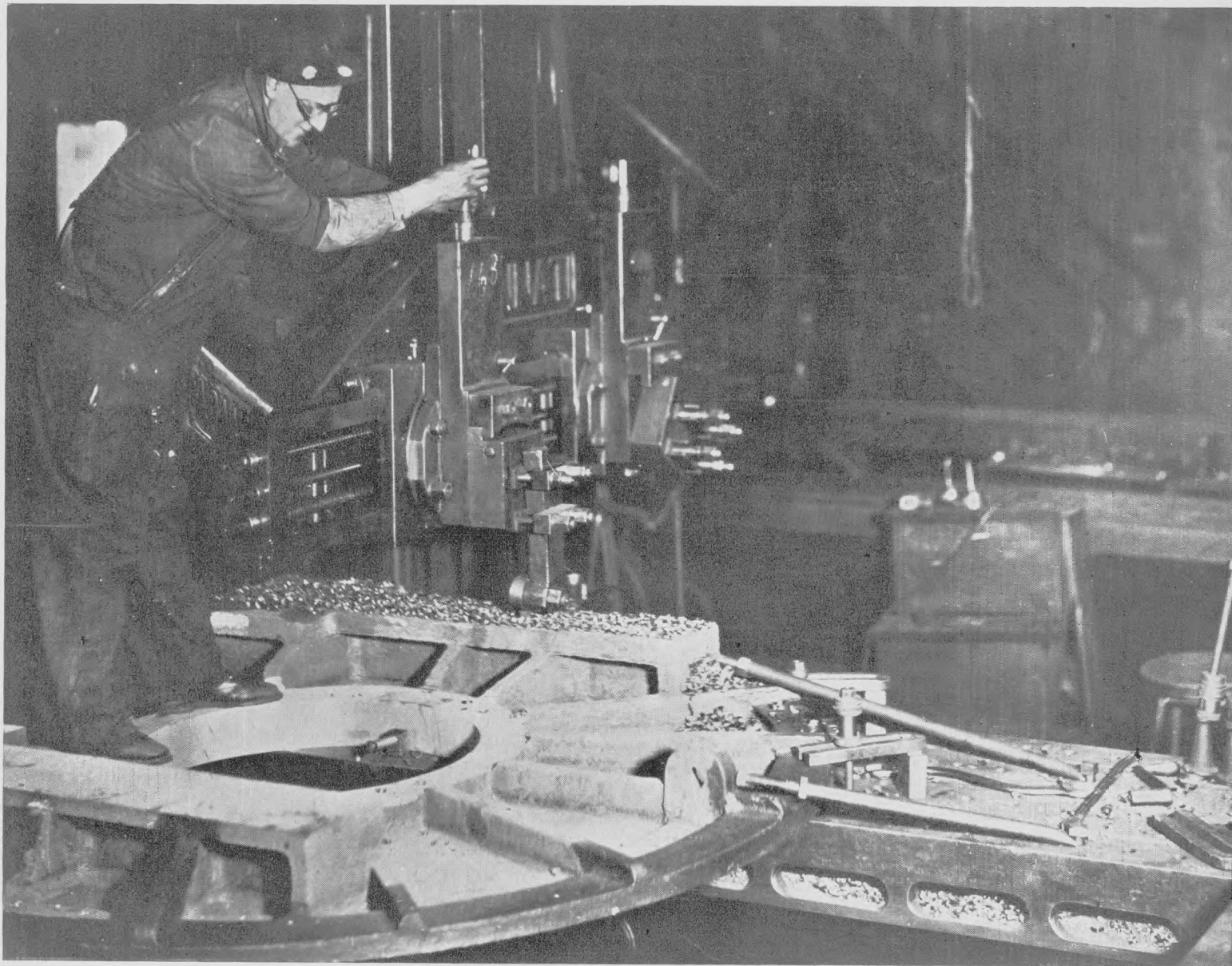


January 29, 1938

The  
**COMMERCIAL WEST**

**WEEKLY**



(See Box on Page 24)

**MINNEAPOLIS**

*In This Issue:*

**How Northwest Industry Tackles a Big Job**

"One hundred thousand youths arrested each year because the temptation to rob or steal has not been removed."

"If our Police forces were increased ten times, they could not guard all these properties, all the time."—Underwriters Laboratories. !

## Here Is Some Late Local Proof

Saturday night, January 22, 1938—The McClintock Alarm on the Security State Bank, 478 So. Robert St., St. Paul, began clanging away. It rang until automatically cut out and reset.

Police responded promptly; but they found no Burglars. Investigations brought out the fact that there had been a well-planned burglarious attack on this bank, the "Yeggs" starting to work secretly from an empty building next door.

As soon as their efforts affected the vault wall, they set off the McClintock Loud Sounding Local Alarm and the Burglars fled.

There Was No Loss!

CONGRATULATIONS TO THE BANK FOR ITS PREPAREDNESS.  
THANKS TO THE POLICE DEPARTMENT FOR ITS EFFICIENCY.

### But Supposing There Had Been No Burglar Alarm?

Without the Alarm System to upset their plans, these Burglars might easily have spent enough time on this job to have put them inside of the best vault ever built.

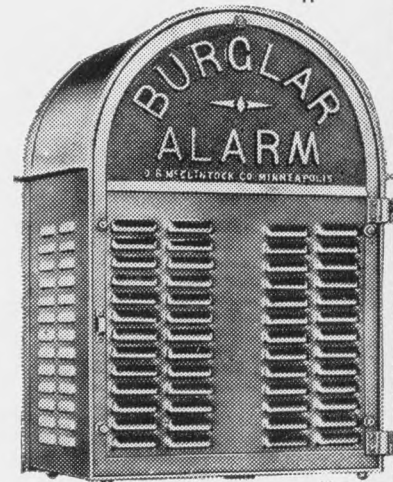
Concealed as were their operations, no one could possibly blame the Police for not knowing what was going on until the Loud Alarm started ringing.

Our Police cannot be everywhere, all the time—hence the wisdom shown by this bank, along with thousands of similar institutions, by the installation of a Complete, Proven and Dependable

Local Bank Vault Burglar Alarm System

Its use by nearly 5,000 good banks definitely establishes its value.

Just How Safe Will Your Vault Be Tonight  
Unless It Is Completely Electrically Protected



"The Outward Sign  
of Inward Security"

## O. B. McCLINTOCK COMPANY

THE LARGEST AND MOST COMPLETE ORGANIZATION OF ITS KIND IN THE WORLD

MINNEAPOLIS

MINNESOTA

# One Million People

ARE PROTECTED BY

## THE GREAT-WEST LIFE ASSURANCE COMPANY

GREAT-WEST POLICYHOLDERS and their families number approximately one million persons. The following facts will interest them and others.

LIVING POLICYHOLDERS received over \$11,000,000 in 1937. The Company has paid more than \$195,000,000 to policyholders and beneficiaries since it was founded in 1892.

1359 POLICYHOLDERS DIED in the year and more than \$3,900,000 was paid to beneficiaries.

NEW BUSINESS placed—over \$53,000,000—again shows an increase.

BUSINESS IN FORCE now amounts to nearly \$590,000,000 — a substantial gain during the year.

THE ASSETS also show a gratifying increase. They belong almost exclusively to policyholders and beneficiaries.

LIBERAL PARTICIPATION RETURNS to policyholders are being continued.

STEWARDSHIP is the Company's watchword. The year's figures indicate the vast and increasing field in which that stewardship operates and show the importance of the small savings of many people when gathered together in a co-operative enterprise.

### Important Items for 1937

Insurance and Annuities in Force	\$589,511,167
New Business (including Annuities)	\$53,058,443
Payments to Policyholders and Beneficiaries	\$15,269,831
Assets	Liabilities
\$156,805,466	\$150,356,098
Surplus, Contingency Reserve and Capital	\$6,449,368

### Diversified Investments

Bonds and Debentures	49.4%
City Mortgages and Properties	17.0%
Farm Mortgages and Properties	13.8%
Policy Loans	16.6%
Stocks, Common and Preferred	1.2%
Cash and Miscellaneous	2.0%
Accordingly, every policyholder's equity is diversified in the above proportions.	

WRITE FOR COMPLETE 46th ANNUAL REPORT

**THE GREAT-WEST LIFE ASSURANCE COMPANY**

HEAD OFFICE - WINNIPEG, CANADA

J. D. GRAHAM, Branch Manager  
Roanoke Bldg., Minneapolis

A POLICY FOR EVERY PERSON AND EVERY PURSE

# Tales

LAMENT of a Nash stockholder: "Why, oh why, did Nash go into that consolidation with Kelvinator? Alone, Nash paid 25 cents a quarter, now, merged with Kelvinator, our dividend is cut to 12½ cents in face of 75 per cent increase in Nash sales during the first 11 months of 1937." C. H. Bliss of Detroit, v.p. and dir. of sales Nash Motors division, last week said official registration figures for the U. S. (11 months) gave Nash 66,889 against 38,019 for comparable period in 1936, a gain of 28,870 cars.

\* \* \*

SOUTH DAKOTA's new ore, sales, net and gross income taxes, which went into effect last July 1, netted the state an increase of \$952,712 in tax collections in 1937. The hard liquor, beer and cigaret taxes brought in \$1,525,387.

\* \* \*

LUNCHING at Milwaukee's City Club last Friday with Wall G. Coapman, W. B. A. sec., the writer heard an interesting explanation of Wisconsin's farsighted "zone ordinances" which provide, among other things, for use of land bordering highways, preservation of natural scenery, setback building lines (especially at corners) for safety and expansion. Speaker was M. W. Torkelson, dir. regional planning, Wisconsin State Planning Board.

\* \* \*

IOWA, good old tall corn state, had the lowest percentage of jobless in the recent unemployment census—2.4 per cent. Nebraska and Wyoming tied for second place with 3.3.

\* \* \*

DANIEL (Pop) Carr, a former editor of COMMERCIAL WEST, was featured a few days ago in the San Francisco Chronicle, the occasion being his 73d birthday. Since retirement on the West Coast Mr. Carr has grown long hair and a heavy beard, both now snow white.

\* \* \*

ACTION of Congress last week-end made available \$34,500,000 in federal seed and feed loans for 1938 spring planting.

\* \* \*

BARKLEY SCHROEDER, dir. Duluth Chamber of Commerce bureau of tourists, conventions and publicity, reports a notable increase in winter vacationists in Northern Minnesota, mostly from the Twin Cities, Southern Minnesota, Northern Iowa, Nebraska and Illinois. Vacations of up to two weeks are common, with snowshoeing, skiing, bobsledding and winter photography among the attractions.

## TO WINNIPEG

via THE WINNIPEGER!

### SLEEP


WINNIPEG is just a good night's sleep in a downy air-conditioned berth via the extra-fast Winnipeger. Dining car service, if you want a complete dinner — buffet service for those who prefer a snack before retiring.

