the creditor can take and sell the shares after six months. See *distringas*.

**Charter.** To "charter" a vessel is to hire it, or a principal part of it, with the services of the crew, to carry cargo for a certain voyage or a certain stated time, for the charterer, on payment of hire called "freight." The formal contract which contains the terms of hiring is called a "charter-party." (2) The word "charter" also means a grant of special privileges by federal, state, or imperial authorities to trading companies or public institutions or corporations.

**Chartered companies.** British companies incorporated by Royal Charter. They have practically unlimited powers and can legally do anything that an individual person could do.

**Chattel Mortgage.** See bill of sale.

**Chattels.** (1) Movable property, and all forms of property other than the interest in a property for life; (2) property not fixed to the soil, as buildings are. (See bill of sale.)

**Check or Cheque.** An order addressed to a banker, by a customer, requesting him to pay on demand a stated sum of money to a person named, or to his order, for the account of the customer. See Chapter 82.

**Chicanes.** Fraudulent or unfounded claims for allowances. See Chapters 9, 53, 56, and 81.

**Chief rent.** An annual rent, payable in perpetuity, for the use of freehold land. See ground rent and building lease.

**Chose in action.** Personal property which consists of a right to acquire possession of money or other benefits by an action at law; for example, a debt receivable or a bill of exchange is a chose in action. The right to recover a chose in action, such as a debt due to an open account, may be assigned to another person in writing, provided that definite notice of the assignment has been given to the debtor; the transfer is subject to any set-off by the debtor.

**Chop.** A mark used by exporters of goods to China and eastern Asia. The chop mark is stamped or branded on the goods. It may be either a design, or words in Chinese or other characters, or the name of the merchant or manufacturer. Customers consider the "chop" as a guarantee of quality, like a trade mark. See trade mark and Chapter 50.

**C. i. f.** Cost, insurance and freight. See Chapters 60 and 77.

**Circular letter of credit.** A person intending to visit distant towns, and to draw sums in those places for his personal needs or to pay for goods bought, may purchase, from a banker or an express company, a letter addressed to agents in those distant towns, authorizing them to pay to him the amounts required, up to the maximum amount of the letter, less any amounts already paid in other towns. The banker issuing the circular letter of credit sends to each agent a specimen of the signature of the purchaser of the credit. The agents who pay the customer usually reimburse themselves by drafts on the banker who has issued the letter of credit. By this system the danger of carrying large sums of money is avoided.

**Circulating capital.** See capital.

**Citizen.** (1) In the U. S. this means (a) a person born in the U. S. or its territories, whether of American or foreign parentage, or (b) a person born abroad but who obtains U. S. nationality through naturalization, or (3) children born abroad, whose father becomes a U. S. citizen through naturalization. Foreign born wives of naturalized American citizens must apply separately for naturalization. (2) In Gt. Britain the word "subject" is used instead of "citizen" to describe the nationality of a person who is subject to British laws. "Citizen" applies only to persons who live in a city such as London or Birmingham; inhabitants of smaller towns are called "townsmen." An Englishman, a Scot, a Welshman, a Manxman, and an Ulsterman are all British subjects but they usually prefer to describe themselves by their separate nationalities; the term "Britisher" is disliked and resented. The courteous way, and the only safe way in business, is to describe a man in the way he describes himself.

**Clayton Act.** See Sherman law.

**Clean Bill of Lading.** A receipt given by shipowners or their agents for merchandise or packages received for shipment in good condition. The shipowners' agents are then liable for damages if they do not deliver the packages in good condition. To avoid such liability, the agents usually mark on the receipt, "weight, contents and value unknown." If the packages when received by the shipowner or carrier are damaged, or in bad condition, the bill of lading is marked with a statement to this effect. It is then a "foul" or "dirty" bill of lading. The consignor of the goods may obtain a clean bill of lading by giving

the carrier a written indemnity (see "letter of indemnity") guaranteeing to pay any claims made against him by reason of the damaged or bad condition of the packages.

**Clear days.** Days in which are not to be reckoned the day a notice is given and the day of the event itself. See running days and lay days.

**Clearing or clearance of a ship.** (1) A customs certificate stating that (1) a vessel has complied with the port regulations as regards the entering of her name and description of her cargo on the books at the customs house, and that (2) she is permitted to leave the port for a journey, or (3) to enter the port to load or unload. See "bill of entry" for "clearance inward"; and "clearance outward."

**Clearing house for bank clearings.** The office of an association of bankers at which checks payable by each of them are exchanged for payment on each business day. The accounts for and against each member bank are set off, the balance only being payable.

**Clearing house for railroad companies.** The clearing system is used for dividing the freight receipts for merchandise and the income from passenger traffic carried over two or more lines of railroads.

**Clearing house for stock clearings.** The New York stock exchange has a clearing house for its members, where the deliveries of stocks and the accounts in money are cleared in the same way that the bank clearings of checks are made. The stock clearing is done at night, so that each broker may know at 9 a. m. next day what stocks he is to receive and deliver, and what balance is due to him or from him, as the result of his total transactions of the previous day with other members of the clearing house. Transactions with firms who are not clearing members must be settled by separate deliveries and payments. See settlements on stock exchanges.

**Clique.** A combination of speculators for the purpose of raising or lowering prices of produce or stock exchange securities. See corner.

**Closed mortgage.** A mortgage of fixed maximum amount on properties, which cannot be increased nor the bonds exchanged for other securities during the period of the loan.

**C. O. D.** Cash on delivery. Goods sent C. O. D. are to be paid for immediately on receipt, to the person delivering them. See chapters 52, 60, and 79, and letter of delegation.

**Code Napoleon.—Codifying laws.** Napoleon 1st, when emperor of France, ordered the numerous and contradictory old laws to be cancelled, and a new revised set of laws prepared, in an easily understandable form. This code has been continuously in use in France, with slight changes, since his reign, and it is the pattern on which other foreign laws have been arranged. "Codifying" laws means simplifying them and condensing a number of confusing laws into one general law.

**Code Word.** To reduce expense in telegraphing to foreign countries, single words are used to express certain phrases, thus: The word "Beacon" might be arranged between two correspondents to mean, "We will take 2,000 pieces." There are now published several compilations of words, including all usual business phrases, called "codes." Business houses state at the top of their letter paper which code they use, thus: "ABC code, 5th edition, used," or "Western Union code." See Chapter 17.

**Codicil.** An addition to a will, signed and witnessed like the will, and treated as part of it. The codicil usually adds to, or explains or revokes (cancels), portions of the original will.

**Co-insurance Clause.** A term applied to fire and marine insurance. The insurance policies usually contain a clause stating that the insurance company shall not be liable for loss or damage to more than the proportion which the amount

insured bears to the actual cash value of the property insured at the time of the loss or damage. It also provides that any other insurance on the same property must also share in the loss. For example, if property worth \$10,000 is insured for \$5,000 and is damaged to the extent of \$1,000, the owner can only claim half the amount of the damage, that is, \$500, because he has only insured half of the value. If he has no other insurance he is understood to be bearing the risk of the other half himself and to be a co-insurer with the insurance company.

See insurance, in Chapter 54.

**Coins and coinage.** See full explanations, in Chapter 76, of paper and metal monies.

**Collateral Security.** An additional security for the payment of money, or the carrying out of an agreement; for example, securities deposited as security for a debt, or as cover for a speculation in stocks, or for a guarantee of the account of another person.

**Colorings.** Samples showing the shades of colored goods, or particulars given for dyeing.

**Combine.** An association of firms or companies engaged in the same kind of business, who agree to act together, under a trust agreement, with the object of raising prices, preventing competition, and monopolizing of a trade or business. These combinations are held to be unfair and illegal by being in restraint of trade and depriving other persons of the liberty to carry on their business. See community of interest. The dissolution of combines of firms is commonly called the "unscrambling."

**Commencement of business.** Public companies registered under the British Companies' Act are forbidden, under heavy penalties for the directors, to commence business before an amount, to be declared by the company, called the "minimum subscription," has been paid in cash for shares. See Chapter 67, and minimum subscription.

**Commerce.** The carrying on of business between different individuals and firms. Domestic commerce, or internal trade, (home trade) is that which is carried on between firms in the same state or country. Foreign commerce is trade done between firms in different countries. Interstate commerce is trade done between different states of the U. S.

**Commercial traveller.** The British term for a traveling salesman or "drummer" for a wholesale firm.

**Commission.** (1) An order executed through an agent; (2) Fee paid to an agent for services rendered to a principal. (3) A committee appointed by Federal or State authority to make an investigation, or to do certain things. (4) A certificate of appointment, as for an officer in the army.

**Commission Agent.** A person who sells or buys for others and is paid by a commission or percentage on the amount.

**Committee of Inspection.** In England this is a committee of not more than five or less than three persons, appointed by a meeting of creditors for the purpose of controlling the management and realization of a bankrupt's property by the trustee (receiver) for the creditors.

In the U. S. the committee is called a "creditors' committee."

**Common Carriers.** Firms or companies which undertake the business of carrying goods or passengers from one place to another. They must do this service for all the public who require the service they offer, and they are responsible for loss and damage during transit. See tariff.

**Common Law.** Old English law, based on custom, as distinguished from statute law which is written law made by a legislative body. For full explanations see Chapter 48.

**Common Law Trust, or Massachusetts Trust.** A method of carrying on business through trustees, to obtain the advantage of limited liability to

creditors. Several persons join their capital for a business, and appoint two or more of their number to carry on the business as trustees for all of them. Each person receives a certificate showing his share in the capital, but the trustees are solely responsible for the management. All firms doing business with the trust are given notice that the members of the trust will not be personally responsible for its debts and that the capital of the trust is the only security for creditors.

By this kind of trust the disadvantages of unlimited liability, as in a partnership, are avoided and the advantages of limited liability, as in a corporation, are obtained without the inconvenience of corporation procedure.

**Common Seal.** The seal of a corporation, used in executing deeds. Where an individual would make a contract by a deed a company must make a contract under seal by special authority from the directors. See seal.

**Common stock.** See companies.

**Community of interest.** Joint control of firms in the same kind of business, for preventing competition in prices amongst themselves, and for monopolizing trade. See combines.

**Commutation.** (1) The joining of several debts into one single sum, for payment of principal and interest. (2) A monthly ticket of a passenger for daily railroad journeys to and from home. (3) The payment of a lump sum to cancel the liability for annual payments, such as tithes, land tax, death duties, or pensions of soldiers or their dependents.

**Companies—Differences Between American and British Companies.** The following differences, as regards companies, should be noted.

**Corporation.** In the U. S. A. this means an incorporated company having capital stock. In England a "corporation" generally means a municipality, such as the Corporation of the City of Manchester or the Corporation of the City of London.

**Limited Company.** In Gt. Britain this is the name given to a corporation having capital stock, with the liability of shareholders on their shares limited to the par value or price of issue. All such companies must have the word "Limited" as the last word in the firm name.

**Stock.** As referring to capital, this means shares of capital stock in the U. S. A., but in Gt. Britain the name "shares" is used exclusively. "Stocks" is the name given in Gt. Britain to British government bonds, or to fully paid (full paid) shares which receive a low permanent dividend [chiefly guaranteed stocks of railroads] and which are transferable in multiples of £10 or £100.

**Bonds.** In the U. S. A. this means certificates for loans received by a company. In England the loan certificates would be called "Debentures"; those secured by mortgages are called "Mortgage Debentures." "Bonds" is the name given in England to certificates to bearer, such as Mortgage Debenture Bonds. All bearer bonds are transferable by delivery, no writing being required.

**Common Stock.** In the U. S. A. this is usually "water" and not represented by tangible assets at the time of issue. Common stock may be given as a bond to purchasers of preferred stocks. In Gt. Britain all shares issued must be paid for in cash or property. "Ordinary shares" of English companies are not like American common stock, because an English company cannot issue shares below par value. Bonus shares can only be issued by British companies as a distribution of accumulated profits actually made by trading.

An American corporation issues "preferred" and "common" stock; an English company issues "preference" and "ordinary" shares. American "full paid" stocks are called "fully paid" or "paid up shares" in England.

**Preferred Stock.** The shares called "preferred" shares in the U. S. are called "preference" shares in Gt. Britain. An English "preferred" share is a

share of common stock of a railroad company, having a preference only over other common stocks, which are then described as "deferred" shares or stocks.

**President.** The executive head of an American corporation, elected by the directors, is called the president. In Gt. Britain the elected head of the board of directors is called the chairman, but he need not necessarily be the manager. The chief executive of a British company is called the "Managing Director." The complete dominance of the management of an American company by the president is not usual in Gt. Britain, because the British company laws provide heavy penalties on each director who neglects his duties by leaving the uncontrolled management to any one director.

**Charter.** For an American corporation this means the certificate of incorporation. In Gt. Britain charters are only granted to companies which are intended to use governing powers over uncivilized territories, for example, the British South African Company. The charter grants to the company, from Parliament and the Crown, part of the exceptional powers of a sovereign, such as the use of armed troops, the right to hold courts of law and to enforce their decrees, the title over all public lands, &c.

**Articles of Incorporation.** In Gt. Britain this document is called the Memorandum of Association.

**By-Laws.** The English name is "Articles of Association" or "the Articles," or "Table A."

**Stockholder.** The English name is "shareholder," or "member of the company."

**Par Value.** In England the par value of a share is called the "nominal value." If a £10 share is issued at a premium of £2, its nominal value is £10, but the subscriber is liable to pay £12 to the company. English shares may be issued at a premium but not at a discount. "Assessments" of the balances payable on shares not fully paid are termed "calls" in England. (See "A list" in this section.)

See "No Par," in this section, for definition of no par value stocks.

**Winding-up.** In the U. S. a corporation is "dissolved" by "dissolution" proceedings. In England a limited company is "wound up"; the dissolution proceedings are called the "winding up" or the "liquidation" of the company by a "liquidator."

**Companies' Acts.** By the British Companies' Acts, all partnerships or companies consisting of over 10 persons for banking, and over 20 for commercial undertakings, are illegal unless registered as companies. A "joint stock company" is an association of seven or more adult persons (for public companies) for the purpose of trading for profit, possessing a common capital, contributed by the members composing it, such capital being commonly divided into shares, of which each possesses one or more, and which are transferable by the owner. In an "unlimited" company each member (partner or stockholder) is separately, and also jointly with the other members, liable for the payment of the whole of the debts of the company. In a "limited" ("limited liability") company the liability of each member (stockholder) is limited to the amount he agrees to invest in the company, and he cannot be made to pay more, however much the company may owe. The only way in which a registered company can close its business is by being wound up. "Public companies" are so called if their shares have been offered for public subscription. Private companies are those which do not offer their shares to the public; they may be formed by two persons or not more than fifty and they are exempt from compulsory registration of annual balance sheets. See winding-up, shares, limited liability and corporation, in this section, and British companies in Chapter 67.

**Company.** (1) An association of the capital, and sometimes of the services, of several persons for carrying on business for their joint profit. If the company is registered in the U. S., under state or federal laws, it is called a corporation, and liability of the members (stockholders) for its debts is usually limited

to the amounts they agree to contribute towards the capital. (2) In Gt. Britain, Canada, and other parts of the British commonwealth, special laws, called "Companies' Acts," apply to corporations. See British business laws, chartered companies and parliamentary companies.

**Composition.** (1) A method of settling the affairs of an insolvent debtor without recourse to bankruptcy. An agreement is made between the debtor and his creditors, by which he undertakes to pay them a certain reduced percentage of their claims in full settlement. (See Chapter 91.) (2) In Gt. Britain, instead of ordering an insolvent to be declared a bankrupt, a court of bankruptcy may annul the receiving order and restore the possession of his goods to the debtor, if he can make arrangements with his creditors which are satisfactory to the court. The debtor must offer to pay not less than 7s. 6d. in the £ ( $\frac{3}{8}$  of the total) on unsecured debts, usually by instalments, offering security in the shape of the guarantee of friends for the payment of the instalments. This proposal is placed before a meeting of creditors and requires to be accepted by both a majority in number of those present, and by creditors representing three-fourths of the amount owing to those present at the meeting, voting either personally or by proxy. The acceptance of the offer must afterwards be confirmed by a resolution carried by three-fourths in value, and a majority in numbers, of all the ordinary creditors. It is then binding on all ordinary creditors. For U. S. practice see arrangement and other headings in this section.

**Compradore.** (China and Japan trade, etc.) European firms having branches in the Far East, China, etc., find it essential to employ a native or a Chinese for dealing with the native merchants.

This employé obtains information as to the financial standing of the native merchants; he conducts all the buying from them or selling to them, and he generally guarantees personally any credit given on his recommendation.

As payment for his services he receives a small fixed salary and a percentage on all buying and selling, as well as an extra *del credere* commission for the accounts he guarantees.

The compradore is a most important assistant to the European merchant, and it would be difficult to carry on native business without him. He usually deposits a considerable guarantee to cover his responsibility for the accounts of native customers.

**Compulsory order for winding-up.** An order made by a British court, on the petition of a creditor, for the winding-up of a British limited company by the court, through an official liquidator who is an officer of the court. A voluntary winding-up is one which is carried out by the authority of a resolution of the shareholders; the consent of a court is not required for this.

For further information see British companies in Chapter 66.

**Concern.** A trading firm.

**Concession.** (1) A grant of privileges to persons or to a syndicate or firm by a government (usually in return for a payment of cash) to mine, to build and equip railways, etc. The purchaser of a concession (called the concessionaire) usually sells his concession to a company for the utmost he can obtain, usually at a large profit. (2) This word is also used to mean a discount or allowance, or a reduction in price.

**Condemnation.** (1) An order to sell, issued by a government or municipal authority to the owner of land required for public purposes, such as approaches to bridges and sites for public buildings and parks. In theory the state is the actual owner of all land, individual owners having only the right to its use during their lives or until it is required by the state; this is called the theory of eminent domain. (2) In time of war a condemnation is an order confiscating an enemy vessel which has been captured.

**Conditioning of Textiles.** Wool, like silk, will absorb large quantities of water and, as raw and spun woolen and silk are largely sold by weight, the purchaser would suffer if the materials were excessively damped by the seller.

The merchants of Bradford (England), Roubaix (France), and of other centres of woolen manufacturing have therefore founded "Conditioning Houses" for the testing of raw wool, woolen yarns and woolen cloths, in order to discover whether more than the natural amount of moisture is contained in any lots of such goods when bought by them.

These Conditioning Houses are managed by committees of the Chambers of Commerce, and the certificates of their officials are accepted as conclusive evidence. The proceedings are as follows:—

A consignment of 100 bales of Australian wool is bought by a woolen manufacturer and delivered at Bradford. Each bale is weighed by the buyer and a sample taken from it. These samples are mixed together and delivered to the conditioning house, which weighs them. They are next thoroughly dried in a stove and again weighed; the difference shows the weight of water they first contained, which has been dried off by the stoving.

It would be unfair to the seller to take the perfectly dried weight as the natural weight, so the samples are next allowed to absorb a *natural* amount of moisture, by being exposed to the air, and they are then again weighed. The difference between (1) this natural weight and (2) the first weight of the samples when taken from the bales, shows any excess of moisture which they contained beyond the natural moisture. The seller is not entitled to be paid for this extra weight of water and therefore the manufacturer must receive an allowance for it by a reduction on the weight of the bales charged by the seller.

In some trades cloths are sold with more than the natural amount of moisture added, and purchasers are not entitled to any allowances unless certain fixed percentages of moisture are exceeded.

The following table shows (1) the natural percentage of water contained in cloths, that is, what percentage of its weight a thoroughly dried cloth would absorb from the moisture in the air, after being first thoroughly dried, and (2) the percentage of moisture or water which the cloths would absorb from exposure to the air in a natural way, in an ordinary climate.

Wool manufacturers buy their raw materials on these bases and no allowance of weight is made to a purchaser unless these permissible limits of moisture are exceeded.

	1. Percentage of water (percentage of the <i>dried</i> weight) which thoroughly dried cloth will absorb from the air.	2. Percentage of water (percentage of the total weight of cloth) in cloth containing only natural moisture.
Silk, .....	11 %	10 %
Wool, combed, .....	18¾%	15½%
Wool, spun, .....	17 %	14½%
Cotton, .....	8½%	7⅞%
Linen, .....	12 %	10¾%
Jute, .....	13¾%	12 %

See Moisture Content, in this section.

**Conditions of sale.** The terms and conditions on which a sale by auction takes place. These must be made known to bidders before the sale, in order that they may be bound by them.

**Confirmation of order.** A written acknowledgment of a sale. Used when goods are sold by word of mouth; giving written notice to the other party, by a confirmation of the order, binds him to the contract unless he promptly gives notice of disagreement. See Chapters 13 and 48 (on business laws relating to contracts).

**Confirmatory meeting.** The second meeting of shareholders, required by English company laws, for confirming a special resolution adopted at a previous meeting. A bare majority is sufficient for confirmation. See meetings.

**Consideration.** The value, or price, or promises of payment or service, given by the parties to a contract. Consideration is essential for a simple contract but not for an agreement under seal, that is, a deed. See Chapter 48 for full explanations.

**Consideration money.** The value given by the buyer for a transfer of stocks, shares, bonds, or other property. It may be money or any other thing of value. An exchange is treated as a sale for assessing stamp duty. See *ad valorem*.

**Consignment account.** An account kept by the owner or agent or broker for goods sent for sale by auction or otherwise, the net proceeds to be paid to the consignor, the owner.

**Consignment Notes.** The British term for domestic railroad bills of lading; "way bill" means the same. It is not the custom in England to send a consignment note to the buyer of goods; it is delivered to the carrier; it contains instructions for the delivery and it states who pays the carriage (freight).

**Consignments.** Shipments of goods for sale for the account of the shipper. Articles sent "on consignment," usually to agents, are sent as ventures, in the hope of a sale at prices which will leave a profit. The consignor is the shipper and the consignee is the person to whom the goods are sent.

**Consolidated balance sheet and accounts.** See parent company.

**Consols.** The permanent consolidated national debt of Gt. Britain, called "consolidated annuities," commonly abbreviated to "consols." A purchase of this security only gives the right to receive interest annually, no time being fixed for repayment of the principal of the loan. Consols are freely salable on the London and other stock exchanges. Their price varies with the bank rate of interest. See *Rentes*.

**Consortium.** (1) A committee of several nations formed to help another nation financially. (2) The agreement stating the help to be given and the method to be used.

**Construction account.** An account kept during construction for the items of cost of building, or making of machinery, etc.

**Consul.** The official representative of a government in a foreign country, whose duty it is to look after the affairs of his government and of its subjects there. He also signs documents, such as exporters' invoices and passports, for which service he has power to charge fees. See consulate.

**Consulages.** Consular charges for signing documents, etc. See consular invoices.

**Consular Invoices.** As most foreign countries impose customs duties on goods imported, payable either in proportion to the quantity or to the value, the foreign custom-house authorities require a sworn statement, from merchants who ship goods to their country, as to the contents and value of all cases or packages of goods sent. The invoices of the shipper are usually made in sets of three; the original to be sent to the purchaser is the "viséd" copy produced for certification to the consul of the foreign state residing in the country whence the goods are shipped. The consul requires a sworn statement that the invoices truly describe the contents and value of the packages of goods shipped, and he then signs the original invoice (then said to be "visé"), returns it to the shipper, and keeps one other copy. A fee has to be paid to him for signing the invoice. Foreign

governments have the right to open all packages of imported goods in order to value them for customs duty, notwithstanding that the shipper has already sent a declaration as to their contents and value. In case of false declarations the shippers are fined, and sometimes the goods are confiscated. See U. S. Department of commerce, customs duty, customs valuation, and Chapters 48 and 55.

**Consulate—extra territoriality.** The office of a consul in a foreign country is called a consulate. By agreement amongst nations the offices of a foreign consul, and his house and the grounds surrounding it, are held to be part of the country which the consul serves. They are therefore not subject to the control of the police or of the government where they are situated. This is called the theory of extra-territoriality; the consulates are considered as foreign or outside territory.

**Containers.** The boxes, tins or wrappings in which goods are packed for sale. See package goods.

**Contango.** A British stock exchange term for the commission charge payable to a stockholder for holding a transaction open beyond the two weeks usually allowed for settlement for stocks bought or sold. The transaction is carried forward to the next fortnightly settlement. See settlement days.

**Contingent liability.** A possible liability which will only become a real liability if a certain thing happens. For example, a merchant who has received a bill of exchange from a customer, which he has discounted with his banker, has a contingent liability on the bill, as endorser, until the customer has paid the bill at its due date. If the bill is not paid his liability becomes certain, because he must repay the amount received from his banker and he may not be able to recover the whole debt from his customer.

**Continuing agreement.** An agreement made by a borrower with a banker, which applies to all present and future loans. This saves the trouble of having to make new agreements for each temporary loan. See Chapter 67.

**Continuing guarantee.** A guarantee which is not limited as to time, by which one person undertakes to become liable for the default of another for a running account, or for the performance of a series of duties. An example is the guaranteeing of the account of a customer to a wholesale firm. The guarantor may give notice at any time to the creditor that he withdraws his guarantee, but he is liable for any debt owing at that time. A guarantee given by a partnership comes to an end by any partner dying or retiring. Where two or more persons join in a guarantee the death of one will not release the others unless they give notice of withdrawal to the person guaranteed.

**Contraband.** War materials, food, and supplies for nations at war. Neutral nations are forbidden to supply contraband goods to any of the warring parties, under penalty of seizure and confiscation of the goods and the vessel carrying them, if captured.

**Contract.** An agreement between two or more parties, which can be enforced by law, to do or not to do certain things, under certain conditions. See Chapter 48 for full explanations of business contracts. Also see statute of frauds, *uberrima fides*, *ultra vires*, undue influence, and void and voidable contracts, in this section.

**Contract for carriage of goods by sea.** A contract between a ship-owner or his agents and the consignor of goods, for carrying goods by water, in consideration of the payment of an amount called "freight." If the agreement is to carry a full ship load, or to provide a ship for the sole use of the consigner, the contract is called a "charter party." If the agreement is to carry a smaller quantity, the contract is contained in a "marine bill of lading."

See Chapters 58 and 62 for full explanations.

**Contract Note.** A copy of a contract for purchase or sale, stating all the necessary details. Either party can bind the other party by signing and

sending him a contract note. Neglect to promptly reply that it is wrong is considered an acceptance of the conditions. See transfers.

**Contributories.** "A" List and "B" List. See winding-up of British companies; also British companies elsewhere in this section.

**Contributory.** (1) A guarantor of the person first liable on a contract; (2) in Gt. Britain a shareholder (stockholder) in a limited company whose shares are not fully paid and who is liable to pay the balance to the receiver (liquidator) for the company. See winding-up.

**Controlling account.** An account kept in the general ledger showing the total debits and credits to a subsidiary detailed ledger. For example, the sales ledger, or accounts receivable ledger, would contain a separate account for each customer. The separate balances at the end of each month should agree in total with the balance of a "sales ledger controlling account" in the general ledger, to which the sales, credits, and cash received have been posted in totals only.

**Conversion.** (1) Theft of property or goods, or unlawfully taking the money or property of other persons, by the person placed in charge of them. (2) The exchanging of stocks or bonds for other securities of the same company. (3) The exchanging of government securities for those of a later issue, at a lower or higher rate of interest, or for others redeemable at a later date.

**Conversion privilege.** The right sometimes given to bondholders by corporations to exchange bonds for stocks giving a higher income.

**Convertible Bond.** One which the holder has the right to have exchanged for (converted into) capital stock within a certain limited time.

**Conveyance.** A written agreement, a deed, by which the title to real estate or other property is transferred to another person or firm.

**Co-operative Society.** A manufacturing and trading business owned by its customers and having a capital divided into shares of small amounts. The managers are elected by the stockholders, who are chiefly workmen and work-women. Profits are divided every three months, in proportion to the amounts purchased by each member. These societies supply articles of food and clothing, furniture, and all the things usually required for family use. They also receive deposits at interest and lend on mortgages to their members. They were first founded in Rochdale, Lancashire, in the centre of the manufacturing district of the north of England, where they are now very numerous. The societies own a wholesale society, the Co-operative Wholesale Society, which carries on large manufacturing businesses, owns a fleet of steamships, a bank, and other undertakings. The liability of members is limited to the amounts of their shares.

**Copy.** (1) Manuscript intended to be printed; the first samples of printing submitted by the printer for approval are called "proofs." (2) A duplicate of an article.

**Copyhold.** An ancient English method of holding land, which still exists. The title is now a freehold, but the evidence of title is a copy of the entry of ownership on the manor roll, kept by the lord of the manor. The use of the land was originally granted by the lord of the manor to one of his soldiers as payment for military service. Transfers of title are made at the periodical meetings of tenants and farmers at the court of the lord of the manor, called "courts leet." A fine or fee is payable to the lord of the manor for each transfer of ownership and copy of the entry on the manor roll.

**Copyright.** An author of books, an artist, a designer of drawings or paintings, or a composer of music may, by registration, obtain a copyright (from a government) which is the sole right to use an original, or to make and sell copies of original works. The owner of the copyright may sell it or allow other persons to use it or to make copies for sale, on payment of a fee for each copy, called a royalty. The duration of the copyright varies in different countries; it is usually about 50 years. Copyright in books is not granted in the U. S. unless the books

are printed within the U. S. Copyright in Gt. Britain exists for the lifetime of the author and 7 years after his death, or for 42 years from the first publication, whichever period is the longer.

**Corner.** To "corner" cotton or other produce is to buy nearly all the available supply, so as to afterwards sell at a higher price to dealers who are compelled to buy (because they have sold in advance to others), or to manufacturers who must buy to keep their factories running. The same thing is done with stocks (shares) of companies. On account of the misery and loss it causes, through the closing down of factories and consequent unemployment, the cornering of raw material for manufacturing, and of foodstuffs, ought to be made an offence punishable by imprisonment in every case. (See selling short.)

**Corporation.** See Chapter 67 for full explanation. (1) An association of individuals (a company, which is included in the legal definition of "a person"), joined together for trading or other purposes, which obtains permission to carry on business as an association or company. This is called a "business corporation," or "trading company." (2) *Domestic corporation.* One registered under state or federal laws of the U. S. (3) *Foreign corporation.* One registered under the laws of another state of the U. S. or of another country than that in which it is carrying on business. (4) *Close corporation.* A company of which the stock is held by very few persons, usually members of the same family. (5) *Municipal corporations.* The citizens of a city, town, county, or district, formed into a self-governing body. In Gt. Britain the word corporation is used only for municipal corporations; for example, the City Corporation of London, the Corporation of the City of Manchester. (6) *Personal service corporation.* A company in which the chief stockholders earn the profits by their personal services to other people, instead of by selling goods; for example, a company owning a school or college of which the chief stockholders are the instructors who produce almost the whole of the income from the tuition fees. (7) *Public utility corporations.* Companies formed for supplying the public with gas, water, electricity, power, street railways, subways, etc. They must obtain permission, called "a franchise," from the state or district where they intend to carry on business. The service supplied is generally supervised by the governing authority of the state or district, through its committees, called "commissions." (8) *Edge corporation.* One formed under the Edge Act of the U. S. for the purpose of carrying on foreign banking, foreign financing, or export or import business on behalf of several firms jointly. Companies joining together under this law are exempt from the provisions of the anti-trust laws, as regards the business above named.

**Corporations formed under U. S. laws.** (See also under other specific headings in this section.)

*Formation of Corporations.*—A company formed under U. S. federal or state laws, and having capital stock divided into shares, is called a "corporation." The name "company" is also used in a general sense. The holders of shares are called "stockholders"; their liability is usually limited to the par value of the shares they subscribe.

A manufacturing or trading company is called a "business corporation." The certificates issued by the corporation for money borrowed are called "bonds" or "debentures." It is impossible to give a full description in a short article of all the various kinds of American shares and bonds and of the different corporation laws of all the American states and territories, which make separate laws for companies incorporated in their respective districts. This section will be restricted to a general description.

It is not usual for American companies to be formed by offering the shares for public subscription. There are two distinct methods of selling shares, or bonds; (1) by arranging with a firm of investment bankers to take the whole issue and to sell them privately to their customers; (2) to distribute the shares or bonds

to the public by advertising, after incorporation, and to have them traded on the Curb Market, as a preliminary stage to an official quotation being applied for on the Stock Exchange.

By the first method, of private sale to customers who buy for investment, the shares or bonds are never quoted on any exchange; the chief market is with the firm of investment bankers which originally sold the stocks or bonds. Other firms may also trade in the securities, if the issue is a large one.

An enormous business is done by investment bankers and some of the soundest securities are unquoted on any stock exchange. They are generally investment securities as distinguished from speculations. In the second method (sale on exchanges) it is usually intended, from the beginning, to make the stocks or bonds popular investments, to be quoted publicly, so as to allow of further issues as the business of the corporation extends.

The aim in this case is to give the issue more of a speculative character and to attract attention to it as likely to yield large profits by increase of price through skillful advertising creating a demand for the securities. The shares are first generally subscribed by the promoters, financed by trust companies, investment bankers, or banking houses, which do the underwriting. The shares are afterwards retailed to the public by circularizing, or by "making a market," in conjunction with stockbrokers. The same method is adopted for issues in connection with combines or trusts in any particular industry. Until an official quotation is obtained, the shares or bonds are traded on "the curb," which is the unofficial market in New York. (There is also a curb market at Boston.)

*Franchise Corporations.*—These are public service corporations requiring compulsory rights of way, such as railroads, street railways, gas companies, and telephone and telegraph companies. The companies must be approved by the state courts, legislatures, and local authorities interested, in order to obtain the power to compulsorily purchase land, or to use public streets, roads and bridges.

*Corporation Law.*—More than half of the American corporations are incorporated under the laws of the States of New Jersey and Delaware, because of the easy nature of their regulations. The chief requirements are that the corporation must have an office in those states for the transfer of stock, and must keep there a stock transfer book, and a stock ledger. The annual meetings of the stockholders must be held in those states.

These requirements are generally met by paying an annual fee to an agent, who has an office in the state named; he acts as a transfer agent and takes charge of the stock transfer book and stock ledger. His office is used for the annual meetings of stockholders.

Corporations incorporated in New Jersey and Delaware may carry on business in any part of the world, and may have their works, or the offices of the management, in any other states or countries.

Unless otherwise stated in the articles, the corporation may be made perpetual by renewing its charter, provided the laws of the state where it is incorporated do not fix a limit of time. Directors are generally allowed to value the assets to be taken over by a corporation at any price they think fit. There is no check on such valuations. Vendors' shares are immediately negotiable. Only three members are usually required to form a corporation. Generally, there is no minimum subscription. Corporations may take absolutely unlimited powers. The corporation laws of the state of New York are almost as liberal as those of New Jersey and Delaware. An annual audit of corporation accounts is not required by any state, nor is there any compulsory registration or publication of mortgages of corporation assets or of liens given over its properties.

*Management.*—The Board of Directors is elected annually by the stockholders. The managers are nominally controlled by an executive committee, which is usually controlled by the largest stockholder or stockholders. Stockholders

seldom attend the annual meetings, because the elections of directors and other matters are generally decided by the proxy votes of the large stockholders.

The directors have absolute power, and they may even increase the capital of the corporation without calling a general meeting of stockholders.

The possession of a majority of the voting shares of a corporation gives complete control of its policy, and it is for this purpose that there is often fierce competition between rival financiers in the purchase of the kinds of stock which have voting privileges.

In some cases a comparatively small amount of preferred shares is issued, giving the holders the sole right to vote on matters of management and the right to elect the majority of the directors. The holding of this minority of the capital then gives complete control over the corporation.

*Classes of Shares.*—These are usually of two classes, preferred stock and common stock. The preferred stock generally represents the actual value of the undertaking, while the common stock represents the "watering" (promotion profit).

A portion of the common stock is generally given, as a bonus, to subscribers of preferred stock.

Shares of no par value are frequently issued instead of common stock. They are explained under the heading "no par value stocks," in this section.

The capital is usually based on the estimated profit-earning capacity of the business, not on the value of its assets.

Preferred dividends may be either cumulative or non-cumulative.

The common stock is generally entitled to all the surplus of profits, after payment of bond interest or debenture interest and the preferred dividend.

Preferred stocks are bought for investment, the common stocks being speculative.

As there is no restriction on the issue or immediate sale of promoters' and vendors' shares, the British and French forms of founders', vendors', or deferred shares are rarely used.

*Amounts of Shares.*—Share certificates of 100 dollars each, par value, are the rule, for corporations whose shares are quoted officially. These certificates are usually of a special design and color, so as to distinguish them from the certificates for the lower denominations, such as 5, 10, or 50 dollars.

Stock Exchange dealings are usually in lots of 100 shares of 100 dollars each.

*Transfers.*—Certificates are usually registered—that is, issued in the name of a specified person; the shares are then legally transferable only by entry of the change of ownership in the books of the corporation, and on the surrender of the old certificate. In practice, the seller signs his name in a space provided for that purpose on the back of the certificate, and the purchaser may either have the share transferred to his own name, or the endorsed certificate may be transferred freely, like a bearer certificate, to later purchasers, until it reaches someone who surrenders it, and requires a new certificate in his own name.

*Bonds and Debentures.*—The simple debenture, which is a mere acknowledgment of a loan, giving no security for the repayment, is being increasingly adopted for American issues. Most of the bonds, however, are secured by some form of mortgage on the property of the corporation. The bonds having the first claim on the security are the first mortgage bonds, then second mortgage bonds, and afterwards third mortgage bonds. In the case of reorganizations, the different classes of bonds are sometimes reduced and made of the same class, then being called "consolidated bonds."

Other classes of bonds are as follows: "Equipment bonds," giving a mortgage on the rolling stock of the railroad corporation issuing them; "land grant bonds," secured on the surplus railroad lands adjoining the lines of railroad corporations; they are repayable from the sales of such property. "Col-

lateral bonds" are secured by the deposit of securities of other corporations, owned by the issuing corporation. "Income bonds" give no mortgage or other security for repayment; the interest is not payable unless the corporation has earned net profits for distribution. (It should be noted that for all classes of bonds except income bonds, the interest is payable as an expense and is not dependent upon the earning of profits.)

"Convertible bonds" give the right of conversion into ordinary or preferred stocks. "Registered bonds" are issued in the names of the purchasers, to whom the interest is remitted by check. "Coupon bonds" have interest coupons attached.