**SCHEDULE**

Leave St. Paul . . . . .	7:25 each evening
Leave Minneapolis . . . . .	8:05 each evening
Arrive Winnipeg . . . . .	8:35 each morning

**Ticket Offices**

St. Paul, 4th and Cedar,  
Cedar 1891  
Minneapolis, Marquette  
at 5th; Main 1261



SHOWING how things work around and to the surface now and then: At a luncheon a few days ago of the board of the Northwestern Lumbermen's Association a member asked how about bank holding companies. Strange as it may seem a top executive of one of the Northwest's banking groups was there, answered the question and told the lumbermen plenty, so much in fact that they realized, maybe for the first time, what a great service the groups had done banking and business, as this executive explained, back in the dark days of the depression when they kept things moving, saved many banks from going to the wall and many business institutions from going broke.

\* \* \*

IOWA FARMERS, states Thomas L. Curran, sec. of agriculture, now have 15,000,000 bushels of corn cribbed and under seal as security for federal corn loans.

AS PREDICTED by COMMERCIAL WEST, final figures reveal that Minnesota's iron ore shipments reached an all-time high of 48,697,280 tons in 1937, exceeding by 1,200,000 tons the previous record, made in 1929.

\* \* \*

FROM Wagner, S. D., comes a report that plans are on foot to utilize the vast chalk deposits near there for brick manufacture — four parts chalk, one part cinders, one part cement. This, it is said, produces a very light brick as well as one of extreme hardness.

\* \* \*

MARIE ANDERSON, Helena, had her first railroad train ride a few days ago when she took a ski special to a Montana winter sports resort. All Miss Anderson's traveling heretofore has been done by airplane, ship or private automobile.



## The Battle Is On

Competition gets keener every day. The fight for business and efficiency demands strong vigor and vitality. Regular exercise, massage and bath will quickly bring you up on your toes. Improved physically, you will be more alert mentally, setting a hard and swift pace for all competitors.

*But start now—come over today—for the battle is on!*

**VIKING HEALTH SYSTEMS, Inc.**  
Ground Floor, McKnight Building, Minneapolis

# Next Week

- St. Paul Ice Carnival.....Jan. 29-Feb. 6
- Twin City Market Week.....Jan. 31-Feb. 5
- North Dakota Farmers' Grain Dealers Association, at Fargo.....Feb. 1-3
- Iowa Association of Lumber and Building Material Dealers, at Des Moines.....Feb. 2-4

# Later

- North Dakota Retail Hardware Dealers Association, at Grand Forks.....Feb. 6-10
- Twin City Bond Traders Club, at Harry's Cafe, Minneapolis.....Feb. 7
- Exchequer Club of Minneapolis, at Curtis Hotel.....Feb. 7
- A. B. A. Regional Conference, at Des Moines.....Feb. 10-11
- Minnesota Association of Commercial Secretaries, at Minneapolis.....Feb. 11-12
- Eighth District Group, Minnesota Bankers Association, at Virginia.....Feb. 12
- North Central Building & Loan Conference, at Chicago.....Feb. 12
- A. B. A. Mid-Winter Trust Conference, at New York.....Feb. 15-17
- Wisconsin Retail Lumbermen's Association, at Milwaukee.....Feb. 15-17
- Farmers Elevator Association of Minnesota, at Minneapolis.....Feb. 15-17
- Groups Ten and Eleven, Iowa Bankers Association, at Burlington.....Feb. 22
- Minnesota League, Building, Savings and Loan Associations, at Minneapolis.....Feb. 22
- Group One, Wisconsin Bankers Association, at Minneapolis.....Feb. 22
- North Dakota Lumbermen's Association, at Fargo.....Feb. 22-24
- Minnesota Retail Hardware Dealers Association, at Minneapolis.....Feb. 22-25
- A. B. A. Spring Savings Conference, at New York.....Mar. 3-4
- Bankers' Study Course, at University of Minnesota, Minneapolis.....Mar. 3-5
- South Dakota Retail Lumbermen's Association, at Sioux Falls.....Mar. 8-9
- Minnesota Realty Association, at Mankato.....Mar. 11-12
- Federal Reserve Bank of Minneapolis, Meeting of Member Banks' Officers and Directors, at Minneapolis.....Mar. 12
- Builders Show, Home Beautiful Exposition and Flower Show, at Minneapolis.....Mar. 12-19
- South Dakota Retail Hardware Association, at Sioux Falls.....Mar. 15-17
- A. B. A. Regional Conference, at Indianapolis.....Mar. 17-18
- A. B. A. Regional Conference, at Oklahoma City.....Mar. 24-25
- Central States Conference (Banking), at Oklahoma City.....Mar. 24-25
- Association of Reserve City Bankers, at Belleair, Fla. (Opening date).....Mar. 28
- Bankers' Study Course, at University of Wisconsin, Madison.....Apr. 5-6
- American Bankers Association Spring Meeting, at Edgewater Park, Miss.....Apr. 11-13
- Midwest Gas Association, at St. Paul.....Apr. 11-13
- Montanans, Inc., at Helena.....Apr. 15

The Financial Weekly of the West

# COMMERCIAL WEST



Volume 75, No. 5

January 29, 1938

# This Week

**EDITORIAL** . . . . . 6

**SPECIAL**

- February Busy Month for Bankers of the Northwest . . . . . 8
- Sidelights on Illinois and Wisconsin Bankers' Conferences . . . . . 9
- As Business Goes So Goes Banking: by Philip A. Benson . . . . . 10

**FEATURE**

- Twenty-five Years Ago in Commercial West . . . . . 7
- The Bull's Eye (by the Sharpshooter) . . . . . 7
- News of Banks and Bankers . . . . . 11
- Along Financial Row . . . . . 27
- Municipal Financing . . . . . 29
- Business Wants . . . . . 34

**AND BE SURE TO READ**

- N. W. Bancorporation Has Good Year in 1937 . . . . . 18
- Cat and Dog Fight at Washington Has Traders on the Run . . . . . 22
- Wheat Prices Slump as Exports Drop . . . . . 25
- Minneapolis Investment Firms Consolidate . . . . . 26
- Insurance Agents Meet on Reward Plan . . . . . 31

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When doing business with our advertisers please mention the *Commercial West*. The influence of this old-established publication thoroughly permeates the business life and home habits of the Twin Cities and the Northwest.

Its readers are the real business leaders—the people of incomes and influence—in the great agricultural West. Advertisers and subscribers, desiring special information on Northwest activities, should address the editor.

Entered as Second Class Matter at the Minneapolis Post Office.

# Editorial

## A Warning to Boat Rockers

IN VIEW of the explosive force of banking legislation on the program of Congress, heightened and spotlighted by this week's Sen. Glass proposal to abolish bank holding companies (one of three such now under consideration), COMMERCIAL WEST asks its readers to hark back to its editorial of Jan. 22, headed: "Let's Get at This in the Right Way."

If banking is to be turned inside out, way made for branch banking, possibly some high commissioner picked to be czar of banking, then public interest demands that public rights be conserved by an intelligent and scientific study of the probable effect.

The triple thrust against holding companies, easily commands proposed banking legislation attention, now that the veteran of banking statutes, Sen. Glass, father of the Federal Reserve system, has entered the picture with a reported plan for liquidation over a period of five years of bank holding companies.

We all know, of course, that the President has foreshadowed an attitude opposed to holding companies, including banking; that Sec. Morgenthau of the Treasury and certain of the under-secretaries aim that way emphatically; that Sen. McAdoo has included a ban on bank holding companies as part of his branch banking bill; that Cong. Patman has introduced a law to abolish all holding companies.

We know, too, that branch banking is reported to have the support of the President and that a strong triumvirate of administration officials is more or less outspoken in favor of branch banking.

It is said that Sen. Glass is not opposed to branch banking. Indeed, the several published reports of his bill emphasized the statement it would not affect branch banking. As father of the Federal Reserve system he does not wish, of course, to see that system hog-tied as a public institution, as would be the case under the Patman bill for federal ownership.

Reading between the lines it is not impossible that the Glass holding company bill comprehends some sort of offensive against the Federal Reserve system government ownership measure. In any event, entrance of Sen. Glass in so positive a way into the holding company picture certainly scrambles the situation.

With so much on the pan about holding companies it is a practical certainty that Congress will not undertake action on any one of the proposed measures without thorough investigation which must and will include public hearings. In fact, it is certain that holding companies will demand public hearings. In that event there is bound to be brought into the bright light of these hearings the entire group, chain and individually owned chain banking institutions, highlighted by the whole branch banking proposition.

At this point arises the question, can it be that all this fire being kindled under holding companies is a backfire out of which will arise a broad nationwide branch banking system?

Can it be that those unit bankers who have been working for abolition of the holding companies will

find themselves, unfortunately, to have been aiding unknowingly a branch banking structure?

Summed up that would appear to be the case. In that event, what will have been gained? Nothing, and unit banking will be faced by abolition as swift and sure as that which befalls the holding companies should a law to ban them succeed.

Some unit bankers have visioned that result. One of them, an outstanding independent banker of the Northwest, writing to COMMERCIAL WEST this week commending us for the editorial urging that we go about this matter of banking legislation in the right way, says:

"I am very glad to see your editorial, 'Let's Go at This in the Right Way.' It is well worded and hits the nail squarely on the head. No part of the stock of our bank is owned by a holding company and never has been, yet I recognize the service that has been performed by the two holding companies in this North Central part of the U. S. The boat rockers should at least wait until we get back into shallow water so that we can wade ashore, in case they succeed in tipping over the boat."

Here is sound wisdom, admitting the rights of all concerned. The boat rockers will do well to heed it.

## Let's Have a Truce

BUFFETED BY CROSS CURRENTS, seems to be the best description of business today in this country.

On the one hand we have some heads of industry, finance and trade declaring boldly that great prosperity is on the way, "just around the corner" as it were, and that 1938 will witness the beginning of this revival.

On the other hand we have the stubborn fact that we are in the midst of a business decline which George H. Davis, U. S. Chamber of Commerce pres., said this week is 10 points below where we were in Aug., 1933.

We find some of our business leaders declaring the administration at Washington responsible for our getting off the recovery highway, but the administration spokesmen come right back and tell us "big business" by its alleged price manipulation and other acts precipitated the ditching of the recovery machine.

The actual fact is that the public has lost confidence, part of it in the administration's power to produce prosperity, part of it in business because of the attacks that have been made upon it.

Business itself in large part has lost confidence in its ability to progress and earn enough money to keep afloat in face of the new laws, restrictions and regulations that have been thrown about it. Fear of business that if it makes a dollar a large part of it will be taken for taxes and fear of additional restrictive and destructive laws add to the lack of confidence.

There is no question but that the country is sound but before it can pull itself out of this muddle its confidence must be restored.

We believe firmly that if the conferences now being held between business and the administration could result in a forthright statement, subscribed to

by both parties, setting forth both a business and an administration truce, there would be an abrupt end to our economic trouble and that we would enter upon the era of prosperity which some of our captains of industry say is on the way.

With things as they are it is high time that some such compromise is effected.

### The Lumber Yard's Opportunity

RECOGNIZING the fact that the lumber yard has grown to the important position of being a building material merchandising center, the Northwestern Lumbermen's Association decided at its recent Minneapolis convention to capitalize that development (C. W., Jan 22). To that end cooperative dealer advertising is being planned by association members.

Influencing the association largely in its action was the annual address of Pres. J. W. Horner, Sioux Falls, who asserted his belief that opportunity is knocking at the door of every lumber yard in the U. S., and that every well-equipped lumber dealer is charged with the responsibility of contributing his bit toward placing the industry in the position of which it is worthy and which the public is expecting it to occupy.

Like the bank the lumber yard has developed into an institution, and we feel that Pres. Horner placed his finger on the pulse of a situation which may well grow to a commanding position in the business life of every community of the Northwest.

### Loose With Our Cash

WHEN WE LOOK OVER our new federal income tax blanks and total up the various taxes we pay, who can blame us if we crab a bit about loose methods of Washington administration which permits such things as the \$84,000 CCC payroll embezzlement loss, say nothing of rumors of another investigation that may reveal a \$1,000,000 shortage in CCC accounts.

## Twenty-Five Years Ago

From the Commercial West, February 1, 1913

SURPASSED by few in size, by none in completeness and modern efficiency, the new Minnesota Steel Co. plant at Duluth is being hailed as one of Minnesota's outstanding business projects.

Capitalized at \$1,000,000, the Bankers & Merchants Fire Insurance Co. of Minneapolis has just been organized.

New bond issues totaling \$1,050,000 have been recommended by the Minneapolis city council.

E. P. Wells, pres. Wells-Dickey Co., Minneapolis, has been elected to the executive committee National Chamber of Commerce.

Otto E. Naegele, v.p. and dir. Metropolitan National Bank, Minneapolis, active in the city's banking circles 27 years, has retired; successor is George B. Norris.

Northwestern Fuel Co. (Wis.), headquarters in St. Paul, has increased its capital stock from \$3,000,000 to \$5,000,000.

Montgomery Ward & Co. will refinance on an extensive scale, new capitalization aggregating \$40,000,000.

Farm Mortgage Bond Co., St. Paul's newest investment house, has opened for business.

A New York Stock Exchange membership sold this week at \$48,000, lowest figure in five years.

## The Bull's Eye

By The Sharpshooter

OVER AT RELIEF HEADQUARTERS the other day I noticed a particularly dejected looking man sitting alone on one of the smaller benches.

He had on a shabby, thin overcoat and an old black cap pulled down over his ears. He was looking vacantly into one corner of the room.

There was something familiar about the face, though. Then suddenly, I remembered.

"Hello, Fred," I said.

With a startled look he glanced up, shifted uneasily on the hard bench, extended a hand.

"What's the matter, old man?" I queried.

When I had known him last he was a success, big income, living well, married, a couple of fine children. It did not seem possible he had fallen on such evil days.

"Oh, it's the old story, I guess," he said. "Too many friends to drink with, too much entertaining, too much money to spend. One thing leading to another. That's all."

And that was all. Now he was down and out, too old to try a comeback after finding that what he had been doing all his life was wrong.

When I first knew this man he was a specialty salesman, working on commission, with an established trade. His income was anywhere from around \$5,000 to \$20,000 a year. He belonged to all the societies and "knife and fork" clubs, was drafted on most important things the city was doing to help it grow, was in most things of a public nature. He was an entertainer of the first class, stood well. Everybody liked him; he was everybody's friend.

For several years, he told me, he stood the gaff without beginning to slip. But a steady diet of drinking every day, sometimes making a week-end of it that kept him away from home and caused neglect of his family, began to take its toll.

Finally the house for which he had worked for years had to let him go. He got another connection but it was the same old story again.

He drifted lower in the occupation scale, sought continued and greater "consolation" in the flowing bowl. His wife finally had to divorce him.

From that on the descent was rapid. Picayune commission jobs faded one after another. He was through.

About the same time I knew this man in his heyday I knew another young fellow who also was a specialty salesman. He had none of the flair of the other but he did have perseverance and a good pair of feet. He would make 30 calls a day to the other man's four or five.

As the years passed this young man built up a clientele that he held. He won his business by sheer force of hard work. I don't suppose he spent \$10 a month on entertaining, and I never knew him to take a drink.

Fully 10 years ago he was doing the selling in this territory for the big house that had first employed the failure.

# February Busy Month for Bankers

## Des Moines Regional Opens Schedule of Five Important Meetings

**A**TENTION of bankers in the Northwest turns now to February, always offering a full quota of important meetings and doings, this year going further than ever before.

Birthdays of Washington and Lincoln, of course, afford ideal dates for winter meetings, and 1938 is no exception in this regard, either. But there are important affairs scheduled at other times during the month, too.

### A. B. A. Regional at Des Moines

First of three A. B. A. conferences arranged in the Central U. S. this winter will be staged in the Iowa capital, Thursday and Friday, Feb. 10-11.

The program, given its first announcement in *COMMERCIAL WEST* last week, is headed by America's No. 1 Banker, Orval W. Adams. This will be the first of Mr. Adams' two February appearances in the Northwest, the other being in Minneapolis on the 22d (C. W., Jan. 22).

Bankers of Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North and South Dakota, Wisconsin, Wyoming, have been invited to attend the Des Moines conference.

Officers of the Iowa Bankers Association and representatives of members of the Des Moines Clearing House Association have formed a committee on general arrangements, and indications point to this being Iowa's greatest bankers' meeting in history.

Representing the Iowa Bankers Association on the committee are Pres. S. R. Torgeson, Lake Mills; Vice Pres. V. W. Johnson, Cedar Falls; Treas. A. E. Jensen, Creston; Sec. Frank Warner, Des Moines; Past Pres. Robert W. Turner, Council Bluffs.

Des Moines Clearing House Association members include Herbert L. Horton (chm.), B. F. Kauffman, Rolfe O. Wagner, G. B. Jensen, D. W. Bates, C. T. Cole, Jr.

Presidents of the 10 state bankers' associations whose members have been invited, form a cooperating committee. They are J. F. Schmidt, Illinois; Mr. Torgeson, Iowa; Charles W. Shaffer, Kansas; H. C. Matzke, Minnesota; C. A. Wisdom, Missouri; A. J. Jorgenson, Nebraska; A. L. Netcher, North Dakota; J. R. McKnight, South Dakota; Clarence Hill, Wisconsin; C. W. Erwin, Wyoming.

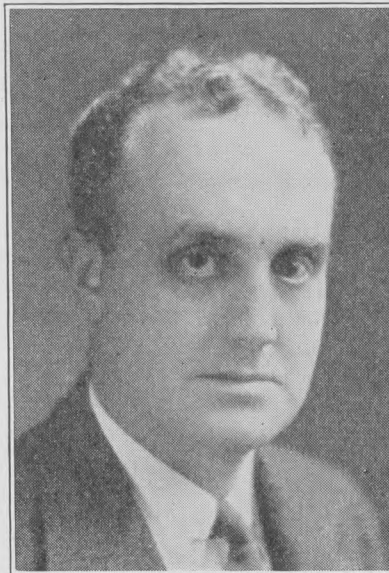
Local committees include:

**Hotel**—R. L. Chase (chm.), J. R. Capps, C. W. Mesmer.

**Conference Headquarters and Meeting Halls**—A. T. Donhowe (chm.), C. A. Diehl, R. G. Miller, F. M. Morrison, C. H. Stephenson, H. C. Stieglitz.

**Publicity and Educational Displays**—H. R. Rollins (chm.), Harold P. Klein, Frank R. Warden.

To make the conference of the most practical value, the sessions have been planned to promote the forum type of meeting. For the most part, as indicated



**HERBERT L. HORTON**  
He'll Open the Des Moines Regional.

in *COMMERCIAL WEST* a week ago, discussions will be led by bankers familiar with their subjects through experience in the north central territory. Addresses will be short and designed to initiate general discussion.

A special feature will be a public forum in the Shrine auditorium the evening of the 11th, featuring Dr. Adam S. Bennion, Salt Lake City. Admission will be free.

The A. B. A., to expand the educational phase of the conference, as well as later ones at Indianapolis and Oklahoma City, will offer educational displays of bank equipment and services.

"Mechanical equipment plays a large part in the successful operation of a

bank," says Dr. Harold Stonier, exec. mgr. "During the past few years many improvements and new ideas have been developed, and we believe bankers attending our meetings should have an opportunity to become acquainted with them. To that end we have invited bank service and equipment concerns to set up educational displays at our meetings."

### Minnesota's Eighth District Group at Virginia

Program and details of the annual Feb. 12 meeting of Minnesota's Range bankers have not been completed. It is expected, however, that arrangements will follow the pattern of last year's meeting—afternoon business session, including round-table discussions, followed by banquet and entertainment.

M. B. A. Sec. William Duncan, Jr., following his appearance on the Des Moines program the day before, is expected to be one of the program headliners.

### A. B. A. Trust Conference at New York

Two symposiums, one on common trust funds, one on costs of and charges for trust service, and a forum devoted to the subject of "Limitations on Liabilities of Trustees," led by Dr. Austin W. Scott, Harvard Law School, will feature the program of this 19th annual mid-winter meeting, scheduled for New York's Waldorf-Astoria, Feb. 15-17.

Here again Salt Lake City's Mr. Adams will be a featured speaker, as will William H. Neal, pres. Financial Advertisers Association; Dr. Stonier; Walter Wyatt, genl. counsel to Board of Governors of the Federal Reserve system.

### Wisconsin's Group One in Minneapolis

This program, first announced in *COMMERCIAL WEST* last week, takes on all the aspects of a state convention.

Besides Mr. Adams, speakers include J. Forbes Campbell, FDIC; William Duncan, Jr., Minnesota sec.; John Brandt, pres. Land O'Lakes Creameries; Pres. Clarence Hill; Sec. Wall G. Coapman; Public Relations Dir. A. R. Gruenwald.

The meeting, set for the Radisson hotel Feb. 22, will be highlighted by banquet in the evening, and entertainment provided by the Minneapolis Clearing House Association.

(Continued on page 34)



# Sidelights on Illinois and Wisconsin Conferences

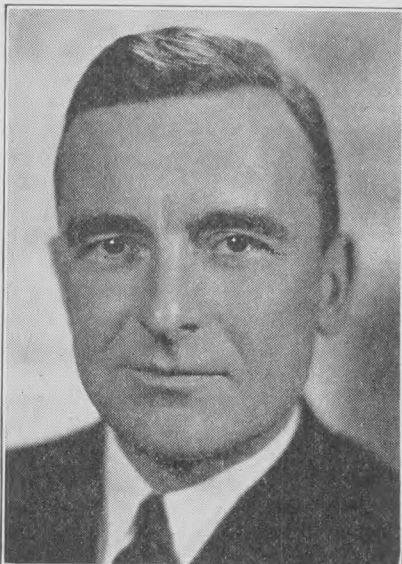
SUPPLEMENTING its prompt news reports (in last week's issue) of Illinois and Wisconsin bankers' mid-winter conferences (at Chicago, Wednesday, and Milwaukee, Thursday) the **COMMERCIAL WEST** this week "mops up," so to speak, with the following pithy paragraphs gathered by the staff representative who was "in the thick of the fray" at both of these important meetings:

## CHICAGO

A. B. A.'s first v.p., Philip A. Benson of Brooklyn put in a hectic as well as busy day. First of all and at "an ungodly hour," he was routed out of bed, forced to change cars, when his Chicago-bound train developed a hot box, didn't reach Chicago until noon, just in time for luncheon given him by the Chicago clearing house, then toured Chicago banks, afterwards received friends in his hotel room, finally, headlined the banquet program.

Martin A. Graettinger, exec. v.p., and other I. B. A. officials, were elated over success of the conference, first statewide mid-winter meeting since 1931.