For full explanations of the chief kinds of bonds see "bonds" in this section.

*Payments of Dividends.*—There are very few safeguards against the payment of dividends which have not been earned.

Improvements and extensions are generally capitalized and paid for from the proceeds of new issues of stocks and bonds. It is not uncommon for dividends to be paid in excess of the real profits earned, in order to keep up the market prices of the securities of a corporation. As an independent audit of corporation accounts is not required by law, the directors are the sole judges of the depreciations and reserves to be made before declaring dividends.

The valuations for annual inventories are also decided by the directors; an overvaluation may lead to a payment of large dividends in one year, at the expense of the next year.

**Corporation By-laws (or Bye-laws.)** The rules adopted by a corporation (public company) for its management and for defining the rights and duties of members of the company and of the directors and managers. These rules are submitted for the approval of the state with the application for registration as a corporation. After publication of these rules outsiders dealing with the company are presumed to have notice of any limitation of the powers of directors or managers to bind the company by their acts. See Chapter 67 and *ultra vires*.

**Corporation Trust Company.** One formed to supply an office address in a state such as Delaware, for corporations registered in that state but carrying on business chiefly in other states. There are great differences between the laws and regulations of the various states of the U. S. as regards the fees charged for registration of corporations, for annual franchises (licenses to trade), and the laws governing the powers of directors and the rights of stockholders. The promoters of companies usually prefer to register under the laws of Delaware or New Jersey, for reasons of economy and for larger liberty of action. These states require that companies registered under their laws shall keep a registered office within the state, with an agent in charge. Corporation trust companies supply these facilities at a small expense.

**Cost A/cs.** A system of keeping manufacturing accounts so as to show the separate amounts of expense for material, labor and direct expense, either for each unit of production, such as a machine, or for grouped quantities of articles of different kinds. The aim of cost accounting is (1) to find the total cost of making each article produced, in order to ensure that the selling price is sufficiently high to cover cost and all expenses and show a profit, and (2) to find the cost of each operation and to keep it within a fixed limit.

**Cost of production.** The "manufacturing cost" of an article or the "prime cost" includes the cost of material, labor of workmen, and the direct manufacturing expense. "Cost of production" includes all of these and also the general expenses connected with management and with the selling of the articles produced.

**Co-surety.** A guarantor jointly with another or several other persons. See continuing guarantee.

**Cost, insurance, and freight (Cif).** A price quoted for goods which includes all the above items, and packing charges. Except for the item of duty, it

equals "franco," which means delivered price. See Chapter 60 and c. i. f. terms (see index) for full explanations.

**Cotton Grades—American Grown Cotton.** The descriptions of American grown cotton adopted by international custom previous to August 1st, 1924, were as follows: L. O., low ordinary; Ord., ordinary; G. O., good ordinary; L. M., low middling; S. L. M., strict low middling; F. L. M., fully low middling; Mid., middling; S. M., strict middling; F. M., fully middling; G. M., good middling; S. G. M., strict good middling; F. G. M., fully good middling; M. F., middling fair; Fr., fair; G. F., good fair; F. G. F., fully good fair; Gd., good; F. G., fully good; Ex. Fn., extra fine; M. G., machine ginned.

By an order of the Secretary of Agriculture of the U. S., the following standards and colors are to take the place of the descriptions formerly used, as from August 1, 1924. These new grades have been accepted by the American, British and European dealers and manufacturers as applying to all future contracts. Samples of the various grades may be obtained from the U. S. Department of Agriculture for use by growers and dealers when grading cotton for sale or to settle disputes.

**Upland Cotton.** (A) *White.* #1, or middling fair; #2, or strict good middling; #3, or good middling; #4, or strict middling; #5, or middling; #6, or strict low middling; #7, or low middling; #8, or strict good ordinary; #9, or good ordinary.

(B) *Yellow tinged.* #2 tinged, or strict good middling yellow tinged; #3 tinged, or good middling yellow tinged. #4 tinged, or strict middling yellow tinged; #5 tinged, or middling yellow tinged; #6 tinged, or strict low middling yellow tinged; #7 tinged, or low middling yellow tinged.

(C) *Yellow stained.* (Nos. and initials are here used to describe the grades stated in full above) #3 stained, or g. m. yellow stained; #4 stained, or s. m. yellow stained; #5 stained, or m. yellow stained.

(D) *Blue stained cotton.* #3 blue stained, or g. m. blue stained; #4 blue stained, or s. m. blue stained; #5 blue stained, or m. blue stained.

(E) *Spotted cotton.* #3 spotted, or g. m. spotted; #5, #6, #7, with the word "spotted" following each number.

(F) *Light stained.* #3, #4, #5, with the words "light stained" following the numbers.

(G) *Gray cotton.* #3 gray; #4 gray; #5 gray.

Bales of ordinary American cotton average 480 lbs. in net weight.

**American Egyptian cotton.** These American grown cottons are classified in five grades, numbered 1 to 5, corresponding with a set of official original cotton standards kept in the U. S. Department of Agriculture, at Washington, D. C. Grades which are, in quality or color, between any two adjoining grades, are to be described by the word "grade" and the grade number of the higher of the two such grades, followed by the fraction  $\frac{1}{2}$ .

*Below grade #5.* American Egyptian cotton which is below grade #5 in grade, and/or color, is called "below grade #5."

"*Repacked,*" is the description, with the grade number, to be applied to factors', brokers', or other samples, or of loose or miscellaneous lots, which have been collected and re-baled for sale.

"*False packed,*" describes American Egyptian cotton in a bale which contains (1) foreign matter; or (2) damaged cotton inside without any indication of it outside; or (3) a plated bale, that is, good cotton on the surface and exceedingly inferior cotton inside, packed so as not to be detected by customary examination; or (4) pickings or linters worked into the bale.

"*Mixed packed,*" describes American Egyptian cotton in a bale of cotton which shows a difference of more than two grades in quality or color between

samples drawn from the heads of the top and bottom parts of the bale; the bale is to be graded as its lowest grade and called "mixed packed."

**Water packed.** This is American Egyptian cotton in a bale that has been penetrated by water during the baling process, causing damage to the fibers, or a bale which appears to be dry outside but which has been damaged by wet inside.

**American Sea Island Cotton.** This cotton is graded, according to the length of staple, in six grades, numbered 1 to 6, with the six following extra kinds: (a) intermediate grades, (b) below grade #6, (c) repacked, (d) false packed, (e) mixed packed, and (f) water packed. The lengths of the fibers (or fibres) are the average length at the humidity of the atmosphere of 65 per cent, and a temperature of 70 degrees Fahrenheit. The measurements begin below  $\frac{3}{4}$  of an inch, advancing by  $\frac{1}{16}$ ths of an inch to 1 inch, then advancing by  $\frac{1}{32}$  of an inch, disregarding anything less than  $\frac{1}{32}$ , and taking the nearest actual measurements.

**Cotton Grades of Foreign Grown Cotton.** The following are the grades adopted by agreement amongst growers and dealers.

**Cotton Grades for Egyptian Cotton.** The cotton grown in Egypt is graded as follows: f., fair; f.g.f., fully good fair; g., good; g.f., good fair. The bales average  $7\frac{1}{2}$  cantars, or 740 lbs. each, net weight.

**Cotton Grades for Indian Cotton.** The cotton grown in India (the East Indies) is classified in the following grades: f., fair; f.g., fully good; f.g.f., fully good fair; gd., good; g.f., good fair; s. fine, superfine. Bales average 400 lbs. in weight, net.

**Countersigned.** An additional signature of another responsible person, required for prevention of fraud and for greater security, in the case of checks drawn on bankers, and the issue of certificates of stocks, shares and bonds.

**Coupon.** A piece cut off a bond or bearer certificate. A small voucher, forming part of the certificate, to be cut off and presented for payment of interest due at the date printed on it. A bearer bond usually has coupons attached to it for the amounts of interest due each half year for the next 10 years. It also has a "talon" which can be cut off in order to claim a new sheet of coupons.

**Covenant.** A condition included in a written agreement under seal, by which one of the parties covenants or undertakes to do, or to abstain from doing, a certain thing, or by which the truth of certain facts is stated.

**Cover.** (1) To make provision (to buy) for probable future requirements. (2) A deposit of money or securities (bonds or stocks) given to a stock-broker, by a customer, as a guarantee of payment, when giving orders to buy or sell stocks or bonds. Another name for this is "margin." (3) The deposit of securities with a banker as a guarantee of repayment of a loan. See collateral security.

**Covering.** The closing of a speculation in produce or securities. See bull and bear.

**Cover Note.** One given at once by an insurance company to the owner of goods or other property who has accepted an offer of insurance; it is a temporary acknowledgment that the risk to the property is immediately covered by the policy of insurance which the company will prepare and deliver within 30 days.

**Coverture.** The legal position of a married woman, her acts being in some respects covered by her husband, who is liable for them to other parties.

**Craft.** The name used in marine insurance to describe ships and boats of all kinds used for carrying goods.

**Cranage.** (1) The charge made by dock or harbor authorities for the use of dock or pier cranes for loading or discharging cargo. (2) A special charge for the use of powerful cranes for loading or unloading unusually heavy packages or machinery.

**Credit.** (1) Time allowed for payment for goods bought. See open credit. (2) The character of a firm for prompt payments, etc. See full explanation in Chapter 67.

**Credit Agency.** See full explanation in Chapters 67 and 75.

**Credit Note.** A note stating particulars of an amount placed to the credit of a debtor, either for goods returned, or as an allowance for damages or overcharges. See explanations in Chapters 53 and 56.

**Credit Statement.** See representation of credit.

**Creditors in U. S. and British Bankruptcies.** See postponed creditors, also explanations elsewhere.

**Creditors' Committee.** See committee of inspection.

**Cremation Certificate.** A sworn statement required by stock exchanges from companies or their registration or transfer agents, that old stocks or bonds, or those which have been exchanged for new certificates, have been withdrawn from circulation and burned (cremated).

**Crossed Cheque.** A form of check used in Gt. Britain which is not payable in cash but must be deposited in a bank, for the credit of a customer. See Chapters 77 and 82 for full explanation.

**Cum Coupon.** The sale of a bond or preferred share when the buyer takes the coupon entitling him to a recently due amount of interest or dividend.

**Cum Dividend.** A buyer of stocks and shares "cum dividend" has the right to receive the dividend declared or about to be declared on the stocks bought. If the seller reserves the right to receive the dividend, the selling price is quoted "ex dividend" (without the dividend). The stock exchange committees publish notices of the dates when certain stocks are to be sold ex-div.

**Cum New.** The price of a stock or share including the right to subscribe for new shares at less than the present market price.

**Cum Rights.** See rights.

**Cumulative Preferred Stock. Cumulative Preference Shares.** Shares of capital stock, the dividend on which, up to a certain fixed rate per cent per annum, must be paid before any dividend is paid on common stock (ordinary shares). Should there not be sufficient profit in any year to pay the fixed rate of dividend on preferred stock, the deficit must be made up from the profits of later years, in addition to paying the preferred dividend for those years, before any dividend is paid on the common stock. The preferred dividend is thus cumulative.

**Curb Market.** An association of stockbrokers who are not members of the regular stock exchange. There are curb markets in New York and Boston which deal in securities of companies which are not quoted on the stock exchanges.

**Currency.** (1) Money used in trade, the values being established by law or by custom. See full explanation in Chapter 76. (2) The time to run before a bill of exchange becomes due.

**Current Account.** British banks use the term "current account" or "drawing account" as a name for a checking account, to distinguish it from a deposit account which is for sums deposited with the bankers for fixed periods, at interest. No interest is allowed on the current account. See also drawing account.

**Custom as Law—Common Custom and Particular Custom.** If a custom of merchants or dealers is universal, it is a "common custom," but if it used only in certain districts or trades or businesses, it is called a "particular custom." Customs of merchants are recognized and upheld by judges, provided that they are proved to be reasonable and honest, certain beyond doubt, compulsory on all parties, legally possible, and they have been in use for long periods. See Chapter 48 for additional information.

**Custom of Merchants.** Also called *Lex mercatoria*, law merchant, and *lex non scripta*. See explanations in Chapter 48, on laws relating to contracts and sale of goods.

**Customs.** Duties or taxes on imported articles charged by governments (1) for producing revenue and (2) for protecting the native producer from foreign competition. The taxes charged on articles produced in a country, and usually consumed there, are called "excise duties." See this term.

**Customs Bills of Entry.** Printed lists issued daily by the British customs authorities to persons who subscribe for them. They are of two kinds. Bill "A" contains the ship's reports of imports into each British port, with full lists of the cargos. Bill "B" deals only with the port of London; it gives full details of the exports and imports, and states which vessels have arrived or departed, or are loading.

**Customs Entry.** A declaration made by an importer or exporter, to the British Customs, describing the articles to be imported or exported and their weights and values.

**Customs House** (or Custom House). The government office for collection of duties on imports, for entering and clearing ships and cargos, and for other business connected with foreign shipping.

**Cutting.** Quoting a specially low price for goods offered for sale, or for work to be done, so as to beat a competitor by underselling him. See "Under-selling."

**Cutting a Melon.** Paying additional large dividends, in cash or in stocks, (shares) from the accumulated profits of a company, or the giving of rights to stockholders to subscribe to new issues of shares at par, when similar shares previously issued are selling at a premium. See rights.

**Damage Survey.** An inspection, by surveyors for insurance companies, to determine the extent of the damage to an insured ship or cargo.

**Damp or Water in Goods and Materials.** See moisture content and cotton.

**Data.** Facts from which to make a decision; details from which to decide on what is to be done.

**Dating Forward.** Merchants and wholesale dealers make provision by ordering goods intended for spring and other seasons long before they are required by their customers, so as to allow manufacturers time for production. As the goods are completed they are delivered to the merchant, who, partly to prevent the accumulation of stock, and partly to induce his clients to purchase large quantities, offers to deliver the goods at once, and to "date forward" the invoice. For example, goods bought for spring trade would be delivered to the retailer on January 20th, but, although the invoice would be sent then, it would bear the date April 1st, and the ordinary trade credit would be allowed from April 1st. Thus, with 30 days' credit, the time for payment would be May 1st. It is a bad system, as it encourages reckless trading and over-buying by the retailer, while it increases the risks of bad debts and returns of goods for the wholesaler.

**Day to Day Loans.** See call loans.

**Days' Date and Days' Sight.** See full explanation in Chapter 83, bills.

**Days of Grace.** The extra time, usually three days, allowed in some states of the U. S., and in Gt. Britain and Canada, for payment of all bills of exchange, except those due on demand or at sight. The time of grace varies in different states of the U. S. and in different countries.

**Debts, Bad.** See statute of limitations and proofs in bankruptcy.

**Dead Charges.** Another name for overhead expense or general expense.

**Dead Freight.** A trader who agrees with a shipowner or charterer to ship a certain weight or bulk of goods by a ship is liable to pay for the quantity of cargo shipped and for the difference between any lesser weight he actually

ships and the amount he contracted for, provided the ship does not sail with a full cargo. The difference or, where none is shipped, the total amount payable by the contract, is called "dead freight."

**Dead Rent.** See royalty.

**Dealer.** See jobber.

**Death Duties—Value of Estate.** Death duties are also called inheritance taxes, estate duties, succession duties, and legacy duties. Taxes charged on the estates of deceased persons, or on the persons to whom legacies are given or benefits accrued by the death of others. The value of an estate for death duties is the total net value of all property less all debts and liabilities and funeral expenses.

**Debentures (Bonds With or Without Mortgages).** Companies, if empowered to do so by their by-laws (memorandum or articles of association) may borrow money, for the purposes of their business, by issuing bonds (debentures), on the security of their property. These bonds entitle the purchaser to a certain percentage of interest, varying from 4 to 7 per cent, which is treated as an expense of the business and which must be paid whether any profit is earned or not. These may be sold at any price ranging from 80% to 110% of their face value. Where they are not redeemable by repayment of the principal sum owing, the bonds are called irredeemable bonds (debenture stock). Government stock or funds are of this class, permanent loans at interest. If the holders of the bonds of a company have power granted them by deed to seize certain property, in case of default of payment of interest or principal at dates promised, and to sell it for payment of principal or interest, the bonds are called mortgage bonds or mortgage debentures. Otherwise they have no claim to preference in payment over the ordinary trade creditors of the company, in case of a winding-up. A bond or debenture which gives a charge on (a lien on) property of a company is called a "mortgage bond or mortgage debenture." One which gives no charge or security is a "simple" bond or debenture, or a "naked" bond or debenture. By British law all bonds and debentures giving a mortgage or charge over any assets of a registered company must be filed (registered) for public inspection at the government Registry of Joint Stock Companies, or the charge will be ineffective against creditors. See bonds, in this section.

**Declaration.** A solemn statement or confirmation made without oath before a notary public, etc. See affidavit.

**Declaration of Trust.** A written acknowledgment of a person in possession of property or goods that he holds them in trust for the beneficiary or true owner, to whom he must account for the income and principal or the proceeds of their sale.

**Decree.** The final judgment of a court of law. An "interlocutory" decree or "order" is a temporary one, made during litigation, to prevent injustice to some of the parties.

**Deed.** A written agreement of a more formal kind than an ordinary agreement; it requires to be sealed and delivered and the signatures certified by witnesses to the signing. Deeds are used for transferring real estate. Although a deed usually describes the consideration given by each party, this is not necessary; consideration is presumed to have been given for deeds. A simple agreement, on the contrary, is void unless the consideration is stated in it. By British law a contract by deed gives a right of action within 20 years; in the U. S. the time varies in the different States.

**Deed of Arrangement and Deed of Composition.** See arrangements, bankruptcy, and Chapter 91.

**Deed of Gift.** A transfer of property by deed, without payment, to wife, husband, children, or friends, or to estates or associations, or to be held in trust for stated purposes. Governments and states usually require inheritance

taxes to be paid on such gifts if made within a short time before the death of the owner. This is to prevent evasions of inheritance taxes (death duties.)

**Deed of Transfer.** See transfer.

**Deed of Trust.** A deed by which property is transferred to the charge of a person called a trustee, to be held or disposed of as instructed by the deed, for the benefit of other persons or for purposes named.

**Defaulter.** (1) A person who fails to perform a duty. (2) A member of a London stock exchange who is unable to carry out his obligations to other members by reason of insolvency. He is "hammered" by public notice being given to the members on the floor of the stock exchange; notice of his default is read out after the attention of the members has been called by three raps of a wooden hammer on the rostrum.

**Deferred Charges.** The proportion of expenses, such as insurance, which have been paid in advance at the time of balancing the accounts of a firm. They are treated as assets, although not realizable.

**Deferred Creditors in Bankruptcies** (U. S. and Gt. Britain). See postponed creditors.

**Deferred Ordinary Shares.** The British name for common stock of a company on which dividend is not payable until the dividends on preference shares and ordinary shares (preferred and common stock) have been satisfied.

**Deferred Stock.** Shares in a company which are not entitled to dividends until the full dividends payable on preferred and common stocks have been paid. (See Cumulative preferred stock.)

**Deficiency A/c.** An account prepared after an insolvency or bankruptcy, to show the losses on trading and from other causes. This statement should explain how the capital of the concern has been lost and the deficiency of assets caused.

**Definitive Bond.** The complete bond exchanged for the scrip or temporary receipts issued at the time a subscription for a new issue is paid.

**Del Credere Commission.** A special and extra commission paid to an agent, in return for which he agrees to guarantee the payment for all goods he sells to customers for his principal. If a debtor fails to pay, the agent must pay. This del credere commission must be in addition to his commission for selling the goods, otherwise he has no responsibility for the debts of his customers, if he has taken ordinary precautions to avoid losses by bad debts.

**Delivery.** (1) The placing of goods in the possession or under the control of the buyer. (2) The legal execution and handing over to the other party of a deed containing the evidence of a contract for sale of real estate, mortgages, etc.

**Delivery of Goods.** See full explanations in Chapter 48.

**Delivery Order.** See bonded goods.

**Demand Drafts.** See Chapter 83.

**Demurrage.** A charge, usually per day, for the use of ships, railway trucks, &c. (not unloaded), delayed beyond the time agreed on.

**Depreciation.** The lessening in value of buildings, fixtures, tools, or machinery by use (wear and tear), and by age (by machinery becoming out of date, newer and more efficient machinery taking its place). If, through the processes of manufacture having changed, the machinery becomes worthless, the loss in value is called "obsolescence."

**Derelict.** Property abandoned by its owners or their agents; for example, a sinking ship abandoned by the crew, or unproductive farm land abandoned by the owners. See salvage.

**Deviation.** A voluntary departure from the usual course of a ship on a voyage. This is not allowed by insurance agreements except to avoid danger from icebergs, &c., or for the purpose of saving the lives of persons on other vessels who are in danger. See Chapter 54, insurance.

**Devise.** A gift of real estate (land, or land with buildings on it), to another person by will. The giver is called the devisor, the person to whom it is given is the devisee. See legacy.

**Dies non.** Days not counted as working days in agreements of which time is a condition. For example, the number of days allowed by charter parties for unloading a cargo. "Running days" would include Sundays and legal holidays; "working days according to the custom of the port" would exclude Sundays and local holidays, which would be dies non. See lay days and demurrage.

**Differences.** The net profit or loss on a speculation in stocks, which is receivable from or payable to a stockholder by his customer. See settlements and contango.

**Differences in Exchange.** The profit or loss made in sending money between different countries. See full explanation in Chapter 77.

**Directors.** The managers of the affairs of a company, appointed by the general body of stockholders (shareholders). One director is usually appointed by the others to be the president or chief executive (managing director), and he then has charge of the general business of the concern. The directors collectively are called "the board." The British Companies' Acts lay heavy responsibilities on directors and provide serious penalties of imprisonment and fines, and financial liability to creditors and stockholders, for neglect of duty by directors, or for leaving the uncontrolled management to other persons. See companies.

**Discharge in Bankruptcy.** See bankruptcy proceedings and Chapter 91.

**Discount.** (1) Means "taken off the total." It is a reduction made by the receiver of money if paid before the full period of time allowed. It is therefore an allowance of interest. (2) Stocks, shares and bonds which are selling at lower than their nominal price (face value) are said to be "at a discount." (3) When applied to bills of exchange, the discount is the rate of interest which the bill-discounter charges for the period the bill has to run. In the case of a manufacturer selling goods for \$100, and receiving a bill due in three months as payment, he could turn this into cash at once by selling it to a bill-discounter. If the latter offered to "discount" it at 6 per cent per annum, he would deduct  $1\frac{1}{2}\%$  as three months' interest, and pay the manufacturer \$98.50 in cash, while at the end of three months he would collect \$100 from the acceptor of the bill. (4) Another form of discount is where an expensive list of manufactured goods is printed with retail prices marked, the wholesale dealer being allowed a large "trade discount" off these prices. See rebate, premium, trade discount, and Chapters 49, 60, and 80.

**Discount Rate.** The rate per cent per annum charged by banks, bill brokers, and discounting firms as discount on bills of exchange bought. See full explanations in Chapters 49, 60, and 80.

**Discrimination.** The favoring of one customer by giving him lower prices for goods or lower rates for carrying goods by rail or water. Common carriers, such as railroad companies or express companies, are forbidden by law to charge lower rates to special customers. They must offer the same prices to all their customers for carrying the same quantities the same distance, with the same service.

**Dishonor.** On payment or acceptance of a bill being refused, the holder, for value (if he is not the drawer), must at once give notice of the dishonor by mail to all previous holders and endorsers. Then, but not unless, he can sue any of them, or all of them together, for the recovery of the amount of the bill. A foreign bill (one either drawn abroad or payable abroad) should, in addition, be protested at the town where the dishonor occurs. See Protest. On a check being dishonored (returned unpaid) the drawer of the check and previous holders are advised at once. If the check is not presented for payment within a reasonable time, such delay releases previous holders from liability to the present

holder, but does not release the drawer of the check unless the bank fails (becomes insolvent) in the meantime. Neglect to promptly give notice of dishonor to all previous holders and endorsers of either bills or checks releases them from liability to the holder. See re-exchange, holders for value, and Chapter 83.

**Displacement.** The bulk or weight of water displaced by a ship when afloat. The weight of a ship and its cargo is found by dividing by 35 the number of cubic feet of salt water displaced by the loaded vessel, because one ton (2240 lbs.) of salt water occupies a space of 35 cubic feet. See tonnage of ships.

**Dissenting Shareholders in Reconstructions.** See arbitration.

**Dissolution of Partnership.** The ending of a partnership, either by mutual agreement or by one or more of the partners retiring, or through the death, insanity, permanent incapacity, or bankruptcy of one of the partners, or through the expiry of the time agreed on for the existence of the partnership. A court of law may order a dissolution of partnership where it is proved that the partners are unable to work together on friendly terms, or that the firm cannot continue to trade at a profit.

**Distress, Distrain, or Execution.** The seizure of goods and chattels by a sheriff or other person for sale to satisfy a debt. It must be made between sunrise and sunset. In Gt. Britain a landlord may seize the goods of his tenant immediately any rent is due, without giving previous notice and without applying to a court. See execution.

**Distringas.** An order obtained from an English court by a person claiming ownership or an interest in stocks, shares or bonds of a company. An affidavit by the claimant is filed with the court, which thereupon issues an order to be served on the company, restraining it from making any transfer or paying any dividends or interest on the stocks or bonds claimed until after eight days' notice has been given to the claimant, to enable him to bring his claim before the court as an action or otherwise. See charging order.

**Dividends.** (1) Annual or other periodical payments of profit to the stockholders of companies. (2) Also applied to payments of interest on investments, and (3) to sums paid to creditors out of the cash obtained from realizing a debtor's property by an arrangement or in bankruptcy.

**Dividend Passed.** A declaration by directors of a company that the usual dividend for a certain trading period will not be paid, by reason of losses, or otherwise.

**Dividend Warrant.** English name for a check (cheque) issued by a company for payment of a dividend to a holder of its shares.

**Dock and Town Dues—Port of Liverpool.** Charges on goods exported from or imported into the port of Liverpool, whether the vessel goes into dock or loads or discharges in the river Mersey.

**Dock Dues.** A charge on cargo, made by port authorities for the use of the port in the importing or exporting of goods. See Chapters 54 and 77.

**Dock Warrant.** A negotiable receipt given for goods deposited with a dock company. Endorsement and delivery of the receipt to any person transfers the title to the goods. Dock warrants are commonly deposited with bankers to secure loans. See Bonded warehouses.

**Document of Title.** Any document used in business to prove ownership or control over goods, the endorsement and delivery of which document authorizes the person to whom it is transferred (the new owner) to claim the goods named on it. The pledge of a document of title acts as a pledge of the goods. The usual documents of title are bills of lading, dock warrants, warehouse receipts, warehousemen's certificates, delivery orders and delivery warrants. See these terms and also title.

**Documentary Bills.** Bills of exchange drawn in payment of goods shipped, with the invoice of the goods, the insurance policy, and the bill of lading, all fastened together. The consignee to whom the goods are shipped cannot obtain possession of them without producing the bill of lading. In order to procure it, he must "accept" the draft attached to it—that is, he must sign it to undertake that he will pay the amount in a certain time. (In South American countries the importers sign "pagarés," promissory notes, instead of drafts.) The usual procedure is for a merchant at, say Liverpool, selling goods to a firm at New York, to send the bill of exchange and bill of lading to an agent there, with instructions not to give up the bill of lading to the purchaser unless he accepts the bill of exchange, which is then either returned to Liverpool or turned into cash at New York by discounting it. Or, the Liverpool exporter may hand the draft and bill of lading, etc., to his local banker who will send it to a New York banker for collection of the price of the goods. Should the purchaser decline to accept the draft, he is not allowed to take the bill of lading, and then the agent of the seller or the collecting banker can claim the goods, as they will be delivered by the vessel's agents only to the persons presenting the bill of lading. Where a banker makes an advance (a loan) to a shipper on documentary bills of goods consigned to a client abroad, he (the banker) has the draft presented to the purchaser for acceptance by his own (the banker's) agent. With well-known and trusted clients, in near countries, the seller sends the bill of exchange direct by post, for acceptance, with bill of lading attached, the draft being returned accepted, and the bill of lading kept. If the bills of lading are first sent to the purchaser separately, and the draft is afterwards presented for acceptance but dishonored, the holder of the draft cannot claim the possession of the goods. The consignee may pay the amount of the draft at once, instead of accepting it for payment later, and he would then be allowed discount by most bankers, but he cannot legally demand it. See hypothecation and bills of lading.

**Documents.** Business papers, such as invoices, bills of lading, and bills of exchange; also legal papers.

**Documents Required for Export Shipments.** These vary according to the requirements of the customs authorities of different countries. Generally a complete set of documents consists of (1) bills of lading in triplicate, 3 copies, to the order of the shipper and endorsed by him. One copy is signed with a visé by the consul of the country to which the shipment is to be made; (2) consular invoices, as many as required, usually 3 or 4, containing full descriptions of the goods and the packages and the marks on them, which are usually the initials of the consignee and the name of his town; (3) insurance policy or certificate, endorsed; (4) ordinary invoices, in duplicate or triplicate, not certified, showing the contents of each separate case or package. The shipping marks on the cases or packages are stated on each document referring to the shipment, they are as essential as the name of the consignee.

**Dollar.** The basis of the currency of the U. S. is the gold dollar of 100 cents, but no gold coin of this value is issued to the public. Paper money, of \$1 and upwards, called "bills," is generally used. Canadian currency is also based on a gold dollar of 100 cents which, in theory, is equal to the U. S. dollar. The silver coinage of these two countries is not accepted by the other nation except in retail business on the borders (frontiers.) The exchange value of the U. S. dollar in British money is 4 shillings and 1½ pence (4s. 1½d.). (Notice that the English penny is worth two cents; the U. S. penny is one cent.) The British pound sterling, also called a "sovereign," is equal to \$4.86-2/3. There are other foreign monies called "dollars" of which the most important are the following; the dollar sign, \$, is used for these also: (1) The Argentine peso or paper dollar (\$c/l, curso legal, legal tender, or \$m/n, moneda nacional, national money). This is worth 42.44 U. S. cents. The Argentine gold peso

(\$o/s, oro sellado) is worth \$0.9648. Usually 44 Argentine gold dollars is equal to 100 paper dollars. (2) Canadian and Newfoundland dollar, nominally equal in value to the U. S. dollar. British Honduras also uses a dollar of the same value; (3) Chinese "chopped dollar," which is a Mexican silver dollar stamped with a Chinese "chop" or mark in Chinese characters, by a Chinese money broker, as a guarantee of its value; (4) Mexican dollar, used largely in China and other countries in the Far East; its value depends on the market price of silver metal, but it is generally around 50 cents of U. S. money or 24½ English pence. (5) The Straits Settlements dollar; (abbreviated to —S.\$ or S.S.\$) or Hong Kong dollar; coined by the British Government for use in the Far East, instead of the Mexican dollar; its face value is 2s.4d. in sterling, worth \$0.5678 of U. S. money. The Singapore dollar is worth 75% of the Hong Kong dollar, say \$0.4258; (6) Guatemala, Honduras, and Salvador use a peso or dollar of silver worth \$0.8078 of U. S. money. (7) The Chilean gold peso or gold dollar called the "peso of 18 pence," which is its value in English money, is worth \$0.3650; \$oro means gold peso; \$m/c. means moneda corriente or paper peso. (8) The Colombia gold dollar is worth \$0.9733; (9) the Mexican gold peso is worth \$0.4985. Most of the South American countries use paper money worth much less than the silver or gold peso named above. (10) In Brazil and Portugal the \$ sign is placed between reis and milreis, thus: 250 milreis and 100 reis is written 250\$100; a sum of 250 milreis may be written 250\$ or 250\$000.

**Domestic Trade.** Business done within the U. S. The British terms for domestic trade are home trade or inland trade.

**Domicil or Domicile.** The legal permanent address of a person or firm, the home address. The domicile of a corporation (limited company) is its registered address in the state or the country in which the company was incorporated.

**Dormant Account.** A closed account for which there are no further transactions.

**Dormant Partner, or Sleeping Partner.** One who has all the rights and liabilities of a partner, but who takes no active part in the management of the business and who is not known as a partner to creditors or others. On retiring from the firm he need not give notice to any other persons than those who were aware that he was a partner. See Chapter 67.

**Donated Surplus.** See surplus, promoters, and Chapter 67.

**Double Account System.** An English system of keeping the accounts of "parliamentary companies" (public service companies) such as railways, tramways (street railways), and gas companies, where the shareholders subscribe the capital for the specific purpose of the construction or purchase of the undertaking. English law requires the accounts and annual balance sheets to show separately how this money has been used. The essential feature of this system of accounts is that whereas the ordinary "single account system" finds the true profit by providing for depreciation of assets out of revenue (profits), as well as repairs and upkeep, the "double account system" disregards all depreciation and the loss in the value of assets by age (obsolescence), except in the case of the sale of an asset. The double account system provides only for repairs, renewals and maintenance from revenue; any excess of income over expenditure, after providing for the items just named, is considered as net profit available for dividend, losses of capital being ignored. (The single and double account systems explained here are not the same as single and double entry.)

**Double Insurance.** Insuring with two different insurance companies for the same risk. The assured person or firm may claim on either policy, but can only recover the amount of his actual loss. The insurance company which pays is entitled to claim a fair proportion from the other company.

**Double Jeopardy.** See jeopardy.

**Double Option.** See put, option, and settlement days.

**Double Standard Currency.** Where a country decrees that both gold and silver are legal tender for all payments, the silver having a fixed proportionate value to gold, the money is said to be on a double standard. See bi-metallism. For further explanations see Chapter 76, paper and metal monies.

**Doubles.** Large pieces. In some cloths 120 yards is a "double"; 60 yards a "piece"; 30 yards an "end." The lengths of "pieces" differ for different materials, such as cotton, wool, linen and silk.

**Doubtful Debts.** Debts overdue for payment, which are not likely to be paid in full. In a balance sheet these should be valued at only a part of their face value, the estimated loss being charged as expense of the year when incurred.

**Dower.** The legal right of a widow to a share of property owned by her husband at the time of his death. The widow may release her claim by agreement, either before or after her husband's death.

For full explanations of the laws relating to property see other headings in this section.

**Draft.** (1) A bill of exchange, drawn by a creditor on a debtor (see Chapter 83). This term also means an excess of weight allowed for dirt, &c., to purchasers of certain classes of goods. See tare.

**Drawback.** (1) The refund of the customs duties paid on imports, which are repaid if the goods are exported in the same condition within three years. (2) The drawback of the duty is also granted on articles made for export with the use of duty-paid materials and domestic tax-paid alcohol.

**Drawee.** The person on whom a bill of exchange is drawn; the person or banker who is to pay the bill. See Chapter 83.

**Drawer.** The person who writes out (draws up) a bill of exchange, either a draft or a check. See also exchange and Chapters 82 and 83.

**Drawing Account.** An account for amounts withdrawn, such as for expenses by a travelling salesman paid by commission, or amounts drawn by partners for personal expenses, or as management salaries. See current account.

**Drawings.** (1) Amounts of cash drawn by partners or directors for personal use, which is charged against their profits or salaries. (2) The selection, by lot, of bonds to be repaid where it has been arranged that a fixed quantity shall be redeemed in each year.

**Drummer.** Travelling salesman, commercial traveller.

**Dry Dock.** A dock for repairing vessels. The dock is filled with water and the vessel floated in from the river or harbour alongside, then the gates of the dock are closed and the water is pumped out, leaving the dock dry, to permit of repairing the hull of the vessel, which is the part usually under water. There are also floating dry docks, which are made of hollow pontoons, to contain water, so that they may be slid under a vessel and afterwards raised by pumping the water out of the pontoons, so lifting the vessel above the water level.

**Dry Goods Business.** Dry goods are general drapery, textiles, hardware, &c.; wet goods are oils and all kinds of liquid or semi-liquid produce sold in bottles, barrels, iron drums, or carboys.

**Duces Tecum Subpena.** See Subpena.

**Due Date.** The date on which a bill of exchange is nominally payable. Thus, if drawn on January 1st @ 3 months, its due date is April 1st, to which any usual days of grace allowed by law must be added. See "days of grace."

**Dummy.** A man of straw (who has no money or property), whose name is used as the holder of stocks or bonds, or as one of the incorporators of a company. This is done to hide the names of the real owners or members and to avoid any future liability. See man of straw.

**Dumping.** Selling an excess production of goods in foreign markets, at a lower price than that charged for domestic trade. See customs duty.

**Dunnage.** Pieces of wood or matting, used when stowing cargo in the hold of a ship, to protect it against damage, either from sea water leaking in or from chafing against the ship, or from crushing by other cargo.

**Duress.** The use of physical force, or threats to injure a person or his parents or wife and family, or any other illegal means, in order to secure the consent of a person to an agreement or proceeding. If duress can be proved, an agreement obtained by it is voidable at the option of the person against whom it has been used. See undue influence and void and voidable contracts.

**Dutch Auction.** One in which an article is offered for sale at a high price, which is gradually reduced; the first person who offers to take it at the price named is the buyer.

**Duties.** Taxes levied by foreign governments, either for purposes of revenue or to protect their native manufacturers from being undersold by imported goods. See consular invoices, customs, protection, and Chapter 55.

**Each way commissions or brokerage.** Where dealings are made in stocks and shares, or in products such as cotton, grain, coffee, or rubber, it is a matter for arrangement whether the broker charges commission for buying only, or for selling only, or for each transaction, (each way), that is, on both buying and selling. See commission.

**Earmarked.** Money set aside for a special purpose.

**Earned surplus.** Undivided profits, which have been earned as profits on trading and are transferred to surplus account instead of being distributed as dividends.

**Earnest.** The payment of a deposit by the buyer, as an alternative to delivery of part of the goods by the seller, in order to bind the contract to purchase. Either a written memorandum of the transaction or the giving of earnest is required by English law as proof of a contract having been made for the purchase of goods over a certain value. The laws of most of the states of the U. S. and foreign countries fix an amount below which sales may be made without any formality. See statute of frauds, contracts, and Chapter 48.

**Easement.** A facility or permission given by the owner of land to the owner or the tenant of adjoining land. For example; the owner of land fronting on a road may give the owner of back land behind his own the right to make and use a road over the front land, in order to reach the back land with wagons or trucks. Or, the owners of adjoining houses with only a narrow space between them, of which each owns half, may agree that both shall use the whole space as a road, to reach their garages at the backs of their separate houses. Other kinds of easements are the common (joint) use of a wall on the boundary line between the properties, or allowing windows to be placed so as to receive light and air from the adjoining land of another owner.