State Pres. J. F. Schmidt of Waterloo did a swell job of presiding and toast-



**F. A. CUSCADEN**  
He's Northern Trust's V. P.

mastering. His only slip was, when introducing guests at the head table, he promoted Fred A. Cuscaden to pres. of the Northern Trust Co. Fred insisted upon the vice.

## By Staff Correspondent

Chicago's newcomer from Lincoln, Neb., Ed. N. Van Horne, did the head table honors for the American National of which is the new exec. v.p.

Two former North Dakotans at the banquet were Wesley C. McDowell, FDIC supervising examiner 8th district (Ill. and Iowa), and C. W. Ross, pres. Merchants National, Aurora. Mr. McDowell hails from Marion, is a former pres. N. D. Bankers Association, former dir. Federal Reserve Bank of Minneapolis. Mr. Ross was in the banking business at Grand Forks from 1911 to 1931, pres. Red River National of Grand Forks, went first to East Chicago, Ind., then to Aurora in 1934.

Chase National's Chicago representative, Louis Jacoby, just back from his annual mid-winter sojourn at his Dallas, Tex., home, was bemoaning the fact that it rained 19 of the 31 days he was there.

B. F. Schwoeffermann, formerly of Minneapolis, overlooked no opportunity to talk I. B. A. pension plan to visiting bankers. He's working hard at it, says it's going over, even though slowly. At the same time, his hard work, interest and enthusiasm promise to take him places in I. B. A. circles just the same as they have put him into the presidency of the Citizens National, Chicago Heights, and his bank into the Illinois banking limelight.

Down from Kalamazoo to talk on public relations ("A Banker's Viewpoint") Dunlap C. Clark, Michigan's member on the A. B. A. membership committee, told the writer he already had reported 17 new members to the A. B. A. compared with three for all last year. He is slated to address the Ohio Bankers Association on "A. B. A. Membership" at Columbus, Feb. 12.

More than one Chicago and Illinois (also Wisconsin) banker bemoaned the fact that the A. B. A. didn't roll Indianapolis and Des Moines meetings into a grand and glorious party at Chicago where, two years ago, bankers from all over the Middle West and Northwest gathered for a conference second only to the national convention.

"It is important to have a dual banking system in a country where we have a dual system of government," said Floyd E. Thompson, former chief justice Illinois

supreme court, in his banquet talk against double liability. "The people of the community who want banking service should have the choice of a national bank regulated and examined by the authorities at



**CLARENCE MAU**  
Mentioned for V. P., W. B. A.

Washington, or a state bank regulated and examined by the authorities at Springfield. Under present conditions it is not of great importance to the bank or its depositors under which system the bank is organized. However, it might be important if either department became arbitrary or inefficient. Under the dual system one serves as a check against the other. In view of the agitation for branch banking it is especially important that the two systems be maintained."

Mr. Thompson predicted the doom of Illinois' state banking system unless the proposed constitutional amendment (double liability) is adopted because, as reported in **COMMERCIAL WEST** last week, only five state bank charters have been issued since the holiday of 1933 against 90 new nationals and 16 conversions from state to national. Furthermore, and this wasn't printed last week, 83 Illinois state banks are in process of voluntary liquidation, leaving only 558.

Several Chicago bankers and their guests missed much of the afternoon ses-

(Continued on page 20)

# As Business Goes So Goes Banking

Excerpts from Chicago Address on "Progress and Prospects in Banking"

**W**HAT can be said regarding the prospects that lie ahead for us in the banking business?

I have spoken of cooperation that exists among bankers and with government officials, and it is important that this cooperation continue.

It is more important, however, at the present time that there be cooperation between all the business of the country and government. It is only through genuine and whole-hearted efforts to restore confidence on the part of both government and business that the upward trend will again be resumed.

Nothing could be more deplorable under present circumstances than controversy between business and government. Re-priminations are out of order at a time when the public is distressed by an evident recession. When unemployment is increasing and numbers of our people are anxious about their jobs, both sides should be seeking a way out instead of talking about who is to blame.

## Hit by Interference

Business argues that it has done its utmost, and I believe this is so. Business has nothing to gain from anything less than restored prosperity. It believes, however, it has been handicapped by governmental interference and restrictions and by extremely unwise taxation, and it fears the threat of more of the same thing. Costs have been increased as the result of labor legislation and taxation at a time when business was getting on its feet after a long illness.

It is, indeed, disappointing to find at the end of several years during which vast sums of money have been spent that the trend of business activity is downward and to have the chm. of the Federal Reserve Board call for spending another \$1,000,000,000 to create buying power to stop the depression. Business still believes in the necessity for a balanced budget and sound government finance as a basis for confidence, and the weight of evidence appears to be on this side. Increasing the government debt means mortgaging the future, and the burden of paying the existing debt, principal and interest, will be felt for many years to come.

By **PHILIP A. BENSON**

1st V. P. American Bankers Association

To its great glory it must be admitted that the most hopeful sign in the present situation is the fighting spirit of business. It has tried to circumvent every obstacle placed in its path. Five years of depression have steeled its will. Fears and timidities characteristic of the early '30's are not present now. Business men seem determined to go ahead and ready to back their determination with cash.

The basic business conditions are also cause for hope. They are entirely free from the dangerous features of the over-expansion of everything that existed in 1929. What is chiefly needed now is release. Take the brakes off and the spirit of business will do the rest.

There is no occasion for a protracted continuation of the present situation. As business goes, so goes banking. Their prosperity is inextricably interwoven. Give us good business and we shall have good banking.

America is free from war and we all hope and pray this will always be so. The method of conducting warfare in other parts of the world is but a warning of what we would face. This is not the time for warfare between government and business. Let us have internal peace. Let war hatchets be buried and let some of the "braves" in the government service stop their warwhoops!

## Confidence Great Need

Business produces the payrolls; business uses capital that seeks employment; business under private leadership has been responsible for the great progress in this country. Let government in all its branches try to encourage private enterprise and let those who engage in business seek to cooperate with government in raising the standard of living and improving the general good of our people. Denunciations impair confidence at a time when confidence and poise are required.

Banking fortunately has not been part of the controversy between government and business. Some references have been made to a monopoly in banking, but we all know that the whole trend in banking for the last few years has been away from

monopoly. At no time in the past decade has the independence of the local banking unit been emphasized with as much force as at present.

Our strengthened banking system stands ready, as we face the future of our great country, to do its part in the extension of necessary business credit and in providing necessary financial service to the public.

Banking has progressed in more ways than I could discuss this evening, but we will all admit that much still remains for us to accomplish. To view the future with hope and courage, we must have confidence that the principles of democracy, which have in the past made possible progress in every line of human endeavor, will continue and be strengthened. There must be cooperation among those engaged in all kinds of human activity.

Progress is inevitable with such an incentive, and in its achievement banking performs an essential and important part.

## Survey Shows Trade Now About Equal to 1937

E. B. Moon, sec. wholesale and manufacturers division, St. Paul Association of Commerce, has just completed a survey in four states of the Northwest (Minnesota, North Dakota, Wisconsin and Montana) based upon which he predicts that retail trade in the first six months of 1938 will be in equal volume at least with that of the first half of 1937. In a statement just released covering results of his survey, which was conducted among retail merchants of the states, Mr. Moon says:

"Rural trade is in good shape, and this fact is providing a stabilizing influence on business in general.

"From what the retailers say, they closed the business year of 1937 without excessive stocks and will need to absorb only minor markdowns.

"January business so far is reported to be comparing favorably with, and in some instances slightly above, business at a similar time in 1937.

"Merchants in the country districts are optimistic," Mr. Moon declared, "and they feel the first half of 1938 will equal the first half of 1937."

# Banks and Bankers

First Hand News and Views in the Northwest's Wide-Awake Banking Circles. Reports Always Welcomed.

**R**ESIGNATION last week of J. F. T. O'Connor as comptroller of the currency followed by report that Marshall Diggs will switch from FDIC to acting comptroller succeeding Deputy Comptroller Wm. J. Prentice who will go to California as chief examiner, released a veritable deluge of rumors and reports of rumors of other possible changes in high government circles having to do with supervision and regulation of banking.

For instance, in Chicago last week right after news broke of Mr. O'Connor's retirement the COMMERCIAL WEST staff representative attending the Illinois bankers'

contemplate resignation now or until his job is completed.

Mr. Diggs is the comptroller's representative on the FDIC board; Judge Birdzell the FDIC's general counsel. The latter has been mentioned lately as possible candidate for U. S. senator in North Dakota where, for many years, he was a member of the state supreme court.

Bearing heavily on the whole situation—perhaps it is the answer as well as the key—is the President's reorganization bill which, because it does not definitely mention the comptroller's office for retention would, upon becoming law, permit the President to group the work of that traditional office with FDIC's.

## A Few "Maybe's"

If the reorganization bill is not passed by Congress, well, the President could appoint another comptroller. Maybe it would be Mr. Crowley with Judge Birdzell succeeding him as FDIC chairman and Mr. Diggs going back to FDIC; maybe it would be Mr. Diggs with Mr. Crowley resigning soon thereafter and Judge Birdzell heading FDIC that way; or maybe that's all wrong and there will be an entirely new setup and new set of faces.

If the reorganization bill does go through and comptroller's office and FDIC are combined thereby producing a position and salary large enough to interest him, Mr. Crowley, it is said, might postpone his return to private business.

Meanwhile, press dispatches early this week from Washington reported Minnesota Farmer-Laborites, including personal recommendation of Bank Commissioner Beery, urging appointment of Ben Du Bois, pres. First State, Sauk Center, and sec. Independent Bankers Association, to Mr. O'Connor's post.

Altogether, the situation makes interesting food for thought and still sweeter material for speculation, and no one can blame bankers for wondering, even worrying. Best bet right now is that nothing definite will be done for several months.

After his Milwaukee talk Thursday Mr. Crowley took "a little rest" in his home state before going to Baton Rouge to address the Louisiana bankers' conference this week Thursday.

## Bond Schools Set

Confirming reports in COMMERCIAL WEST several weeks ago, bankers of Minnesota and Wisconsin will have an opportunity to "go to school" in the spring to study bond courses arranged by the two state universities in cooperation with the state banking departments and bankers' associations.

Minnesota—Center for Continuation Study of the University of Minnesota, in cooperation with the state banking dept.,



**HARRY M. McLEOD**  
Named A.C. by Northern Trust Co.

mid-winter conference, heard that Judge L. E. Birdzell was to head the FDIC.

That brought up the question, right away and naturally, what about FDIC Chm. Leo T. Crowley? Is he going to resign?

In Milwaukee next day for Wisconsin bankers' midwinter conference the same COMMERCIAL WEST representative talked to Mr. Crowley himself.

Well, frankly, he does hope to return to private business in his old Wisconsin, just recently turned down an attractive offer, has speaking engagements running way into next summer, obviously does not



**E. A. ERICKSON**  
Kimball Bank Had a Fine Year.

will offer a study course Thursday, Friday and Saturday, March 3-5, open to all state and national bankers. Thursday morning will be devoted to an explanation of the scope and purpose of the conferences and to addresses on Minnesota banking and on banking education; Thursday afternoon, devoted to discussion of utility bonds; Friday morning, municipals; Friday afternoon, railroads; Saturday, subjects of interest to investment bankers, notably installment paper, industrial bonds, factors influencing interest rates, managed currency, farm problem. There will be luncheon meetings each day, din-

ner meetings Thursday and Friday evenings.