**E. C.** East Central. London street addresses are divided for postal purposes into geographical districts. Thus—E., East; W., West; E.C., East Central; W.C., West Central; N., North; S.E., S.W., &c. These divisions are also subdivided by numbers, E1, E2, E3, &c. This helps the delivery of letters and telegrams. See Chapter 66 for full explanations.

**E.E. and E. and O.E.** "Errors excepted," and "errors and omissions excepted." Stated at the foot of invoices and statements of accounts, to show that the right is reserved of afterwards correcting any errors.

**Effects.** Personal property of all kinds. The term generally includes not only goods but all descriptions of property which are not land and buildings.

**Egyptian cotton.** See cotton grades.

**Eligible bills of exchange.** The kind of trade acceptances which a federal reserve bank is allowed by law to buy as part of its business of discounting commercial bills of exchange. The requirements are (1) that it must be a trade acceptance having not more than 90 days to run (excluding days of grace) at

the time of purchase, or, if it is a farmer's acceptance, it must be due within six months. (2) It must be a bill in payment of a debt for the purchase of goods, or material for manufacturing, or live stock, or farm produce. (3) It must be endorsed, as a guarantee of payment, by a local bank which is a "member bank" of the federal reserve system.

**Embargo on ships.** (1) A government order forbidding foreign ships from leaving a port. Usually issued against ships of a nation with which there is a dispute. If this dispute ends in war, the ships held under the embargo are seized and confiscated. (2) An order of a court forbidding the removal or sale or transfer of property during litigation concerning it.

**Embezzlement.** The taking for one's own use, by fraud, of money or property of another person which is lawfully under the care and in the possession of the embezzler. The difference between embezzlement and theft is that theft is the unlawful taking of possession, followed by unlawful keeping or the sale of the property.

**Eminent domain.** The right of the state to take private property for public use, on paying reasonable compensation. See condemnation.

**Employer's liability.** The liability of an employer to pay compensation to workmen injured while working for him. This liability is usually covered by the employer taking out a policy of insurance (employer's liability insurance) by which the insurance company agrees to pay such claims. The premium payable for this protection is based on the amount paid annually in wages and the dangers connected with the work.

**Endorsement.** The person to whom a bill of exchange is made payable must, before transferring it to another party (either in payment or by discounting), sign his name on the back of the bill in order to legally transfer it. This signature is called the endorsement. The British Bills of Exchange Act, 1882, section 55, sub-section 2, states: "The endorser of a bill, by endorsing it, engages that on due presentment it shall be accepted and paid according to its tenor, and that if it be dishonored he will compensate the holder or a subsequent endorser who is compelled to pay it, provided that the requisite proceedings on dishonor be duly taken." All subsequent holders of the bill also endorse, the second signature being under the first, the third under the second, &c. In case of dishonor, the holder of the bill may recover the money from any of the endorsers or from the drawer. Every endorser is liable to all later endorsers for payment of a dishonored bill, but he can claim against any or all of the previous endorsers and the drawer and acceptor. The uniform U. S. negotiable instruments law (see this heading) is practically the same as the law of Gt. Britain, Canada, and other British countries, referring to checks and bills. *See also exchange, discount, and dishonor.*

**Endowment.** The making of a gift of cash or property, of which the income is to be used for certain purposes described by the giver (donor). Usually trustees are appointed to manage the endowment fund and to carry out the conditions named by the donor. An example is the gift of cash or securities to a university, of which the income is to be used for paying the salary of a professor, or the expenses for giving a certain branch of instruction.

**Endowment policy.** One which limits the premium payments to a certain number of years, or to the time of death. The amount assured is payable at the end of a stated period or at death, whichever happens first.

**Ends.** Short or divided pieces. A "piece" or bolt of 120 yards, if cut into four, would make four "ends" of 30 yards. See pieces.

**Enfacement.** A writing across the face of a bond to prevent its negotiation where the holder wishes to change a bearer bond to a registered bond or vice versa.

**Enjoin.** A court order forbidding (enjoining) one of the parties to a suit from doing certain things until an action has been tried. This is the same as an injunction.

**Entering a Ship.** See clearance.

**Entrepôt.** A warehouse in a foreign port or town, in which goods in transit to another town are stored temporarily. See warehouse and bonded warehouse.

**Entrepreneur and Entreprise.** Entrepreneur is the French term for a contractor; for example, entrepreneur de bâtiments, contractor for buildings; a builder. If the contractor is a firm or company, the description may be, for example, Entreprises de Bâtiments A. Simon; The A. Simon Building Company. See Chapter 66, names of foreign firms and their meanings.

**Entry Outward.** To make a declaration at the custom house of goods being shipped outwards, exported. See "clearance outward."

**Equation of payments.** See average due date.

**Equipment Bonds.** Mortgage bonds issued by railroad companies to provide funds for the purchase of locomotives, cars, trucks, and rolling stock generally. If the mortgage interest and principal are not paid at the agreed dates the rolling stock can be seized by the creditors or by a trustee empowered to act on their behalf.

**Equitable mortgage.** A contract for a mortgage, either (a) by a written agreement undertaking to make a mortgage, or (2) by a deposit of bonds, stock certificates, or title deeds to real estate with a creditor, as security for a debt, without any written memorandum.

**Equity of owner of mortgaged property.** The amount of the invested capital of the owner of mortgaged real estate, or stocks, or bonds. For example, the equity of the owner of land and buildings worth \$60,000, mortgaged for \$35,000, would be \$25,000. The amount to be paid by the owner to redeem or release the property from the mortgage and to pay interest and all expenses is sometimes called the equity of the owner. See foreclosure.

**Equity, law of.** See law merchant and Chapter 48; also trusts in this section.

**Equity of redemption.** (1) The right of a mortgagor to compel the mortgagee to transfer the legal title of mortgaged property to him on repayment of the principal sum lent, with the interest due and the costs of reconveyance. The right of redemption must be exercised before foreclosure is completed, or within such time afterwards as the local laws allow. (By a strict interpretation of law the transfer by mortgage is an absolute conveyance, but in equity it is a security only.)

**Equivalent price of stocks and produce.** The adjusted price between New York and Chicago quotations, or the prices quoted for the same things in foreign towns, after taking into account the difference in exchange. See full explanations under "American parity prices." For produce, an adjustment must be made of the expense of carrying the cotton, grain, etc., from the lower priced market to the higher priced market. See also exchange.

**Escrow.** A transfer of property, in trust, not to become effective until the performance of some act by the person to whom the transfer is to be finally made. For example, a deed transferring land to a purchaser may be deposited by the seller with a bank or lawyer, who is to act as trustee and who is not to deliver the deed to the purchaser until he pays the purchase price in full. The deed is then said to be "in escrow" and the conveyance is not a legal transfer of title to the land until the payment has been made as stipulated.

**Establishment expenses.** The English term for overhead expense, burden, or general expense.

**Estate.** (1) A large house with a private park surrounding it. (2) The interest a person has in the value of or the income from land and the buildings

on it, called **real estate**, which descends to the heir on the death of the owner. Personal estate is personal property, that is, money, goods, furniture, stocks and bonds, leases, and all kinds of property except real estate and interests in it. Mortgages receivable are personal estate. An estate in fee simple is the most complete ownership of land, which can only be taken from the owner through seizure and sale for payment of taxes or judgment creditors, or following foreclosure, or in bankruptcy, or by condemnation (forced sale) for public use. A joint estate, or joint tenancy, is the joint ownership of land by several persons, the rights of those who die passing to the survivors until only one is left, when the property becomes entirely his own. A life estate, or estate for life, is the right to receive income from real estate during life. A residuary estate is the remainder of the property of a deceased owner which has not been specially disposed of by his will, in other words, what is left after paying all debts, expenses, death duties, and legacies.

**Estate duty.** See death duties.

**Estoppel.** A hindrance or stoppage. Any act which prevents a person from denying a certain thing. For example, a party signing a deed in the presence of witnesses, who also sign to attest the signature, is in consequence estopped from denying that he signed it. The intention of estoppel is that where a person by his words or acts persuades another person to believe that certain things are true, and so causes him to act in that belief, those things cannot afterwards be denied by the party making the statement. A registered share certificate issued by a company estops the company from denying that the person named in it is the registered holder of the shares described.

**Et al.** Means "and others"; an abbreviation of "et alii" or "et aliae."

**Et ux.** Means "and wife"; an abbreviation of "et uxor."

**Evening up.** Arranging dealings so as to be on an even or average basis of risk.

**Ex.** Out of. (1) When followed by the name of a ship means goods received by that ship. (2) On the stock exchange it means excluded; a buyer of stocks "ex-div." is not entitled to the dividend just declared; bonds bought "ex-coupon" are without the coupon entitling the owner to a recent interest payment. (3) Formerly. See cum.

**Exchange.** (1) The barter or exchange of one article for another. (2) A building or place where wholesale dealers meet to do business, a stock exchange or produce exchange. (3) Drafts, bills of exchange and credits used by exchange brokers to do business in buying and selling foreign exchange. (4) *Dollar exchange*; drafts or bills of exchange drawn in foreign countries and made payable in dollars in the U. S. Or bills drawn in U. S. in dollars and made payable abroad at the exchange rate for dollars. (5) *Domestic exchange*; exchange between different cities in the same country; for example, between New York and San Francisco. Settlements of accounts between the banks of the different U. S. cities are made by telegraph through the federal reserve banks. (6) The charge made by banks for collecting checks and drafts payable by banks in distant cities in the same country; these charges are regulated by the federal reserve board for the U. S. (7) *Pegged exchange* is a rate of exchange fixed by a government and kept at that rate by controlling the market; for example, the rate of exchange between London and India is pegged at 24 pence per rupee or 10 rupees to the pound sterling. (8) *Re-exchange* is a charge made by a collecting banker for drawing a new draft on a foreign customer, to cover the principal amount and the expenses on a bill sent for collection but dishonored (refused payment or acceptance) by the person who should have paid it, the drawer. (9) *Sterling exchange*; drafts or bills payable in pounds sterling in London or in other places,

such as Australia or the Union of South Africa (U. S. A.), where pounds sterling are the legal currency. See further explanations in Chapters 55, 58, 76, and 83.

**Execution creditor.** A creditor who has obtained a judgment for debt against a person or a firm, followed by a writ of execution against their goods, which writ has been delivered to the sheriff with instructions to seize and sell the goods. The bankruptcy laws in certain cases compel the execution creditor or the sheriff to deliver the goods or the proceeds of sale to the receiver in bankruptcy, for distribution amongst all the creditors, where bankruptcy has occurred immediately after the distraint and sale. See *distress*.

**Excise duties.** A government duty or tax on goods manufactured in a country for consumption there. If exported, the shipper is entitled to repayment of the excise duty. See *drawback*.

**Executor de son tort.** Means an executor by his own fault. A person who has not been appointed executor by a will but who takes it upon himself to act as executor. He is liable as an executor to creditors and legatees, but he must not pay his own debts out of the estate, nor has he any of the privileges of an executor. Such an executor can only escape liability by making a full accounting to the rightful executor or administrator before any action is brought against him.

**Executors, Administrators, and Assigns.** See *administrators, trusts and trustee investments*. An executor is a person appointed by a will of a deceased person to carry out the provisions of the will. He may accept or refuse the duty after the death of the testator. The will may state that he need not give the usual "executor's bond" before dealing with the property. An administrator acts in the same way, but he is usually appointed by the court of probate (which deals with all matters relating to wills) where no executor is appointed by the will, or, where no will has been made, or where the executors named in the will refuse to act [renounce probate]. If the deceased has been in trade, the duties of the executors or administrators are, to pay off his liabilities, and either sell the assets and distribute the money to the persons to whom it has been bequeathed, or, to carry on the business for their benefit if the will specially authorizes this. An assign is a person to whom property or goods is transferred.

See property elsewhere in this section.

**Ex Factory; Ex Store; and Ex Warehouse.** When goods are sold with these conditions the buyer must pay all trucking, carriage, rail, and steamer charges for collecting the goods from the place named and carrying them to his own place, or to any other point of delivery he may fix. See Chapters 55 and 58.

**Exhibit.** (1) An additional document or statement of account, or statistics or drawings, to supplement and explain a main document or report. (2) A document, book or other article shown to a witness for identification when giving evidence. (3) A document referred to in an affidavit; it is identified afterwards by the officer who took the affidavit concerning it; he usually marks it.

**Ex officio.** Entitled to act by reason of holding another office. For example, a president of a society is *ex-officio* a member of all sub-committees of that society.

**Export bounty.** (1) A premium paid by a government to manufacturers of goods exported, in order to encourage export trade; (2) permission to import, free of customs duty, raw materials, required for manufacturing goods to be exported. (3) A drawback or repayment of duty on raw materials of manufacture, when the manufactured goods are exported.

**Export documents.** See documents required for export shipments.

**Export through rate.** An inclusive rate charged for transporting goods from a factory in the interior of a country to the foreign town of the purchaser. The through rate includes carriage by rail to the dock, for export, the carriage by sea, and the unloading at the foreign port. It may even include rail transport to an interior town in the foreign country. The charges to be included in the

rate are a matter of bargaining, first between the shipper and his customer and next between the shipper (exporter) and the forwarding agent.

**Extension of protest.** In Gt. Britain domestic bills of exchange (inland bills) are "noted" by the notary attaching a printed "noting slip" to the check or bill, this certifying non payment. For foreign bills, drawn abroad, the notary afterwards makes the usual formal "protest" required by foreign laws; this is called the extension of the protest. See noting and Chapter 83.

**Extension of mortgage.** When the principal sum of a mortgage is due for repayment, the borrower and the lender may agree to an extension of the time for payment by making an agreement in writing, stating the further period allowed, and recording this new agreement like the original mortgage.

**Extraordinary General Meeting and Extraordinary Resolution.** The articles of association (by laws) of a company usually require that certain serious matters affecting the rights of all shareholders, (for example, dissolving or winding up the company), cannot be done except after proper notice has been given well in advance of extraordinary resolutions to be adopted by at least a three-fourths majority of votes, to authorize such proceedings, and only at meetings specially called for the purpose of considering and voting on them. These are called extraordinary meetings and extraordinary resolutions respectively. See ordinary business.

**Extraordinary meetings and resolutions.** See ordinary business.

**Extraterritoriality.** See consulate.

**Face value.** Par value or nominal value. See par.

**Factor.** An agent who sells goods sent to him by a merchant, a manufacturer or a farmer. A broker is simply an agent to negotiate the sale, while a factor usually also has possession of the goods he sells. A factor may sell in his own name or in that of his principal, and he may collect payment, or even pledge the goods with the consent of the owner, but he must account for all profits. His remuneration is limited to his commission for selling. A broker, on the contrary, must sell in the name of his principal, he usually has not possession of the goods or property sold, and generally he does not collect the price of the goods. See Chapter 24 for further explanations.

**Failure.** The insolvency of a trader, the state of being unable to pay all debts in full. See bankruptcy and composition.

**Fair trade.** Used in Gt. Britain to describe a proposed scheme for charging customs duties on imported goods produced by nations which charge import duties on goods of British manufacture, the British customs duties to be similar to those charged by the foreign nations. The manufactures of countries admitting British goods free are not to be taxed under this scheme.

**False packed.** See cotton.

**Farm Loans.** By the Farm Credits Bills of March, 1923, the U. S. Government created twelve intermediate credit banks, to be managed by the Federal Land Banks, under the control of the Federal Farm Loan Board, also appointed by the government. The capital of these intermediate credit banks is \$5,000,000 for each bank, furnished by the U. S. government, which owns them and is entitled to half of the net profits. These banks can secure further funds by the issue of debentures, the interest on which is exempt from income taxes and all other federal, state, or municipal taxes. They have power to lend, to an unlimited total amount, to farmers on live stock and warehouse receipts for agricultural produce, up to 75% of their market value. The interest to be charged for farm loans must not exceed 1½ per cent above discount rate for bills of exchange.

The federal Land Banks make loans to farmers, on mortgages of farm lands, to a maximum amount of \$25,000 to one borrower. Their capital may be subscribed by the public or by state governments, or by the federal government, but they must not have less than \$750,000 capital each. They may receive deposits

from farm loan associations. They may also sell federal farm loan bonds issued against first mortgages on farms owned by the members of the farm loan associations. Corporations with independent capital of \$250,000 each or more may be formed under this bill to discount farmers' notes payable in six months or at longer terms. Other independent corporations may be formed, with capital of \$1,000,000 each or over, to re-discount the notes for the independent lending corporations. Both of these classes of independent corporations may issue debentures to obtain loan capital, but their debentures are not exempt from taxation. The Comptroller of the Currency may supervise these independent corporations.

**Fast Colors.** Colors and shades which will not fade by exposure to light, or by washing. Those fast to light are not always fast to washing, and *vice versa*. See *loose colors*.

**Federal Reserve Bank system.** By the Act of 1913, the federal reserve bank system was created by Congress, to provide reserves of gold and other banking capital, to prevent high interest rates at the time of moving the harvests, and to put an end to financial panics. The United States is divided into 12 federal reserve districts, with the following federal reserve cities as the centres of the districts; Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, New York, Philadelphia, Richmond (Va.), St. Louis, and San Francisco. There is one federal reserve bank in each of these cities, the capital stock of which is held by the national banks of that district. All national banks must become members of federal reserve banks; membership by state banks and trust companies is permissive, not compulsory. The federal reserve banks issue currency notes, which are legal tender, and hold gold reserves against such notes. They are also allowed to rediscount trade acceptances for member banks, on terms which leave such members a profit, and to issue further currency notes against such discounted acceptances. The federal reserve banks do not do business with the public but only with banks which are members of the federal reserve system. The minimum legal reserves to be held in the reserve cities federal reserve banks are 40% in gold, of the amount of federal reserve notes issued, and 35% in gold and legal tender against all deposits.

The federal reserve board is responsible for the management of the federal reserve system; and for the appointment of its officers and assistants. The management expense of the board is paid by levies on the federal reserve banks. The Secretary of the U. S. Treasury is ex-officio chairman of the board, the Comptroller of the Currency is also a member, and six other members are nominated by the President of the U. S. The federal reserve cities banks are allowed to distribute not more than 6% per annum dividend to the member banks, any excess profits are to be used to create a reserve (surplus) fund to the extent of 40% of their capital stock; any profits above the 6% limit must be paid into the U. S. national treasury after the 40% surplus has been reached.

**Federal Trade Commission.** This was created by the Act of Congress of Sept. 26, 1914, to prevent illegal trade combinations or trusts for monopolizing trade or for unfair competition. It may make investigations of the affairs or corporations or trading firms doing an interstate or foreign business, and also supervise the carrying out of court orders designed to prevent illegal trade combinations. It is also required to report on foreign trade associations affecting American commerce. The five members of the Commission are appointed by the President of the U. S., subject to the consent of the Senate. See *dumping* and *duties*, also *Sherman anti-trust law*.

**Fee simple.** See *estate*.

**Femme covert and femme sole.** By the common law, that is by ancient English custom, a married woman, or *femme covert*, was considered to be under the control of, and subject to correction by, her husband, who was responsible for her acts, and who could dispose of her property. The single woman, or *femme*

sole, was an unmarried woman, or one not living with her husband, and she was alone responsible for her acts and able to dispose of her own property. In the U. S., Gt. Britain, other British countries, and in France, married women have now the right to own and dispose of property independently of their husband but the husbands still remain financially responsible for wrongs done to other persons by the wives. The laws with regard to the property of married women differ in the various states of the U. S.

See married women and property, under appropriate headings elsewhere in this section.

**Fiat.** (Let it be done.) A summary order of a court for certain proceedings to be taken.

**Fictitious firm-name.** If the owner of a business uses the name of another person, or a fictitious or fancy name, as a trading title, he is required by the laws of most states and nations to file a declaration of the true ownership of the business at a local court.

**Fictitious person.** Where a fictitious name is used as being the payee of a check or bill it is legally payable to bearer.

**Fidelity Guarantee.** An undertaking by an insurance company, in consideration of a yearly premium, to refund to his employers any loss sustained through the embezzlement or misappropriation of money by a cashier or other person entrusted with money.

**Fiduciary.** A trustee who is entrusted with certain duties, for example, the management of property for the purpose of preserving it and paying the income to a person named in the deed of trust. An individual, or a firm, or bank, or trust company, may be a fiduciary. The person who is to receive the benefit of the trust is called the beneficiary. The term fiduciary includes trustees of all kinds, such as attorneys at law, attorneys in fact, partners, directors, promoters of companies, and guardians of infants or persons of unsound mind.

See trusts, and property, in business laws section, for full explanations.

**Filled.** A filled cloth is one to which size, or starch, or other matter has been added in the manufacturing or finishing, to make it seem heavier to purchasers, or to make it stouter for use with other materials.

**Finance companies.** See assigned accounts and Chapter 67.

**Fineness of metal.** The purity of gold and silver is measured in parts of 1,000. For example, both the gold and silver coins of the U. S. are 900/1000ths (.900) fine, 900 parts by weight being pure gold or silver, and 100 parts being alloy of harder and cheaper metal, to give the coins resistance to wear. The British gold coins are .916 2/3 fine, and the silver coins .925 fine. For further information see section 79 on monies.

**Finish.** The final process of dyeing, bleaching, or printing goods, in preparation for sale. A "harsh" finish is a hard or stiff finish given to cloth. A "mellow finish" is a soft finish.

**Finishing of Cloth.** The following are the chief operations.

**Washing** (French, *dégorgeage*). After being woven the cloth is washed, to get rid of impurities which would interfere with the bleaching, dyeing, or printing of the cloth.

**Singeing**, (*le grillage*). The cloth is passed quickly between red-hot rollers which burn off the loose fibres on the surface, leaving a smooth and clean surface for printing.

**Combing**, (*le tirage à poils*.) If the cloth is intended to be rough on the surface, as in the case of blankets or flannelettes, the cloth is passed between rollers which scratch or card the threads into a woolly mass on the surface.

**Filling**. (*le gommage*.) To make the cloth more solid, and to give it a "body," it is passed through a bath of starch or gum, and is then dried by passing between hot rollers.

**Watering.** (le moirage.) The cloth is pressed between engraved hot rollers which emboss a watered design on the cloth.

**Steaming.** (l'apprêt à la vapeur.) This makes the cloth more supple and fuller in the handling; no pressure is used, the moisture of the hot steam makes each thread swell out.

**Shrinking or Felling of Woolens.** (le foulonnage.) Woolen cloth is steeped in hot water and left to dry; this makes the threads shrink together and the cloth becomes more solid. All woolen cloths will shrink considerably if damped and left to dry naturally. Cotton cloths shrink very little when treated in this way.

**Mercerising.** (le mercerisation.) Cotton, when treated with dilute sulphuric acid, becomes silky and more transparent, through the partial melting of the cotton fibre. Mercerised cotton cloth takes dyes better and can be finished with the appearance of silk.

**Fire Insurance.** See assurance and Chapter 54.

**Firm.** A trading body or partnership. A term applied generally to all kinds of trading concerns, in the same sense as the word "person" to individuals. A "firm-name" is the trading name, thus, "J. Smith & Co."

**Firm Offer.** A definite offer to purchase goods at a fixed price.

**First hand.** Buying direct from the manufacturer or producer is buying at first hand.

**First Mortgage.** A first charge or lien on property, given as security for a loan. See mortgage and bonds.

**First of Exchange.** Foreign bills of exchange, that is, bills drawn or accepted abroad, are usually made in sets of three, all copies, and each bearing a reference to the other two, styled First of Exchange, Second of Exchange, &c. One copy only is stamped and accepted and if it is paid the other two are void. If the first is lost, the second is used to replace it. See Chapter 83.

**Fiscal year.** Means the financial year used in making up accounts. Most business firms use the calendar year from January 1st to December 31, as their financial or fiscal year, but for income tax purposes a firm may begin its trading year at any other date which is found more convenient.

**Five ports.** There are five most important ports for American exports, namely, Baltimore, Boston, New York, New Orleans and Philadelphia. New Orleans is called a gulf port, because it is on the Gulf of Mexico; the other four ports are Atlantic ports.

**Fixed capital.** Money spent on assets such as factories, land, and machinery, used for earning profits, as distinguished from circulating or floating capital, spent on materials for manufacturing, workmen's wages, and finished stocks, which are continually being sold and renewed. See capital and double account system.

**Fixed charge.** A specific charge or mortgage over property of a company, for example, when a company conveys (mortgages) land and buildings to a trustee for bondholders as security for the repayment of loans obtained by an issue of mortgage bonds or debentures. There may be several mortgages on the same property, the holders of second mortgage bonds being entitled to repayment from any surplus left after repayment of holders of first mortgage bonds. See floating mortgage.

**Fixed charges or standing charges.** Expense which is constant and does not vary with the amount of turnover (total sales); for example, rent, taxes and mortgage interest.

**Fixed plant.** Engines, boilers, shafting, and electric light and power fittings, &c.

**Fixtures.** Fittings attached to buildings by the landlord or by the tenant. They are considered, in law, as being part of the building and therefore belonging to the landlord, even though supplied and paid for by the tenant. See also building lease.

**Flat price.** A price without deductions, net; no discount to be allowed and no interest to be charged.

**Floating Capital.** Has the same meaning as "circulating capital." See capital, Chapter 67.

**Floating insurance policy.** One issued for a large amount of total insurance, as in the case of one marine policy intended to cover all the shipments to be made during a year; the insurance company is notified from time to time of the amounts shipped. See Chapter 54 and average claims.

**Floating mortgage or charge.** An equitable or loose mortgage on assets belonging to a corporation (limited company) which becomes a fixed mortgage (specific mortgage) immediately the principal becomes due for repayment, either by expiry of the time allowed for repayment of the loan or by the failure to pay interest at the due date, or by the insolvency of the corporation. The mortgage applies to all of the assets which the corporation owns at the time payment becomes due. This kind of mortgage is also called a "blanket mortgage"; it allows the borrower to sell or use any of the property during the period of the loan, but the mortgage applies to any money received as the proceeds of the sale, or to any property received in exchange or bought with the money received.

**Flotation of a Company.** The organization of a corporation by promoters, and the sale of its stocks and bonds for the purchase of what is needed for carrying on a business or for manufacturing and for providing working capital.

**F.o.b.—Free on Board.** Goods sold at a price, f.o.b., New York, are delivered on board ship at New York, packed, for that price, and are at the seller's risk for loss or damage until actually safely arrived in the port of New York. See Chapters 49, 58, and 60, and contracts and c. i. f. terms in Chapter 48.

**For money.** Dealings for payment by prompt cash.

**For the account.** See settlement days.

**Force majeure.** Superior force. A term used in contracts for carrying goods by sea. The carriers state that they will not be responsible for delay or loss from force majeure, which means through their being prevented by superior force (usually armed force) from carrying out their duty as carriers.

**Foreclosure proceedings.** An action taken in a court by the holder of a mortgage (a mortgagee) asking that the property which has been mortgaged be sold and the proceeds applied towards payment of the principal and interest which has become due, either by lapse of the time allowed for the loan or by the borrower having failed to pay the interest (and sometimes instalments of the principal) at the agreed dates. As the result of the foreclosure, the original owner of the property is deprived of his rights to redeem it by repayment of the loan and interest. By British law the mortgagor has the right to redeem the property within 12 years from the time the mortgagee took possession, if he does not sell. The laws of the various states of the U. S. vary considerably on this point. See equity of redemption and mortgage.

**Foreign corporation.** One registered in a foreign country, that is, formed under foreign laws, or registered in another state of the U. S. from that in which it carries on business. A corporation formed under the laws of one state of the U. S. is legally a foreign corporation in every other state of the U. S., because each state makes its own laws respecting corporations. See corporations and Chapters 66 and 67.

**Foreign exchange.** See full explanations in Chapters 76, 77, and 83.

**Forfeiture of shares.** The by-laws of a corporation (the articles of association) usually give the directors the right to forfeit partly paid shares on which the balance due has not been paid by the subscriber after formal demand. Notice must be given to the subscriber or stockholder that the shares will be forfeited after a certain date if the calls remain unpaid.

**Forged Transfers Acts.** British laws provide that a company or a municipality may compensate any person out of its own funds for loss through a forged transfer of his shares or bonds. The company or municipality may (and usually does) charge a small additional fee for each transfer, to provide funds for this purpose, and it may pay compensation to a person whether he has or has not contributed towards such a fund.

**Forgery.** A signature or endorsement or writing which is not that of the person or firm it is represented to be. See Chapters 82 and 83.

**Form of Assent.** An explanatory circular sent to creditors with a blank form to be signed if the creditor is willing to accept a composition in settlement of the whole of the debt owing by an insolvent debtor. See arrangement.

**Forward Delivery.** Delivery at some date within a future specified number of days or months. "Future delivery" is to be made on a certain exact future date.

**Founders' Shares.** Shares which are few in number and small in amount, as compared with the total capital of a company, sometimes issued to promoters and managers. Founders' shares entitle the holders to a fixed portion of the net profits of each year available for dividends, for example, one quarter. These shares permit promoters to take excessive profits, and to distribute all profits without making reserves for periods of bad trade, to the injury of the other shareholders. The London stock exchange "blacklists" the companies issuing such shares by marking their names with an asterisk in the official list. The English company laws compel the publication (in all prospectuses and notices inviting the public to subscribe for shares) of full details of founders and deferred shares which a company is authorized to issue. Shares of this kind are called "management shares" in the U. S.

**Fractional certificates.** Example: if a new issue of shares is made by a company, in the proportion of one new share in exchange for five old shares, the holder of six shares would receive a certificate for one new share and a fractional certificate for one-fifth of a share. He may then either sell his fractional certificate or buy others for four-fifths of a share and surrender them in exchange for one new share.

**Franchise.** A franchise is a license or privilege or monopoly granted by a governing authority to an individual or company or corporation. The following are examples: (1) A franchise (granted by a state government) giving a foreign corporation the right to carry on business within that state. (2) A state franchise permitting a corporation to be formed under the corporation laws of that state with limited liability for the holders of its shares (capital stock). (3) A municipal franchise for a public street railway within the district of a municipality, giving the holder of the franchise (usually a corporation) the privilege of laying tracks and electrical equipment on streets and roads owned by the municipality. (4) Municipal franchises granted for supplying gas, electric light and power, giving the holder of the franchise the privilege of laying pipes and wires under or over the streets and roads. The value of these franchises depends upon the increase of the population of the district in which they are used and the profits obtainable under such conditions of restriction of price for service as the municipality or other authority may impose on the holder of the franchise.

**Franco and Free.** When used in relation to prices, franco means that delivery expenses are paid by the seller. For example, free on board (f.o.b.) means delivery on the ship by the seller, without any expense to the buyer over the price quoted for the goods. See Chapters 43, 49, 55, and 58 for further information; also c. i. f. contracts elsewhere in this section.

**Fraud.** An untrue and misleading statement of fact, made knowingly or recklessly to persuade a person to act on it. A contract obtained by fraud is voidable (not void) by the innocent party. He may either adopt the contract

and require performance, or claim damages for non-performance and/or cancel the contract. See contracts and Chapter 48.

**Frauds, Statute of.** See contracts.

**Fraudulent Credit Statement.** See representation of credit and Chapters 67-75.

**Fraudulent Preference.** See bankruptcy.

**Free from average, and free of all average (F.A.A.).** This clause relieves the underwriters (insurance company) from claims for ordinary loss (average) on perishable goods such as corn, fish, &c.; it also relieves them from trifling and small claims, or partial loss, on other cargo if under 3 or 5 per cent (according to kind) of the insured value. This is called a 3% or 5% "franchise." Should the loss, however, be voluntarily incurred in saving the ship and cargo, or through the ship being stranded (see general average) the underwriter must pay.

**Free on board and trimmed.** (British term.) A term used in the coal trade, meaning that bunker coal is to be properly stowed and leveled, at the expense of the seller, after being loaded on a vessel.

**Free overside.** When goods are sold "to arrive, free overside," the seller is not responsible for damage or loss after the goods are released from the unloading slings. The buyer must provide barges to receive the goods alongside the vessel which is discharging them.

**Freehold land.** See title, copyhold, and building lease, also law of property, under other headings.

**Free market.** Stocks and bonds are said to have a free market when they are officially quoted on stock exchanges and they are actively dealt in for speculation on their rises and falls in price.

**Free of particular average.** (F.P.A.) See full explanation in Chapter 54, insurance of goods in transit.

**Free of tax.** Stocks and bonds are stated to be free of tax in the following cases. (1) In the U. S., when they are exempt from state and federal income taxes on the interest or dividends. (2) In Gt. Britain when the company pays the income tax due from the holder. If not free of tax a British company must deduct income tax from the dividends on shares, or interest on bonds, and pay it to the government. See income tax.

**Free Port.** The rates of the taxes on imports from foreign countries, called customs duties, charged by a government, is called a "customs tariff." Countries which do not charge duties on imports are called "free trade" countries. Nations which levy import duties on foreign goods are called "protectionist" countries. The U. S., France, and Germany, called "high protectionist" countries, charge high rates of customs duty on all kinds of foreign natural products, as well as on foreign manufactured articles which compete with those produced in their own countries. Gt. Britain, a free trade country, charges practically no duties on either raw materials for manufacturing or on machinery or other manufactured articles, for the reason that her population is chiefly engaged in manufacturing for export and that the raw materials of manufacture, such as cotton, wool, steel, copper, and many partly manufactured articles, must be obtainable at the lowest possible prices, so as to permit her factories to manufacture cheaply and in large quantities.

Protectionist countries are at a disadvantage in competition with free trade countries for foreign trade, when the materials needed for manufacturing articles for export must be obtained from abroad and customs duty paid on them. To avoid this disadvantage, several European countries have adopted a system of "free ports" by which certain sea ports were declared free zones. Within these towns no customs duties are charged. Factories established there can import raw materials and machinery free of duty and can, in consequence, export manufactured products made on equally favorable conditions as those of free trade

countries. Immense warehouses have also been built in the free port areas for storing goods which can be re-exported without paying customs duty. All goods passing from the free port into the interior of the country of which it forms a part are charged with the ordinary customs duty. The effect of the free port system is to change a portion of a high protectionist country into a free trade country, so as to allow of manufacturing goods cheaply for export. See bonded warehouses.

**Freight.** (1) In Gt. Britain this term is used to mean the sum paid for transporting of goods by sea. The charge for carrying by land is called "carriage." (2) In the U. S. "freight" is used for both sea and land transport.

**Freight Note.** (British term.) An account from a shipbroker showing the amount due for freight from a customer or shipper of goods.

**Freight release.** Freight charges on goods carried by sea are generally paid at the time of shipment, either because lower rates are obtainable in that way or because the seller has included this expense in the price charged to his customer. If these charges have not been prepaid the shipowners or shipbrokers will not deliver the goods at the destination until the consignee pays. On payment being made the shipowners or shipbrokers either issue a certificate with a "freight release" or stamp a certificate of payment on the bill of lading. Delivery of the shipment can be obtained on production of either of these certificates to the officers of the ship.

**Full paid shares or stocks.** Shares which have been issued by a company as having been completely paid for, either in cash or by the transfer of property to the company. The English term is "paid-up" shares or fully paid shares. See Chapter 40 for further information.

**Funding.** Converting several issues of floating loans into bonds of a uniform kind, or joining together several debts of various kinds into one large debt, at an equal rate of interest, and under one arrangement as to redemption by periodical repayments.

**Funding certificates.** When there is an accumulation of arrears of unpaid interest on bonds or unpaid dividends on cumulative preferred shares these must be paid in full out of later profits, if any. In order to clear off these debts a company may arrange to capitalize them by agreement with the bondholders and stockholders. New bonds and stocks are then issued stating that the principal sums will be paid at a certain date and that in the meantime interest will be paid yearly at an agreed rate. These are called funding certificates because the debts are "funded" or grouped into a total of capital. This kind of arrangement allows a company to pay dividends from current business and so increase the market values of its bonds and stocks. (See bonds.)

**Future delivery.** See forward delivery.

**Futures.** See explanations in Chapters 49, 55, and 57.

**Garnishee order.** Where judgment has been obtained against a debtor, the creditor may obtain a garnishee order from the court, ordering persons who owe money to the debtor to withhold payment until the creditor's claim has been paid.

**Gazette Notice.** The London Gazette is a British government newspaper which is issued twice weekly, in London; it contains official orders and legal notices. A notice given by advertisements in the Gazette is legal notice to everyone in matters relating to bankruptcies and liquidations, windings-up and partnerships. A similar gazette, called the Canada Gazette, is issued by the Canadian government at Ottawa.

↓ **General Average.** General average means general loss. When a ship is in danger from the seas or fire and, in order to save it and the cargo, any of the tackle of the ship, or any portion of the cargo, is voluntarily thrown overboard, or the ship's hold is flooded to save the ship and the remaining cargo from being

burned, proper proportions of such loss are repaid to the owners of the property sacrificed, by levying contributions, according to value, on the owners of the remaining cargo saved and on the shipowners. The legal definitions of a general average loss are as follow: (1) "All loss which arises in consequence of extraordinary sacrifices made, or expenses incurred, for the preservation of the ship and cargo, comes within general average, and must be borne proportionally by all who are interested." (2) "All ordinary losses and damages sustained by the ship, happening immediately from the storm or perils of the sea, must be borne by the shipowner. But all those articles which were made use of by the master and crew upon the particular emergency, *and out of the usual course, for the benefit of the whole concern*, and the other expenses incurred, must be paid proportionally as general average." If a cargo is insured "free from average, unless general," it is only insured against total loss of whole or part, and against the amount of its contribution to the levy for the payment of the owners of cargo damaged or thrown overboard, *i.e.*, general average. "Free from all average" means that no loss short of total loss of the whole or of a distinct part or species of the cargo shall be paid by the underwriter, unless in the case of general average, when the proportion of loss caused by sea damage will be paid by him. The proportions of general average loss to be paid by the owners of the ship and of the cargo are assessed by an "average adjuster." See particular average Chapter 54, insurance, and York-Antwerp rules.

**General Meetings of Shareholders of a Company.** See extraordinary general meetings, and ordinary business.

**German hoops.** Flat hoops of iron used for nailing round heavy cases of goods, to hold them firmly, and to prevent them bursting while being handled in transit.