Participating will be Acting Pres. Guy Stanton Ford; Dean R. A. Stevenson, School of Business Administration; Profs. F. B. Garver, E. P. Schmidt, E. A. Heilman, A. R. Uppgren, A. W. Marget, all of the division of economics; Prof. L. R. Lunden, investment counsel; Prof. O. B. Jesness, chief of the division of agricultural economics; Commissioner Robert D. Beery, and several representatives of the fields of investment, finance and research.

Announcement of further details of the completed program will be made soon, Director J. M. Nolte advises COMMERCIAL WEST. Full information as to cost of registration and tuition may be obtained from Mr. Nolte.

Wisconsin — Wall G. Coapman, sec. Wisconsin Bankers Association, tells COMMERCIAL WEST he expects to issue a bulletin within the next few days regarding the conference scheduled at the University of Wisconsin Tuesday and Wednesday, April 5-6.

## Killed in Crash

C. Allen Frederickson, 38, a.c. and tr. off. Guaranty Bank & Trust Co., Cedar Rapids, was killed in a plane crash there the other day. Mr. Frederickson was flying in a plane owned and piloted by John O. St. Aubin, 31, Cedar Rapids flyer, former Minneapolis South high school athlete. The plane is reported to have nosedived from 250 feet.

## Hear Fire Fighters

Earl Traeger, chief Minneapolis fire dept., and Arthur P. Spottswood, an assistant, were headliners at Monday evening's dinner meeting at the Curtis hotel of the Exchequer Club of Minneapolis. Mr. Traeger spoke on "Streamlined Methods of Modern Fire Fighting and Prevention," and Mr. Spottswood exhibited films showing work of the dept. Some 40 bankers attended this first 1938 meeting of the organization. Next meeting is on Monday, Feb. 7, same place.

## Elected Pres.

Austin F. Koslosky, chm., was elected pres. First National, Little Falls, at the annual meeting, succeeding John G. Schutz, recently named exec. v.p. First National, Rhinelander, Wis. (C. W., Jan. 15). Mr. Schutz was elected v.p. by the Little Falls bank. H. E. Hultkrans was named exec. v.p., and Louis W. Vasaly, v.p. (re-elected). A. J. Falk was renamed c., and Hilda Schlax and A. R. Richard were re-elected a.c.s.



FRANK R. CURDA

As announced in COMMERCIAL WEST last week, Mr. Curda has just been advanced from asst. v.p. to c. City National Bank & Trust, Chicago. Mr. Curda is pres. American Institute of Banking, well known in banking circles in the Northwest and throughout the U. S.

## Sanger Heads Bank

Henry H. Sanger was elected pres., Charles A. Kanter, senior v.p., Charles K. Bartow, v.p. and sec. of the board, Joseph F. Verhelle, v.p. and comptroller, R. C. Wandel, c., by directors of the Manufacturers National Bank of Detroit, at their annual meeting. Alex Dow, George H. Fink, Edsel B. Ford, Clifford B. Longley,



HENRY H. SANGER  
Heads Manufacturers Natl., Detroit.

Murray W. Sales, Wesson Seyburn and Mr. Sanger, were re-elected directors, and Sherwin Hill and Mr. Kanter were elected to the board, filling vacancies created by the deaths of John Ballantyne and Charles H. Hodges.

## Liquidend

Final dividend of 2.16 per cent (\$12,944) has been paid during the past few days by the South Dakota banking dept., from liquidation of the assets of the Commercial & Savings Bank, Sioux Falls. Previously creditors of this institution, closed Jan. 24, 1924, had received dividends totaling 20 per cent (\$130,993).

## More Ad Suggestions

Members of the Wisconsin Bankers Association this week received eight more advertisement suggestions from A. R. Gruenwald, director of public relations. All Wisconsin banks are urged by the W. B. A. to use these or similar ads, organize staff conferences in customer and public relations within their own institutions or in cooperation with others, accept speaking engagements on banking before student and adult groups, plan bank tours for interested groups, sponsor showing of the Minneapolis Federal Reserve movie, cooperate with local newspapers in matters of banking and financial news.

## Montana to Helena

As hinted in COMMERCIAL WEST last week, this year's annual convention of the Montana Bankers Association goes to Helena. Executive council met the other day to make preliminary arrangements. Dates will be Thursday, Friday and Saturday, June 16-18, the first day to be devoted chiefly to the annual golf tournament. This marks the first time in five years the convention has been held elsewhere than at Yellowstone or Glacier parks.

## Wolsey Bank Closed

Press dispatches from Pierre announce closing of the First State, Wolsey, S. D., "due to impairment of capital stock and inability of the stockholders to pay an assessment to make good the impairment." F. I. Neal, deputy supt. of banking, is quoted as saying, "Poor paper and slow collections, through no fault of the institution's officials, were responsible for closing of the bank." On Dec. 31 the bank had deposits of \$91,501.

## Two New A.C.s.

L. M. Applegate and Erva Hole were elected a.c.s. by the First National, Cass Lake, Minn., at its annual meeting. All other officers and all directors hold over. During 1937 deposits rose from \$377,500 to \$381,249. An additional \$2,000 preferred stock will be retired Feb. 1.

## Year-End News Notes

Reports coming into COMMERCIAL WEST's offices from banks throughout the Northwest include:

**Bowdle State, Bowdle, S. D.**—"In spite of the fact we had no crop, plenty of heat, dust storms and grasshoppers, we made some money to pay a nice dividend, so why should we worry?" Quoted from a letter from F. G. Grosz, v.p.

**Fairmont National, Fairmont, Minn.**—H. E. Wade, v.p., elected pres. to succeed A. R. Fancher, now v.p. Albert E. Fillmore, Sr., elected v.p.

**Rolette State, Rolette, N. D.**—All officers and directors re-elected. "We enjoyed a good year, although our crop was not very big."

**Chippewa Valley Bank, Winter, Wis.**—G. E. Phillips promoted to c., and Frank Kies named v.p. Other directors and officers re-elected.

**State Bank of Somers, Mont.**—"Are paying 20 per cent dividend semi-annually."

**Whitehall State, Whitehall, Mont.**—Dividend of \$10 a share paid in '37, says A. W. Robert, c.

**First State, Page, N. D.**—John R. Larson now a.c., in place of C. R. McConkey.

**State Bank of Northfield, Minn.**—All officers and directors re-elected.

**State Bank of Clarks Grove, Minn.**—Surplus increased another \$1,000 during 1937, all directors and officers re-elected.

**Citizens State, Tyler, Minn.**—Common stock dividend of 66% per cent paid late in 1936; cash dividend of 3 per cent paid Jan. 5, 1937; cash dividend of 4 per cent paid Jan. 4, 1938, on new capital stock.

**Greenbush State, Greenbush, Minn.**—Paid 6 per cent dividend on Dec. 31.

**Farmers State, Lakefield, Minn.**—1937 a very satisfactory year. Although deposits didn't increase much, local loans are \$53,000 ahead of a year ago, and number of customers steadily increasing.

**Sanborn State, Sanborn, Minn.**—Enjoyed very satisfactory year, loans up and deposits steady. Dividend of 5 per cent paid, reserves increased to \$8,000.

**Custer County Bank, Custer, S. D.**—Increased surplus \$3,000 during '37, reduced other real estate \$3,000. Deposits showed \$14,000 gain.

**Clara City State, Clara City, Minn.**—Paid 5 per cent dividend in December, increased surplus fund \$5,000, charged off furniture and fixtures to \$1.

**Ronan State, Ronan, Mont.**—Jessie Emerson, bookkeeper and teller, recently became the bride of Clifton Leighton, also of Ronan.

**State Bank of Boyd, Wis.**—Installed a new McClintock Bandit Barrier last October.

**Grafton National, Grafton, N. D.**—Now moving its bookkeeping and insurance depts. into the new addition, built because of the bank's fast-increasing business.

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ARTHUR W. NEWTON

Delegates to the Minneapolis Federal Reserve Bank's conference for its member banks (Minneapolis, March 12) will hear timely addresses by Dr. Williams and Mr. Newton, widely known authorities on banking subjects.

### 1937 Profitable

Officers of the State Bank of Kimball, Minn., reported 1937 business had been profitable and prospects point to an even better 1938. During the year the real estate account was charged down and a portion of undivided profits transferred to surplus. Officers, including E. A. Erickson, c., and H. D. Koenecke, a.c., were re-elected.

### New Aids Named

Appointment of Harold G. Hudson as deputy commissioner, E. W. Nelson as chief examiner, George Sternberg as attorney, was made this week by Michigan's new banking commissioner, Alvan Macauley, Jr. (C. W., Jan. 15). Mr. Hudson formerly was chief of the examining division; Mr. Nelson has been a bank examiner.

### One of Best Years

"We had one of our best years in 1937 and if we do as well in 1938 we will be well satisfied," says a communication from the State Bank of Mound, Minn. The institution last year paid a 10 per cent bonus to all active officers and employes, paid a 6 per cent dividend to stockholders, increased surplus and undivided profits accounts, increased retirement of debenture fund. Both deposits and loans and discounts increased \$30,000 since Jan. 1, 1937. Demand for money, the bank reports, has been very active, especially for FHA loans.

### No More Bonds

COMMERCIAL WEST is in receipt of a letter from the Farmers State, Elkton, Minn., which says it enjoyed a fair increase in deposits during 1937, local loan demand excellent, had better than \$6,000 net operating earnings for the year. And the letter claims the bank has paid for another lesson in what bonds not to buy and strengthened a contention, "Bonds for secondary reserve? When times are flush you don't need them and when depressed, what good are they?" The Elkton bank, says the letter, will let the "other fellow" buy the bonds hereafter.

### Speakers Named

Headliners and only speakers on the Minneapolis Federal Reserve Bank's conference of its member banks, slated for Minneapolis Saturday, March 12, will be Dr. John H. Williams, professor of economics at Harvard, dean of the graduate school of public administration, economic advisor to the federal open market committee, and Arthur W. Newton, v.p. First National, Chicago, member of that bank's staff since 1887, authority on installment finance paper.

Rest of the business program will consist of open discussion of questions on the Federal Reserve system, members of the Minneapolis bank's staff on hand to consult with member bank representatives. Luncheon and dinner are on the bill, too, and in the evening delegates will be guests at a performance of the "Ice Follies of 1938."

## Goes to Floodwood

From M. W. Raihala, pres. First State, Floodwood, Minn., COMMERCIAL WEST learns P. H. Christenson, c. Cambria State, Cambria, will become managing officer of the Floodwood institution about Feb. 1. "I have been active in the bank again since my return from the East," writes Mr. Raihala, "though my health is not good enough for inside work, and aside from that I have too many other interests to permit me to devote all my time to the bank." Mr. Raihala further says doctors have warned him against "inside" work due to a war disability and a stomach disorder, and Mr. Christenson's coming to his institution will make it possible for him to take things a little easier.

Replying to COMMERCIAL WEST's inquiry, made at the same time as that to Mr. Raihala, Mr. Christenson says he has arranged to purchase most of Mr. Raihala's stock, and will assume control of the Floodwood bank Feb. 1. He says Mr. Raihala will retain a portion of his stock and his place on the board. "I have had about 17 years' banking experience in different parts of the state of Minnesota," says Mr. Christenson, "also worked with the state banking dept. as special deputy examiner of closed banks, and with the Federal Land Bank of St. Paul as field man and appraiser of federal land bank loans. Floodwood looks to me to be a real town. Nearest banking town is Duluth, which is about 40 miles away. Deposits increased about \$65,000 in 1937 and the Land O'Lakes Creameries manufactured 750,000 pounds of butter in 1937. It all speaks very well for the town and community."

Mr. Christenson further reports that M. J. Jones, formerly associated with the First & Farmers National, Blue Earth, is buying control of the Cambria State, will become c. Feb. 1. Mr. Jones has made arrangements to purchase stock of stockholders and directors residing at New Ulm, making the Cambria institution locally owned and directed.

## News From Bertha

From J. C. Miller, pres. First National, Bertha, Minn., COMMERCIAL WEST learns, "In Nov., 1932, the bank's depositors signed an agreement to leave 40 per cent of their deposits in the bank as a depositors' trust fund, and since that time the stockholders have placed all earnings of the bank above expenses, into the trust fund pool, with the result that all depositors have been paid in full and the bank has added \$2,000 to surplus." Bertha's first bank was a private institution organized in 1898 by J. G. Gebhard, with Mr. Miller as pres. Mr. Miller had been supt. of schools at Plainview, Minn., but he moved to Bertha in Aug., 1902, has been active in the bank's service ever since.

## Two Go Up

Northern Trust Co., Chicago, has just elected Harry M. McLeod and John V. Haas, a.c.s.

Mr. McLeod, identified with banking in Chicago since 1922, has the distinction of having been associated with five different banks in four countries: Scotland, South Africa, Canada, U. S. Now an American citizen, he was born at Aberdeen, Scotland; educated at Gordon college and Aberdeen university. He was a member of the Gordon Highlanders three years, saw service in France with His Majesty's forces.

Mr. Haas is a member of the banks and bankers division. He was born at Fargo, where he received his primary education. He is a graduate of Northwestern university, where he won letters in football and basketball in 1927-28-29.

## 25 Years Old

Farmers State, Raymond, Minn., observed its 25th anniversary Dec. 17, customers and friends dropping in during the day to pay their respects. First officers were Russell Spicer, pres.; C. W. Odell, v.p.; H. C. Feig, c. Now Mr. Feig is pres.; Frank R. Hier, v.p.; Herbert C. Feig, Jr., c. . . . And speaking of Mr. Hier, he, for some years has been engaged in the purchase of yearling bulls from local short-horn breeders and placing them with customers of the bank. He has some 20-25 bulls which he is constantly placing with various farmers, and when the animals become too old or turn ugly, to market they go and Mr. Hier gets the returns, which generally run quite a bit ahead of his purchase price. Thus he helps some of the community's needy farmers get better bulls when they want them, and makes a little money for himself at marketing time.

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### Guaranty Trust

Earnings of Guaranty Trust Co. of New York in 1937 compared with the previous year:

	1937	1936
Earnings .....	\$13,660,810	\$13,409,158
Dividends paid .....	10,800,000	10,800,000
Balance .....	\$ 2,360,810	\$ 2,609,158
Set aside as reserves and for other charges (net) ..	527,308	651,008
Credit to undivided profits .....	\$ 2,333,502	\$ 1,958,150

### Capital Changes

Current report of the comptroller of the currency shows these capital changes among banks of the Northwest:

First National in Glen Ullin, N. D., went into voluntary liquidation; succeeded by State Bank of Glen Ullin (C. W., Jan. 15).

Iowa-Des Moines National Bank & Trust, Des Moines, retired \$300,000 preferred stock (C. W., Jan. 8), increased common \$300,000 by dividend; outstanding: \$1,450,000 preferred, \$1,550,000 common.

First National Bank & Trust, Kalamazoo, retired \$50,000 preferred, increased common \$50,000 by dividend; outstanding: \$250,000 preferred, \$350,000 common.

First National, Pine City, Minn., retired \$100 preferred, increased common \$100 by dividend; outstanding: \$29,700 preferred, \$20,300 common.

Merchants National, Glendive, Mont., retired \$20,000 preferred; outstanding: \$20,000 preferred, \$60,000 common.

City National, Hastings, Neb., retired \$5,000 preferred, increased common \$5,000 by dividend; outstanding: \$40,000 preferred, \$60,000 common.

First National, Bismarck, reduced common capital stock from \$250,000 to \$200,000.

First National, Ripon, Wis., reduced common capital stock from \$300,000 to \$150,000.

First National, Wakefield, Minn., retired \$2,500 preferred stock; outstanding: \$22,500 preferred, \$50,000 common.

First National, Aberdeen, retired \$20,000 preferred; outstanding: \$275,000 preferred, \$100,000 common.

Security National, Sheboygan, retired \$25,000 preferred, increased common \$50,000 by dividend; outstanding: \$350,000 preferred, \$150,000 common.

### All Retired

A. A. Habedank, pres. Ada National, Ada, Minn., reports that on Jan. 1, 1937, the bank had \$9,000 preferred outstanding, all of which was retired Dec. 15, 1937. Total of \$20,000 preferred was retired over a three-year period out of earnings, he writes, and the common increased correspondingly. Deposits continue to increase gradually, loans gained more than \$42,000 in 1937.



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### Bankers Division

Organization of a Bankers Division, fourth individual division to be launched in its 25-year history, was announced this week by the Mortgage Bankers Association of America. The new department consists of mortgage loan departments of banks and trust companies. H. R. Templeton, v.p. in charge of the real estate loan dept., Cleveland Trust Co., Cleveland, is chm. Banking institutions now members will form the nucleus of the new division and leading banks and trust companies throughout the country will be invited to participate. Special activities and services will be inaugurated, including separate programs at annual conventions of the parent association. "Banks will, no doubt, play an increasingly important part in financing the major upturn in new building when it arrives," says Sec. George H. Patterson. "They are seeking sound mortgages today, as always, and are ready to lend on an economical and attractive basis. Joining their efforts to those of our association will do much, we believe, to further sound mortgage financing."

### Pays 122%

Since the Peoples National, Hayward, Wis., was organized in 1925, it has paid dividends to its stockholders totaling 122 per cent, says Oscar Lindholm, c. At the recent annual meeting, Arthur R. Schmidt was elected v.p., and Mr. Lindholm was named dir., succeeding the late L. S. Robbins, v.p. and dir., since the bank's establishment.

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### Benson Dates 4 Conventions

To COMMERCIAL WEST in Chicago last week Philip A. Benson of Brooklyn, A. B. A.'s 1st v.p., announced that he already has accepted four invitations to address bankers' state conventions. They are South Dakota, Idaho, Oregon and Washington and dates will be arranged, probably in June, he said, enabling him to "make" them all on the one Western trip.

### Another Wis. Conference

C. A. Dykstra, pres. University of Wis., banquet speaker at last week's conference in Milwaukee, invited Badger State bankers to attend a bankers' conference, sponsored by the School of Commerce, U. of W., at Madison, April 5-6. This conference is the result of recent conferences between Wall G. Coapman, W. B. A. sec., and Fay H. Elwell, dir. School of Commerce. Tentative plan is to divide the conference, first half to be devoted to a study of investments and loans, second half to bank management.

### Hazel to Hayti

Reports from Pierre say an amended article of incorporation, changing the name of the State Bank of Hazel, S. D., to the Community State Bank of Hayti, has been filed with the sec. of state, and that a branch office will be operated at Hazel.

### New "C" Class Fed. Director

The Federal Reserve Board in Washington this week announced the appointment of W. D. Cochran, Iron Mountain, Mich., as a Class "C" director of the Minneapolis Federal Reserve Bank, succeeding George W. McCormick. He is pres. W. D. Cochran Freight Lines, a truck line service system operating in Northern Michigan.

### Seeks U. S. Prosecution

COMMERCIAL WEST is in receipt of a communication from Earl B. Cronkrite, c. Woodruff State, Woodruff, Wis., which last November was robbed by a lone bandit, unmasked. Only a half hour later the man was captured and found to be from Minocqua, only two miles away. Mr. Cronkrite says:

"He was taken to Rhinelander, the county seat, and brought before the district attorney. It so happened there was a federal officer in Rhinelander that day, and he was notified at once. He immediately went to the sheriff's office and requested the prisoner be turned over to

the federal dept., inasmuch as it was a federal offense, because we belong to the FDIC. The district attorney refused to turn the prisoner over. Next day at a meeting of the county board a resolution was adopted requesting the district attorney to turn the prisoner over to the federal dept. The district attorney then was agreeable, but stated that inasmuch as the prisoner had been bound over to circuit court, it would be up to the circuit judge either to release or hold him.

"I have given the above facts to the Wisconsin Bankers Association and the federal dept. at Milwaukee, and requested

they contact the judge, as we would much prefer the federal people to prosecute, believing that bandits have a great deal more respect for the federal dept. than for county or state courts."

### Clearing House Elects

Officers of the Virginia Clearing House Association, Virginia, Minn., are:

Pres.—F. W. Potter, a.c. First National, V.P.—H. H. Horrigan, a.c. American Exchange National.

Sec.-Treas.—G. A. Hudy, a.c. State Bank of Virginia.

(Continued on page 19)



# THE SPIRIT OF HEALTH PREVAILS AT HOT SPRINGS NATIONAL PARK ARKANSAS

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## Bancorporation Had Good Year in 1937

Net Earnings Were Increased; Book Value  
of Shares Appreciated \$2.20

NORTHWEST Bancorporation had a good year in 1937. That is evidenced by the annual report of J. C. Thomson, pres., issued Friday, showing consolidated net earnings from current operations of \$2,969,515, an increase of \$495,023 over 1936. Book value of shares increased \$2.20 in the year.

Net earnings from current operations was realized by each of the banks with the exception of two small banks with aggregate losses of \$762. Profit on securities sold amounted to \$339,035 as against \$857,522 for 1936.

After deducting dividends on preferred stock and interest on capital debentures, minority interests and provisions for loss and depreciation, net income of the group, including profit on securities sold, was \$1,803,925 equivalent to \$1.14 per share on 1,577,435 shares of stock outstanding as compared with \$1,708,891 equivalent to \$1.07 per share on 1,584,824 shares outstanding at the close of 1936.

Net increase in consolidated surplus, including net income, profit on securities sold and recoveries, less minority interests for the year, amounted to \$3,399,129. The surplus at the end of the year together with capital stock of \$7,513,826 was \$26,352,393 indicating a book value of \$16.70 a share on shares outstanding exclusive of treasury stock as compared with \$14.50 on shares outstanding at the close of 1936.

During 1937 affiliated banks retired \$2,825,000 preferred stock and capital debentures, \$1,244,950 being contributed for this purpose by Northwest Bancorporation, leaving a balance outstanding of \$8,713,000.

Of the total government and government guaranteed bonds amounting to \$111,230,178 at the end of 1937, approximately 80 per cent are payable or mature within five years; 71 per cent of other bonds and securities amounting to \$44,669,086, mature within five years. The market or appraised value of securities owned by affiliates at the close of 1937 after deducting their bond reserves, in the aggregate was \$2,858,562 in excess of the values carried on the books of affiliates. With one minor exception every bank in the group had a net appreciation in its bond account.