**Gilt-edged Securities.** Stocks and bonds of the soundest kinds, of which the principal is well secured and the income regular; for example bonds of the U. S. and British governments. See trustee investments.

**Godown.** The East Indian name for a warehouse for storing goods intended for sale.

**Going Concern.** An established business in working order, possessing a goodwill. See goodwill.

**Gold basis and Gold standard.** (1) The standard adopted for payments between nations. (2) The basis of a national currency system. See exchange and Chapter 76, on paper and metal monies.

**Gold export point.** The rate of exchange at which it is cheaper to export gold in payment, and to pay freight and insurance on it, than to buy drafts from exchange dealers. In practice, only large bankers export or import gold in this way. The gold import point is the rate at which it is cheaper to import gold than to lose by selling foreign drafts at a low rate of exchange. See Chapter 76 for full explanations.

**Good delivery.** Stock exchange term for a security of the exact kind required, properly endorsed for transfer, and not torn or mutilated. "Bad delivery" is one which is imperfect in these respects.

**Goodwill.** The value of the trade connection of a business; in other words, money value of the goodwill of the customers of the business, usually based on a number of years' profits. Thus, the goodwill of a business yielding \$50,000 a year net profit, would, if valued at three years' profits, be worth \$150,000. See assets.

**Grace.** (1) See days of grace. (2) extra time allowed by agreement for the payment of interest or of life insurance premiums.

**Grades.** See cotton grades.

**Grey or Gray.** Yarns and cloth, of cotton or wool, which are still in their natural color, and which have not been scoured, bleached, dyed, or printed, are called "greys," or stated to be "in the grey."

**Gross.** (1) A full amount of money, before allowing for discount, or, (2) the full weight of goods before allowances are made for tare. (3) 12 dozen articles, 144 units. (4) Gross profit is the excess of selling price over cost price, before expenses are deducted to show the net profit. See tare, and discount.

**Ground rent.** Instead of selling land outright for a fixed sum, the owner may transfer it without any lump sum payment but on the condition that a building of a certain value be built on it and maintained in good condition by the new owner of the land, and that a perpetual yearly rent, called a ground rent, be paid to the original owner. The transfer is, in its effect, a long lease, usually for 99 or 999 years, and the yearly ground rent is secured by the land and the building on it. The original owner of the land can seize and sell both land and building if the annual rent is not paid. Or he can hold them and receive the rents towards payment of the ground rent. Leases on this system are sometimes given for 49 years, or even shorter periods. At the expiry of this time the buildings on the land, which have been paid for by the tenant, become the property of the landlord. See building lease, and chief rent.

**Guarantee.** See surety, guarantor, fidelity guarantee and fixed charge.

**Guarantee or del credere commission.** An additional commission claimed, or a separate charge made by an agent for guaranteeing the payment for goods sold by him, the agent undertaking to pay the debt in case of default by the purchaser.

**Guaranteed bonds and stocks.** Some securities of Canadian and foreign railroads are guaranteed as to principal and interest by the government. Municipalities also occasionally guarantee bonds and stocks of public service corporations to encourage companies to undertake the supply of water, gas, electricity, and street railways, (tramways) or cemeteries. Some of the stocks commonly called "guaranteed" are only preferred stocks; the companies issuing them guarantee to pay dividends if there are profits available; they cannot legally pay dividends otherwise. Where a large railroad takes a long lease of a small branch line it is usual for the large company to guarantee the bonds and stocks of the leased line from its own income, the interest and dividends thus payable being considered as rent. See leased line and bonds.

**Guarantor.** A person who undertakes to pay money for another person, or to perform some duty in case of the default of the principal, who is first liable. Guarantees must be in writing or they cannot be enforced. See statute of frauds.

**Guinea.** A British gold coin, now withdrawn, worth 21 shillings, £1-1s-0d) which is 5% more than the gold value of the pound sterling (\$4.86 2/3rds). Fees of professional men, lawyers, and physicians, are still stated in guineas but are paid in pounds and shillings.

**Gunning for someone.** Carrying on speculations in a market with the intention of compelling certain other speculators to lose money on their dealings.

**Habeas Corpus.** In the fight of the English people for liberty from the oppression of different kings, they gained the right that no man could be held in prison unless a charge of wrongdoing was made against him and heard in an open court of justice, where he had the right to defend himself. A prisoner or his counsel or friends have the right to apply to a court for a writ ordering the authorities holding the man to produce him before the court issuing the writ, so that he may be released unless some offence is charged against him and there is evidence to support the charge. This right exists in the U. S., Great Britain, and other British countries. The writ contains the words "habeas corpus," meaning "produce the body" of the person named in it.

**Hall mark.** The English term for the stamped mark on articles of solid gold or silver which have been tested by official assayers; the degree of purity is

stamped on the articles as a guarantee of quality. The hall mark is never used for articles which are only plated or cased with gold or silver; they must be made entirely of these metals. The degree of purity is measured in "carats," 24 being 100% pure gold metal; 22 carat would contain two parts by weight of alloy or base metal such as tin or copper. Each of the English towns manufacturing gold and silver articles has an assay office using a distinctive hall mark for stamping on jewelry their degree of purity. The marks were formerly stamped in the halls of the trade guilds, hence the name of hall mark.

**Hammering of a stockbroker.** See defaulter.

**Handle.** (1) Means "to deal in." A firm which "handles dry goods," is one which sells textiles (drapery) wholesale, in the same condition as bought, as distinguished from "converters" or printers. (2) The feel of a cloth in the hand, whether hard or soft; see finish.

**Harter Act. (U. S.)** Shipowners usually insert clauses in their bills of lading with the intention of limiting their liability as common carriers to a stated amount per package or per unit of cargo shipped by sea. The Harter Act forbids any shipowner from restricting his liability under bills of lading, except in special cases named in the act.

**Hedging.** Protecting oneself from loss on a transaction by purchasing goods or securities against a sale, or selling against a purchase. Manufacturers hedge on sales of finished goods by buying the raw-material required to make them. See options and covering.

**Hereditaments.** See title.

**High seas.** The open sea, which is a free highway for ships of all nations. This does not include lakes or bays, which belong to the countries owning the shores. By the laws recognized by all nations, each country claims authority over the part of the sea within three miles of its coast, called the "three mile limit." Beyond that distance are the high seas and vessels more than three miles distance from the nearest shores are subject only to the laws of the country where they are registered. See registry of ships.

**Hiring and Hire Purchase.** (1) Where temporary use of personal property, such as typewriters and pianos, is obtained by paying rent to the owner, the hirer is responsible for keeping the property in good condition and for returning it safely at the time agreed. (2) If the sums paid as rent for hiring such personal property are agreed to be considered as instalments towards the purchase of the article hired, a written agreement stating these conditions, called a hire purchase agreement, is signed by both parties. (3) The renting of land or buildings, is generally evidenced by a leasehold agreement. (4) Offices, floors of buildings and apartments are hired by tenancy agreements for fixed periods. If no written agreement is made, custom decides whether the hirer is a tenant from month to month or from year to year. See tenancy and Chapter 39, conditional sales.

**Holder for value.** The holder of a check or other bill of exchange who has received it in payment of a debt, or who has paid cash or given value for it in any other lawful way. See Chapters 82 and 83.

**Holder in due course.** The present holder of a bill of exchange, not yet due, which he has obtained in a lawful way. See Chapters 82 and 83.

**Holding out by a nominal partner.** If a person, by words or written statement, or by action, leads others to believe that he is a partner in a firm and so induces them to grant credit to the firm and they suffer loss in consequence, then the person making the misrepresentations, or allowing them to be made by others holding him out to be a partner, becomes responsible to creditors of the firm for the consequent losses. It is important that the partners retiring from a firm should give public notice of their withdrawals so as to prevent this liability.

**Holidays abroad.** See business holidays.

**Homestead.** The house and lands used as a home. In some states of the U. S. the homestead is protected from seizure and sale for ordinary debts, on the theory that the rights of a family to a home are greater than the rights of creditors to payment of ordinary debts.

**Honoring a bill of exchange.** To honor a signature, to protect a signature, or to honor an acceptance or a bill, means to pay the bill at the due date, or to accept it when presented for signature to the person on whom it is drawn. See endorsement for honor, and case of need, also further explanations in Chapter 83.

**Hours of business abroad.** See time differences.

**House.** A business house; a term used in the same way, and with the same meanings, as the word "firm." See Chapter 67.

**Hundredweight.** (1) In the British system of weights 112 pounds (abbreviated to lbs. for the latin word *libras*) is one hundredweight, (written cwt., from "c" 100, and wt for weight). The British ton of 20 cwts is 2240 lbs. (2) The cwt used in the U. S. and Canada is 100 pounds and the ton is 2,000 lbs. (3) For export trade the British cwt and ton are in general use, being described as long cwts and long tons, to distinguish them from the U. S. short cwt and short ton. Another name for the long ton is "gross ton," the short ton is also called a "net ton."

**Hypothecation.** To pawn or pledge property as security for loans. Or to give a lien on property, or to pledge documents (such as bills of lading, and bills of exchange, mortgages, deeds, &c.) which give a right to property, while still retaining the ownership of the property pledged. The hypothecation gives a right to the lender, in the case of nonpayment, to sell the property pledged and to repay himself the amount of the loan and interest and expenses from the proceeds of the sale. Any surplus belongs to the borrower. In law the following differences are recognized: (1) In hypothecation the lender does not get possession of the security, nor title to it, nor the right to take it or to sell it, but only the right to sue for its sale to repay the loan and interest. (2) In a pledge the personal property is delivered to the lender and he has the right to sell it if the loan is not repaid. (3) By a mortgage of real estate (land and buildings) the title of ownership is transferred to the lender by the borrower who has then only the right to recover the property by repayment of the loan and interest. The borrower has also the right to remain in possession of the property and to use it. See documentary bills, lien, bill of sale, bonds, mortgage, and collateral security.

**Identification.** Before a banker will pay cash to a stranger named as the payee on a check he requires him to be identified by a witness whom he knows or to produce proof that he is the person legally entitled to receive the money; if the banker pays the wrong person he must bear the loss. A holder of registered (inscribed) stocks or bonds must be identified, when he sells, by his signature being certified.

**Implied contract.** See contracts in Chapter 48 and elsewhere in this section.

**Implied warranty.** A warranty which is understood, without being stated in writing, by reason of the description of goods; for example, a merchant offering waterproof cloth for sale gives an implied warranty that he is the lawful owner of the cloth, that it is equal in quality to the sample shown by him or the description given, that it is waterproof and fit for making into clothing which will be waterproof, and that the cloth has no hidden defects or faults making it unfit for use or sale.

**Imports.** Goods or products brought into a country. See customs duties and Chapter 77, for full explanations.

**Imprest system.** A method of dealing with petty cash payments by making an advance to the cashier of a fixed sum and afterwards paying the amount of

the disbursements shown by the receipts and vouchers, so as to restore the cash in hand of the original fixed sum.

**Improvements of Land.** (1) The making, paving and sewerage of streets and roads; (2) clearing, draining and removing brush and timber from wild land; (3) building houses or factories on vacant land. The paving, sewerage and making of sidewalks in municipal districts is usually done by the municipal authority which makes an assessment on the owners of all adjoining properties to cover this expense.

**In Bond.** See customs duties for explanations.

**In case of need.** See Chapter 83.

**Inches.** In stating widths, 26"—36" means 26 inches to 36 inches; 3' 6" means 3 feet 6 inches = 42 inches. The widths of cloths are usually stated in inches, not feet and inches, or in centimetres. For solid materials dimensions are stated in feet and inches.

**Income and Expenditure Account.** A statement of account showing the whole of the income for a period, whether received or not, and of the expenses, whether paid or not, as distinguished from a receipts and payments account, which is a statement of the actual receipts and payments during the exact period covered.

**Income Basis.** Applies to securities which are bought at a price based on their annual yield. A preferred stock giving a regular dividend of 7% gives a yield of only 5% if it costs an investor \$140 per \$100 of face value, because the dividend rate is calculated on the face value, not on the selling price of the stock. See yield and premium.

**Income Tax.** A government or state tax on the annual net profits or net income of persons, firms, and corporations living in, or carrying on business in, or receiving income from within, a state or country. In the U. S. several of the separate states levy income taxes, in addition to the federal or government income tax which applies to inhabitants and firms in all the states. See taxes. In Gt. Britain companies pay income tax on their profits and these profits are taxed for a second time when distributed as dividends; the individual shareholders are charged income tax on all dividends and interest they receive, less small amounts of exemption. See free of tax.

**Incorporation.** The creation by law of a legal body, such as a company, with a continued existence, apart from its members or stockholders, to exist for a period named in the bylaws of the company or in the act of incorporation. See company, also full explanations in Chapters 66 and 77, and, under the headings of corporations and companies, in the business laws section.

**Indemnity.** See guarantee.

**Indent.** An order for assorted goods for exportation, sent to a buying agent or a merchant. See Chapter 77.

**Index numbers.** Fixed basis of prices, values and amounts, which are used in making statistical reports of present market prices, values and volume of business, as compared with those of previous periods.

**Indian cotton.** See cotton grades.

**Indorsement and indorser.** Alternative ways of spelling "endorsement" and "endorser," which see.

**Infant or minor.** A person under the age of 21 years, or under the age fixed by a state or country as being the full legal age. Infants are bound only by such contracts as are to their advantage and for their benefit. See contracts and Chapter 48.

**Inflation and deflation.** Inflation is a temporary general rise in prices in a country, owing to an unusual run of prosperity, or to the issue of more national currency than is needed for ordinary trade. The return to ordinary values, by a general reduction of prices, is called deflation.

**Infringement.** The selling without proper authority of an article which is similar to one of an author or inventor who has acquired the sole right to make copies or to use a trade mark or patented machine or process designed by him. Unauthorized makers of patented or copyrighted articles are said to infringe the rights of the other parties and they may be compelled to pay damages and surrender their profits from unauthorized sales.

**Injunction.** An order issued by a court, or by a judge, to forbid the continued commission of a wrong or injury, or the commission of a threatened wrong; for example, to abate a public or private nuisance, or to prevent the infringement of trade marks, patents and copyrights. See decree and enjoin.

**Inland bill of exchange.** British term for domestic bill of exchange.

**Inland Revenue.** British term for internal revenue.

**Inscribed Stock.** Registered investments in the national debts of British and foreign governments, for which no certificates are issued to the investor, his name being inscribed (registered) on the books of the bank which acts as the London registration agent of the government. Some municipal debts are inscribed stocks.

**Insiders.** (1) Persons who own a sufficient number of shares in a company to enable them to control the management, or (2) speculators who are in close connection with the management and who obtain advance information as to dividends &c.

**Insolvency.** See bankruptcy and arrangement, also Chapter 91.

**Insurable interest.** One of the essential conditions of insurance is that the only persons entitled to insure goods or property are those who are liable to suffer loss in the case of its destruction or damage. A financial interest in the insurance is an absolute necessity for marine, fire and life insurance, in order to recover. See wager policies.

**Insurance.** Also called Assurance. (1) An undertaking by a party called the insurer, for a money payment, called the premium (usually stated at so much per \$100 on the value of the property at risk) to repay to the owners of the property the amount of any damage, or the full value insured in case of total loss. Insurance against risks during sea transit is marine insurance; against fire it is called fire insurance. (2) In life insurance a sum is paid to the heirs at the death of the insured, or to the person insured if the policy is for an endowment insurance due within a stated period and that time has elapsed before death. See open policy, general average, employer's liability and Chapter 54.

**Insurance claims.** See wager policies.

**Interbourse securities.** Government loans &c. issued at the same time for subscription in different countries and quoted officially on their stock exchanges.

**Interest.** See bonds and bills of exchange.

**Interests.** A term used to describe groups of firms engaged in the same business; for example, the banking interests, the steel interests.

**Interim Dividend.** An amount paid, as an instalment of profit, usually at the end of a half-year, when the accounts of a company are balanced every year. If a firm had earned 10 per cent net profit on its capital stock for the half-year, it might declare an interim dividend of 6 per cent for that half-year, and if a further 10 per cent was earned in the second half-year, it might declare a final dividend of 14 per cent for the second half-year, so making 20 per cent for the year. The interim dividend would be called either "6 per cent for the half-year," or, "a dividend for the half-year at the rate of 12 per cent."

**Itinerary.** A plan drawn up by a traveling salesman (commercial traveller) showing the towns he intends to visit, with probable dates of arrival and departure. See Chapters 24, 28, and 29.

**Internal Revenue.** (Called "inland revenue" in Gt. Britain.) The income of a government from taxes levied, inside the country, on incomes, imports and exports, licenses, stamp duties, etc.

**Interstate Commerce.** Trade done between the different states of the U. S. The separate states have the right to make their own laws with regard to business transactions within their own territories, called intra-state (inside the state) commerce. To avoid quarrels between the states respecting inter-state trade. Congress appointed an Interstate Commerce Commission in 1887, to make regulations for trading, transportation, and telegraph and telephone communication between the various states and to control these matters.

**Inter Vivos.** A gift inter vivos is one made between living persons, as distinguished from a legacy which does not take effect until after the death of the giver. Most governments charge death duties on the value of gifts made by a person shortly before death, such tardy gifts being held to be an attempt to evade payment of the death duties.

**Invalid agreements.** Those which cannot be enforced by law. See nudum pactum, and past consideration.

**Inventory.** (1) A detailed list or schedule of articles, with their prices or values, prepared in order to ascertain the total amounts of articles held for sale, and other existing properties, at the time of the annual or other balancing of the accounts of a firm (the stock taking). The prices of goods intended for sale should be fixed either at cost or market price, whichever is the lower. (2) A list of property offered for sale by auction. (3) A list of goods taken into possession by a receiver in bankruptcy, or by an administrator or executor. (4) A "perpetual inventory" is one which commences with the actual quantities of goods in stock at a certain date, additions being made daily or weekly of the quantities bought, and deductions made of the quantities sold or used, so that the inventory shows the quantity on hand at any time. These inventories are checked by an actual count of the articles on hand, (called a "physical inventory") made at frequent intervals.

**Investment banker.** One who buys large blocks of bonds or stocks for his own account and sells them to banks, insurance companies, stockbrokers and individuals. A stockbroker is not allowed to deal as a principal in this way; he is an agent for the public, buying and selling for the account of his customers and being paid by a commission only. Brokers are, however, permitted to "underwrite" issues of bonds and stocks. See underwriting, promoter, Chapter 67, and trustee investments.

**Involuntary bankruptcy.** See bankruptcy proceedings and arrangement; also Chapter 80, bankruptcy.

**Irredeemable bonds.** Bonds for permanent loans, such as government bonds, for which no time has been fixed for repayment of the principal.

**Issue.** (1) An offer of bonds or stocks, for sale to the public. (2) The delivery of certificates for shares issued to subscribers by a company. (3) The delivery of a completed bill of exchange to a creditor by the person who is to pay it. (4) A copy of a newspaper, magazine, or other dated publication; (5) The legitimate children of a person, who may inherit his property if he makes no will.

**Jeopardy.** (1) Anticipated risk or danger to property. If a company is unable to pay its debts and creditors obtain judgments against it the holders of mortgage bonds may apply to a court for the appointment of a receiver on account of the property which is their security being "in jeopardy," that is liable to seizure by execution. (2) The risk of prosecution. By U. S. laws double jeopardy for an alleged offence is forbidden. This means that a person cannot be prosecuted twice for the same alleged offence or crime.

**Jerquer.** A British customs agent who examines and certifies the statement of cargo carried on a vessel.

**Jettison.** The throwing overboard of cargo, or the cutting off and throwing loose of masts and sails, to relieve a ship in danger during a storm, or to allow of re-floating when she has run aground. The property abandoned in this way is called "jetsam" when found and recovered later. See "general average."

**Jewelry hall marks.** See hall mark.

**Job lot.** A quantity of goods which may be imperfect (seconds) or out of season, offered for sale, without any guarantee, at a reduced price, the buyer having the opportunity of examining them before purchase and taking them as they are, with all faults.

**Jobber.** (1) A term used in the U. S. to describe a wholesale dealer, who buys from manufacturers and sells to other middlemen or to retailers. Frequently the jobber finances the manufacturer (lends money to him), in order to have the sole right to sell his production. (2) A member of the London stock exchange who buys and sells stocks and bonds as a principal, for his own account. He deals exclusively with other members of the stock exchange, called "brokers," who act as agents only in buying and selling for their customers through the jobber or with each other and who are being paid by a commission. (Full description of stock exchange dealings in all countries are given in the book "American and Foreign Stock Practice, &c.," a book which is mentioned elsewhere in this volume).

**Joint Account.** Bank accounts on which two or more persons have the right to issue checks. Another meaning is the sharing of profits or losses on speculative dealings; the persons bringing in money on property for the speculation are said to be dealing on joint account. Where two firms in a consignment of goods on joint account they are partners as regards that transaction only, and the profit or loss on that separate consignment is divided equally between them, unless agreed otherwise.

**Joint and several liability.** The undertaking of several persons to do certain things or to pay money. Each of them is liable jointly with the others, and also separately, for the complete performance of the undertaking.

**Joint estate and joint tenancy.** See estate, also law of property in business laws section.

**Joint holders.** Two or more individuals or corporations may be registered as joint holders or owners of real estate or bonds or stocks. On the death of one joint owner his interest in the securities or property reverts to the surviving joint owner or owners and not to his heirs.

**Joint Stock Company.** A company composed of a number of members (stockholders or shareholders) who join their capital for trading as a company. See company, also Chapter 67, and companies and corporations in the business laws section.

**Journal.** Means literally a day book, in which transactions are to be entered daily. The laws of foreign countries require a journal to be kept by all merchants and traders, as well as a ledger. U. S. and British laws do not make the keeping of account books compulsory but in case of bankruptcy the failure to keep books is held to be an offence which prevents the discharge of the bankrupt from future liability for debts incurred before the bankruptcy.

**Judgment debt and judgment creditor.** A judgment debt is one which has been sued for in court and judgment given for payment to be made the judgment creditor. Judgment debts may be recorded in the district registries.

**Jurisdiction.** The rights of state or federal courts, or of governments, to hear and decide disputes brought before them by the parties interested, or the right to exercise independent authority over persons or property within their territories. Usually a state or a local court can only enforce its judgments and orders, and make arrests, within its own district.

**Kentledge.** See Ballast.

**Kerb Markets.** See Curb Markets.

**Knot.** Sea mile; 2,208 yards  $\frac{1}{60}$ th part of a degree.

**Lac of Rupees.** (1) In India a lac is 100,000 rupees. (2) In Malaysia (Borneo and the Malay States &c.) 10,000 units of any article is a lac.

**Lâches.** A legal term meaning the neglect to take action by law within a reasonable time. A plaintiff may lose his rights to redress by his own lâches.

**Land.** When used as a legal term of description, land includes the houses and other buildings on it. See freehold, copyhold, leases, mortgages, condemnation, and the law of property under other headings.

**Land tax.** A district tax on the value of vacant land, or the value of land apart from the buildings on it.

**Landing weight.** Landing or landed weight is the weight of cargo when taken from the ship at its destination, as distinguished from the weight "as shipped," which means the weight when at the port from which it came. See tare.

**Landing notice.** Advice or notice given to a consignee by a carrier, ship-broker, or railroad company that goods addressed to him have arrived and will be delivered on payment of the freight charges detailed on the bill accompanying this notice.

**Landing order.** A British term for a written permit issued by the Customs office to an importer who has entered goods and paid duty, the permit authorizing the officers of the ship to allow the goods to be unloaded. The "customs searcher" (an inspector) checks the description and quantity of the goods landed and signs the landing order if found correct.

**Latin Monetary Convention.** See Chapter 76, paper and metal monies.

**Law Merchant, Lex Mercatorum, or Lex Mercatoria, and Equity.** All these terms describe the unwritten laws or common laws relating to trade which, by custom, are recognized by merchants doing international trade. Each nation has its own statute laws on bills of exchange, contracts, sales of goods, transport by sea, marine insurance, etc., which are founded on the unwritten law merchant. (See custom as law and further explanations in Chapter 48.)

Equity was originally unwritten law, arising from the decisions of English courts of equity which were established to provide relief in special cases where the English statute law did not apply or it would have been unfair or unwise to apply it. The earlier decisions formed "precedents" which are considered as laws and are still recognized in both U. S. and British courts. See Chapter 48.

**Lay days.** Days allowed, free of charge, for the loading or unloading of cargo. For extra days, which delay the ship, a charge is made for "demurrage."

**Lazaretto.** The place in a quarantine station where passengers and their baggage, and imported goods, are fumigated for disinfection when they arrive from a place in which there are or have been cases of contagious disease.

**Lease and leasehold.** See full explanations under hire.

**Leased line.** A short line of railroad which is leased by its owners to a larger railroad company, which takes all the revenue, maintains the line and buildings, and pays an annual rent sufficient to cover the interest on any bonds issued as well as regular dividends on the stocks of the company owning the leased line. See guaranteed.

**Ledger.** The account book which contains a summary of all the transactions of a firm. This is generally subdivided into (1) a purchase ledger or creditors' ledger, containing the accounts with the separate creditors; (2) a sales ledger, or debtors' ledger, containing an account for each customer, and (3) a general ledger or private ledger, containing accounts of all assets and liabilities and the annual accounts showing profits and expenses. See controlling accounts and consolidated accounts.

**Legacy.** Money, property, or income given by the will of a testator to a legatee.

**Legal rate of interest.** Many of the states of the U. S. have adopted laws fixing a maximum rate of interest to be charged for loans to individuals. National banks and other lenders of money to individuals are forbidden by these laws to charge more than the legal rates. The law is commonly evaded by requiring the borrowers, such as builders, to form small corporations which are exempt from the interest laws. The banks lend to these corporations at higher rates, taking the personal guarantees of their directors and officers, who are the real borrowers.

**Legal tender.** The paper or metal money which a government decrees must be accepted as lawful payment for debts. See full explanations in Chapter 76.

**Letter of Allotment, or allotment letter.** A notice sent to an applicant for shares in a new company, stating how many shares have been allotted to him. See allotment. If no shares are allotted a notice called a "letter of regret" is sent, regretting that the company was unable to allot any shares to the applicant. See allotment.

**Letter of Credit.** (L/C) An importer who wishes to import goods from abroad, but who has to pay for them before shipment, usually arranges with his local bankers to open a credit for him in the foreign country and to pay there the cost of the goods and the freight and insurance. The way this is done is that the importer's banker writes to a banker in the foreign town asking him to open a credit in his bank for the importer. The foreign banker is also told that this credit is to pay for purchases from a certain named merchant or manufacturer in his district and that payment is only to be made to him against proof that the goods ordered have been shipped, such proof being the delivery to the foreign banker of an endorsed draft on the purchaser and a full set of export documents including consular invoices, marine bills of lading and insurance policy or certificate. The foreign banker pays the foreign merchant (the exporter) and sends the export document to the importer's banker, drawing on him at the same time for the amount paid and commission, or charging the amount against any balances he may have to the credit of the importer's banker. The importer's banker holds the bills of lading as security for his advance to the importer, who must either pay the amount of the draft or arrange with his banker for credit before the banker will deliver the bills of lading to him so that he may obtain delivery of the goods. For further explanations see letter of hypothecation, "documents," and Chapters 58, 77, and 83. See also circular letter of credit, and c. i. f. contracts elsewhere.

**Letter of delegation.** This is used in making large shipments within the U. S., for payment against delivery. The goods are consigned by railroad to the address of the purchaser, but are deliverable only to the order of the seller, against production of the railroad bill of lading endorsed by him. The seller hands this bill of lading to his local banker, for collection of the amount due. The local banker sends the bill of lading to a banker in the town to which the goods are consigned, together with a "letter of delegation" authorizing him to collect the sum owing and to deliver the bill of lading to the purchaser against payment. The amount received is then sent to the banker of the seller, less a small charge for commission. Small sales, payable on delivery, are usually sent by parcel post c.o.d., or by express company, c.o.d. In both these cases the goods will only be delivered against payment in full, made to the postman or to the express agent or carman.

**Letter of Hypothecation.** An importer of goods who wishes to obtain funds so as to pay for them on arrival, may obtain a loan from his banker by agreeing that the goods shall be hypothecated (pledged) to the banker as security for the repayment of the loan. The importer signs a letter of hypothecation (a trust agreement) by which he agrees to hold the goods in trust for the banker

and to account to him for the proceeds of their sale. The goods remain in possession of the importer until they are sold. See Chapters 67 and 70 and letter of credit.

**Letter of indemnity.** A purchaser of goods may refuse to accept delivery from the carrier if the bill of lading is "foul," that is, if it states that the packages are not "in good order and condition." Where the goods are delivered to the carrier in bad condition, or where there is a dispute as to the quantity he has received, the shipper, in order to obtain a "clean" bill of lading (without mention of defective condition) usually gives to the carrier a "letter of indemnity" guaranteeing him against any claims which may be made by the person or firm to whom the goods are shipped.

**Letter of regret.** See allotment.

**Letter of renunciation.** See rights.

**Letter of request.** The executor or administrator of a deceased stockholder can become a registered stockholder in place of the testator by making a written request to the company. The objection to this is that the executor of administrator (not the estate of the deceased) becomes liable for any assessments on the shares. A better method is to produce the probate or letters of administration at the registration office of the company for recording. This gives the executor or administrator the right to transfer the shares and he has no personal liability.

**Letters of Administration.** An order by a Probate Court appointing a person to act as trustee by taking charge of the property of someone who has died without making a will. The letters of administration are usually granted to the legal heir, or to a near relative, but may be granted to the chief creditor or other party interested in the estate. See administrator, also law of property under other headings.

**Letters of Mart or Marque.** Licenses granted by a government to private shipowners to attack and seize vessels of a nation with which they are at war.

**Letters Patent.** (1) The certificate issued by a government declaring that details of a new invention have been registered and that the inventor has been granted the monopoly of making and using such invention for a certain number of years. The period of protection by a patent varies in different countries. Processes of manufacture, as well as new machinery and appliances, may be protected by patent. (2) The title deeds to public lands of the U. S., granted to a settler, are called letters patent. (3) In Gt. Britain titles of nobility are granted by letters patent issued by the king. The words letters patent mean open letters addressed to everyone, which are equal to a public notice or proclamation.

**Lex loci,** means the local laws of a country or state.

**Lex mercatorum.** See law merchant.

**Liabilities.** The debts and obligations of a person or firm. See Chapters 67 and 70.

**Liability insurance.** See insurance and Chapter 54.

**Liability of stockholders.** The regulations of business corporations usually provide that the liability of subscribers for shares, and of future stockholders, shall be limited to any amounts unpaid on the par or face values, or price of issue of their shares. If the assets of the company are at any time insufficient to pay its debts, the creditors cannot claim any further payment from the stockholders to make up the deficiency. In Gt. Britain such corporations are called "limited liability companies." In the U. S. holders of bank shares are liable for a further amount, equal to the face value of their shares, if the capital is insufficient to pay the debts of the bank in full, including all notes issued. Holders of shares in national banks are liable to be assessed (to have a call made on them) for amounts sufficient to replace any part of the capital which has been lost. As an exception, the laws of the state of California relating to corporations do not allow limited liability for stockholders in any kind of corporation; they are generally liable for

all the debts of the corporation although their shares may be full paid. The laws of most of the states of the U. S. provide that shares issued in payment for property or goodwill are considered to be full paid and non-assessable if the regulations of the company (its articles or by-laws) provide limited liability for stockholders.

**Libel.** (1) An action entered in the U. S. Admiralty Courts for payment of damages, or of an account, against the owners of a ship. The vessel is then said to be "libelled" and it may be held in port as security until the action has been tried or a bond is given for the payment of the amount of any judgment. (2) A written statement, made with malice, alleging shameful or dishonest conduct against another person, with the intention of injuring his business or social reputation.

**Lien.** The legal right of shipowners, railroad companies, warehousemen, manufacturers, dyers, and others to hold goods until the charges on them for work done, or for services rendered (freight, carriage storing, dyeing, &c.), have been paid, and also for any balances previously owing. See also "hypothecation," where a lien is given voluntarily in return for money lent. The vendor (seller) of goods not paid for has a lien on them for payment, and if, while in transit from him to the buyer, the seller discovers that the buyer is insolvent, he has the right, if they have not actually been delivered or placed at the buyer's order by a notice to that effect, to claim possession of them again from the carrier or forwarding agent. This is called "stoppage in transitu." Federal and state taxes are liens against the properties on which they are assessed. A company has a lien over partly paid shares for calls (assessments) due on them and may refuse to transfer the shares until the amounts due are paid. Persons having a lien on fully paid shares may make it effective by serving on the company a notice in lieu of distringas. See distringas and pledge and mechanic's lien.

**Life estate.** See estate.

**Life insurance.** See assurance.

**Life interest and life tenant.** See executor and estate.

**Light dues.** Tolls imposed on ships, by customs authorities, for maintenance of lights and buoys in rivers or roadsteads.

**Lighter.** A small shallow vessel used on rivers and canals, or in harbors, for transshipping goods and for loading and unloading cargo; the charge for this service is called lighterage. See also towage.

**Likin.** In China, the governors of the various districts charge duties, called likin, on all goods passing through their districts. The chiefs of many uncivilized countries, such as Central Africa, have similar methods of collecting revenue from traders and caravans. In return for such payments, they frequently provide porters to the borders of the next district.

**Limit.** The highest price a dealer or other buyer can afford to pay for goods, or the lowest a seller can accept. See selling terms, Chapter 60.

**Limitation of actions for debt.** See statute of limitations.

**Limited Liability.** A person holding a \$100 share, of which \$50 is paid, in a corporation or company incorporated (registered) with limited liability, is liable to pay a further \$50 per share, and no more. (The laws of the state of California do not give this protection to stockholders.) If this amount unpaid is called up, he must pay or be sued for the amount. Should the company finally become insolvent, or liquidate (wind up), the balance of uncalled capital, if any, is called up towards the payment of the company's debts. By British law, to prevent fraudulent transfers, the company can, if the then holder of the shares is unable to pay the calls, sue any person who has held the shares during the previous twelve months for the amount of the calls, but only if the calls are required to pay debts owing by the company at the time such previous holder possessed the shares. In the liquidation of British companies registered as unlimited (which do not limit the liability of

stockholders for debts of the company), previous holders of shares are liable to be called on, at any time within three years from the transfer, to pay any balance of uncalled (unpaid) capital, and further sums if necessary, but only in case of default of payment by the present holder, and, even then, only towards the payment of debts which had been incurred by the company before the transfer took place. See liability, company, shares, and winding up, in this section, and companies and corporations under other headings.

**Limited liability Company.** (See liability of stockholders, and Chapters 66 and 67.) British limited liability companies are required by law to include the word "limited," or the abbreviation "Ltd.," as part of the name of the firm, so that all persons dealing with it may have notice that the liability of shareholders for debts of the company is limited to the face (par or nominal) value of their shares and that, when this amount has been paid, no claims on shareholders can be made by creditors of the company. In the U. S. such notice is not required from incorporated companies with limited liability. See winding-up of British companies.

**Limited Partnership.** One in which the working partners have unlimited liability for the debts of the firm but the partners furnishing capital have only the liability to pay to the partnership the amounts they agree to bring in for capital. See Chapters 66 and 67.

**Line.** (1) A "50 cent line" is a quality of goods bought at a sufficiently low price to allow of its being sold, at a profit, for 50 cents. (2) A "good line" is unusually good value, or a very profitable or quick selling article.

**Lines of steamers and railroads.** (1) A fleet of steamers, (liners) of which the vessels sail at regular intervals between certain ports. The ships are usually named in series, thus—The "Prince" Line, with vessels named the "Assyrian Prince," &c.; the "City" Line, with the "City of Paris" and the "City of New York." Occasional steamers, which will sail to any port for which they can secure a sufficient cargo, are called "tramps." (2) The word "line" is also used as another name for a railroad system, for example, the Soo Line, the New Haven Line, the Nickel Plate line.

**Linters.** See cotton grades.

**Liquid assets or resources.** Cash in hand and at bank, and assets which can be quickly converted into cash.

**Liquid Damages.** An amount agreed in advance between the parties, to be allowed as damages in case there is a future breach of contract. See unliquidated damages.

**Liquidation.** When a company or firm cannot pay its debts, and when it is desired to re-cast (reorganize) or dissolve the company, an arrangement is made to liquidate or wind-up, in other words, to turn all the property of the firm into cash, in order to pay its debts, either in full or in such equal proportions as the funds in hand will allow. The person appointed to do this is called the receiver or liquidator, and the firm is then said to be "in liquidation" or "under a receivership." See also winding-up.

**Liquidation Account or Realization Account.** An account showing the receipts and payments where the business is being wound up, as in the case of dissolution of partnership, bankruptcy, or liquidation.

**Liquidation of speculations.** The closing of speculative dealings by the voluntary or forced sale of stocks or shares bought for a rise or a purchase to cover sales made in anticipation of a fall in prices. See bear.

**Liquidator.** See winding up and liquidation.

**List Price.** See Chapter 51.

**Listed securities.** The stocks and bonds of companies which are permitted to be bought and sold on a stock exchange, after the companies have complied with the regulations of the stock exchange committee requiring sworn financial state-

ments of assets and liabilities and details of all bonds and stocks authorized and issued. On approval of the "application for listing" by the committee on applications, the securities are "admitted to trading," that is, they are permitted to be dealt in by the members on the floor of the stock exchange and the quantities sold, with the prices obtained, are included in the official stock exchange daily reports. See quotation and stock exchange.

**Lloyds.** An association of marine insurers (underwriters) of ships and cargos, whose headquarters are in London, England. Each underwriter carries on business, independently, for his own account, but they share risks with each other, so that any loss is divided amongst a large number. The Lloyds association collects shipping information from all parts of the world through its agents, and communicates the news to members and to the subscribers for this service.

**Lloyds Registry.** An association of underwriters (insurers) at Lloyds in London, which undertakes the surveying of ships and their classification as regards soundness of construction and seagoing condition, so that the underwriters and the shippers of cargo may know the degree of risk against which marine insurance is made. The inspection of ships to be registered is very thorough, and it is repeated from time to time. The best class of ships are graded under the mark A-1. Lloyds publishes a registry of British and foreign shipping, which gives the names and descriptions of all ships registered as British owned and of all foreign ships for which a Lloyds classification has been requested. A Lloyds certificate is a document issued by the committee of Lloyds registry certifying the classification and the condition of a vessel, as disclosed by the examination of their surveyors. (See "A-1 at Lloyds.")