Total loans and discounts amounted to \$130,134,578 as compared with \$123,312,-

344 at the close of 1936. The amount of commercial paper held showed a decline of \$6,354,871 while other loans and discounts increased \$13,177,105.

In line with the general trend, consolidated deposits declined during the year, and at the end of December were \$367,216,578 compared with \$393,330,752 at the end of 1936.

## Newport Steps Out

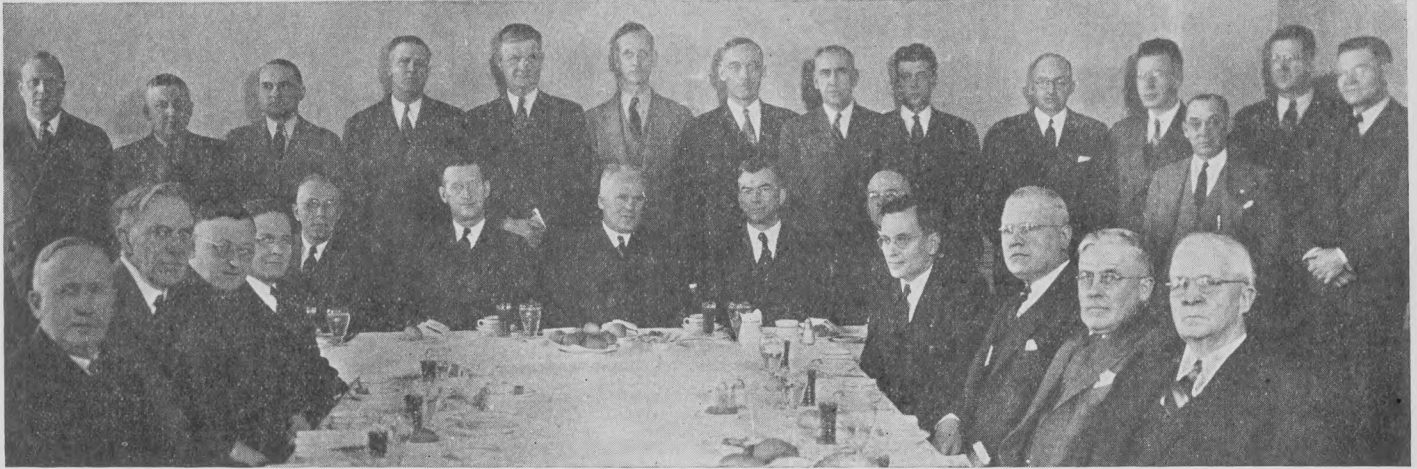
Newport, a suburb of St. Paul located on the east side of the Mississippi river, is anticipating a building boom predicated upon completion of the Twin City sewage disposal system. It is parking the river front and will have boating, bathing and fishing facilities when the river water is purified.

Newport is the home of the Cudahy Packing Co. plant, which employs about 1,000 and it has now many fine all-year homes of persons in business or employed in St. Paul, 39 of them having been built last year.



L. K. BILLINGS

At the annual meeting of Chicago's City National Bank & Trust, Mr. Billings, who enjoys a wide acquaintance throughout the Northwest, as a representative of the banks and bankers division, was elected asst. v.p.



THIS PICTURE was taken by COMMERCIAL WEST early Wednesday afternoon, just before committee chairmen of the Minnesota Bankers Association met with the council of administration in an all-afternoon session at Minneapolis' Hotel Nicollet. The council of administration remained over Thursday for its annual mid-winter meeting.

Standing, left to right: S. R. Kirby, Jr., Duluth; H. R. Kurth, Hutchinson; A. W. Sands, St. Paul; J. R. Chappell, Winona; J. Brogger, Butterfield; Edw. S. Olson, Starbuck; Edw. J. Huber, Shakopee; Oluf Gandrud, Benson; R. E. Sprague, Caledonia; Wilbur F. McLean, Duluth; Ralph Comaford, Minneapolis; Guy C. Smith, Cloquet; M. E. Kalton, Wells; J. E. Odegard, Santiago.

Seated, left to right: O. U. Habberstad, Lanesboro; A. J. Veigel, Minneapolis; F. A. Buscher, Mankato; C. H. Berge, Brainerd; William Duncan, Jr., Minneapolis; Frank P. Powers, Mora; H. C. Matzke, Duluth; G. A. Haven, Chatfield; Elmer Hanson, Fertile; Walter Johnson, Red Lake Falls; D. J. Fouquette, St. Cloud; A. E. Eddy, Hinckley; J. A. Allen, Milaca.

Not present when the picture was taken: George J. Meinz, St. Cloud; H. M. Burnham, Jackson; F. J. Thul, St. Charles.

## Banks and Bankers

(Continued from page 17)

### From Columbia Heights

"It took the first bank organized in Columbia Heights six months to accumulate \$30,000 deposits. The present bank has reached more than \$75,000 in two-and-a-half months." So writes Herbert Woodward, c. Columbia Heights State, Columbia Heights, Minn. And he goes on, "Every building in the city has been occupied for more than a year and construction of the first new home in 1938, a \$5,000 bungalow, has already commenced. The city is planning to organize a community club to foster civic development. Columbia Heights is one of the most beautifully located suburbs of Minneapolis, situated high above the Mississippi on rolling hills and bluffs. Residents claim its high altitude makes it entirely free from the smoke, soot and fog which overhang most large American cities, especially during winter, and that its unsurpassed view makes it an ideal residence location."

### Veteran Dead

E. N. Scott, c. Citizens State, Eagle Bend, the past 25 years, died at the Mayo hospital, Rochester, recently, after an illness of only three weeks. He has been replaced by W. B. Bergstrom, a.c. the past quarter-century, and Maurice Orr, bookkeeper, was elected a.c. Robert E. Lee, Long Prairie, is the new bookkeeper.

### Wisconsin Safe Deposit

Wisconsin Safe Deposit Association,

meeting in Milwaukee last week, elected the following officers:

Pres.—Paul Becker, First Wisconsin National.

V.P.—Marshall W. Benedum, Park Savings, and Herbert Knipple, Badger State.

Sec.—Marianne Litscher, Home Savings.

Treas.—Hans Pehmoeller, Marshall & Ilsley.

Exec. Com.—John H. Reid, Marine National Exchange; Elmer Hartmann, Northern Bank; Roy Gaulke, Holton Street State.

### Worked in N. W.

Capture and confession of John Seadlund, alias Peter Anders, Minnesotan who kidnapped and murdered Charles S. Ross, Chicago manufacturer, and his own pal, solved a number of recent bank robberies, among them:

State Bank of Milltown, Wis., May 22, 1936 (\$1,039).

First National, Eagle River, Wis., June 15, 1936 (\$1,400).

Peoples State, Colfax, Wis., Aug. 25, 1936 (\$2,408).

First National, Shakopee, Minn., Jan. 25, 1937 (\$3,000).

### Covered Wagon Initiates

Northwestern National Bank's "Covered Wagon" Club put on its 12th annual convocation Wednesday evening at the Nicollet hotel with a varied program of outstanding merit during which 18 "new passengers" comprising the 1937 class of initiates were put through their paces

and added to the club's roster of members.

Driver of the Covered Wagon, who, as such, managed the show, was Fred F. Burgi. Richard Naumann was chief scout

(Continued on page 21)

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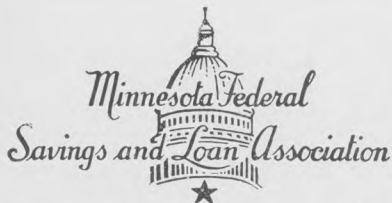
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(Continued from page 9)

sion on public relations by attending the Chicago Federated Advertising Club's big luncheon at Morrison hotel for Sen. Burton K. Wheeler.

Two meetings in a row—Chicago and Milwaukee—made hand shaking Chicagoans step lively—and they did the usual good job of it.

**MILWAUKEE**

Wall G. Coapman, W. B. A. sec. and the man behind the guns (like Mr. Graetinger at Chicago) most responsible for the success of this 1938 conference, is authority for the following official figures on attendance:

	Luncheon	Banquet
1938.....	256	362
1937.....	180	291
1936.....	162	308

Group One's attendance this time was the best in many years.

Minnesota's Sec. Duncan was present from the Twin Cities along with C. B. Brombach, First National, Minneapolis; F. W. Conrad, Northwestern National, Minneapolis; W. L. Boss, First National, St. Paul; Thos. A. Boright, publisher COMMERCIAL WEST.

While University of Wisconsin's new pres., C. A. Dykstra, was making his first official appearance before Wisconsin bankers, Former Pres. Glenn Frank, whom the bankers have heard many times, was in town launching his first broadside at the LaFollette administration in an address before the annual banquet of Milwaukee's Junior Chamber of Commerce. He charged that state services in Wisconsin were the lowest in 30 years and that official liberalism, "or progressivism, if you want to call it that," had gone fascist.

Capacity of the Plankinton hotel's Sky room was taxed to capacity—delegates standing along the walls—when FDIC Chm. Crowley talked.

Max Stieg of Clintonville, chm. W. B. A. agricultural committee, did a fine job presenting traveling bags to five outstanding 4-H Club members.

If you think the W. B. A. has been doing a swell public relations job so far—

the writer knows it has—just wait till you see what's coming! Two big reasons for success of the campaign are (1) A. R. Gruenwald, the P. R. dir., and (2) the confirmed belief that public relations, like charity, should begin at home.

W. B. A. politics: Clarence Mau of Marshfield, formerly of Prairie Farm, is being mentioned for v.p. at the state convention, Pfister hotel, Milwaukee, June 8-9. His many friends are insistent.

Dan Otis' friends were lamenting the fact that the A. B. A.'s economy move had deprived Mr. Otis not only of his agricultural bulletin but also his office and stenographic help at Madison.

F. J. Jeppeson, v.p. and c. Union National, Superior, attended the conference Thursday, was in Chicago Friday, back in Milwaukee Saturday to visit his son, Frederick, who travels Wisconsin for the Fidelity & Deposit Co. of Maryland, finally homeward bound Saturday afternoon on the "400" with the writer.

Evening before the conference a large group of bankers heard Conrad Zwingli, First National, Chicago, on "Bank Costs and Account Analysis" at a meeting sponsored by the Milwaukee Conference of the National Association of Bank Auditors and Comptrollers.

U. of W. Pres. Dykstra, in his banquet address on "The Constitution and Self-Government," contended that government interference with private enterprise is not a phenomenon of the last few years but is as old as the Constitution of the U. S. itself, claimed use of taxation as an instrument of national policy goes back to days of Alexander Hamilton, said our national debt and federal spending are far below England's and France's, declared, "I am still of the opinion that we in America can, by constitutional devices, find a way through current difficulties and at the same time maintain a representative form of government."

Mr. Crowley, questioned by Milwaukee newspaper men before his formal talk, was reported as stating that while there had been Washington conferences looking to the elimination of bank holding companies, no definite plans had been formulated. Also, he was reported as declining to voice an opinion as to how their elimination might be attained but did say he believed if such a move was undertaken it would be carried out over a period of years.