**Loaded in bulk.** Cargo loaded in vessels without being packed in containers. Wheat and salt are shipped in this way.

**Loan.** See bond, debenture, hypothecation, mortgage, pledge, postponed creditors and preferred creditors.

**Log.** A record of each voyage and of all transactions affecting the ship, kept by the captain. It is legal evidence of the facts stated in it.

**London equivalent.** See American parity prices.

**Long.** To be "long" of stocks or other securities is to have bought for a rise. The British term is to be a "bull" of the stock. A speculator or dealer who has sold stocks in expectation of a fall is said to be "short"; the British term for this is that he is a "bear" of the stocks.

**Long Account.** The account of stocks or bonds held by a stockbroker for his customer. Also used for debit balances of produce, such as cotton or grain, in speculative dealings through a broker.

**Long dozen.** Commonly called a "baker's dozen"; 13 articles supplied for the price of 12.

**Long hundredweight and long ton.** See hundredweight.

**Longs.** See bull.

**Loose colors.** Colors or shades not guaranteed to keep their color on being exposed to sun-light, or on being washed. See Fast Colors.

**Loss claimable on insurance.** See wager policies of insurance.

**Lost bill of exchange.** A holder who has lost a bill before it is overdue may (on giving security to indemnify the drawer against future claims, in respect of the lost bill) require a duplicate bill to be supplied to him, but he cannot compel endorsers of the original bill to endorse the duplicate. For foreign bills in a set, the second or third copy would be used to replace the original first copy if lost.

**Lost bond or stock certificate.** The owner may obtain from the company a duplicate on giving an indemnity guaranteeing the company against any claim by a holder of the missing certificate. Owing to the delay and trouble in obtaining

duplicates of lost certificates of bearer securities it is better for an investor to change them to registered bonds or stocks.

**Lot.** (1) Articles offered for sale in a group. (2) A portion of a block of land on which buildings are placed; in the U. S. lots for houses are usually from 20 to 25 feet frontage, extending backward from 60 to 100 feet. A house may be on two or more lots, but the buildings may cover only a portion of the ground. A piece of ground surrounded by four streets is called a "block," each subdivision of it being a "lot." Titles to land and mortgages are recorded (registered) at the local county clerk's office by the numbers of the blocks and the lots.

**Lump.** Has the same meaning as piece, which see.

Applied to pieces of cloth which are in the same full length as is woven on the loom. A lump or bolt of 100 yards might be afterwards cut into two "pieces" of 50 yds. or four "ends" of 25 yards.

**Lunatic.** A person who, as the result of a judicial enquiry, is declared to be of unsound mind and incapable of managing his own affairs. The court would appoint a trustee to take charge of and manage the property and affairs of the lunatic.

**Lying days.** See Lay days.

**Majority.** (1) More than half of a number. (2) The larger number of persons voting on a question. (3) The age at which a person is considered by law as released from the guardianship of parents, that is, the age at which he is capable of making legal contracts for which he is personally responsible. By common law, that is by old English custom, men and women reach their majority at the age of 21. The statute laws of the various states of the U. S. and of foreign countries, which govern this question as regards the inhabitants of their districts, differ considerably, the ages fixed ranging from 14 to 25, according to the climate.

**Make-up.** The style of folding, tying up, ornamenting, and parceling of piece goods, for making them attractive when being shown to buyers.

**Making a market for shares and bonds.** The promoters of a new company, or the vendor of a business to a company who has been paid for it in bonds or shares, or the holder of a large quantity of the securities, would be usually unable to sell many of them without creating a public demand. Arrangements are therefore generally made to advertise them and to have sales made and reported with constantly rising prices, so as to tempt the public to buy, in the hope of selling at still higher prices. Options at a low price are therefore given to stockbrokers and to persons who can obtain favorable mention of the securities in financial journals. It is then to their interest to create an active demand, at increased prices, because that gives them the opportunity of selling at a profit the shares or bonds on which they have taken the option.

**Making a Price.** On the British stock exchanges the jobber must, on request, state two prices to the stockbroker, his buying price and his selling price for shares or bonds, before the stockbroker declares whether he wishes to buy or to sell. By the rules of the London stock exchange the jobber is compelled to buy or to sell a certain fixed quantity at the quoted prices if the stockbroker accepts. See also jobber.

**Making-up prices.** The prices fixed by the London stock exchange committee at which transactions in shares and bonds are to be carried over to the next settlement. See settlement on the London stock exchange.

**Mala fide.** In bad faith, with the intention to deceive. This is the contrary expression to bona fide, meaning in good faith or honestly.

**Man of straw.** Someone who has no property, to whom is transferred leases and other liabilities, so that the person really liable may escape responsibility. These dummies are also used to hide the true ownership of securities, by stocks and bonds being registered in their names, the real owners requiring them to sign

transfers in blank, which are held by the true owners as well as the stock certificates or bonds.

**Management shares.** See founders' shares.

**Managing director.** See directors.

**Manchester Ship Canal.** A canal, 32 miles long, between Manchester (England) and the River Mersey, which has its outlet to the sea at Liverpool. The canal is large enough and deep enough to allow any ordinary seagoing vessel to proceed direct to Manchester, to load or unload cargo. The Manchester docks are large and well fitted, and, as Manchester is the center of the most densely populated manufacturing district in the world, the ship canal has an important work to perform in bringing in raw materials and exporting manufactured articles and coal. The canal was built by a public company (corporation) at a cost of \$75,000,000. It is controlled by the municipality of Manchester, which is a large investor in its bonds.

**Mandamus.** An order of a court ordering a lower court or governing authority, such as a municipality or one of its committees, or a public officer, or a person or corporation, to do a certain thing which they have previously refused to do at the request of the party who applies for the mandamus.

**Mandat.** French postal money order, mandat postal.

**Mandate.** The order of a court to an officer under its control, requiring him to compel the carrying out of a judgment or decree of the court.

**Manifest.** A statement required by the custom house from the captain of a ship to show the name, description, and registry of a ship, from where sailing and to which ports, the names of the owners, the captain and the passengers, a list of all cargo with descriptions, marks and numbers, and to whom consigned, all stores, and the baggage of passengers.

**Margin.** (1) Profit. A "narrow margin" is a small profit. (2) Money or securities deposited with a stockbroker, as security, by a customer speculating in stocks or bonds. (3) See also loans and cover.

**Marine insurance or maritime insurance.** See full explanations in Chapter 54.

**Maritime lien.** A lien on a ship, and in some cases on the cargo and freight, for claims for salvage work, seamen's wages, damages for collisions and bottomry bonds.

**Mark on, mark up, and mark down.** The "mark on" is the amount added to the cost price of an article, for expenses and profit, in order to fix the selling price. The "mark up" is an extra profit added to the "mark on," for goods which are in great demand. The "mark down" is an amount deducted from the selling price, in order to sell goods at a reduced price at the end of a season, or if they have been soiled by handling.

**Market.** (1) A place where wholesale dealers or manufacturers meet to buy and sell; for example, a cotton exchange or a stock exchange. (2) Or, a body of dealers in the same town, who have no place of meeting but who trade amongst themselves; for example, in New York, London and several foreign towns there are money markets, composed of bankers who make loans to stockbrokers and bill brokers at rates of interest agreed on. There are also discount markets of dealers in bills of exchange, who buy and sell through brokers, without having any fixed meeting place. (3) A general term for the trade done in a certain article, for example, the cotton market or the grain market.

**Market overt.** Derived from the French "marché ouvert," meaning a public or open market. In common law, which is the old custom of English merchants, any person buying goods in market overt acquires a good title to them, unless it is afterwards proved that they have been stolen and the thief is convicted. The goods sold in market overt must be offered for sale during usual business hours and in a place to which the public has free entry, such as an auction room or

a store (retail shop) on the street level. This custom applies especially to goods sold in stores in the old city of London.

**Marketable securities.** Bonds, shares and stocks which are quoted and freely saleable on stock exchanges.

**Marriage settlement.** An agreement, made before marriage, (an antenuptial settlement), by which certain property of the husband is transferred to the wife. Such an agreement must be executed as a deed and the laws of most states and nations require that it must be registered or filed in a government or local registry office so that creditors may know of it. If marriage follows the settlement, the property named in the marriage settlement becomes the separate property of the wife; it cannot be taken by the creditors of the husband in case of his insolvency or bankruptcy, the wife's title to it is absolute.

**Married Woman.** The laws of most of the states of the U. S., and the laws of Gt. Britain, provide that the separate property of a married woman is not liable for the debts of her husband. But if she lends money to her husband for use in his own business as a trader and he becomes bankrupt, the repayment of her loan can only be claimed after all other creditors have been paid in full. See bankruptcy and deferred creditor.

**Massachusetts Trust.** See common law trust.

**Master.** The officer in charge of a ship, who is responsible for the navigation. This is usually the captain, but when a pilot is taken on board, on entering or leaving port, he is the master for the time being.

**Matched orders.** Orders to buy and to sell similar quantities, on a stock exchange or produce market, arranged between different speculators to be made at certain prices fixed in advance, so as to influence the market prices.

**Mate's Receipt for Cargo.** On delivery of cases or packages to a ship, for transport, the mate gives a receipt which is exchanged at the office of the steamship company or of its agents for a bill of lading.

**Maturity.** The term or date at which bills of exchange, or other obligations to pay, are due for payment.

**Measurement goods.** Light goods carried as cargo, which take up much space in proportion to their weight, are charged not by weight but by measurement, 40 cubic feet being considered equal to a ton weight. Heavy goods are charged by weight. "Freight at ship's option" means that the shipowners or their agents have the right to choose whether to charge by measurement or by weight. See tonnage of ships.

**Mechanic's lien.** A lien on land and buildings, given by special laws in the U. S., to mechanics (workmen) and others, for labor and material supplied for constructing, repairing, or altering buildings, or for other constructive work on real estate.

**Meetings of stockholders.** See ordinary business.

**Melon-cutting.** See cutting a melon.

**Member.** The British name for a holder of shares in a company, a stockholder. For shares of deceased members see letter of request.

**Memorandum of Association.** (British term.) The memorandum of a limited company (its charter) must state the objects for which the company was formed, its capital and its powers. See company, articles of association and companies under other headings.

**Mercantile agency.** A credit agency. See full explanation in Chapter 75.

**Mercantile agent.** An agent for traders, who is given authority to sell goods, to consign goods for sale, and to raise money on the security of goods sent to him for sale, or to buy goods.

**Merchandise Marks Act.** The English act of parliament (law) forbidding the importation of foreign manufactured goods bearing English words or marks, unless qualified by other words stating the country of origin, thus: "Wool shawls,

made in Austria." By this Act also, goods marked thus, "all wool," "12 yds. long," "6/4" (1½ yds. wide), must be exactly what they are represented to be, or the seller and maker are liable to penalties and confiscation of the goods. Other British countries and India have adopted these laws.

**Merger.** (1) The consolidation of several companies into a larger firm or company, under the same management. (2) A legal term meaning the inclusion in a deed of a contract previously made by a simple agreement in writing. (3) In the case of rights to sue several parties, by obtaining judgment against one the rights of action against the others are extinguished by the judgment; for example, where either a principal or an agent could be sued, or any of several partners, the suing and obtaining of judgment against one of them prevents the creditor from suing the others.

**Messuage.** An English legal term for a house, with the outbuildings adjoining it, the land on which they stand and the garden or grounds.

**Metric system.** See pound-weight and Chapter 50.

**Middlemen.** Wholesale dealers in goods. They are usually "jobbers" who buy in large quantities from manufacturers or producers in order to sell to wholesalers, who in turn sell in smaller quantities to retailers, who sell to the public. Each trader who comes between the producer and the consumer is a middleman.

**Mill.** (1) A factory or works; for example, a cotton spinning mill or a steel rolling mill. (2) One tenth (1/10th) of a U. S. cent. Local real estate taxes in the U. S. are reckoned at a certain number of mills per dollar of the value of the property taxed. See assessment.

**Minimum rent.** See royalty and dead rent.

**Minimum subscription of a Company.** See subscribed capital and Chapters 66 and 67.

**Minor.** See infant and majority.

**Mint.** (1) Government offices for refining and assaying gold and silver, and for making coinage. (2) The "mint mark" is a letter used by a government to show the town in which a coin was made (struck or minted). (3) The mint "tolerance" or "mint remedy" is the allowance of weight for wear which the government permits before the coin becomes too light to be legal tender. The tolerance of the U. S. gold coins is in the proportion of one-half of one per cent for each 20 years of use. Any shortage of weight beyond this is charged to the person paying in light weight gold coins at a bank. The loss by wear of silver, nickel, and bronze coins is borne by the government. The reason for the difference in treatment is that the government makes no profit on gold coins but a large profit on the coins of silver, metal and bronze. See article on money in Chapter 76. (4) Tolerance also means the difference between the fixed legal fineness or purity of metal in coins and the actual fineness after manufacture. See hall mark and assay.

**Mint par of exchange.** The actual exchange value, reckoned in gold metal, of the legal standard coin of one country in the money of another country. For example, after allowing for the difference in purity of its gold contents, the British £1 in gold is worth \$4.86 2/3rds of U. S. gold money. See Chapter 76 for full explanation.

**Minutes and Minute Books.** The official record of the business transacted at a meeting of the directors or the stockholders of a company, or at meetings in connection with bankruptcies or liquidations of companies, are the minutes entered in the minute book. The minutes also state the place and date of the meeting, how called (the notice given), the names of the persons present, the resolutions proposed and the number of votes for and against, and other matters of importance. The minutes are entered by the secretary in a minute book, which should be signed by the chairman of the same meeting, or of the following meeting. Minute books are accepted as legal evidence. See agenda and resolutions.

**Misfeasance.** Wrongdoing or breach of trust, in misappropriating money of which a person has charge as a trustee; for example, as director, treasurer, secretary, or receiver of a company or of a bankrupt's estate. See embezzlement.

**Mistake, effect of.** (1) Any payment made under a mistake of fact can be recovered, but money paid under a mistake or misunderstanding of law cannot be recovered, because everyone is presumed to know the law. (2) Where a contract has been made under a mistake, that is, where both the parties have different ideas as to the subject of the contract, it may be set aside by a court. See contract and Chapter 48.

**Mixed packed.** See cotton.

**Mixed Policy.** Where a marine insurance policy is issued on a ship from a named place to another named place, for a fixed period, say a year, the policy is a mixed policy, being both a voyage policy and a time policy.

**Moiety.** From the French word "moitié" meaning half. The word moiety is sometimes wrongly used to mean a part which is not a half.

**Moisture content.** Raw wool, cotton, and silk are sold by weight. All of these materials absorb large quantities of water, by exposure to damp. The buyer does not want to pay for any excessive moisture, so it is usual to take samples from different lots of the material and to send them to a "conditioning house" for testing, so that the average quantity of moisture contained in the material purchased may be proved.

The conditioning houses are usually maintained by associations of merchants. Their certificates of moisture content are accepted by both buyers and sellers as fixing the percentage of allowance of weight to be made to a purchaser, where the material contains more than the permitted amount of natural moisture agreed on by the association as a basis for sales. See conditioning in this section.

**Money.** See full explanations in Chapters 76 and 77. Refer also to currency, legal tender, market, dollar, and pounds.

**Monopoly.** (1) An exclusive right to trade or to manufacture. Monopolies are forbidden by British law since the year 1624. As exceptions, patents granted to inventors, and copyrights granted to authors, composers, and artists, are permitted. They are partial monopolies for a limited time, given to encourage creative work. (2) An association of dealers with the intention of controlling prices and preventing competition. See combine and restraint of trade.

**Months' Date.** A bill at three months' date is payable three months after the date it bears, that is, the date it is drawn, plus any usual days of grace. In law "months" means calendar months. A lunar month means 28 days.

**Moratorium.** A dead period within which payments may be suspended by debtors. A government or a state, in a time of financial panic, or after an earthquake or a serious flood or fire, may declare a moratorium to prevent any legal action against debtors who are unable to pay by reason of their losses.

**Morris Plan.** A term applied to loans by companies managed on the Morris system. Small loans are made to traders and individuals, the security being notes of the borrowers, endorsed by two or more sureties who guarantee repayment, the loan being repayable by weekly or monthly instalments which include interest, the whole balance becoming due immediately on default in payment of any instalment. Morris plan companies sell bonds to raise additional capital to lend.

**Mortgage.** The hypothecation or pledging of land or a ship, or shares in a ship, or other property, as security for the payment of a loan or other debt, in other words, a mortgage is a lien. It is in reality an absolute transfer of ownership of the property, subject to the right reserved to the transferor that on repayment, by a stated date, of the amount of the loan and interest for which the property transferred is security, the holder of the mortgage (the mortgagee) must re-transfer the property to the first owner (the mortgagor). See hypothecation,

which the power of attorney authorizes the agent to do are binding on the firm (or the person giving the authority). If the agent does transactions he is not authorized to do, the firm can refuse to agree to them, and he then becomes personally liable. Thomas Smith, signing by procuration for J. Roberts & Co., would sign thus—per pro or p.p. (per procuration) J. Roberts & Co., Thomas Smith. If valuable consideration has been given in return for the power of attorney, it cannot be withdrawn or revoked by the giver. See agent, and ultra vires, and Chapter 94.

**Profit and Loss Account.** A ledger account in which are stated the profits, losses, and expenses of a trading firm. The balance shows the net profit or loss for the period covered by the account.

✓ **Pro-forma.** Meaning, for form only, as an illustration. Before dealing in transactions outside their usual trade, merchants often ask the firms or persons offering goods for a pro-forma invoice or account-sales. These documents are just such as would be shown for a real transaction, and all the particulars given are founded on experience of actual shipments by the sellers. Thus, a merchant at New York wishing to buy English woolen goods direct from Bradford, England, would ask for a pro-forma invoice from a Bradford firm for certain qualities of cloths. An invoice would be made at the prices of that day less the usual discount; the cost of packing, railroad freight, and cartage to the Hull docks (or to Liverpool) and freight to New York from either port, would be added, also the unloading charges and customs duty payable at New York. This would give the cost of the goods "laid down" there (called "Franco-New York"). If against this is shown the price obtainable for them at New York, the statement would be a "pro-forma account-sales" which would show the probable profit or loss on the transaction. This would enable the New York merchant to decide whether it would pay him better to buy the goods in Bradford and import them himself, or to buy them from dealers, jobbers or importers in New York at a "laid down" price.

**Provisionary Note.** A bill of exchange by which a debtor promises to pay money on a certain future date. See bills of exchange and Chapter 83.

**Promoter.** A person who undertakes to form a company and to set it going and who does what is necessary for that purpose. See making a market, and Chapter 67.

**Promotion Money.** A sum paid to the promoters of a company for their services in "floating" the company, advertising, bribing financial journals, issuing circulars and prospectuses, and "underwriting the issue," which means finding persons who, for a payment, will agree to take a certain number of shares in case they are not applied for by the general public. See "making a market."

**Prompt Cash.** Cash paid at once or, in practice, within the seven days from the invoice date usually granted so as to allow of the goods being examined and checked as to quantities and prices before payment is made.

**Proof of Debt in Bankruptcy.** The sworn claim of a creditor for payment from the estate (assets) of a bankrupt. The proof should give full particulars of the account with copies of invoices and should mention any vouchers which support the claim. If proof of a trade debt is not delivered to the referee or trustee after demand for it, the debt may be discharged (cancelled) and the debtor cannot be compelled to pay it after he has received his discharge following the bankruptcy. See public examination.

The bankruptcy laws of the U. S., Canada and Gt. Britain, are mentioned under other headings.

**Proof of Loss.** Before paying any claim for loss by fire, the insurance company requires a sworn statement of claim, giving full details, on a form provided by the company. See average adjuster and wager policies.

**Pro Rata.** In a fair or equal proportion.

**Prospectus.** A statement of the business proposed to be done, the capital required, prospective profits, etc., issued to the public by the promoters of a new company in order to obtain applications for shares in the proposed company. Any prospectus issued by or on behalf of a British limited company must be printed and signed by all the directors, who are personally responsible to investors in shares or bonds of the company for the correctness of the statements made in it, if the prospectus induced them to invest. See "promotion money" and "making a market."

**Protect a Signature.** To pay a draft is to protect the signature of the drawer. See also case of need, honor, Chapter 83, and endorsement for honor.

**Protection.** The system of charging high customs duties on imported goods, so as to prevent competition with similar goods produced inside a country. See customs duties and tariff.

**Protest.** In the case of a dishonored (unpaid or not accepted) foreign bill of exchange, where the person who is to pay the bill, and the person who is to receive the money, carry on business in different countries, it is necessary, in order to claim payment from the drawers or endorsers abroad, that a statement shall be made by a legal official or a notary public certifying that acceptance or payment of the bill has been demanded by him, from the drawee and has been refused. (See Chapter 83 for example of protest.) The holder of the bill, when it has been returned to him, owing to acceptance or payment (whichever is demanded) having been refused by the drawee or his banker, takes the bill to a notary public, who then himself presents the bill to the drawee or his banker and, on acceptance or payment being again refused, he writes on a small note, which is fastened to the bill, the answer given as the reason for the refusal. In Gt. Britain this is called the "noting," and is done on the day the bill is returned, when acceptance has been refused, or on the due date, that is, the last day of grace, where payment has been refused. For a British "inland" bill, that is, one both drawn and payable in England, Scotland, or Wales, noting is all that is necessary in order to prove dishonor when suing for payment of the bill, but for foreign bills a formal protest is drawn up by the notary, as required by the laws of the U. S. and of most foreign nations. This protest is accepted by foreign courts as evidence of the dishonor of the bill. In the U. S., France, and South America, only the protest is used, for both domestic and foreign bills. See Chapters 83-85 for fuller explanations also "case of need" and "endorsement for honor." The laws relating to bills of exchange are mentioned under other headings.

**Provisionally.** For a time, temporarily.

**Proxy.** An authority in writing giving a person named in it the right to vote at a meeting, or to act for another in a transaction, the person giving the proxy being bound by such acts, if within the limits of power given. For example, a shareholder [stockholder] in a company may give a proxy to another shareholder to vote, on his behalf, for or against certain proposals to be made at a shareholders' meeting. See also procuracy and ultra vires.

**Public Company.** One which offers its shares to the public for subscription. See private company and Chapters 66 and 67.

**Public Examination of Bankrupt.** The court dealing with a bankruptcy appoints a day on which the bankrupt must attend and submit to an examination as to his management of his business, the causes of his insolvency and the dealing with his property. He cannot receive his discharge from debts provable in the bankruptcy if the examination discloses fraud or attempted fraud of his creditors. See proof.

**Public Trustee.** An English government official who undertakes trusts and executorships and administrations for the public, and who is guaranteed by the British Treasury. See trust company.

**Public Utility Companies.** See corporations.

**Purchase Money Mortgage.** A mortgage taken as security by the seller of real estate, the buyer making only a small cash payment, the balance being usually payable by monthly or quarterly instalments. The same method is used in selling a business, the vendor taking a chattel mortgage on the personal property and a mortgage on the real estate, if any.

**Put.** The right of a seller to deliver produce or stocks to a purchaser at a certain price, at a future date. The purchaser is paid a fee for giving the seller the option to sell or not at the time fixed for delivery. If the market price then is lower than the agreed selling price, the seller calls on the purchaser to take delivery, or to pay the difference between the two prices for the quantity sold, instead of taking delivery. If the market price rises, the seller abandons his option to sell and his loss is limited to the fee paid for the option. A "put and call" is the buying of a right either to buy or to sell at slightly differing prices at a future date. It is also called a "double option" or "spread" or "saddle." A "put of more" is the option for a sale with the right to deliver double the quantity; this is a London stock exchange term. See option, calls, and settlement days.

**Pyramiding.** Making repeated speculations, by using the accrued profits as margins for further speculations, so increasing the extent of the dealings.

**Qualified Acceptance.** An acceptance of a bill of exchange with some change; for example, the date or place of payment or the amount being altered, or the bill being accepted by one or more of the parties but not by all of them. The holder is not bound to accept a qualified endorsement; he may treat it as a dishonor of the bill. Previous endorsers should be notified of such changes or they become released from liability. (See Chapter 83.) A forged acceptance of a bill has no effect. An unauthorized acceptance for another person may be confirmed by the principal.

**Qualities and Grades of Cotton.** See cotton.

**Quantum Meruit.** Means as much as it is worth. Where work has been done without any price having been agreed on, or if work to be completed for a fixed price is stopped when only partly performed, the employer is bound to pay a fair price for the work done, that is, what it is worth. A court will fix this price at the request of either party, if the two parties do not agree. See arbitration.

**Quarantine.** Vessels coming from a port where cholera or other contagious disease is prevalent are, on entering other ports, detained for a period in the roadstead or harbor, all communication with the shore being forbidden, the medical officer of the port visiting the vessel at intervals and inspecting the persons on board to discover any traces of the contagion. If no signs of disease appear within a certain period, the vessel is allowed to transact her business, and to land passengers and goods; but should any person on board show signs of contagious disease, the vessel is either detained longer, until all chance of contagion is removed, or she is ordered to leave the port without communicating with the shore or landing passengers or cargo. Materials coming from abroad which are likely to contain germs of disease, or injurious insects or fungus, are disinfected by the quarantine officers at the expense of the consignee, or the importation may be refused.

**Quarter Days.** (1) In the U. S. these are January 1, April 1, July 1, and October 1. (2) In England and Wales rents and interests are made payable on the usual quarter days, which are Lady Day, March 25; Midsummer, June 24; Michaelmas, Sept. 29th; Christmas Day, December 25. In Scotland the

quarter days are Candlemas, Feb. 2; Whitsun, May 15th; Lammas, August 1; Martinmas, Nov. 11th.

**Quasi.** Means like, but with some difference. To use a familiar illustration, in the U. S. "near beer" is quasi beer, beer with a difference.

**Quintal.** (1) The metric quintal of 100 kilos is equal to 220.4622 lbs. avoirdupois, or 0.11023112 short tons, or 0.098420640 long tons. (2) The quintal used for the weight of dried fish is 100 lbs. avoirdupois. See pounds weight, hundredweight and tons.

**Quorum.** The regulations of a company, a society, or a committee may fix a quorum, that is, a minimum number of persons required to be present, at meetings of stockholders, directors or members, before any business can be validly transacted or votes taken which shall bind all the parties concerned. If action is taken as the result of a resolution passed (adopted) at a meeting at which a quorum was not present, the action can be approved and confirmed at a later meeting when a full quorum is present and it will then be valid as from the commencement. If not confirmed, or if notice of the meeting has not been properly given, any resolutions then passed are void.

**Quotations.** Stated prices. "Quoted at \$2" means offered at the price of \$2. See points, listed, securities, stock exchanges, and Chapters 46, 49, 50, 57, and 60.

**Raised Check.** One which has been fraudulently altered by increasing the amount payable. If the paying banker has been negligent in not noticing the alteration he is responsible for the loss to his customer.

**Rates for Carrying Goods.** The charges made by railroad, express, and steamship companies are controlled by the Interstate Commerce Commission, so that equal rates may be given to all traders and no special rebates made to favored customers. See tariff and carriers.

**Rating for Credit.** The mercantile credit agencies, such as Dun and Bradstreet, issue to their subscribers complete lists of business firms showing the net worth or net capital of each firm and the amount of credit which may be granted safely to them. This is called their "financial rating." See Chapters 72 and 75.

**Re.** An abbreviation of *in re*, meaning respecting, referring to, or in regard to a thing.

**Real Estate.** Land, together with the permanent buildings on it. The legal term is real property. In the absence of a will it descends to the heir of a deceased owner. Realty is another name for real estate; real estate brokers describe themselves as realtors.

For explanations of the laws relating to real estate see business laws section.

**Realization.** The turning into cash of assets of a firm. See bankruptcy and winding up.

**Realization a/c.** An account kept by a receiver or trustee in a bankruptcy or the winding-up or a company, to show the profit or loss on the realization of the assets. The account shows on one side the book values of the assets and on the other side the amounts realized by their sale, after payment of the expenses of selling. See bankruptcy, receiver and liquidation.

**Realizing.** See liquidation of speculations.

**Rebate.** An allowance, made by the seller, on goods charged at too high a price, or which are afterwards found to be damaged or imperfect. Deductions allowed to purchasers on account of goods being paid for before the full period of credit has elapsed are cash discounts.

**Receipt.** An acknowledgment of a sum paid. A paid check acts as a receipt. For cash payments the receipt is written on the bill, or a separate receipt given. In Gt. Britain and most foreign countries receipts for more than a small amount are taxed: the duty being paid by using adhesive stamps. Any

person liable to make a payment in cash (legal tender) may refuse to pay unless a signed receipt is given at the time.

**Receipts and Payments.** See income and expenditure.

**Receiver.** A person appointed by a court to take charge of and manage property in dispute until the trial of an action with reference to it, or to preserve property of a bankrupt or of an insolvent company. An ancillary receiver (supplementary or assistant receiver) is usually appointed for property in another state than that in which the action is brought. A trustee for bondholders, appointed by a trust deed, usually has power under the deed to act as receiver in case of the default of the company to pay interest or principal due on the bonds. See mortgage bonds, in Chapter 67. The difference between a trustee in bankruptcy and a receiver in bankruptcy is that a receiver is appointed by a court on the application of parties who are concerned, when the court (the judge) believes it is necessary, for the preservation of the assets, to take charge of the property during the time between the filing of a creditor's petition for bankruptcy and the time allowed to the debtor for a reply before a hearing at which the petition may be dismissed or allowed. If the petition for bankruptcy is granted, the receiver remains in possession of the property until the trustee appointed by the creditors has qualified by giving the usual bond. The receiver does not take title to the property nor administer it, he simply takes care of it.

The trustee in bankruptcy is a person elected by the creditors, after the court has declared (adjudicated) the debtor to be bankrupt. The trustee takes title to the property and may manage or sell it (administer it). The trustee manages and realizes the estate, but the receiver merely holds it until the court decides whether the debtor is or is not bankrupt. If declared solvent (or if the creditors withdraw their petition, by reason of having been paid or receiving security for payment), the receiver gives up possession to the debtor, on instructions from the court. See bankruptcy proceedings.

**Receiver's Certificates.** See bankruptcy proceedings in this section and bankruptcy laws mentioned elsewhere.

**Receiving Order.** An order made by a court, on the petition of a debtor or any of his creditors, appointing a receiver to take possession of and to protect the assets of an insolvent debtor (or a company) until after a hearing by the court as to his insolvency.

**Reconciliation Statement.** One explaining the difference between two accounts or statements; for example, reconciling the bank balance as shown by the books and the balance shown on the banker's statement; the difference generally arises from outstanding checks and deposits made too late for acknowledgment by the banker within the period included in the account.

**Reconstruction.** When it is required to make extensive changes in the capital, or to alter the rights of stockholders or to change the management, or method or aims of trading of a company, or to enlarge its powers so as permit the doing of certain new business, it is usually necessary to wind-up (dissolve) the company, and form a new one which takes over the business of the original company. This is called a reconstruction. As used by fraudulent directors of companies, the object is either to sell the business to themselves at much below its value, so defrauding the stockholders, or to get rid of liabilities of the company, or to make holders of full paid shares in companies liable for further payments, by changing the old full paid shares into new partly paid shares. Assessments are then made on the stockholders for the differences. Failure to pay entails the shares being cancelled. See winding-up and calls.

**Redeemable Bond.** One which is repayable by the company or government issuing it, either at a fixed date named in the bond or debenture, or at any time within a certain period after giving notice to holders by advertisement. See Chapter 67 and mortgage bonds.

**Redeemable Stock.** Many American companies, on issuing preferred stocks (preference shares), reserve the right to require their surrender by the holders on payment of the face value and a premium, usually 10%. This is not permitted by the British Companies' Acts; the capital stock cannot be reduced except in the case of severe losses of capital and only then by permission of a court, after a hearing at which creditors may appear and object. British laws do not permit a limited company to buy its own shares nor to hold them as security for loans. See companies, and reduced, shares, and Chapters 66 and 67.

**Redemption, Equity of.** See equity.

**Rediscounting of a Bill of Exchange.** Banks which are members of federal reserve banks have the right to re-discount at the reserve banks the trade acceptances and notes which those member banks have discounted for their own customers. The federal reserve banks charge less interest (discount) to the member banks, so as to leave them a profit on the rediscounting. The bills which the federal reserve banks will rediscount are commercial drafts, trade acceptances and promissory notes having not more than 90 days to run, farmers' notes and acceptances at not more than six months, and bankers' acceptances at 90 days or less. See federal reserve banks, also Chapter 83.

**Re-draft or Cross Bill.** A draft drawn to cover the amount of a dishonored bill and expenses. See re-exchange, case of need, and Chapter 83.

**Reduction of Share Capital.** See "and reduced" and redeemable stock.

**Re-Exchange.** In case of the dishonor by nonpayment of a foreign bill of exchange (see protest) the holder of the bill, that is, the person entitled to collect the money, usually draws a new bill on the drawer or the person from whom he received the dishonored bill, and adds to its amount the expenses incurred by the dishonor, the protest charges, stamp duty, and interest for the extra time, etc. The expenses are re-exchange charges.

**Referee.** (1) A person appointed by the parties to a dispute for the purpose of hearing the facts so that he may decide on a fair award in settlement. Arbitration of this kind avoids the delays and expense of legal proceedings and preserves friendly feelings between the parties. (2) A referee for credit is a firm or person whose name has been given to a business firm with an application for credit, so that he may be consulted as to the character of the applicant. (3) Referee in the case of need; see "case of need."

**Referee in Bankruptcy.** An officer of a U. S. federal court who, under the control of a judge, supervises the acts of a trustee of a bankrupt individual or firm or company. The trustee is usually a lawyer who does the actual work of taking possession of the assets, ascertaining the liabilities and investigating claims, examining the debtor, and arranging for sale of the assets. The trustee works under the control of the referee. In Gt. Britain the duties of both referee and trustee are taken by the official receiver who is a permanent official of the court and who has sole charge of the bankruptcy, unless the creditors vote to join another trustee to watch over their interests, or to appoint an accountant or a creditor as trustee instead of the official receiver. See receiver.

**Reference Patterns.** Samples of each lot of goods exported, kept by the exporters for reference, in case further lots are ordered, or claims are made for allowances on account of defects.

**Reference to Arbitration.** A submission of a dispute to arbitrators for decision. See arbitrator.

**Register.** See registrar.

**Register of Members.** The English company laws require every registered company to keep at its offices and to produce for inspection on demand of any intending creditor a detailed list of all shareholders, their addresses and number of shares they each hold. A copy of this list must be filed annually, at the registry of joint stock companies, for public inspection.

**Register of Mortgages.** See mortgage register.

**Register of Transfers.** Certificates of shares of a company may be either (1) "bearer certificates" (called in Gt. Britain "share warrants"), with dividend coupons attached which are transferable by delivery, that is, by handing over to a purchaser without any other formality, or (2) "registered certificates," which bear the name of the owner and which can only be transferred by the change of ownership being registered in the books of the company. Bearer certificates are liable to be stolen or lost and the company will not replace them unless the loser gives a bond of indemnity. Registered certificates are safer because the issue of new certificates to replace them on the application of wrongful holders, or following a sale, may be prevented by the lawful owner giving notice of loss to the company. Dividends on bearer certificates are paid by the numbered coupons being detached from the certificate and presented to the company for payment. The dividends on registered certificates are paid by checks mailed to the addresses of the registered holders. It is, therefore, important that a purchaser should have his name recorded on the books of the company. American registered shares have a transfer form printed on the back, which is signed when the owner sells them. On delivery of such a certificate to the transfer office of the company, a new certificate will be issued in the name of the purchaser. Many companies have their own transfer officers, others appoint a trust company or a bank to do this work. The book which is kept to record transfers is called the register of transfers. British companies use a separate document, called a transfer form, for transfers of registered shares.

Some of the U. S. stock exchanges will not allow stocks or bonds of a corporation to be admitted to official quotation, and bought and sold by their members, unless an independent registrar of the stocks and bonds handles the recording of all issues and transfers. The reason for this is to prevent issues by the directors of more than the authorized quantities.

**Registered Capital of a Company.** The total amount of capital stock which it is authorized to issue. See company and Chapter 67.

**Registered Office.** The legal home of a company in the state where it was incorporated. See foreign corporation.

**Registered Securities.** See register of transfers, registrar and transfers.

**Registrar of a Corporation.** A registrar of an American company is usually a trust company, bank, or other firm appointed to record and certify the ownership of certificates of its capital stock. A company which has its own transfer office may also appoint a registrar to check the transfer office and to give additional security to the holders of its certificates by certifying that where new certificates have been issued the old ones have been destroyed, (see cremation certificate), and by also certifying that the authorized amount of capital stock to be issued has not been exceeded. (In the U. S. there is a common misuse of the word "register," instead of "registrar," for example, "register of transfers" instead of "registrar of transfers.") British companies usually do their own transfer work, the secretary being responsible for it.

**Registrar of Joint Stock Companies.** An officer appointed by the British Board of Trade (which is a department of the British government) to keep the records which companies registered (incorporated) under the British Companies' Acts are required to file, and to issue certificates of incorporation to new companies. British companies are required to make numerous periodical reports to the registrar and these reports are open to public inspection at the government registries of joint stock companies in London, Edinburgh, &c.

**Registry of a Ship.** All vessels must be registered with the governments to which the owners belong, in order that they may have the protection of the national laws and treaties. The registry of a ship is its nationality. Its "port

of registry" is its home port, where the office of its owners or their agents is situated, that is, its registered legal address.

**Regular Lot.** Offers to buy or sell, made by dealers on stock and produce exchanges, are by the exchange regulations considered to be for specified quantities called "regular lots," unless stated otherwise at the time. For example, on the New York stock exchange a regular lot is 100 shares of stock or \$1,000 face value of bonds. On the produce exchange the regular lots are 5,000 bushels of grain, 85,000 lbs. (250 tierces) of lard, 250 barrels of pork, 100 bales of cotton of 500 lbs. each, and 250 bags of coffee of 130 lbs. each. Smaller quantities are called "odd lots."

**Regulations of a Company.** The by-laws containing the rules for the management of a company and defining the rights and liabilities of stockholders and the duties of directors and officers. See articles of association and companies.

**Rehypothecation.** The pledging by a stockbroker with a banker, for a cash loan, of stocks or bonds of a customer deposited with the broker as security for a speculative purchase on margin. The broker covers himself by obtaining, from the customer who buys on margin, an agreement by which the broker is entitled to repledge in this way.

**Reinsurance.** An insurance company which takes a large risk usually shares this with another company by reinsuring a portion.

**Release of Mortgage.** A deed signed by the lender of money on mortgage (the mortgagee) acknowledging that the mortgage has been repaid in full. This release is recorded at the same county clerk's office where the mortgage was previously recorded, so that all may see that the mortgage no longer exists.

**Remainderman.** The man or woman who is entitled to receive, at the death of the beneficiary, the remaining real estate or personal property (after payment of legacies) which has been placed in trust in order that the income may be paid to another person (the beneficiary) during his or her lifetime. For example, a man may by his will appoint an executor to pay the income from property to his widow during her lifetime and at her death to distribute the property (or the money received by selling it), amongst his children; they would be the remaindermen.

**Rendu Price.** French term meaning that goods are to be delivered at the business place of the purchaser, with all charges and the customs duty paid, for the price quoted.

**Renewal of a Bill of Exchange.** See Chapters 83 and 84.

**Rentes.** French, Italian, and other foreign government bonds; they are irredeemable and therefore they only give the right to an annual interest or rent. They are freely saleable on the French and other stock exchanges. The essential difference between Rentes and U. S. and British Government bonds is that Rentes mention only the annual interest payable, while the other bonds name both the principal sum and the annual interest. Prices of Rentes are quoted in percentages of the principal sum, like other bonds.

**Renunciation.** (1) The abandonment of a right. (2) The surrender by a present stockholder of a right to subscribe at a favorable price for new issues of stocks or bonds of a company. (3) The transfer of such a right of a stockholder to another purchaser, by an agreement in writing. See rights.

**Repacked Cotton.** See cotton.

**Replevin.** A personal action to recover goods wrongfully taken away. When goods have been seized under an execution for a judgment debt and they are claimed by another person as his own property and not that of the debtor, the sheriff, before delivering them to the claimant, requires him to deposit security

or to give a bond for double the value of the goods, and also an undertaking to apply to the court for a declaration of the true ownership.

**Representation of Credit—Credit Statement.** A signed statement in writing, made for the purpose of inducing a person or firm to give credit. The party making the statement may be sued for misrepresentation if (1) he knew the statement to be false, and (2) if he made it to induce the other party to give credit, and (3) the party to whom the statement was sent has acted on the false statement, and (4) the creditor has suffered loss in consequence. See Chapters 70 to 75 for full information.

**Reputed Ownership.** Goods in the possession of a bankrupt, as the reputed owner, or held to his order, or at his disposition with the consent of the true owner, may be claimed by a receiver in bankruptcy or in winding-up as being part of the estate of the bankrupt. See agent.

**Requisition.** (1) A demand for a supply of material &c. from a warehouse or stock. (2) A written formal demand, for example, a requisition by stockholders of a company addressed to the directors demanding the calling of a meeting of stockholders.

**Resale.** A second sale of goods after a buyer has refused or neglected to take them on due notice from the seller that they were ready for delivery. The original purchaser is liable to the seller for any loss on the re-sale.

**Reserve a/c.** One which shows surplus income or profits, or the reserves made from them. Amounts are credited to this account, after being charged as expense, to cover depreciation of assets such as machinery, buildings, motor cars or trucks, and to provide for possible losses on bad debts or for claims for damage, etc. In Gt. Britain this account also takes the place of the surplus account as used in the U. S.

**Reserve Fund, Rest, or Surplus.** Profits of a business which, instead of being paid in dividend to stockholders, are kept in hand as a reserve against exceptional losses or periods of bad trade. To be of real use, the amount of the reserve should be invested outside the business, in good and easily saleable securities. Some so-called "reserve funds" are either premiums received on issues of shares, or amounts laid aside for renewals of machinery, or repayments of bonds &c. See depreciation, sinking fund, surplus, and secret reserves.

**Residue and Residuary Legatee or Devisee.** Residue is what is left of the property of a testator after providing for gifts and legacies named in his will. If the residue is given by the will to a certain person he is called the residuary legatee of the estate, or the residuary devisee if the legacy is of real property. See estate, for residuary estate, also the laws relating to real estate, under other headings.

**Resolution.** The decision of a meeting; a declaration approved by a majority of votes; for example, the approval by a majority vote of a proposal made by a resolution at a meeting of stockholders of a company.

**Resources of a Firm.** (1) Its capital, that is, the amount which would remain after all the debts of the firm had been paid. (2) The term "resources" is also used to describe all the assets of a bank. See assets.

**Responsible Bidder.** In advertising for tenders conditions may be stated requiring the persons tendering to deposit security or give bonds for efficient performance of the work; proof may also be required of capacity to do such work. A responsible bidder is one who complies with these regulations; he need not be the lowest bidder in order to be granted the contract, but he should be the lowest eligible tenderer.

**Rest.** (1) The capital and surplus of the Bank of England, shown in its weekly return; (2) a break made in an account, for balancing and adding interest.

**Restraint of Trade.** See ring, combine and monopoly.

**Restraint on Anticipation.** Where property is settled on a person (for example; a wife or child) by the property being transferred to a trustee with instructions to pay the income to the beneficiary, so as to ensure regular provision for living expenses, it is usual to make a condition that the income cannot be mortgaged or drawn in advance, nor loans made in anticipation of the future income. If the property is settled on a married woman the restraint ceases immediately she becomes a widow, but it revives if she marries again. A court may remove the restraint where such a course is proved to be for her benefit.

**Retirement of a Partner.** Withdrawal from the firm. A notice of the retirement of a partner should be sent to all persons dealing with the firm, so that they may know that the retiring partner is not liable for the subsequent acts or debts of the firm. See Chapter 67; also holding out.

**Reversion, Reversioner, and Reversionary Interest.** A reversion is the right to receive property after the interest of another person has ceased. For example, an income from property may be ordered by a will to be paid to the widow of the testator during her life and the ownership to pass absolutely to a son on her death. The son would be the reversioner and his right to the ultimate ownership would be his reversionary interest.

**Riders.** Printed or written slips, fastened to insurance policies, containing special conditions, usually in restriction of the liability of the insurance companies. See Chapter 54, insurance.

**Rigging the Market.** The buying and selling of stocks on the stock exchange, by speculators, in order to raise or lower market quotations by having such sales recorded in the published lists of daily transactions. See wash sales and making a market.

**Rights.** (1) A privilege of subscribing for new issues of capital stock, first given to present stockholders at prices lower than the market price. Those stockholders who do not wish to subscribe may either sell their rights on the stock exchange or surrender them to the company; they usually sell. (See cutting a melon and renunciation.) (2) The selling value of the rights just named. (3) Rights "in personam," or personal rights, are those entitling a person to recover from others any personal property belonging to him or money due to him. (4) A right "in rem" is the right to hold property after having obtained it in a legal way. (5) The civil rights of persons under the national law. See habeas corpus.

**Ring—Restraint of Trade.** Another name for a combine, pool, or corner, intended to prevent competition and otherwise hinder the free and open carrying on of business by other firms under fair conditions. See Sherman law.

**Roads or Roadstead.** (1) The anchorage outside a port, where vessels may wait for orders to unload or load cargo in that port or to go to other ports. Port charges are not payable unless the ship enters the port or harbor. (2) Where a port or harbor is too shallow to allow large ships to enter, they anchor in the roads and are loaded or unloaded there by lighters or small boats.

**Rolling Stock.** All the engines, cars, trucks, coaches, cranes, and other material of a railroad company which can be moved on the rails, and which is used in the working of its business. These are frequently mortgaged for money borrowed on bonds, such as equipment trust certificates.

**Royalty.** (1) A fee paid to an inventor for the use of a patent by a manufacturer or other person, or to an author or composer by a publisher as a share of the profit on each book or copy of music sold. (2) A payment made by a mining company to the owner of land from which coal or iron ore is being taken. The royalty is usually a fixed minimum sum, called "dead rent," merging into a fixed royalty per ton raised and sold if the total amount at the rate per ton exceeds the dead rent. The dead rent is payable even if the mine is not worked. (Other names for dead rent are annual rent, certain rent, head rent, and sleep-

ing rent.) Or the mining royalty may be a fixed sum per acre worked, or an amount per ton on a sliding scale, in proportion to the selling price of the ore or mineral. If the dead rent is more than the royalty there is usually an average clause in the agreement allowing the difference (excess of dead rent), called "short workings," to be carried forward to the following years and deducted from the royalty when the royalty is more than the dead rent. This difference is also called over-workings or excess royalties.

**Rummaging a Ship.** The search of a ship by customs officers, before or after unloading, in order to discover any articles on which duty has not been paid.

**Running Account.** The same as an open account or current %, which see.

**Running Days.** See lay days.

**Rupee Paper.** The promissory notes of the government of India, payable in silver rupees in India, sold to bankers and exchange dealers in London, for making remittances to India.

**Sale by Sample.** See full information in Chapter 33; also see cotton.

**Sale of Goods.** For conditions of sale and Sale of Goods Act, see Chapters 48, 49, 55, 60, 77, and 80; also contracts and sales of goods under other headings.

**Sale or Return Goods.** See on approval.

**Salvage.** (1) Property or goods saved from destruction by fire, water, or enemies, the owners having abandoned the property to the underwriters as a "constructive total loss," which means as being too seriously damaged to be of use. The underwriters then take charge of the salvage operations. "Salvage loss" is the difference between the original value of the property and the amount obtained by the sale of it after the damage. (2) A sum paid by the owners or insurers to the salvors (savers or rescuers) of a ship or goods, as payment for their services. See total loss.

✓ **Sans Recours** (without recourse). Words added to an endorsement to avoid liability of the endorser to later holders of a bill of exchange. A selling agent, receiving payment by a check, made payable to himself, when endorsing it to his principal would endorse sans recours, because he does not guarantee payment by customers unless he receives a *del credere* commission. See *del credere*.

**Satisfaction of Mortgage.** (1) A mortgage by a company or an individual of real estate in the U. S. is recorded as a lien in the office of the county clerk of the district where the property is situated. (2) All mortgages and charges given by British registered companies, on either their real or personal property, as security for mortgage bonds or for loans, must be promptly registered at the government registry of joint stock companies, or they have no effect as giving a preference for repayment over claims of ordinary creditors. The cancellation of both classes of mortgages by repayment may be registered by filing a notice of satisfaction of mortgage, sometimes called a "satisfaction piece." See mortgages, in this section.

**Savings Bank Investments.** Securities of the safest kinds, to which the investments of the funds of savings banks are restricted by law. See trust investments.

**Scalpers.** Dealers on U. S. stock exchanges who operate for small daily profits.

**Schedule.** An additional document containing full details.

**Scrip.** (1) Receipts for instalments paid towards the full price of shares of capital stock or bonds; they are exchangeable for fully paid shares or bond certificates when the complete amounts have been paid. (2) Certificates for parts of a share. (3) The term "scrip" is sometimes used to describe stock or share

certificates issued when partly paid, later payments being shown on the back of the certificate.

**Sea Island Cotton Grades.** See cotton grades.

**Seal.** Many public bodies, such as municipalities and colleges, have seals for executing legal agreements. Companies doing business with foreign countries also find it is required that taking leases and mortgages, purchasing real estate, and making important contracts abroad, must be done by contracts under seal. The usual seal for a business corporation is a die engraved with the name of the company and the state of incorporation. See common seal.

✓ **Seal on Deeds.** See agreement and deed.

**Seaworthiness.** In all contracts for carriage of goods by sea, and in all contracts of marine insurance of the cargo or the ship for stated voyages, there is an implied warranty by the shipowner that the ship is in such a fit state of repair and equipment as to be capable of resisting safely the perils of the sea to be met with on the voyage. In marine insurance of time charters seaworthiness is not implied; it must be expressly mentioned.

**Second Mortgage.** See mortgage, lien, and fixed charge.

**Second of Exchange.** See bills and Chapter 83.

**Secret Commissions.** A principal can recover from an agent any secret commissions he has received from other persons. No usage or custom can justify the receiving of secret commissions by an agent; they are illegal, being a breach of trust.

**Secret Reserves.** This term is used for profits which are hidden and not shown in the books of a firm nor on its balance sheets. For example; excessive depreciation may be allowed on assets, or valuable machinery or land and buildings may be shown on the books at nominal amounts, such as \$1. In other cases inventory prices may be considerably undervalued, or large stocks of materials or finished goods omitted altogether from the stocktaking lists (inventories.) The making of secret reserves is sometimes abused by directors who wish to buy the majority of the shares held by other persons. The profits are hidden and only very small dividends, or none at all, are paid. When dissatisfied stockholders sell, the shares are bought up quietly by the directors or by persons acting for them.

**Secured Creditor.** One who has possession of a security given by a debtor, or who has a lien or mortgage on property belonging to the debtor, as a guarantee of payment. Where a creditor holds security belonging to another person than the debtor, or has the guarantee of another person who is not a secured creditor, he may prove in the bankruptcy for the whole sum due and afterwards make use of his security or guarantee to repay any loss on the debt. See bankruptcy and Chapters 67 and 68.

**Secretary.** An executive officer of a company. He carries out the instructions of the directors, attends meetings of the directors and stockholders, writes up the minutes and superintends the office work. He is responsible, jointly with the directors, for any breach of the by-laws (articles) of the company or for any illegal or ultra vires acts. See ultra vires.

**Securities.** See bonds, stocks and marketable securities.

**Selling Short—Bulls and Bears—Long and Short.** (1) Selling short is speculation on the stock exchange by selling stocks which the seller does not own but which he borrows for a certain time in order to deliver. When called on to return the borrowed stock, he must buy on the open market, to cover his short sales. He gambles on the chance of being able to cover at less than the price at which he sold, but if other speculators, who want the stock to rise in price, buy up all that is offered, he may be compelled to cover at a very high price and at considerable loss. This is called "squeezing the bears." A "bear" is one who speculates in the hope of a fall in price; he is said to be "short of the

market." A "bull" is a speculator for a rise, who buys to sell later at a profit; he is "long on the market."

**Set of Bills.** See documentary bills, documents for export shipments and Chapter 83.

**Set-off.** A contra or cross claim, or counter claim, against a debt or demand for payment, leaving only a difference payable.

**Settlement Days on London Stock Exchange.** The fortnightly or semi-monthly settlement usually requires three consecutive full working days, because the variety of stocks and bonds traded is very much greater on the London stock exchange than on the New York exchange, for the reason that London is an international market, dealing in securities of all nations. The first settlement day is "making-up day" or "carrying-over day," when buyers must either arrange to carry over their dealings to the next settlement or prepare to take delivery of stocks and pay for them. Sellers must also declare whether they will deliver, or they may arrange for the sale to be carried over or borrow the stocks sold. (Transactions in mining shares are settled separately on the day previous to making-up day). The second day of the settlement is "name day" or "ticket day," when the brokers prepare their accounts for clearing firms and for deliveries of stocks and payments between themselves and other brokers and jobbers who are not members of the clearing house.

The third day is "settlement day" or "pay day," when deliveries of stocks and payments of accounts are made. Each member of the stock exchange is required to pay amounts due to other members by checks on banks which are members of the bankers' clearing house. The advantage of this is that each member receives and pays all differences (balances payable) at the same time, and is not compelled to borrow while waiting for his own differences to be collected.

All dealings made during the two weeks before the settlement should be settled or carried forward during the three days named, except for British consols which are settled monthly. Sales which are carried forward (carried over) are considered to have been delivered on the last day of the settlement and bought back on the following day. This operation would be reversed for purchases carried forward.

Members are not compelled to clear their transactions through the stock exchange clearing house, of which membership is optional; they may settle their bargains direct with the other members, outside the clearing. (See clearing house).

**Clearing Options.** On the making-up day options are cleared and purchasers must declare whether they will take them up or not. If no notice is given the option is considered to have been abandoned.

**Carrying Over.** A seller who does not wish to deliver may carry over his transactions or try to borrow the securities until the next settlement. If he cannot borrow shares he would have to buy them in order to make delivery. At the same time he would sell for the next settlement. In this way he would only have to find the difference between the two prices, instead of having to pay the total amount of his dealings. A buyer carrying over would have to arrange to lend the stock he had bought, receiving full payment from the borrower, which he would pay to the seller. Or, he would sell for the present settlement and buy for the next settlement; paying only the difference between the two prices.

**Contango.** The amount payable to the other party for interest and commission for carrying over is called the "contango." In exceptional cases, instead of having to pay for this concession the buyer may receive a premium from the seller for carrying over; this is called a "back" or "backwardation."

**Settlement on London Stock Exchange and Special Settlements.** London has only one stock market, the stock exchange. There is no curb market in London for shares not officially quoted, such as exists in New York and Boston, but there are many "outside brokers" who deal in both quoted and unquoted stocks and bonds. There are official stock exchanges in other British towns, Birmingham, Manchester, Glasgow, etc. No shares or bonds may be traded on the London stock exchange unless application for an official quotation has been made by the company issuing them. In its application the company is required to make a full disclosure of its financial position, the names of its managers and directors, the total issues made of stocks and bonds and how distributed amongst the public. If the stock exchange committee on admissions finds that stock exchange dealings in the stocks or bonds of the company are likely to be important, they will grant an official "quotation" (the securities are then said to be "quoted") and will fix a date for "settling" the business already done in these securities by its members. This date is called the "Special Settlement." The stock exchange members usually commence dealings in the securities "for the settlement" immediately after they are issued, on the condition that the bargains (dealings) are to be closed "at the special settlement." After this first settlement, all dealings are settled at the ordinary fortnightly (half-monthly) settlements. Proved fraud or misrepresentation as to the formation of a company involves the immediate exclusion of its securities from the stock exchange official list. The stock exchange committee may, if they think fit, refuse to fix a special settlement for any stocks or bonds and in this case all bargains already made between members are void.

**Settlements.** See marriage settlement and post-nuptial settlement.

**Share Certificate.** British name for a certificate issued by a corporation to a holder of its capital stock. The legal ownership of shares is proved by the entry of the name of the shareholder in the share register or share ledger of the company. See Chapter 67. Shares and bonds are personal property, the title to which pass to the executor or administrator on the death of the holder.

**Share Warrant.** British term for a share or stock certificate to bearer; the dividends are payable against delivery of coupons attached to the certificate. As no stamp duty is payable on transfers of bearer securities they are charged on issue with three times the duty charged on registered securities. See transfer. Foreign investors prefer certificates to bearer on account of the greater facility in selling them or using them as security for loans.

**Shareholders** (Stockholders.) Members of a company having its capital divided into shares of fixed value. All persons whose names are entered in the books of the company as possessing shares and persons who hold bearer certificates, are called shareholders, or members of the company, or stockholders.

**Shareholders Annual Meetings.** See extraordinary meeting and ordinary business.

**Shares.** A share is the smallest portion into which a company's capital is divided; it is of a fixed value except in the case of no par value stock. The shares of companies are either all common stock (ordinary shares) or a mixture of the following:—*Preferred or preference shares or stock*, with a first right to dividends of a fixed rate per cent, payable out of profits, the surplus, if any, being divided amongst the holders of *common stock (ordinary shares)*, which rank next for dividend. Any surplus remaining, after the common stock has received a dividend up to a certain percentage, is divided amongst the holders of *deferred shares*. Generally, the preferred shares, in addition to a preference as to profits, have a preference in repayment of capital on the liquidation of the company, the capital remaining after paying off all the other liabilities of the company being applied first to the repayment of the preferred stock holders. If any balance remains after repaying these in full, it is divided proportionally, according

to agreement, between the holders of the common and the deferred shares. Bonds and debentures are not shares but loans at interest, and they do not share in the division of profits. See debentures, company, cumulative preferred shares, stocks and shares, participating shares, Chapter 67, and no par value stock.

**Shares in Ships.** See registry of ships.

**Sherman Law and Amendments.** The following is the text concerning trusts:

Sec. 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations, is hereby declared to be illegal. Every person who shall make any such contract, or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by a fine not exceeding \$5,000, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

Sec. 2. Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons to monopolize any part of the trade or commerce among the several states, or with foreign nations, shall be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by a fine not exceeding \$5,000, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

Sec. 3. Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any Territory of the United States, or the District of Columbia, or in restraint of trade or commerce between any such Territory and another, or between any such Territory or Territories and state or states or the District of Columbia, or with foreign nations, or between the District of Columbia and any state or states or foreign nations, is hereby declared illegal. Every person who shall make any such contract, or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by a fine not exceeding \$5,000, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

Sec. 4. The several circuit courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this act; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the attorney general, to institute proceedings in equity to prevent and restrain such violations. Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition, the court shall proceed, as soon as may be, to the hearing and determination of the case; and pending such petition and before final decree, the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises.

Sec. 5. Whenever it shall appear to the court before which any proceeding under section 4 of this act may be pending that the ends of justice require that other parties should be brought before the court, the court may cause them to be summoned, whether they reside in the district in which the court is held or not; and subpoenas to that end may be served in any district by the marshal thereof.

Sec. 6. Any property owned under any contract or by any combination, or pursuant to any conspiracy (and being the subject thereof) mentioned in Section 1 of this act, and being in the course of transportation from one state to another, or to a foreign country, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure and condemnation of property imported into the United States contrary to law.

Sec. 7. Any person who shall be injured in his business or property by any other person or corporation by reason of anything forbidden or declared to be unlawful by this act may sue therefor in any circuit court of the United States in the district in which the defendant resides or is found, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the costs of suit, including a reasonable attorney's fee.

Sec. 8. That the word "person" or "persons" wherever used in this act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the Territories, the laws of any state or the laws of any foreign country.

Approved July 2, 1890.

*Clayton Act.* Suits and proceedings against a corporation may be brought in any district wherein found or transacting business. Subpoenas may run into any district, except that in civil cases permission of court must be had to bring witness more than 100 miles. Violations by corporations deemed also that of individual directors, officers or agents authorizing, or doing any of acts constituting violation in whole or in part. Injunctive relief against threatened loss provided for, and temporary injunctions without notice under stringent safeguards (giving security, prompt and early hearing, etc.). Special provisions enacted to cover disputes between employers and employees. In general so-called "strikes" and "striking" by laboring men and unions where peaceable means and methods alone are employed cannot be enjoined. Persons or corporations wilfully disobeying orders, decrees, etc., issued under the Sherman law may, in certain cases, be proceeded against as for criminal contempt. In such cases defendant may demand jury trial. Punishment for contempt is not to exceed \$1,000 fine, nor six months' imprisonment. These provisions do not apply to contempts committed in presence of the court, or so near thereto as to obstruct the administration of justice.

The Sherman and Clayton acts do not apply to labor or farmers' unions not run for profit.

*Webb Export Trade Act.* The Webb Export Trade Act, approved April 10, 1918, permitted combinations or associations of persons in the United States for the purpose of selling American goods abroad at prices which would compete with the foreign manufacturers or combinations.

This Act forbids American combinations to restrain the export trade of American competitors, or reduce the prices in the U. S. of the kinds of goods exported, or to restrain trade within the U. S.

*Law of 1922 Authorizing Farmers to Sell Co-operatively.* Persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing in interstate and foreign commerce, such products of persons so engaged. Such associations may have marketing agencies in common; and such associations and their members may make the necessary contracts and agreements to effect such purposes: *Provided, however,* That such associations are operated for the mutual benefit of the members thereof, as such producers, and conform to one or both of the following requirements:

*First.* No member of the association is allowed more than one vote because of the amount of stock or membership capital he may own therein, or, *Second,* The association does not pay dividends on stock or membership capital in excess of 8 per centum per annum. And in any case to the following: *Third,* The association shall not deal in the products of non-members to an amount greater in value than such as are handled by it for members.

**Shilling.** (1) British silver coin, worth approximately 25 cents in U. S. money. It is 1/20th of £1. (2) The term "shilling," as used in the U. S., does

not always mean 25 cents. Note also that the word "penny" is commonly used in the U. S. for 1 cent, whereas the British penny is worth 2 cents.

**Ship and Insurance Broker.** An agent in any port who acts for the owners of a vessel in arranging sailings, entering and clearing the vessel and cargo at the custom house, collecting freight due, quoting rates of freight and obtaining new cargo and passengers, arranging and signing charter parties and bills of lading, purchasing ship's stores, paying port dues, wages of the crew, &c.

**Ship Chandlers.** Dealers in supplies for ships, such as cordage (ropes and cables), canvas, etc.

**Ship's Clearance.** Immediately on the arrival of a ship in a port, and before opening the hatches or otherwise preparing for discharge of the cargo, the captain must lodge at the custom house a detailed description of his ship and crew, and of the cargo carried.

The captain must next pay the tonnage dues and any other fees and is then given permission to unload. This is the "clearance inwards" of the ship.

An outward bound steamer, after loading cargo, must make a similar report to the customs, called a "clearance outwards," before being permitted to leave port.

**Ship's Husband.** A part owner, or an agent appointed by shipowners, who supervises the repairs and fitting up of a ship while in port.

**Ship's Papers.** The certificate of national registry, manifest of the cargo and stores, license, passport, muster roll (list of the crew), charter party, copies of the bills of lading, the ship's articles, (the employment contracts with each member of the crew), and the log book, are all included in the term "ship's papers."

**Ship's Protest.** A sworn statement by the master and crew of the circumstances which have caused damage to a ship or her cargo. The insured owner of the ship or cargo must produce this ship's protest to the underwriters before a claim will be recognized.

**Shipping Notes.** In shipping goods not liable to export duty, the shipping notes are (1) the receiving note and (2) the mate's receipt, which is to be exchanged for the bills of lading after the goods have been actually placed on board the vessel. Special regulations are applied to the shipment of goods subject to duty.

**Shipping Weight.** The weight declared by a shipper of goods at the time they are placed on board a vessel for transit. (See landing weight.)

**Short A/c.** The account of sales made for future delivery, for which purchases will have to be made.

**Short and Short Covering.** See selling short.

**Short Bills.** Bills drawn at short dates, or payable at from seven days to ten days after the date when offered for sale.

**Short Date Payments.** Those due after only a short time of credit has been allowed, for example, 7 to 30 days.

**Short Shipped or Shut Out.** When goods intended to be shipped by a certain steamer (steamship) have been left out, either accidentally or because the vessel had already sufficient cargo aboard, they are said to be "a short shipment," or "short shipped," or "shut out."

**Short Ton.** See hundredweight, pound, and quintal.

**Shorts.** Speculators who are short (without) a stock they have sold. See bear.

**Show of Hands.** The usual method of voting at a meeting, as provided by the common law, each person present having one vote, although he may hold a number of proxies. The regulations of companies usually provide for the demand of a vote by ballot, in which case the votes may be one for each stockholder or a vote for each share, proxies to be counted. See poll.

**Shunting.** (1) The British stock exchange term used for foreign arbitrage dealings in shares, bonds and debentures. See arbitrage. (2) Two or more stockbrokers dealing on different stock exchanges, for their joint account and dividing profits and losses.

**Sight.** A bill of exchange which is payable "at sight," usually a foreign bill, is payable immediately on demand, like a check. It is a "sight draft" or "demand draft," no days of grace being allowed. If payable say 60 days "after sight," it is, immediately on receipt, presented at the office of the person who is to pay it, so that it may be "sighted" by being signed by him, to show that it has been seen on that certain date. The acceptor is allowed a full business day for sighting the draft. The 60 days commence to run off from the date of the sighting only, and the bill becomes due for payment two calendar months (60 days) after sighting, plus any days of grace usually allowed on bills of exchange other than checks. See bills of exchange and Chapter 83.

**Signature.** The written (signed) name of any person. To "take notice of" a signature, is to keep it for reference, in case of doubt as to whether the signatures on bills of exchange or other important documents received later are genuine or not. No person (or firm) is liable on a bill of exchange unless he has signed it as drawer, acceptor, endorser, or as acceptor or endorser "in case of need." See "acceptance" and "endorsement."

**Simple Contract.** See Chapter 48 and the law relating to contracts under other headings.

**Sine Die.** Means without any fixed date, that is, without stating when a matter will be dealt with further.

**Sinking Fund.** An account showing amounts laid aside periodically by a corporation, from profits or from ordinary income, to provide for repayment of bonds which will be redeemable at a future date. For large issues of redeemable bonds, the bankers underwriting the issue usually require that an independent trustee be appointed, to receive the interest and the instalments of principal payable each half year towards the full repayment of the bonds within the period agreed. See depreciation, obsolescence, and reserves.

**Sleeping Partner.** See dormant partner and Chapter 67.

**Sliding Scale of Wages.** (1) The method of varying the wages of workmen according to the rise or fall in the market price of the goods they make or produce. (2) See royalty.

**Slinging.** A charge made by shipowners for the use of chains or ropes in taking cargo aboard from a barge alongside the vessel. The shipper usually pays this charge.

**Slip.** Another name for a covering note of insurance; called a "binder" in the U. S., because it binds the contract. See covering note.

✓ **Sola Bill of Exchange.** A foreign bill of exchange of which only one original has been issued, to distinguish it from the usual sets of three bills, called respectively the first, second and third of exchange. See Chapter 83.

**Sole Trader.** A person trading alone for his own account, having no partner.

**Solicitor.** The English name for a lawyer admitted to practice who deals directly with the public. See barrister.

**Solvency.** The state of having sufficient property to pay in full all the debts of a person or firm. The reverse is called insolvency. See arrangement, bankruptcy and credit statement.

**Special Business and Special Resolution.** See ordinary meeting.

**Special Settlement on the London Stock Exchange.** See settlement.

**Specific Performance.** The performance of the conditions of an agreement or contract. The party aggrieved usually sues for specific performance or for damages instead of performance. Courts usually award damages, as per-

formance by an unwilling party is likely to lead to further disputes. See the law of contracts, under various headings and in Chapter 48.

**Specification.** (1) A detailed description of the materials to be used for a building, with qualities, quantities, prices, and the allowances of money for fittings. It is usually prepared by the architect and forms part of the contract with the builder, who is required to build as instructed by the specification. Or, the builder may add his own specification to his offer to build at a certain price. (2) A detailed description of an invention, required by a government from the inventor before a patent will be granted. (3) A complete and detailed statement of any legal matter submitted for examination by a lawyer or judge. (4) A full description of a machine, usually accompanied by photographs, or sketches, and measurements of its parts.

**Speculator.** A person who buys or sells shares and stocks, produce, or property, in the hope of making an unusually large profit. He risks having either a big gain or a big loss. See options and put and call.

**Split Transaction.** A stock exchange purchase or sale at a smaller fraction of a price than the official minimum, or part of the dealing made at one price and the balance at the next price quoted.

**Spread or Straddle.** See options.

**Spring Parcels.** Goods intended for sale by retail in Spring. They must be ordered by retailers several months earlier, so as to allow the manufacturers time for making the articles. See Chapters 43 and 51.

**Squeezing the Bears.** See "selling short."

**Stag.** A speculator who applies for new issues of shares with the intention of immediately reselling them at a profit when allotted.

**Stained Cotton Grades.** See cotton.

**Stale Check.** One which has not been presented for payment within six months after its date. British banks require stale checks to be confirmed by the drawers. A check is a simple contract to pay, generally enforceable at any time within six years from its date.

**Stamp.** (1) The design stamped on cloths, &c., as a brand or trade mark of the seller, to guarantee the quality. See *trade marks*, (2) The block or die which impresses the design. (3) The amount of stamp duty payable on transfers of shares or on issuing bills of exchange, &c. (4) Postage stamp or duty stamp.

**Stamp Duties.** Internal revenue taxes charged by governments on sales and transfers of real estate, bonds, stocks and shares, and on bills of exchange, &c. They differ greatly in various countries and are frequently changed. Foreign consuls should be applied to for information as to foreign stamp duties and other taxes.

**Standards of Grades and Qualities.** See Chapters 33, 50, and 60, and cotton.

**Statement.** A periodical statement of account sent to a debtor, showing the balance owing at the beginning of a month or other period, and the dates and amounts of invoices sent since the last statement, with deductions for discount, allowances, and cash paid on account. See Chapters 80 and 81.

**Statement of Affairs.** A balance sheet statement used in insolvencies showing the assets at their realization value (instead of their book value) and the liabilities classed according to priority of payment, with details of any securities held by the creditors. See valuation, bankruptcy, winding up, and Chapter 80.

**Status Enquiries and Reports.** See rating, referees, and Chapters 72 and 75.

**Statute Law.** See Chapter 48, custom as law, and law merchant.

**Statute of Frauds.** In the year 1679 a law, called the "statute of frauds" was adopted in England, with the object of preventing perjury and fraud in disputes relating to property and rights. This law, with some slight changes,

has been adopted as part of the statute law (written law) of almost all of the states of the U. S. The most important part of the statute of frauds is the fourth section, requiring the following kinds of contracts to be in writing and declaring that legal action cannot be taken to enforce such contracts without evidence in writing. (a) A promise by an executor or administrator to make good, out of his own property, any damages or loss suffered by the estate in his charge. (b) A promise by any person to guarantee to pay the debt or become liable for the default or neglect of a duty of another person. (c) An agreement made in consideration of marriage; that is, a marriage settlement or similar contract, not a promise to marry. (d) A contract for the sale of lands or any interest in or concerning them, except leases for a year or less. (e) A contract which is not intended to be completed within a year from the making of the contract; this includes leases of land or premises for more than one year. (f) Contracts for the sale of goods above a certain value, unless a portion of the price (called "earnest") is paid or part of the goods delivered, (only a few of the states of the U. S. require this). The whole of the contract is not required to be in writing, a note or memorandum is sufficient; no special form of contract is required and the required details need not be all contained in the same document, they may be included in a series of letters, so long as they are connected. The particulars in writing should, however, contain the following essential details:—(1) the names of the parties to the contract; (2) the subject matter of the contract; (3) the terms and conditions of the contract; (4) the consideration given by each party (except for a guarantee which is valid without any consideration being given to the guarantor, the consideration being the credit given to the debtor); (5) the signature of the party to be charged, (that is, the party who is to pay or to do something), or the signature of his duly authorized agent. One party to a contract cannot act as an agent for the other in making the agreement but a broker or an auctioneer is agent for both buyer and seller and the memorandum or record he makes of a transaction binds both the buyer and the seller. Contracts which do not comply with the regulations of the statute of frauds are not void, both parties may agree to complete them, but no legal action can be brought to enforce their performance. By the 7th section of the statute of frauds the creation of a trust concerning real estate is void unless its creation can be proved in writing, or unless it is made by a properly executed will. For further explanations of business contracts see Chapters 48 and 70.

**Statutes of Limitations.** All the states of the U. S. have laws limiting the time within which claims may be made for the following three classes of debts; (1) judgment debts; (2) checks, promissory notes and acceptances; (3) open accounts. The periods allowed in the different states vary considerably, ranging from 4 years to 20 years for judgment debts, 3 years to 15 years for notes and acceptances, and 3 to 6 years for open accounts. Claims made after the expiry of these years are "statute barred." The laws of each state should be referred to before writing off a debt as irrecoverable. The term may be extended by obtaining judgment for an open account or note, or by the debtor making a payment on account, or paying interest, or acknowledging the debt in writing. The right to recover a trade debt is lost when the debtor becomes bankrupt and afterwards receives his discharge. See proofs.

**Statutory Books.** The British Companies' Acts require every company registered under the acts (laws) to keep at its registered office a register of its members (stockholders) and a minute book or books for recording all resolutions and proceedings at meetings of directors, managers and shareholders. Every limited company (one which limits the liability of its members) must keep a register of all mortgages and charges on the property of the company. Copies of the lists of members (stockholders) and directors and managers of the company, with their names and addresses, must be filed annually at the registry of joint

stock companies, where they are open to public inspection. Particulars of all mortgages and charges must also be filed promptly; they do not become liens unless filed at the registry.

**Statutory Meeting.** Every limited company registered under the British Companies' Acts must hold a general meeting of its shareholders after one month and within three months after the date it becomes entitled to commence business. The shareholders are entitled to demand information then as to the prospects of the company and details as to the promotion. Any other important matters may be discussed by them and votes taken. If the directors do not call such a meeting the court may wind up the company.

**Steam Coal.** Hard coal for marine boilers, for raising steam; anthracite coal, welsh coal.

**Sterling.** The name used to describe the money used in Gt. Britain, Australia, New Zealand and the Union of South Africa. A sovereign or pound sterling (abbreviated to £ for "libra") is 22 parts pure gold and 2 parts of alloy. This is called 22 "carats fine," 24 carats being 100% of pure gold. The sovereign is always worth its full equivalent of  $\$4.86 \frac{2}{3}$  as gold metal, except for 3c which is the cost of making the gold metal into a coin. It should be noted that although the exchange rates for British bills of exchange may at times fall below the par rate of  $\$4.86 \frac{2}{3}$ , the British gold coins, called "sovereigns" are always worth this full amount; that is, their value does not vary with the rate of exchange for bills. British sterling silver is 222 parts pure silver out of 240, the remaining 18 parts being alloy mixed with the silver to make it harder for wear. See Chapter 76 for additional information; also hall mark.

**Sterling Invoices.** Invoices in English currency, in pounds sterling and shillings and pence. See American party and Chapter 77.

**Stevedores.** Men who are specially skilled in stowing cargo in the holds of vessels in such a way that it will not be damaged by water, or by the rolling of the ship, or by being crushed during a voyage. When the ship is to call at various ports, care must be taken to make the packages for each port easily accessible in their proper order.

**Stock Call.** (1) On some of the smaller American and foreign stock exchanges the names of all the securities officially listed there are called out daily at fixed hours usually at morning and afternoon sessions. As each name is called the members make their offers to buy or sell. (2) A call on a stock is an option; see put and call option.

**Stock Clearing Corporation.** An association of New York stock exchange members which clears the transactions of members in the same way that the bankers' clearing house clears checks, leaving only differences to be paid instead of each member having to pay or receive stocks, bonds, and money for each separate transaction. The night clearing branch of the stock clearing corporation clears the stocks bought and sold during the same day and fixes the quantities of stocks to be delivered in settlement. The day clearing branch clears the cash balances payable or receivable by the clearing brokers for the differences in amounts fixed by the night clearing branch. Not all of the members of the stock exchange are members of the clearing house; membership is optional. The non-clearing brokers settle their dealings directly with other brokers by deliveries or receipts of stocks and bonds and payments or receipts of money.

**Stockist.** A dealer who holds a stock of articles of a manufacturer; for example, "stockist of Ford parts," a dealer who holds a stock of parts for Ford automobiles.

**Stock Jobber.** A dealer in stocks, shares and bonds, who buys from and sells to stockbrokers only, for his own account, as distinguished from a stockbroker who buys and sells as the agent of his customers and for their

account. Stock jobbers are members of the London stock exchange. No other stock exchange has wholesale dealers of this kind.

**Stock in Trade.** Not the stock of finished goods only but the whole of the goods, including raw materials and the tools, machinery and equipment used for carrying on a business.

**Stock Registrar.** See registrar.

**Stocks.** (1) Goods in stock; goods on hand and ready for sale. Also called "open stock" when kept regularly in stock. (2) The full paid capital stock of a company, contributed by its stockholders (shareholders). (3) Municipal bonds and (in Gt. Britain) railway bonds. (4) Share capital or loans payable in a lump sum, divisible into unequal amounts, large or small, to suit investors, instead of into shares or bonds of fixed and equal amounts. English Government Consols are of this kind; also the stocks of some railroad companies. See also debentures and rentes.

**Stocks and Shares—Differences.** The word "stock" is used in the U. S. A. to describe the total value of the shares of a corporation. The portions into which the total is divided, for the issue of stock certificates, are called "shares." A corporation may have a "stock capital" of \$500,000, divided into 5,000 "shares" of \$100 each.

*Classes of shares.* The two usual classes of shares are preferred and common. Founders' shares and deferred shares are not often issued; they rank for dividend after both the preferred and the common shares. (See "no par value shares" in this section.)

*Preferred Shares.* These may be "cumulative" or "non-cumulative." In either case they are entitled to dividends at a fixed rate before any dividends are paid on the common shares.

All preferred shares are cumulative unless this is denied by the articles of incorporation or the by-laws, or by a condition printed on the share certificate.

*Arrears of Dividends—Cumulative Preference.* A cumulative preferred share is entitled to receive a fixed dividend each year out of profits.

If in any year the dividend has not been paid, or has been only partly paid, the arrears accumulate to the credit of the share. They must be paid out of any future profits before any dividend can be paid on the common shares.

*Non-cumulative Preferred Shares.* If the preferred shares are non-cumulative, they have no right to be paid arrears of dividend. Common shares are in the same position. If a dividend is missed, it is lost altogether and cannot be claimed from the profits of later years.

*Right to Be Paid Dividends.* In every case, whether or not sufficient profits have been earned for the payment of all dividends, the directors of the corporation may refuse to pay dividends for that year if, in their opinion, it would be inadvisable for the corporation to part with the funds. Their right to withhold dividends is admitted by law.

Preferred shares have a limit of dividend, such as 6% or 7%. The balance of profits is available for dividends on the common shares, and there is no limit to the percentage which may be paid on them.

*Participating Preferred Shares.* Where it is desired to give a speculative character to the preferred shares, they are given the right to share in the excess profits with the common shares. For example, a preferred share may be entitled to a preference for dividends up to 7% per annum. The common shares may next be entitled to a dividend, also up to 7%. The balance of profits may then be divisible, in equal percentages, between the preferred shares and the common shares, say a further 3% each, making 10% altogether.

There are many other variations of the method by which the excess profits are to be divided, but in all the cases a preferred share would be called a "participating preferred share" if it should be entitled to share in the balance of profits

after it had received the full rate of dividend to which it had a preferential right.

*Preference of Repayment on Insolvency of Corporation.* The preferred shares have no preferential right to be repaid their par values, on the dissolution of the corporation, unless the articles or by-laws, or the share certificate, expressly state this preference.

Where no agreement to the contrary has been made, both the preferred and the common shares would receive the same percentages of their par values, from any excess property of the corporation remaining after paying the claims of creditors.

It is usual to give a preferential right of repayment of capital to the preferred shares, but it needs to be expressly stated.

The articles and by-laws of some corporations give the right to the directors to repay preferred shares after notice, usually at par. (This is not permitted by British company law, except on condition that the amounts repaid must be returned to the company should it afterwards become insolvent.) Prosperous French companies usually repay all their shares, in cash and at par, from accumulated profits, issuing new profit-sharing certificates, of no par value, called "Bons de Jouissance" in place of the repaid share certificates. The repaid capital cannot afterwards be required to be refunded by the stockholders.

*Voting Power.* Unless otherwise stated in the articles or by-laws, the holders of both preferred and common shares have the right to vote at all meetings of stockholders. Bondholders have no votes unless this right is expressly given by the articles or by-laws of the corporation.

*Special Voting Powers.* Occasionally, the voting rights are limited by special clauses of the articles, inserted by promoters of corporations, or by amendments of the articles passed through the insistence of persons in control of the stock of a corporation.

In some such cases, the holders of a small amount of common shares have the exclusive right of voting for the appointment of directors. In other cases, the rights of appointment may be reserved to the holders of preferred shares. Or the holders of bonds may be given voting rights equal to those of stockholders.

*Cumulative Voting.* In order to protect the rights of minorities, most state laws give corporations the right to adopt the method of cumulative voting for elections of directors. Except for this provision, minorities have little protection.

*Selling Facilities and Market Values of Shares.* A corporation has no liability to repay stockholders the values of their shares. The laws of some states permit repayment to be made of preferred shares, but it cannot be claimed as a right by any holder of shares. A stockholder wishing to realize on his shares may sell them, and the purchaser has the right to be admitted as a stockholder. This right to transfer is limited in the case of shares which are not fully paid, the corporation wishing to prevent stockholders from evading liability for the unpaid instalments.

*Bases for Valuation of Shares.* The par value of a share is no measure of its selling value. The chief factors deciding the market prices of shares are the regularity of profits, the amount of dividends, and the extent of the demand for the shares, together with the prospects of any exceptional future increase or reduction of profit distribution.

*Speculative Chances.* The share with only a low record of dividends, and with only a relatively small amount of real value behind it, may have a high market price if there are good speculative possibilities in its favor. For example, shares in a concern which has not been very prosperous may suddenly become valuable if the concern is absorbed by a strong corporation on the basis of an exchange of shares. Or an expected distribution of accumulated profits by an issue of bonus shares may cause a sudden rise in price.

**Protection of Market Prices.** The market prices of shares are in some cases protected either by the issuing house or by the financial interests controlling the corporation.

Shares admitted to official quotation on the stock exchange bring better prices, first because they are more rapidly saleable, and next because, before being admitted to quotation, the financial organization of the corporation has been carefully examined. The stock exchange committee refuses quotation to the shares of corporations which are unsatisfactory in this respect.

**Prices Quoted in Percentage of Par Value.** Whatever the par value of a share may be, it is usually quoted on a percentage basis. A \$100 share selling at 75 would be quoted 75. If the par value is \$50, it would be quoted 75, when selling at  $37\frac{1}{2}$ . With a par value of \$10, it would still be quoted 75, when selling at  $7\frac{1}{2}$ . A quotation of 150 would mean \$150 for a \$100 share, or \$75 for a \$50 share, and \$15 for a \$10 share.

**Right to Subscribe for Shares.** Prosperous concerns, whose shares are quoted at a premium, frequently restrict to their own stockholders the right to subscribe for shares of new issues. The issue price is usually under the current market price, otherwise the rights of subscription would have no value.

**Valuation of Rights.** For example, a share of \$100 par value, quoted on the market at \$150, may be granted the right of the subscription for shares of a new issue in the proportion of one new share for every four original shares. A holder of four original shares would then have the right to subscribe for one new share for himself, or to sell his "right" for cash. The value of the right would be fixed as in the following example: market price \$150, less par value \$100, showing a present premium of \$50 per share. This is divided by the total number of old shares, plus the new share ( $4 + 1 = 5$ ); \$50 divided by 5 shows the value of the right to subscribe for one new share to be worth \$10.

These "rights" are freely saleable. If the original shares are quoted on a stock exchange the rights are traded there and are quoted in the daily quotation lists.

**Stop-Loss Order.** An order to a broker to close a speculative purchase or sale when a certain price (fixed in advance) is reached in the market quotations. This is intended to limit the loss on the speculation if the market prices move against the speculator.

**Stoppage in Transitu (or Transit).** See lien and Chapter 54.

**Straddle.** (1) Same as spread, see options. (2) Buying in one market and selling in another, at the same time. (3) Buying one position (of futures) and selling another position, of the same produce or stock, at the same time and in the same market.

**Straddling the Market.** Buying one security on the stock exchange for a rise and selling another at the same time for a fall. See bear and options.

**Straight Bill of Lading.** One for a shipment addressed to a particular firm or person. See Chapters 54 and 55.

**Street.** (1) An abbreviation for the New York financial district which centers around Wall Street. (2) In London the "street" means the street adjoining the stock exchange in which dealings are carried on in American securities after the London stock exchange officially closes at 3 p. m. As 3 p. m. in London is equal to 10 a. m. in New York, the telegraphed news of the dealings in New York at, say 10 a. m., cannot reach London until after 3 p. m. See time differences and American parity.

**Stumpage.** The amount paid to the owner of forests or timber land for the right to cut and take away the trees growing on the land.

**Subpoena.** A writ commanding a person named to attend at a court, under a penalty for disobedience.

**Subpoena ad testificandum.** (Command to testify). A writ, which must be served personally on a witness, ordering him to attend court to give evidence for a trial or enquiry.

**Subpoena duces Tecum.** A court order requiring a person to bring to the court certain named books and documents needed for evidence in an action.

**Subscriber.** (1) A person who signs the petition for incorporation (the memorandum of association) of a company. (2) A person who makes a written application for shares in a new company or brokers of a new issue. See allotment.

**Succession Duty.** See death duties, legacy duty and probate.

**Sui juris.** A person who is of full legal age, who is entitled to act for his or her own account, and who is personally responsible for contracts made. See coverture.

**Supercargo.** An agent of the owner of a vessel, or of cargo, appointed to go on the ship to supervise the sale of the cargo at a foreign port, or to go there otherwise to await the arrival of the ship, for the same purpose.

**Supervision Order.** An order made by a British court of law, on the application of a creditor, requiring the proceedings in a voluntary winding-up to be carried on under the supervision of the court, or to be changed to a compulsory winding-up by the court. See winding up.

**Supplementary Proceedings.** A court order requiring a debtor, against whom a judgment has been obtained which is wholly or partly unpaid, to submit to questioning on oath by the creditor or his lawyer, for the purpose of finding out whether he has any property or receivable accounts which can be claimed towards payment of the judgment debt. See judgment debt.

**Surety.** The same as guarantor, which see. A person who undertakes to be responsible for the payment of a debt or the performance of a duty by another person.

**Surplus.** (1) Undivided profits of a company, not reserved for any other purpose and available for dividends. See reserve. (2) The excess of the value of total assets over the total liabilities of a firm. (3) Excess of income over expense. (4) A "donated" surplus usually arises from the vendor of a business to a corporation surrendering to it either (a) an amount in cash, or (b) a quantity of the shares paid to him as the purchase price, so that they may be sold to provide working capital or a surplus.

**Surplus A/c.** The account to which is transferred surplus profits not distributed, and gains or losses not arising from the trading of the current year.

**Surrender Value.** (1) The amount which will be paid by a life insurance company to a policy holder in consideration of his abandoning his right to continue the insurance until maturity; the surrender value increases with the age of the policy, that is, the number of years during which premiums have been paid. (2) The proportion of premium for the unexpired period of a surrendered fire insurance, less the additional charge, called the short rate, usually made for insurances for short periods.

**Survey.** (1) An examination of cargo or goods by an expert, to determine, in case of a claim for damage or for inferiority, what is the real actual value, and what allowance, if any, should be made. See Chapters 49 and 54 and arbitration. (2) The measurement and the marking of the boundaries of a piece of land. (3) An examination of buildings, for valuing them or for insurance. (4) The inspection of a ship or cargo for the purpose of marine insurance. (5) An examination of damaged goods by an insurance adjuster or other independent valuer, in order to fix the amount to be paid by the insurance company or other underwriter as compensation for the damage. See insurable interest and wager policy.

**Survivorship.** See joint holders.

**Suspense A/c.** A ledger account sometimes used to contain the amounts of items in doubt, which are to be credited or debited later to the proper a/cs.

**Suspension of Payment.** A trader, when he discovers that through losses he has not enough capital to pay all his debts in full, issues, or should issue, a notice to his creditors that he is compelled to "suspend payment," that is, to cease paying in full any further debts. This is usually the first step towards bankruptcy. Formal notice of this kind is an "act of bankruptcy," giving creditors the right to apply to a court for the appointment of a receiver. See preferred creditors.

**Sweating System.** The arrangement by which manufacturers supply material to be worked up by subcontractors who pay starvation wages to the workers and encourage them to use child labor at home. Trades unions fight vigorously against this system.

**Switching.** (1) Closing speculations in a security and opening new ones, of the same kind, with another broker or in another security. (2) Changing positions in a speculation, from bull to bear, or the reverse way.

**Syndicate.** (1) A trading company or a temporary partnership, for the development of a business or a property in order to sell it later. (2) An association of manufacturers or dealers, who agree to do certain things so as to control the trade in certain articles, in order to obtain higher prices and more profits. Other names are "combines," "combinations," "trusts," or corners. (3) A group of bankers, brokers, or financial firms, who underwrite issues of stocks or bonds, or who buy them outright and sell them to the public at a profit.

**Table "A."** See articles of association.

**Taking Up.** To "take up" a bill of exchange is either to "accept" it or to pay it. See bills, discount, and Chapter 83.

**Tailers.** Small dealers who follow the lead of the important speculators in a market.

**Tale Quale** (as it is). A term used in selling produce which is in transit by sea (to arrive, or afloat) which is sold in the condition it was in when shipped, as shown by the sample; the buyer takes the risk of damage during the voyage.

**Talon.** The voucher attached to a coupon bond (bearer bond) which entitles the holder to receive a new sheet of dated interest coupons when those forming part of the bond have all been used.

**Tangible Property.** Actual visible real or personal property, as distinguished from rights in property or debts receivable.

**Tare.** An allowance for the weight of the packing materials in which goods sold by weight are contained. *Actual tare* is the ascertained weight of the packing material, which has been weighed separately before or after being used. *Average tare* is the actual average of a few of the packages, but applied to the whole number. *Customary tare* or *usual tare* is a standard allowance for goods always packed in the same way. If the actual tare is larger than the usual tare the buyer can claim for the difference. *Original tare* is that allowed at the place of packing. *Verified tare* is the allowance calculated at the point of arrival, the destination. *Custom or Customary tare* is that fixed by customs regulations as a fair allowance.

**Tariff.** (1) A list of customs duties payable on goods imported into a country. (2) Also applied to lists of prices for various classes of work, such as dyeing. See customs, customs valuation, and Chapters 49 and 60.

**Taxes.** A charge made by a government in order to provide national revenue, the tax being assessed against a person or firm in proportion to the amount of property which they own or their net yearly income or profits. (1) An *ad valorem tax* is a percentage of the value of an article. (2) The *capital stock tax* is a U. S. federal franchise tax charged to domestic (U. S.) corporations for the privilege of carrying on business. This tax runs from July 1 of each year to June 30 of the next year and is at the rate of \$1 per \$1,000 of the average value of its total capital stock, with an exemption of the

first \$5,000. (3) *Corporation tax*; a state tax charged on companies incorporated in the state, and on companies carrying on business within that state but incorporated in other states. (4) A *direct tax* is one charged on an individual person or firm, such as income tax, as distinguished from an *indirect tax* which is charged on goods, such as customs duties on imports and excise duties on tobacco and cigars. (5) *Surtax on income*; a tax payable by individuals having large incomes; this is additional to normal income tax. (6) *Federal income tax*; charged against all business firms carrying on business in the U. S. and all U. S. citizens wherever residing, and against resident aliens (foreigners not naturalized); this tax is assessed on the net profit of firms and on the net income of individuals, less exemptions to individuals for average living expenses. (7) *State income tax*; similar to the federal income tax but applying only to inhabitants of a state and to persons receiving salaries, or interest, or profits from firms or properties in it. (8) *Inheritance tax*; charged on property passing to other persons by reason of the death of the owner. In the U. S. the property is taxed twice, first by the federal government on the whole of the estate, and second by the state in which the property exists. Other names for this tax are estate tax, succession tax, and transfer tax; in England it is called death duty and legacy tax, but there is only one tax, by the imperial government. (9) *Property tax* and *personal property tax*; these are local or district taxes, charged on the assessed value of real estate and personal property, to provide for the expenses of the local governing authority. (10) *Poll tax*, or *head tax*; a state tax charged on inhabitants of full legal age. (11) *Land tax*; a local tax on vacant land, that is, unimproved land; (12) *Stamp tax*; a federal tax on transfers of stocks, bonds, real estate and other properties, charged according to value. Several states also charge stamp taxes. (In England property taxes of local authorities are called "rates"; and the word "taxes" is used only for changes imposed by the imperial government, such as income taxes.)

**Taxation of Costs.** The examination by a court officer, called a "taxing master," of a bill of costs or charges of a lawyer, manager, accountant, auctioneer, broker or other person, for work done in a bankruptcy or liquidation of a company or in relation to an action at law. The examination is called the taxing; the taxing master may reduce or entirely disallow any charge, subject to an appeal to a judge. The amount approved for a lawyer's charges in an action is recoverable as part of the judgment in the action.

**Tax Rate.** The rate per \$1,000 of valuation of property charged to owners for district taxes. See assessment.

**Telegraphic Address.** Name and address to be stated on telegrams sent to foreign firms; usually shortened, as each word has to be paid for. A "registered" or abbreviated telegraphic address is some word to be used for telegrams instead of the firm's name in full and the street address. Uncommon words should be used, to avoid errors. The American Code Co., of 260 Broadway, New York, publishes a book called "Code Users of the World" showing international cable addresses. Sell's, of London, publish a directory of British telegraphic addresses. American telegraphic addresses may be registered through any cable or telegraph company in the U. S. For full information see Chapters 17 and 66.

**Telegraphic Transfers.** The rate of exchange between two countries for payments ordered by telegram. Thus, a sum of money in dollars required to be paid in New York on the same day could be paid in pounds sterling into a London bank, the amount being calculated at the rate of exchange current that day. The bank would then telegraph to their New York agents to pay the amount in dollars to a stated person or firm there. See American parity.

**Tenancy.** The occupying or renting of property of which the tenant or user is not the owner. The payment of a rent at a stated rate "per annum"

usually makes the occupier a tenant "from year to year," that is, for periods of one full year each. Tenancy of premises rented by the month can usually be terminated by one month's notice by the landlord or the tenant. "Tenancy at will" is one which can be terminated immediately by either party, at any time. The kind of the tenancy existing depends upon the facts of each case, and on any agreement which may have been made in writing. See laws relating to property, under various headings.

**Tender.** (1) An offer to purchase or to sell goods, to lend money, to buy issues of bonds, or to do building or engineering work at a certain price. In selling stocks of goods, in bankruptcies and liquidations, tenders are often advertised for. The goods may then be inspected, and would-be purchasers make their offers in writing, usually in sealed envelopes, before a stated date, after which the letters are opened and the highest bidder declared the purchaser. Large public bodies frequently ask for tenders for supplying articles of stated kinds; in this case the lowest tender (that offering to supply them at the cheapest price) is usually accepted. (2) Legal tender; See currency and Chapters 76 and 77. (3) An attempted payment of money by offering the amount considered to be due, the offer being absolute and unconditional. Proof of tender in full having been made is a good defence against an action for payment, so long as the offer is kept open. See "responsible bidder," also Chapters 33, 43, and 46.

**Tenement.** The legal meaning is land, buildings or other property which are rented to a tenant. As commonly used in the U. S. the word tenement means a building containing three or more apartments occupied by separate families.

**Testator.** A deceased person who has made a will; if a woman, the term used is testatrix.

**Title.** Evidence of ownership; the means by which an owner possesses his property according to law.

**Title Deeds.** Any documents showing title to lands, such as written or printed deeds, maps, papers, or parchments, containing evidence of title to any real estate or to any rights or interest arising from real estate. In Gt. Britain the title deeds are the chief evidence of ownership. See Torrens law.

**Third party.** A third person who is not a party to an agreement but whose rights may be affected by it. In an accident insurance for motor trucks any person who may be injured by them is a third party; this risk of claims by the public is sometimes called third party liability.

**Ticker.** A common name for the telegraph machine installed in stock brokers' offices, which prints market quotations on a paper tape by manipulation from a central point, usually at the stock exchange.

**Ticket Day.** See settlements on London stock exchange.

**Tight Money.** The state of money being held in reserve by bankers (instead of being lent to manufacturers and others for business purposes), as in times of financial panics.

**Time Bargains; Time Charters; Time Policies.** Time is of the greatest importance in business matters and it is usually one of the main conditions of a contract. (1) "*Time bargains*" are contracts for the purchase of stocks or bonds, cotton, iron, or other commodities or produce, which are to be delivered at or before a certain time. (2) "*Time charters*" are the contracts for hiring ships for 12 months or any other period, the shipowner supplying the ship and the crew and paying their wages, while the charterer pays port charges, pilotage, and also coal if the vessel is a steamer. (3) A "*time policy*" is an insurance for a fixed time. Fire insurance policies are usually for one or three years. For marine insurance policies one year is the usual maximum period. Unless it is expressly mentioned in the policy of insurance there is no implied warranty of seaworthiness of a vessel under a time policy.



*U. S. Standard time.* The meridians of 75, 90, 105 and 120 degrees west from Greenwich (England) are the fixed time meridians for Eastern, Central, Mountain and Pacific Standard times respectively, with one hour difference between each. For example, when it is 12 noon in New York (Eastern zone), it is 1 p. m. in the Central zone, 2 p. m. in the Mountain zone, and 3 p. m. in the Pacific zone. Twelve o'clock noon in New York is 7 a. m. in England. Almost all countries base their time on Greenwich mean time, allowing one hour for each 15 degrees east or west of that place. For example, New York is 75 degrees west of Greenwich (5 times 15 degrees); therefore New York time is 5 hours later than Greenwich time. A place 75 degrees east of Greenwich would have a time five hours earlier than Greenwich mean time.

**To Arrive.** Goods sold "to arrive" or "afloat," are sold while still in transit, but are to be taken immediately on arrival at the port or town to which they are consigned.

**Ton.** See tonnage and pound.

**Tonnage.** The tonnage of a ship is of two kinds; (1) *vessel tonnage*, which shows the size of the vessel, and (2) *cargo tonnage*, which shows the quantity of cargo she can carry. A modern freight steamer would usually have the following proportionate weights in tons; net tonnage 4,000; gross tonnage 6,000; deadweight carrying capacity 10,000 tons; displacement load, 13,000 tons.

*Vessel tonnage* (1) is subdivided as follows; (a) *gross register* or *gross tonnage*, which indicates the total measured cubical contents of the ship in tons of 100 cubic feet; water ballast space and temporary structures above decks not being included; (b) *net register* or *net tonnage*, which shows the space available for producing revenue; this is found by deducting from the gross register tonnage all space occupied by machinery, fuel, stores, and the quarters of the officers and crew; (c) *displacement tonnage*, which is the weight of the vessel, represented by the weight of water displaced when the ship is afloat; if the vessel is loaded the weight displaced is her "loaded displacement"; if she is empty it is her "light displacement"; the displacement tonnage is found by dividing the cubic contents of the portion of the vessel which is below water by 35, because a cubic foot of salt water weighs 64 lbs, which is  $\frac{1}{35}$ th of a ton of 2,240 lbs, (for fresh water divide by 36); (d) *dead weight tonnage* is the carrying capacity of a vessel, that is, the maximum tons weight of cargo, fuel, stores and passengers, which it can safely carry. This carrying capacity is shown by the figures marked on the bow (front) and the stern (end) of the vessel; a safety mark, for which the English name is the "Plimsoll line," shows the maximum depth to which the vessel can be loaded without injuring her seaworthiness.

*Cargo Tonnage.* (2) This is subdivided into weight tons and measurement tons. The weight tons used are either (a) the British or long tons of 2,240 avoirdupois lbs, usually adopted for foreign trade, or (b) the U. S. or short ton of 2,000 lbs avoirdupois, used for the vessels on the Great Lakes and American coast services, or (c) the metric ton, equal to 2,204½ av. lbs., used by French, Italian and Spanish vessels. *Measurement tons* are used for light and bulky packages; all nations use 40 cubic feet as a measurement ton. Ocean freight is usually charged by weight or measurement, (W/M) at the ship's option. The tonnage of cargo carried is usually more than the gross tonnage.

*Charges by tonnage.* The tonnage used for calculating dock charges and government subsidies is the gross register tonnage. For tonnage taxes, tonnage dues and towage, the net register tonnage is used. Displacement tonnage is used for warships and also for finding the maximum weight of passengers, cargo, and fuel which a merchant vessel can safely carry. Dead weight tonnage is used in the prices quoted for time charters of vessels, and for the carrying of full ship cargoes of low priced products or goods. The net register tonnage of a steamship carrying freight and passengers is about equal to her cargo tonnage.

**Tonnage dues and port charges on ships using a port or harbor** are charged on the registered tonnage of the vessel.

**Torrens title to land.** An Australian system of registration of ownership, adopted by several states of the U. S. and by Canada. Each owner of land is required to register his title at the local land registry and he then receives a government certificate of absolute ownership. Transfers of the land are made by assignment of the certificate and registration of the transfer at the land registry. The property cannot be sold or mortgaged, or any interest in it assigned, without the certificate and the deed, mortgage, or contract, being sent to the registrar for recording.

**Tort.** A wrong done against an individual or firm or corporation, which entitles the injured party to take action for a remedy in the civil courts.

**Total loss insurance.** For claims on insurance policies, goods or property are considered to be totally lost (1) when they have ceased to exist and cannot be restored to the state in which they were originally; this is called "actual total loss"; or (2) when the property or goods still exist but are so seriously damaged that the cost of repair would be more than the value after the repair. In both of these cases the owner is entitled to abandon the goods or property to the insurance company, and to claim the full insured value, giving them prompt notice of the abandonment. The insurance company takes the salvage and disposes of it for its own account. See salvage.

**Towage.** The charges made by tugs or tow-boats, to owners of ships, for towing them up and down rivers, or into or out of the sea, to or from ports or harbors.

**Trade acceptance.** See bills and Chapters 82 and 83.

**Trade agreement.** One made between one employer or a group of employers and a trades union, in order to fix rates of wages and working conditions for a number of years, so as to avoid strikes and disputes.

**Trade creditor.** A business creditor; see bankruptcy.

**Trade discount.** The discount from list prices given to wholesalers, jobbers, and middlemen. See discount and Chapter 80.

**Trade Mark.** A design, a mark, or a name marked upon articles by a merchant or maker, to enable the buyer to distinguish his goods from the goods of other makers, and also to prevent inferior imitations being sold as his goods. Trade marks registered in the U. S. are protected for 20 years and this period may be renewed. Foreign trade marks expire with the end of the foreign registration period so far as the protection in the U. S. is concerned. In the Far Eastern trade, China, &c., these marks are sometimes in native characters, and are then called "chops." See "brands," Chapters 33 and 50, and trade marks laws.

**Trade Marks Laws.** By an agreement between the U. S., Gt. Britain, France, Germany, and other countries, embodied in the International Trade Marks agreement, any person wishing to have the exclusive use of a specially designed trade mark for his goods, can, by first having it registered in his own country, have it also registered and protected from use or imitation in those other countries; the same protection being given by each country to marks registered with it by foreign traders. No marks which are imitations of marks used by other traders for the same classes of goods are allowed to be registered.

**Trade Paper or Trade Acceptances.** Bills of exchange drawn on, or by, traders or manufacturers for sales and purchases of goods. See Chapter 83.

**Trade price and trade discount.** Trade prices are the net prices charged to wholesale dealers and manufacturers. Trade discounts are special discounts allowed to them in reduction of the published list prices. See Chapter 60.

**Trading Account or Manufacturing Account.** A ledger account for goods made by a manufacturer, showing the amount of the sales, the cost of production,

the gross profit or loss and the net profit or loss after all selling expenses and general expenses have been charged and the stocks at the beginning and end have been allowed for.

**Tramp steamer.** A steamship which runs between certain ports only, for example, from New York to Liverpool, is called a "liner." Cargo vessels which take cargo from any port to any other port are called "tramps."

**Transfer of stocks and shares.** A change of ownership. In the case of registered certificates of shares in companies, a form called "a transfer" is filled in with particulars of the shares transferred and, after being signed by both buyer and seller it is delivered to the offices of the company, so that the transfer may be noted in the company's books. A certificate is then issued to the purchaser by the company, stating that the purchaser named is the holder of certain shares or stock; as regards those shares, he becomes a member (stockholder) of the company in place of the seller. The company secretary enters all transfers in a "transfer register." A "stock ledger" is also kept to show the shares held by each stockholder. The legal proof of ownership of shares is the entry of the name of the stockholder in the stock ledger, for the number of shares he claims. Share certificates issued by companies incorporated in the U. S. usually have a transfer blank printed on the back; this takes the place of a transfer form. The transfer of bearer certificates is by delivery, without any writing. If the regulations of a company require transfers to be signed the seller may make a blank transfer, that is, sign his own name but not that of the buyer. But a blank transfer would not be legal if the regulations require transfers to be signed and sealed, because a writing under seal is a deed and deeds which are executed in blank are void and of no effect in law. See inscribed securities, registered securities, bonus, mortgages, companies, and Chapter 67.

**Transshipment.** The removal of goods from one vessel or ship to another. The goods may either be landed at a port from one ship, and thence loaded on to another ship, or they may be passed from one ship to the other while both are in a river or in a harbor, without the goods being landed. This saves the payment of dock and quay dues. Thus, goods to be shipped from Liverpool to Bombay may be sent in bales from Liverpool to Manchester by one vessel, and either transhipped from it to another vessel in the Manchester docks, or may be landed on the dock side at Manchester, and thence afterwards shipped on board a steamer for Bombay, on her arrival in the Manchester docks. The term "transhipment" is also used for changing packages from one railroad car to another, at tranship points, which are large terminals such as Chicago.

**Transmission of stocks and shares.** A transfer of shares is one made between living persons. A transmission is one made by operation of law, as in the case of the death, lunacy or bankruptcy of the holder. The property then comes under the control of the personal representative, the executor, administrator, receiver, or trustee. By producing proof of authority to transfer, and leaving the shares in the name of the deceased or bankrupt holder, any liability for assessments or calls falls on the estate. See letter of request.

**Treasury Bills or Notes.** Government notes, issued to raise funds for a short period, usually three months or six months. They bear no interest but they are offered at a discount which takes the place of interest. They are generally offered for sale by tender. See tender.

**Treasury Stock.** See stock.

**Tret.** See tare, and Chapters 49 and 60.

**Triplicate.** Three similar copies (3te); in duplicate (2te) means two similar copies; in quadruplicate (4te) means four similar copies.

**Trust.** A trust is a confidence in a person called a trustee, who has a duty to do certain things for the benefit of another person called the beneficiary or cestui que trust (he who trusts). As regards trustees appointed by courts, a trust

is an equitable obligation, either expressly undertaken or constructively imposed (implied) by the court. Under the trust the trustee is bound to deal with certain property, over which he is given control, for the benefit of certain persons, called cestuis que trustent (those who trust) or beneficiaries, of whom he may or may not be one himself. A trustee cannot delegate his authority to another person without express appointment or permission; he is responsible for the acts of agents whom he may employ. The statute of frauds (see this) requires the evidence of trusts to be in writing. A trustee is not allowed to purchase trust property for himself unless it is sold by auction and the courts give him special permission to bid and buy it. Trustees must keep proper accounts and deliver them to the beneficiaries on request. Trustees are not entitled to remuneration unless specially agreed. See breach of trust, arrangements, executor, bankruptcy, public trustee and trust investments, and trusts under various headings.

**Trust Company.** A banking company which also acts as trustee under wills or deeds of trust, or for issues of mortgage bonds, and also acts as agent for bond holders and stockholders in re-organizations and liquidations, and undertakes the duties of registrar of stocks and bonds.

In England trusteeships are generally given to lawyers. There is also a Public Trustee, who is a government official, guaranteed by the British Treasury and responsible to Parliament, who undertakes trusts and executorships of all kinds for the public. This office of public trustee was created in order to avoid the dangers of loss through wrongful dealings with trust property by individual trustees.

**Trust Deed for Mortgage Issues.** See sinking fund and mortgage bonds.

**Trust or trustee investments.** The law requires from a trustee no greater diligence or prudence in the execution of his trust duties than a man would exercise in the management of his own private affairs, but he is not allowed the same liberty and discretion in investing monies that he would use in dealing with his own funds. It is the duty of a trustee to confine the investment of trust money to the class of investment permitted by the trust and by law; he must avoid all speculative investments. Sometimes  $\tau$  will expressly authorize the executors and trustees to leave certain investments undisturbed, such as loans to a firm of which the testator was a partner, or investments in speculative stocks or common stocks of industrial companies; if this authority is not mentioned in the will such investments must be realized and reinvested in safer securities.

British laws restrict trustee investments to the following: mortgages of real estate for not more than  $\frac{2}{3}$  of a low valuation; British government stocks and exchequer bills; Indian, Canadian, Australian and New Zealand government bonds, and certain bonds of guaranteed Indian railways. U. S. Savings Banks are restricted in their investments in a similar way by U. S. laws.

**Trustee in Bankruptcy.** The person appointed by a bankruptcy court to sell the property of a bankrupt debtor, and to distribute the amount realized to his creditors, in proportion to the amounts owing. See administrator, bankruptcy proceedings, official receiver, receiver, and also Chapter 91.

**Trusts not recognized by British companies.** In order to avoid becoming involved in legal actions as to the management of trusts, British companies refuse to register trusts as the holders of shares. They register a trustee as the individual holder and allow him to make transfers and receive dividends as if he were the absolute owner. Beneficiaries who are dissatisfied with the trustee's dealings with the shares must bring the matter before a court of law; the company has no responsibility towards them.

**Turned Off.** Designs for printing on cloth are usually engraved on copper cylinders (rollers). After a certain time, when the designs are no longer in demand, the designs are "turned off" by the top surface of the cylinder being

shaved off by a chisel in a lathe. The cylinder can then be engraved with a new design. As copper cylinders are dear, this is an important saving.

**Turnover.** See output.

**Ubberrima fides.** Means most complete good faith. Contracts requiring uberrima fides must be made with the fullest and frankest disclosure of all facts by all the parties. The contracts are void if there has been concealment or misrepresentation of any essential facts affecting the contract. The following are classes of contracts requiring such full disclosure; (1) contracts for the sale of land or interests in land; (2) contracts of suretyship, or guarantees; (3) contracts to subscribe for shares in a public company; (4) partnership contracts; (5) contracts for insurance of life, or against fire or marine risks to ships or cargo. The intending insurer, investor, or buyer of land, requires full disclosure from the other party before the transaction takes place. In suretyship and partnership complete faith and full disclosure are required both before the contract has been made and during all the time afterwards. See contracts and Chapter 48.

**Ullage.** The difference between the full quantity which a cask will hold and the quantity actually in it; in other words, ullage is the empty space.

**Ultra vires.** Means beyond the authority given. An agent may be properly authorized to do certain things; in doing them he acts *intra vires*, that is, within his authority, but if he does things beyond that limited authority, he acts *ultra vires*. The distinction is important in the case of corporations, which are generally incorporated to do certain kinds of business only. If the directors are given only a limited authority by the by-laws and they exceed it, the stockholders may by resolution adopt their *ultra vires* actions on behalf of the company, but only if they are within the power which the corporation has taken by its act of incorporation. Acts which are beyond that power are *ultra vires* the company itself; they cannot be confirmed or adopted by resolution of the stockholders; the directors and not the corporation would be liable for contracts in such a case and they would have to bear any loss. All persons dealing with British companies are presumed to have knowledge of the powers obtained by the company and the by-laws for its management, because certified copies of the memorandum of association and the articles of each registered British company are filed at the government registry offices for companies, where they are open to public inspection.

**Umpire.** See arbitration and referees.

**Uncalled Capital.** See calls on shares.

**Under bond.** Imports stored in a bonded warehouse until duty is paid on them when, removed for domestic consumption, or until they are re-exported without payment of duty. See bonded warehouse.

**Underlease.** A grant by a lessee (the holder of a lease) to another person of a part only of his whole interest in the original lease, reserving the reversion to himself. For example, a holder of a lease for 99 years may grant an under lease for 50 years or 98 years only. This differs from an assignment of the lease in which case the lessee would transfer the whole of his right to the lease for 99 years.

**Under protest.** Payment of a disputed claim under protest means that the payer reserves the right to sue for repayment or to deduct the amount from any other payment. See Chapters 9, 53, 56, 81, and 82.

**Underselling.** Selling under the price charged by a competitor for the same goods. See combines.

**Underwriter.** (1) A marine insurance agent or company, that is, a person who, for a certain payment called a premium, agrees to pay to the owner of cargo or of a vessel the amount of any damage sustained or, in case of total loss, the full declared value. The premium is usually charged at a certain rate per \$100 insured. If the underwriter shares his liability by re-insuring with others, who receive a portion of the premium, all who undertake any portion of the risk

write their names, one under the other, at the foot of a policy, which is a document stating the particulars of the insurance. See Lloyds, insurance, policy, Chapter 54, and wager policies. (2) See promotion money and syndicate for the underwriting of stocks and bonds.

**Undischarged bankrupt.** A bankrupt (1) who has not yet made an application to the court for a release from all future liability for debts which were provable in his bankruptcy, or (2) a bankrupt whose application for discharge has been refused by the court on account of his fraud or misconduct as shown by the bankruptcy proceedings. Under British bankruptcy law an undischarged bankrupt can be prosecuted if he obtains credit for £20 (\$100) or upwards without first disclosing the fact to the intended creditor that he is an undischarged bankrupt. The British law also provides that if an undischarged bankrupt carries on business afterwards without the knowledge of the trustee in bankruptcy, and becomes bankrupt for a second time, the trustee in the first bankruptcy can claim all the assets in the second bankruptcy and refuse to pay either the costs or the creditors in the second bankruptcy.

✓ **Undue influence.** Contracts, promises, consents, or benefits under wills obtained by undue influence may be declared void by a court on proof of the undue influence being given. If fraud, or threats, or physical violence has been used the transactions are void from the commencement. See void and voidable contracts, and Chapter 48.

**Unenforceable contracts.** See void and voidable contracts.

**Uniform Acts and Laws.** Each state of the U. S. has power to make its own laws regarding commerce; the differences of the laws cause much trouble and litigation for traders. To prevent these difficulties, the United States Commission On Uniform Laws was created by Congress to draft laws which could be adopted by all the states. The federal government has no power to compel the adoption of these laws, but by voluntary action most of the states legislatures have adopted them to replace their previous statute laws. The uniform laws are as follow: (1) Uniform Bills of Lading Act; (2) Uniform Negotiable Instruments Law; (3) Uniform Sales Act; (4) Uniform Stock Transfer Act; (5) Uniform Conditional Sales Law, (applying to installment payment sales).

*Federal and States laws on insolvencies.* The bankruptcy laws are federal laws which apply throughout the U. S., the power to make such laws having been expressly reserved to Congress by the constitution of the U. S. The states have no power to make laws on this subject, but many of the States have insolvency laws which relieve insolvent debtors from arrest and imprisonment for failure to pay their debts. These State insolvency laws do not discharge the debtor from liability to pay in full; the federal bankruptcy laws do discharge (cancel) the unpaid amounts of all ordinary debts, after the debtor has given up all his property to the trustee for his creditors and been granted his discharge in bankruptcy.

Where the federal bankruptcy laws and the State insolvency laws are in disagreement, the federal laws override the State laws on the same subjects.

**Unissued Capital.** Treasury stock of a company. See capital, shares, and Chapter 67.

**Unlimited company (with unlimited liability).** A British term for a company having a capital divided into shares but not having the liability of its stockholders for debts of the company limited to the amounts of the face value (par value) of their shares. See limited companies, limited partnerships, private companies and common law trust.

**Unliquidated damages.** Penalties or damages not yet known, respecting breach of contract, etc. Liquidated damage is an amount agreed on by the parties to a contract, to be payable in the case of breach of the contract.

**Unlisted stocks and bonds.** Securities of companies which have not complied with the regulations of the stock exchange committee, necessary for an official quotation and for admission to dealings on the floor of the stock exchange by the members. Unlisted securities are traded in the curb markets of New York, Boston, and other towns having unofficial markets. See listed securities, quotations, and curb markets.

**Unloading.** Turning securities into cash by selling.

**Unsecured Creditor.** One who has no right to be paid in preference to the other creditors, as distinguished from a secured creditor who holds a mortgage or lien on some of the debtor's property as security for payment of his claim. See secured creditor and preferred creditor.

**U. S. Shipping Board.** A Board created by the Shipping Acts of 1916 and 1920, for the purpose of building up and maintaining a national mercantile marine fleet for the requirements of the commerce of the U. S., and to regulate carriers by water engaged in the foreign and interstate commerce of the U. S., and for other purposes. See carriers.

**U. S. Tariff Commission.** A government commission created to gather information for Congress and the Senate, to make recommendations as to customs duties to be charged on imports, and generally to supervise the interests of the U. S. as regards foreign trade. See customs duties and protection.

**Usage.** Special local customs of merchants in a certain business, or of traders in a certain country or district, which by common consent become binding on all dealers, native and foreign. See custom as law.

**Usance.** The customary term for trade bills of exchange drawn between two countries. If the usual period of the usance is one month, then a bill drawn at "double usance" would be payable in two months after date. See Chapter 83 for full explanations.

**Usual Proviso.** When a bill or check is received in payment from a debtor, the form of receipt sent in acknowledgment usually bears the words "paid by check," or "by bill," or "under usual reserve," or "under usual proviso," meaning that the receipt is given on condition of the bill or check being duly paid later, otherwise the receipt is to be considered void.

**Usury.** The charging of high interest on loans of money, or the charging of a greater amount of interest than the laws of a state allow. There is no limitation to the rate of interest in Gt. Britain, but most of the states of the U. S. have fixed a legal maximum rate of interest to be charged to individuals for loans. This law is evaded by lenders requiring a corporation to be formed by the borrowers for the purpose of acting as the borrower, the real borrower being required to act as guarantor. See bank rate, Chapter 67, and interest.

**Valorization.** The fixing of a selling price by a government for a staple (principal) product of a country. For example, the Brazilian government bought all the coffee produced in Brazil and warehoused it, in order to save serious losses to the growers, by reason of the market prices abroad having been manipulated by a combination of buyers so that they were below cost of production. By withdrawing this coffee from the market the prices rose to the limit fixed by the government as a fair selling price, and exports were then permitted. In a similar way, when combinations of buyers of raw rubber forced market prices down below cost of production, the British government interfered to protect British producers, by restricting the quantity offered for sale and financing producers, until satisfactory prices were obtainable.

**Value on.** To "value on" is to draw a bill on a firm. See Chapter 83.

**Valued policy.** A policy of fire or marine insurance in which the value of the goods or property insured is expressly stated. This sum is binding as between the assured person or firm and the underwriter, unless there has been a fraudulent valuation. See insurance and Chapter 54.

**Vara.** A Mexican land measure of 2.78 ft. used in New Mexico, Arizona, and California, as well as in Mexico. To find the number of acres in any number of square varas, multiply the varas by 117. 1/8, and cut off six decimals; 1 vara equals 33. 1/3 inches; 1900 varas equals one mile.

**Vendor's lien.** Unless the seller of goods, or land, or property, has agreed to give credit, he is entitled to delay delivery until payment is made. In some states of the U. S. a vendor of land has a lien on the land until completely paid for, even though possession has been given on payment of a part only of the price.

**Vendors' shares.** These are shares, either full or partly paid, issued to the owners of a business which has been sold to a company. The price is usually paid partly in cash and partly in shares and bonds. The rules of the London stock exchange forbid the granting of an official quotation for vendors' shares until six months after a quotation has been granted to shares of the same company which have been bought by the public and paid for in cash. By French company law the shares issued to a vendor, in payment for a business sold to a French company, must be left in possession of the company for two years after issue, so as to prevent their sale during that time. The company has a lien on them for any fraud or overvaluation by the vendor.

**Venue.** A legal term for a place where an action is to be tried or legal acts done. Any of the parties to an action may ask for a change of venue, that is, for the trial to be moved to a court in another district, if they believe that prejudice on the part of the judge, or of the people from whom a jury is to be chosen, would prevent a fair trial in the district in which the cause of action arises.

**Vesting order.** An order made by a court, giving a judgment creditor or other person the right to sell and transfer securities belonging to a debtor.

**Via.** Means by way of; for example, a journey from New York to California, via Chicago. The word "via" is also used to mean any of the copies of a set of three foreign bills of exchange; the "first via," means the first of exchange. See documentary bills, and documents for export shipments.

**Vice.** A defect in goods or in a title which cannot be cured. For example, goods which are unsound, or food dangerous to health, and therefore unmerchantable, may be refused by a purchaser. Property to which the vendor cannot give a clear legal title can also be refused by a buyer. See warranty.

✓ **Void and voidable contracts.** A void contract is one which is absolutely illegal, so that it cannot be cured of its defects. Voidable contracts are those which may be declared void by a court; for example, on proof being given that one of the parties took an unfair advantage of the other by making a contract while the other party was drunk or by making fraudulent misrepresentations. A voidable contract can be cured of its imperfections or defects, by the party who could take advantage of it either confirming it or demanding performance. Only the innocent party can ask a court to declare a contract void. Another class of contracts which must be clearly distinguished from voidable or void contracts, are unenforceable contracts, which may be perfectly good and binding as between the parties, but which cannot be enforced by law because of a defect like the absence of a duty stamp or by lapse of time, or because the contract has not been put into writing or not signed. See contracts, *uberrima fides*, Chapter 48, and *ultra vires*.

**Voluntary assignment for the benefit of creditors.** See arrangement, and composition, also bankruptcy laws.

**Voluntary associations.** An association of several companies in the same district, for management by a joint board, for the purpose of more effective financing or for mutual assistance in other ways.

**Voluntary bankruptcy.** See bankruptcy proceedings.

**Voluntary liquidation and liquidator.** See liquidations and bankruptcy.

**Vote.** See show of hands, poll, proxy, and shareholders' meetings.

**Voting Trusts.** Where the persons holding a controlling interest in a corporation wish to prevent interference with their policy or management by new stockholders, they transfer a majority of the stock to three or more trustees for the purpose of voting for the appointment of directors, etc. An agreement is drawn up stating the period for which the trust is to be in force, and provision is made for other stockholders to join. The laws of most of the states fix a limit to the duration of such trusts; New York State permits not more than ten years. The holders of the majority of stock, (called the "voting trustees") deliver their stock certificates to an agent appointed for this purpose, usually a bank or trust company, and receive in exchange "voting trust certificates" which do not entitle the holders to votes.

Voting trusts may be created either by voluntary agreement of stockholders wishing to continue the control of a corporation after they have sold their shares, or to ensure responsible management of a reorganized corporation, or the trusts may be ordered by a court in order to carry out the conditions of a reorganization agreement.

**Voucher.** (1) A receipt for a money payment, or a paid check, (2) an invoice, or (3) a written authority for payment, or (4) any document proving a transaction.

**Voyage Policy.** See marine insurance and Chapter 54.

**Wage earner.** By the U. S. bankruptcy laws any wage earner working for wages or salaries not exceeding \$1,500 per year can not be made bankrupt.

**Wager policies of insurance.** Common law, that is, business custom, makes an interest in the property insured an essential condition for insurance. Unless a person would suffer loss or damage he is considered to have no reason to insure. Exceptions to this were formerly made by express conditions in insurance policies, such as "interest or no interest," "without further interest than the policy," "policy proof of interest" (p.p.i.), and "without benefit of salvage to the insurer." By a British Act of George II insurances made with such conditions on ships and on goods on board ships were declared illegal, as being wagering or gambling, and an interest in the property insured was declared essential. The British Act of George III applied the same rules to life insurance.

The laws of most states and countries now require that a person or firm shall not be allowed to benefit by an insurance unless they are subject to risk of loss without the insurance. The amounts which can be claimed in the case of total loss are as follow: (1) for cargo; the prime cost or purchase price, plus the expense of packing, shipment, and customs duty if landed, cost of insurance and, if expressly declared, the estimated profit on the sale at the destination; (2) for a ship; its value at the commencement of the voyage, including all expenses of stores and outfit for the voyage, advances of wages made to the crew, and the cost of insurance; (3) for the freight receivable by the shipowners or charterers; the gross freight and cost of insurance.

All contracts of insurance are contracts of indemnity, that is, the insurance companies are liable only to make good to the owner of the property the loss he has suffered. He is not entitled to make a profit on the insurance, unless in the case of an anticipated profit on sale of goods distinctly declared as such at the time of insuring. See *uberrima fides* and Chapter 54.

**Waiver.** (1) A voluntary abandonment of rights. (2) As regards the prospectus of a new company the British Companies' Acts require that all the contracts relating to, or affecting, any proposed company must be clearly stated in the prospectus which invites the public to apply for shares. If the contracts or agreements are not so stated, shareholders can claim to be struck off the list of members, and can demand the return of the money they have paid for shares. As some contracts, if stated in the prospectus, would afford information to com-

petitors, or (which is more likely) would cause the public to refuse to invest their money in the company, promoters sometimes tried to evade this regulation, but a special amendment of the companies' acts declares all waivers of this requirement to be illegal and void. See directors and *uberrima fides*.

**Wall Street.** A term commonly used to mean either the New York stock exchange or the financial firms and banks situated in the Wall Street district of New York, that is, the money interests.

**Warehouse.** (1) A private warehouse is a place of storage for the owner's goods; (2) a public warehouse is one in which space may be rented for the safe custody of goods waiting shipment or sale; (3) a bonded warehouse is one in which goods subject to customs duty may be stored until they are required by the owner, either for sale to domestic firms (when duty is to be paid on the quantity taken out) or for exportation, when no duty is charged. Bonded warehouses are under government supervision, to ensure that duty is collected on all goods delivered for domestic consumption, that is, inside the country. See bonded warehouse.

**Warehouse receipt.** A receipt for goods, issued by a public warehouseman for goods stored with him until sold. On selling them the owner endorses the warehouse receipt (if it is a negotiable receipt) and delivers it to the purchaser, who can obtain delivery of the goods on payment of the warehouse charges and surrender of the receipt to the warehouseman. Negotiable warehouse receipts, after being endorsed by the owner of the goods, give the title in the goods to the holder; these documents of title may be used as security for loans from bankers. A non-negotiable receipt acknowledges that the warehouseman holds the goods at the order of the owner; delivery orders signed by him are given to purchasers. Both kinds of warehouse receipts are used for goods stored in bond. See bonded warehouse.

**Warehousekeeper's orders.** Orders given by the customs to the occupier of a bonded warehouse, where goods liable to duty are stored, authorizing him to deliver goods to a person named, either (1) for home consumption because the customs or excise duty has been paid, or (2) for shipment abroad without payment of duty, a bond having been given by the shipper.

**Warrant.** (1) A *court warrant* is a court order for the arrest of a person who has refused or neglected to attend court when summoned. (2) In Gt. Britain a *dividend warrant* is a check of a company for payment of a dividend to a holder of registered shares. (3) In Gt. Britain a *dock warrant* is a receipt for imported goods stored with a dock and warehousing company, giving details of the goods, when and how imported, and stating the warehouse rent payable. (4) An *interest warrant* is a check of a company for payment of interest to a bond holder. (5) A *city warrant* is an order for payment, addressed by the comptroller of a municipality to its treasurer; it takes the place of a check drawn on a bank. (6) A *share warrant* is a bearer certificate for shares of a British company; it is transferable by delivery, without endorsement. (7) A *warrant of attorney* is a written instruction given by a debtor or defendant to his lawyer or agent, authorizing him to consent to judgment against the principal, without trial of the action. This saves the costs of the trial.

✓ **Warranty.** A guarantee or an undertaking. In the sale of goods a warranty is an agreement which is collateral or supplementary to the main purpose of the contract, a breach of the warranty giving the right to claim damages but not a right to refuse the goods and cancel the contract. (1) An implied guarantee, which means an understood guarantee; for example, an implied guarantee by a person transferring a bill of exchange or other negotiable instrument, without endorsing it, that he has a good title to it and that it is genuine and correct in other respects, but he does not undertake to pay it since he has not endorsed it. (2) As regards goods sold, there are implied warranties by the seller that (a) he is the true

owner or the properly authorized selling agent of the true owner; (b) that the goods are as described, for quality, etc.; (c) that they have no hidden defects, and (d) that they are fit and suitable for the use declared by the purchaser, and (e) that they are saleable. (f) If the goods are sold by sample, there is an implied warranty that the bulk is equal to the grade and quality of the sample, and that there are none which are inferior to it. (3) For fire, life or marine insurance, there is an implied warranty that the insured (the owner) is correctly describing the risk, and that he is giving correct information so that the insurer (the insurance company) may judge of the risk incurred; wrong statements as to these matters make the policy void; (see *uberrima fides*); (4) the vendor's guarantee of title to land is called a warranty deed; the purchaser usually requires the title to be also guaranteed by a title guarantee company, for which he must pay; if they will not guarantee it, on account of defects discovered in the title, the purchaser may usually refuse to accept the vendor's guarantee. See contracts in Chapter 48.

**Wash Sales.** Sales and purchases of stocks or bonds which cancel each other, made for the purpose of deceiving purchasers by obtaining an official record of stock exchange dealings at higher prices than would be given for actual sales. Wash sales are forbidden by the stock exchange regulations and they are illegal, as being a fraud on purchasers. See making a market, and matched orders.

**Wasting Assets.** Those which become reduced in value through exhaustion, by removal of material; for example, quarries, sandpits, timber lands which are being cut, and stone quarries.

**Water in goods.** See moisture content and cotton.

**Watered Assets.** Those assets which are overvalued on the books of a firm, so as to increase the amount of the capital or surplus. See writing up assets.

**Watered Stocks.** These are shares issued as full paid, either (1) as payment for property which is not worth the amount paid, or (2) shares issued as a stock dividend, for profits which are not net profits or have not been actually earned. The omission to provide for known losses, or for depreciation of wasting assets, is a common way of inflating the apparent profits, so as to allow of stock dividends. See dividends and writing up assets.

**Way-leave.** A right of way (the right to pass, with or without animals or vehicles) over or under the land of another owner. See easement.

**Wear and tear.** The loss in value of assets through use. Obsolescence is loss through age or becoming obsolete, for example, in the case of machinery, through new machinery being invented to do the work better, more quickly, or at less cost. See obsolescence and depreciation.

**Webb Export Trade Act.** See Sherman law.

**Weight Note.** A note issued by a dock company, giving details of the marks and numbers of packages imported, with their gross weights, tare allowed, the net weights, and the dates of entry.

**Wet Dock.** A dock with gates in which vessels enter at the full tides, after which time the gates are closed, so as to keep the vessel at a convenient level for loading or unloading alongside the quay.

**Wharfinger's receipt.** A British term for the receipt given by the owner of a wharf or his assistants, certifying that certain packages have been received for shipment.

**When issued.** Stocks and bonds of a company or of a government which are sold on the stock exchange, or through bankers or financial houses, before the certificates are ready, are usually stated to be for delivery "when, as, and if issued." This means that the certificates will be delivered by the selling agents when issued by the company or government, temporary certificates or receipts being issued in the meantime, so as to permit trading in the securities. The phrase named also protects the stockbrokers and bankers, by permitting them to cancel the sales if

for any reason they decide not to complete the purchase of the stocks or bonds from the company or government. See special settlements.

**White list.** The New York stock exchange official list of dealings in stocks and bonds, issued on white paper in three sections, the first list including the dealings from 10 a.m. to 12 noon, the second and third lists showing the respective dealings from 12 to 2 p.m. and from 2 p.m. until the official closing of the exchange at 3 p.m.

**Whites.** Bleached cotton goods, such as white calicos, shirtings, &c.

**Will.** A deed by which a person, called the testator, disposes of the property he may possess at his death. A will must be signed by the testator (or by someone acting for him in his presence), in the presence of two or more witnesses who are present at the same time; the testator must be of full age and of sound mind at the time of signing the will. A lawyer should be entrusted with the making of a will, so as to ensure compliance with all legal requirements.

**Winding-up—Liquidation.** The settlement of a firm's affairs (usually through insolvency) by completing all contracts, realizing all assets, paying all liabilities, and collecting outstanding accounts. In the U. S. the winding-up may be either by order of a court, on the petition of creditors, or voluntarily by a resolution of the stockholders.

**Winding-up (Liquidation) of British Companies.** Companies registered under the English Companies' Acts, cannot be made bankrupt, but must be "wound-up." The winding-up may be either (a) voluntary, (b) compulsory, or (c) under supervision, by order of the court (high court, or chancery court, or county court). This may be done in case (a) by resolution of the shareholders, who thereupon appoint one or more persons, called liquidators, who close up all the affairs of the firm, make calls (assessments) on the members (shareholders) for sums necessary to pay liabilities, if the shares are not paid up (full paid), and present final accounts to shareholders at a specially called meeting.

In case (b) a petition is presented to the court by the company itself, or by a creditor, or by any person liable to pay calls on shares not full paid, asking for the winding-up for any one of the following five reasons: (1) because the shareholders have passed a special resolution asking for the winding-up; (2) because the company has done no business for a full year; (3) because the number of shareholders is less than seven; (4) because the company is unable to pay its debts; (5) because it is just and equitable that the company should be wound-up. If the court makes an order for the winding-up, the Official Receiver in Bankruptcy, or other person who may be appointed by the government Board of Trade, acts as liquidator on behalf of the court, to which he renders an account of his proceedings. A "winding-up under supervision" is the continuation of a voluntary winding-up but, on the application of some creditor or shareholder, the court has ordered the liquidation to be carried on subject to the supervision of the court, to ensure the rights of all parties being protected and to make the proceedings binding on all of them. The liquidator under supervision is appointed by the court, or it may continue the voluntary liquidator; he has the powers of a liquidator in a "voluntary winding-up," the court having powers as in a "compulsory winding-up." Shareholders liable to pay calls, on account of shares they hold being only partly paid, are called "A list contributories." If the amount still unpaid on their shares is not sufficient to pay the company's debts in full, or if some of them are unable to pay their calls, a further call is made, but this time on those persons who have held partly paid shares during the previous twelve months, called "B list contributories." These latter persons are liable to pay only the amount remaining unpaid on the shares they previously held, either by default of payment by one of the "A list," or through their shares having been cancelled or forfeited. The liability of "B list" members is further limited to the amount still unpaid at the

commencement of the winding-up of the debts owing by the company when they ceased to be members. See "limited liability."

**Window dressing.** Arranging accounts and statistics in the most favorable way. This term is usually applied to balance sheets of banks. In order to make a more favorable showing, the banks call for repayment of demand loans to stock-brokers and advances to merchants, so as to show more cash and gilt edged securities instead of accounts receivable, at the date of the balance sheet.

**Wire.** A telegram or cable message (cablegram or "cable"). See Chapters 11, 12, and 17.

**With average.** See average and Chapter 54.

**With exchange.** When these words are included in a draft, the person paying it must also pay the expenses of collection, so that the drawer will receive the full amount for which the draft is drawn.

**With interest.** When acceptances and promissory notes are stated to be for a certain amount "with interest," without stating the rate per cent, they bear interest at the rate fixed as the legal rate in the state where they are payable.

**With particular average.** See average and Chapter 54.

**Withdrawal of offers.** See allotment and Chapter 48.

**Without Engagement.** A merchant giving a quotation and stating "without engagement," by so doing declines to hold himself bound to accept that price for orders if the goods have been sold or the market price has risen before the customer's reply is received.

**Without prejudice.** An offer to settle a dispute by payment of a certain sum, or by any other way, if made "without prejudice" is a reserve of the full rights of the offeror if the offer is refused. It is an offer made as a compromise, to avoid litigation.

**Without recourse.** A transfer of a bill of exchange, or a sale made subject to the condition that the transferor is not liable for any claim by the transferee. See Chapter 83 on bills.

**Wool sales.** Most of the soft merino wool used for clothing comes from Australia. The London and Sydney wool brokers hold periodical auction sales at which the wool is sold by sample. Buyers come to these sales from all parts of the world. A buyer has the right to claim an arbitration, and the cancellation of the sale, if the bulk of the wool differs from the small sample or the sample bale from which he bought. Prices are based on "clean" or "scoured" wool, which has been washed; the unwashed wool is called "greasy." The differences in weight and price are caused by the clean wool having had the "yolk" or "grease" taken out and also the dust, burrs, and seeds. The official tare on bales of wool is 11½ lbs. per bale; draft is 1 lb. per cwt. If the buyer objects to the official tare, he and the selling broker each select a bale which is stripped of the covering, and the contents of the two bales are weighed. The average tare found in this way is then used for the whole of the lot sold. The terms of payment for auction sales of wool are cash in 14 days, with a discount for earlier payment.

**Working capital.** See capital and fixed assets.

**Working days.** Those on which usual work is done at docks and railroad terminals. Running days are consecutive days. Sundays, and national or local holidays, are not working days, but they would be included in running days. See lay days, demurrage, and business holidays.

**Workmen's Compensation for injuries.** Almost all of the U. S. states and territories have adopted workmen's compensation laws, making employers liable to pay compensation to their workmen for injuries received in the course of their employment. For dangerous trades employers are generally compelled by law to take out insurance policies covering the risk of injury or fatal accidents to workmen. Posting of a notice by the employer that he has insured his workmen

with an insurance company binds them to accept the arrangement. See Compensation of workmen.

**Writer to the Signet.** The title given to lawyers admitted to practice in Scotland, sometimes shortened to "writer."

**Writing down of assets.** See wear and tear and valuation.

**Writing up Assets.** Increasing the book values of assets in order to (1) justify a demand for a higher price when selling the business, or (2) in order to create a fictitious reserve or surplus of profits. The excuse usually given for revaluing assets is (a) that they would cost more than the book values to replace and that (b) insufficient depreciation is being charged as expense of the business, by reason of the book value being less than the present value. A firm may write up its assets in order to show a more favorable balance sheet, but this is unwise. In order to justify the writing up of assets, an appraisal company is usually engaged to make a complete valuation of the fixed machinery, fittings, plant and loose tools, and everything required for carrying on the business of manufacturing or trading. The assets are usually shown by the appraisal company at cost of replacement new, and the present values are based on this, after deducting depreciation for the years they have been in use. The increase in value obtained in this way is not a profit, and it should not be treated in the books in such a way as to apparently entitle the directors of a company to distribute the amount in dividends. This is very often done, but it is a fraud against the stockholders. See book values, depreciation, amortization and obsolescence.

**Yardage.** Length of pieces in yards. Metrage means length in metres.

**Yearly tenancy.** See tenancy.

**Yield.** The actual percentage of interest or dividends received from an investment; for example 6% bonds brought at \$1200 each for \$1000 of face value (par value) give a yield of 5% on the amount invested. For stocks or bonds bought at a premium, a deduction should be made by the investor from the amount received as interest or dividend, so as to write off the premium before the principal is repaid. For bonds bought at a discount, but redeemable at par, the discount is an additional profit distributed over the life of the bond. See premium and irredeemable bonds.

**York—Antwerp Rules.** A set of international general average rules, for the adjustment of losses and damages to ships and cargos, agreed to by the chief maritime nations, at meetings of the congresses of the association for the reform and codification of the laws of nations, held at York (1864), Antwerp (1877), and, finally, at Genoa (1892). See insurance, in Chapter 54.

## ABBREVIATIONS—GENERAL.

Other abbreviations are shown in the Chapters to which they refer; for example, prices, in Chapter 60; packing, shipping, and marine insurance, in Chapter 54; geographical, in Chapters 2 and 66.

Abt., about; acc<sup>de</sup>., according; acc<sup>py</sup>., accompany; acc<sup>ry</sup>., accordingly; accountancy; adjt., adjustment, adjutant; ad. lib., ad libitum, to the fullest extent; admor., administrator; admx., administratrix; ad. ref., matter subject to reference or review before being final; advg., advising; adv<sup>mt</sup>., advertisement; aft., affidavit; aft<sup>n</sup>., afternoon; agcy., agency; agmt., agreement, agrl., agricultural; agst., against; a. l. s., about like sample; a. m., before noon, morning; am<sup>dmt</sup>., amendment; amp., ampere, amp.-hr., ampere hour; anal., analysis; ann., annum; anon., anonymous, anor, another; ans., answer; ansd., answered; app<sup>on</sup>., application; appro., approval; approx., approximately; app<sup>td</sup>., appointed; arbn., arbitration; ass., assessed; ass<sup>mts</sup>., assignments, assortments, assessments; assn. or assocn., association; asstd., assorted; @ per lb., at per pound; auct., auction; av. or avoir, avoidupois; Aug., August; auth<sup>ry</sup>., authority.

B. d., brought down; bd. ft., board feet; bet<sup>n</sup>., between; b. f., brought forward; b. h. p., brake horse power; bk., book, bank, back; bldgs., buildings; b<sup>n</sup>., been; B. of T., Board of Trade; bott., bottle; Brit., British, Britannia (metal); bro., brother or brown; brt., brot., brought; b. s., bill of sale; b. t. u., British thermal unit; B. X., bill of exchange.

C., cash, case, carat, cent, 100, coupon, contra, centigrade; ca., circa, nearly; C. H. clearing house, custom house, counting house; col., column or colonial; comm., commission; cond<sup>l</sup>., conditional; consid<sup>n</sup>., consideration; cont., continue, contain, contract, or contents; cont<sup>d</sup>., contained continued; contg., containing, continuing; co-op., co-operative, co-operation, or co-optative; corr<sup>ce</sup>., correspondence; co. or coy., company; c/o or %, care of, carried over; C. P. A., certified public accountant; ct., current or count; ctnr., centner; cty., county; cu., cubic; currt., current.

dd., delivered; Dec., December or decrease; decln., declaration; deft., defendant; dept., department; dft., draft, defendant; diff<sup>ce</sup>., difference; d<sup>o</sup>., ditto; doms., domestics or domettes; doz. or dz., dozens; dwg., dwelling.

E., exchange, East, error, examined; ea., each; ed., edition, editor; e. g., or v. g., *exempli gratia*, as an illustration; enc<sup>d</sup>., enclosed; encl., enclosure; entd., entered; eq., equal; esq., esquire; est<sup>d</sup>., established; est<sup>d</sup>., estimated, esteemed; et al., & others; Eng., England, English, engineer, engraver; etc. or &c., et cetera, and so on; et seq., et sequitur, and the following; ex., example, exchange, out of (steamer or warehouse), without (ex-dividend); ex<sup>d</sup>., examined, explained; exor., executor; extx., executrix; extd., extended; extr., extraordinary.

Fcp., foolscap; fecit, he made it; fix., fixtures; folg or folw<sup>g</sup>, following; fo or fol., folio; for. or fgn., foreign; furn. or fre., furniture; Fri., Friday; ft.-lb., foot pound; f. up, follow up; fwd., forward.

G. A., general agent; G. B., Gt. Britain; g<sup>d</sup>., good, grand, or ground; gen<sup>l</sup>., general; gt., great; guar., guarantee; guaror., guarantor; guar<sup>td</sup>., guaranteed.

Hort., horticultural; hf., half; H. M. G., His Majesty's Government (British); hrs., hours.

ib., ibidem—in the same place; I. C. C., Interstate Commerce Commission; id., idem—the same; i. e., id est—that is to say; i. h. p., indicated horse power; illust., illustrated, illustration; imp<sup>ce</sup>., importance; imp<sup>t</sup>., important, improvement; imp<sup>vd</sup>., improved; inc., incorporated, increase, inclusive; inc<sup>d</sup>., included, increased, incorporated; inc<sup>d</sup>g., including; incl., include, inclusive; in ex., in extenso; inf<sup>n</sup>., information; inspr., inspector; int. al., inter alid, amongst other things; inter., intermediate, interior; intr., introduce, introduction, interior.

Jan., January; Ju., June; Jy., July.

Kv. a., kilovolt amperes; kw., kilowatt; kw. hr., kilowatt hour.

Lat., latitude; l. c., lower case (small letters); lge., large; l. m. s. c., let me see correspondence; lit., literally; Ltd., Limited (company).

Mac., the son of (Macintosh); mak<sup>s</sup>., making; max., maximum; Mch. or Mar., March; mech., mechanical; mem<sup>o</sup>. or mem<sup>m</sup>., memorandum; ment<sup>d</sup>., mentioned; mfg., manufacturing; mgr., manager; Mich., Michaelmas; min., minimum, or minute (time); misc., miscellaneous; mkt., market; mo. or mth., month; Mon., Monday; MSS. or MS., manuscript; mtg., meeting; mtg<sup>ee</sup>., mortgagee; mtg<sup>or</sup>., mortgagor.

N., North; n. b., nota bene, take good note of; nec<sup>v</sup>., necessary; n. g., no good; no., number; n. o., no orders; notw<sup>g</sup>., notwithstanding; Nov., November; n. p., notary public; n. s., not sufficient (unpaid check), new series, new style.

O', the son of (O'Hara); o/, order, over, our; o/act. or o/a., on account (of); obd<sup>v</sup>., obediently; obs., observe, observation, obligations (bonds), obsolete, obsolescence; obt<sup>d</sup>., obtained; Oct., October; off., official; O. H. M. S., On His Majesty's Service (British); O. K., in correct form, all right; o. p., out of print; op.

optional, opus, (a work of a composer of music); opp., opposite; orig., origin or original; o/s, outstanding, oversight, out sizes (large sizes).

P., page, per, pro; par., particular, paragraph, parallel; pref., preferred; part<sup>rs</sup>., particulars or partners; part<sup>v</sup>., particularly; pchsr., purchaser; pl., plural, place; plf. or pltf., plaintiff; p. m., post meridian—afternoon; pm., premium; P. M., postmaster, Past Master; P. M. G., postmaster general; P. N., promissory note; P. O., post office, postal order; P. O. B., Post Office Box (private letter box at P. O.); pos<sup>n</sup>., position, possession; poss<sup>n</sup>., possession; p. p., per procuracion, or per piece; pp., pages; p. p<sup>n</sup>. or p. pro. or per pro., per procuracion; pres., present; Pres., president; pro., for; pro. tem., temporarily, for the present; prog. no., progressive number; prox., proximo—coming (next month or week); P. S., post script—(addition in writing) or public sale; p<sup>se</sup>., purchase; pt., prompt, point, print, part; ptcptg., participating; p. t. o., please turn over (the page).

Q. or ques., question, doubtful; qty., qy., or qualy., quality; qty., quantity; quot<sup>n</sup>., quotation; q. v., quod vide—to which refer, which see.

R., reply, rupee, or registered; r., rate, right (hand), rule, rupee; rd., road, round, reed, received, registered; re., with regard to, referring to; R. E. real estate; recd., received; recvr., receiver; ref., reference; reg., register, registered, regulate, regular; rem<sup>r</sup>., remember, reminder, remainder; rep., representative; rept., report, represent; reqd., required; resoln., resolution; resp<sup>v</sup>., respectfully, respectively; ret<sup>d</sup>., returned or retired; r. o. p., run of paper (printing), return of post; rotn., rotation; r. p., reply paid; r/p., by return of post; r. s. v. p., répondez s'il vous plait—please reply (to an invitation to dinner, &c.).

S., sellers, south, stock, steamer; s., shilling, steamship, small, single; S. A., South America-n, or South Africa-n; Sat., Saturday; s. c., small capitals; sec., section, Second, secretary; sen., senior, senator; Sept., September; servt., servant; sess., session; sev., several; sgd., signed; s. g. d. g., Sans garanti du gouvernement, without Government guarantee as to validity (mark on French patented articles); sh., share, shilling, shall, sh<sup>d</sup>., shade, should; shr., share; sig<sup>re</sup>, signature; soc., social; socy., society; spcl., special; sq., square; sq. yd., square yard; sr., senior; st., street, stone; st<sup>d</sup>., stated, standard, stored; Sun., Sunday; sup. or super., superior superficial; supt., superintendent; s<sup>v</sup>., sundry.

Tel. or tlgm., telegram; teln. or telpn., telephone message; tempy., temporary; Thurs., Thursday; t. o., turn over; treasr. or trsr., treasurer; trfr., transfer; t. s. v. p., tournez s'il vous plait, French for P. T. O. (please turn over the page); t. t. l., to take leave (or P. P. C., pour prendre congé); Tues., Tuesday; tx., tax or taxes.

U. K., United Kingdom; ult., ultimo—last (month); U. S. or U. S. A., United States of America; U. S. A., Union of South Africa; U. S. M., United States Mail; U. S. N., United States Navy; U. S. N. R., United States Naval Reserve.

V. or v., volts; valn., valuation; via, by way of; vide, which see; viz. videlicet—namely; vol., volume (of quality or a book); V. P., vice president.

W., west-ern; w., with, watts, wire; w<sup>d</sup>., would or weighed; w. e., week end; Wed., Wednesday; wg., waiting; wh., which; wh<sup>r</sup>., whoever, whichever; with<sup>t</sup>., without; wks., weeks or works; w. o., waiting orders, or working orders, or walk-over; wt., weight; W. W., warehouse warrant.

Xmas, Christmas.

Yd., yard; y'day, yesterday; yrs., years, yours.

Zn., zinc or zone, or zoon (Dutch for son).

# Perpetual Calendar

Years 1753 to 1952											Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.		
1761	1767	1778	1789	1795		1846	1857	1863	1874	1885	1891	4	7	7	3	5	1	3	6	2	4	7	2	
1801	1807	1818	1829	1835			1850	1857	1869	1875	1886	1897												
1802	1813	1819	1830	1841	1847	1858	1869	1875	1886	1897			5	1	1	4	6	2	4	7	3	5	1	3
1803	1814	1825	1831	1842	1853	1859	1870	1881	1887	1898														
1809	1815	1826	1837	1843	1854	1865	1871	1882	1893	1899			7	3	3	6	1	4	6	2	5	7	3	5
1810	1821	1827	1838	1849	1855	1866	1877	1883	1894	1900														
1810	1821	1827	1838	1849	1855	1866	1877	1883	1894	1900			1	4	4	7	2	5	7	3	6	1	4	6

Leap Years											.	29	.	.	.	.	.	.	.	.	.	.	
1764	1792	1804	1832	1860	1888	1928	....	7	3	4	7	2	5	7	3	6	1	4	6				

1768	1796	1808	1836	1864	1892	1904	1932	5	1	2	5	7	3	5	1	4	6	2	4				
1772	....	1812	1840	1868	1896	1908	1936	3	6	7	3	5	1	3	6	2	4	7	2				
1776	....	1816	1844	1872	....	1912	1940	1	4	5	1	3	6	1	4	7	2	5	7				
1780	....	1820	1848	1876	....	1916	1944	6	2	3	6	1	4	6	2	5	7	3	5				
1784	....	1824	1852	1880	....	1920	1948	4	7	1	4	6	2	4	7	3	5	1	3				
1788	....	1828	1856	1884	....	1924	1952	2	5	6	2	4	7	2	5	1	3	6	1				

1	2	3	4	5	6	7
Monday... 1	Tuesday... 1	Wednesday... 1	Thursday... 1	Friday... 1	Saturday... 1	SUNDAY... 1
Tuesday... 2	Wednesday... 2	Thursday... 2	Friday... 2	Saturday... 2	SUNDAY... 2	Monday... 2
Wednesday... 3	Thursday... 3	Friday... 3	Saturday... 3	SUNDAY... 3	Monday... 3	Tuesday... 3
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Friday... 5	Saturday... 5	SUNDAY... 5	Monday... 5	Tuesday... 5	Wednesday... 5	Thursday... 5
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NOTE—To ascertain any day of the week first look in the table for the year required and under the months are figures which refer to the corresponding figures at the head of the columns of days below. For example: To know on what day of the week July 4 was in the year 1895, in the table of years look for 1895, and in a parallel line, under July, is figure 1, which directs to column 1, in which it will be seen that July 4 falls on Thursday.

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