A. C. Kingston stirred up lively debate at his luncheon table with this pertinent question: "Is it a personal loan if you take collateral for it?" You'll have to write him to ascertain how it came out. The writer couldn't wait.

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## Banks and Bankers

(Continued from page 19)

and Harold Nelson was keeper of the branding iron. Scouts were Robert C. Cooper, Elsie Grabow, Leonard Johnson, Myrtle H. Stewart, Florence M. McCarthy.

Among the initiates was Genevieve M. Nevin, pres. Minneapolis Chapter, A. I. B. Others were Carter N. Olden, Hazel Myers, Edna D. Johnson, Helen A. Brick, Walter J. Fewer, Donovan E. Crouley, Mabel G. Johnson, Carl F. Wiescke, Helen E. Robinson, Ralph B. McIntire, Lester P. Peterson, George M. Cale, Ellen M. Thoorsell, E. A. Perlich, Laura I. Knapp, William Stiles, Orville Grettum.

The program took on both the semblance of school graduation exercises and the wit and sharp darts of a gridiron affair. Each of the initiates was dressed as a youngster attending school, answered roll call by telling about himself and his aspirations.

Compensation for the fun had at the expense of the initiates was a fine dinner and the fact that next year they can help have fun with the 1938 class.

In order to be a member of the club initiates must have served 20 years as an employe or executive of the bank.

### Ely Not Okeyed by FDIC

The fact that FDIC does not announce, publish or otherwise broadcast applications denied or rejected probably accounts for recent inquiry as to whatever happened to the proposed new Security State Bank of Ely, Minn. It was authorized by the Commerce Commission July 13, 1937, subject to FDIC approval. Inquiry now by COMMERCIAL WEST elicits the information from authoritative source that FDIC could not see need or opportunity for a second bank at Ely, so, as the saying goes, turned thumbs down on it.

### Personal and Pertinent

William F. Gabriel, well known in Montana banking circles, has been elected v.p. Wells Fargo Bank & Union Trust, San Francisco.

Federal Judge A. Lee Wyman has named the Northwest Security National, Sioux Falls, temporary receiver of Burke & Co., local brokerage firm.

Central State, Marshfield, Wis., started only last Sept. 1 by Clarence Mau, formerly of Prairie Farm, now has deposits over \$350,000 and loans and discounts over \$105,000.

Eau Claire's well known and popular Knute Anderson, former pres. Wisconsin Bankers Association, who lost the little finger and part of his left hand in a hunting accident last October, is rapidly re-

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gaining the use of other fingers on the hand.

Gertrude O. Fiss, c. First National, Fairfax, Minn., returned home from Northwestern hospital, Minneapolis, Jan. 22.

Minneapolis Chapter, A. I. B., will stage its mid-winter supper dance at the Curtis, Feb. 2.

F. G. Oehlke, pres. Peoples & Enderlin State, Enderlin, N. D., was in Minneapolis last week — it's an annual pilgrimage with him—for the birthday of his brother Frank with the Oil Burner Service Co. on Lake St. Of business in Enderlin Banker Oehlke said: Last year good, holiday trade very good, now it's not so good. He lauded the Tri-County Trade Day which, as he put it, "gets people into town once a month in a big way and keeps them coming."

W. F. Kunze, v.p. Marquette National, Minneapolis, was the speaker at the Jan. 19 luncheon of Kiwanis Club of Chippewa Falls, Wis.

In case you never heard how the contest came out, Guy C. Smith, c. First National, Cloquet, won last season's local golf club championship from his aspiring son.

M. E. Kalton, c. Security State, Wells, in Minneapolis for the meeting of M. B. A. council members and committee chairmen

Wednesday, was called to the phone to be advised from home of the burning of a store upon which he wrote the insurance.

E. C. Wingen, c. Security National, Amboy, couldn't attend the M. B. A. because he had to take his daughter to the hospital Wednesday.

Edw. J. Huber, a.c. First National, Shakopee, answering questions regarding their bank's holdup by the notorious "Peter Anders," told COMMERCIAL WEST: "He acted a little nervous, like an amateur."

Maximum interest rate now paid by banks of Minnesota's Carlton County is 2 p.c., effective Jan. 1. This includes banks in Carlton, Moose Lake, Barnum, Mahtowa and Cloquet. First National, Cloquet, already was down to 1 p.c. up to \$5,000 and  $\frac{3}{4}$  over \$5,000.

Snowshoveling and bank examiners so delayed F. J. Thul, v.p. First National, St. Charles, on Wednesday that he missed the M. B. A. luncheon.

Report has it that "a national organization" is trying to force the cashing of payroll checks without exchange.

There are 141 Class I steam railroads in the U. S. and they operate 236,486 miles of road. Class I railroads are those with annual operating revenues above \$1,000,000.

# Cat and Dog Fight at Washington Has Traders on the Run

THE CAT AND DOG fight at Washington, with business as the innocent bystander, had its effect again the forepart of this week, particularly on Wednesday when the stock and bond markets reflected the disgusted attitude of the public by plunging into new low ground for the year. True there was some strength at the close but it came mostly from short covering.

Considered the most serious phase of the slump in the January rally is the fact that the rails and utilities failed to support the industrials when they were on the upswing, but did join right in with them when they turned down.

On Jan. 15 the industrials stood at 133.24 in the COMMERCIAL WEST business chart. Wednesday a low of 122.68 was chalked up. Low for the year was 119.60 and in 1937 it was 112.54.

Low for the rails Wednesday was 28.16, previous 1938 low 29.02, 1937 low 27.76. Low on utilities Wednesday was 19.28, previous 1938 low 20.31, 1937 low 17.78. So both the rails and utilities on Wednesday broke into new lows for the year.

The bond market differs from the stock market in that it is sluggish, a wholly dull affair, currently dragging downward, however, with stocks, but not in so precipitate a fashion.

## More Lack of Confidence

Reason for the apathetic position of bonds, of course, is due to the same condition affecting stocks—lack of confidence. Another bond market factor, however, is lack of new issues to create interest. Even trades have dwindled to where there isn't much doing.

This situation naturally has affected a large number of bond dealers. They have lost interest, have skeletonized staffs, are not making much effort to get business.

Strange as it may seem, though, the houses that are out fighting for business are getting it. That is particularly true of the houses specializing in municipals. They are making a keen fight of it, in spite of scarcity and high prices.

As matters stand now neither traders in bonds or stocks are taking much interest. Fact is they do not know what to do. So much confusion exists as to what tomorrow may bring forth in the way of punitive Washington action against business and against the markets that trad-

## By the Observer

ers simply do not know where they stand. They are afraid to venture into the markets with any degree of volume commitments.

Good news these days appears to have little effect in raising hope of traders. Even the fact that the U. S. Steel Corp. boosted its earnings to \$8 a share in 1937, best since 1930, elicited little response.

One of the chief reasons for Wednesday decline, say long range traders, was the President's Tuesday promulgation that industry must not cut wages, yet must

reduce prices, or at least not increase them. Nor must industry lay people off. How, they argue, can industry sell its goods in the face of lowering purchasing power if it cannot produce those goods on a more economical basis. The President does not answer that question. He simply tells industry what it must do.

The markets apparently feel that industry has been given a job to do that no one knows how to do.

It is such interventions as these into the affairs of business that have created so much disturbance, disgust, uncertainty and lack of confidence, assert the market-wise.

And as if all this were not enough SEC's new short selling ruling now is in force, disrupting affairs of brokers and the stock exchanges. This ruling prohibits sales "at or below the price at which the last sale thereof (shares of stock), regular way, was effected."

Question bothering traders and brokers is, does that mean the last sale on the ticker tape, or the last sale on the floor before recording on the tape? If it means the last sale on the floor who is to decide at what price the last sale was made, if, as happens often in an active market, a number of sales are made at the one and same time at prices varying fractionally.

## Just Mob Psychology

As a matter of fact, brokers feel SEC may outlaw short selling altogether before it concludes its restrictions. But will such action outlaw panicky liquidation? A panic in the stock market is no more nor less than mob psychology. It is very doubtful if panic conditions should arise some time in the future that SEC could stop them by any means within its power, nor by any means with which it has so far surrounded stock market operations.

Meanwhile the interpolation of restriction after restriction simply keeps traders in a turmoil, the public, which makes the market, disturbed, uncertain, afraid.

What is gained? If punitive action against the markets is the objective, with eventual elimination of speculative trading, then the administration evidently is on the right road insofar as its wishes are concerned.

If, however, the markets are to be kept alive then they must be given some leeway, some opportunity to continue doing business.

## Bank Stocks

January 26, 1938

	Bid	Asked
MINNEAPOLIS		
First Bank Stock.....	9½	9⅞
N. W. Banco.....	6⅝	7
NEW YORK		
Bankers Trust.....	47½	49½
Chase.....	31½	33
First National.....	1790	1830
Guaranty Trust.....	237	242
National City.....	26½	28
CHICAGO		
Central Republic.....	8¼	9
City National.....	133	138
Continental Illinois.....	98	100
First National.....	218	222
Harris Trust & Savings.....	280	295
Northern Trust.....	530	545

## Business Chart

	Current Week	Previous Week
Bank Debits.....	\$145,553,000	\$144,644,000
Bank Deposits.....	489,000,000	495,000,000
Bank Loans.....	176,000,000	178,000,000
Bank Clearings....	13,700,424	13,963,633
Stocks (Ave.).....	123.33	130.09
Commercial Paper.....	1%	1%
Wheat.....	1.04%	1.05%
Barley.....	.51	.50½
Rye.....	.71	.69%
Oats.....	.287%	.29½
Flax.....	2.06%	2.06½
Hogs (cwt.).....	8.45	8.35
Cattle (cwt.).....	8.00	7.50
Lambs (cwt.).....	7.90	7.75
Butter (lb.).....	.33½	.34½
Eggs (doz.).....	.20%	.22%
Potatoes (cwt.)....	1.10	1.10

NOTE—Grain prices, Minneapolis for cash delivery. Butter and eggs, wholesale price, New York; livestock, price paid at South St. Paul; potatoes, wholesale price in Twin Cities. Bank debits cover reports from 17 selected cities, including Minneapolis, St. Paul and Duluth. Bank deposits and bank loans are reported only for Twin Cities, Duluth, Fargo, Sioux Falls, Helena, Great Falls, LaCrosse. Bank clearings are total for Twin Cities. All quotations latest available at Commercial West press time each week.

## Great Northern

Operating revenues of the Great Northern Railway in December totaled \$5,321,049, down \$1,094,055 from Dec., 1936. Gross operating revenues for 1937 were \$94,942,292, up \$5,317,187 over the previous year. Net income amounted to \$10,071,321, after deductions for interest and other fixed charges, compared with \$9,903,986.

## Rock Island

Chicago, Rock Island & Pacific Railway has redeemed \$1,282,600 par value of 10-year secured 3½ per cent certificates of indebtedness—trustees equipment notes—dated July 1, 1937, under tenders accepted Jan. 22, 1938. This represents first six-month redemption of total of \$26,892,350 to be redeemed semi-annually under the refunding plan recently approved by U. S. district court and the ICC. Top price paid for the notes in this redemption was 90.

## Minneapolis Brewing

Net income of Minneapolis Brewing Co. in the year ended Dec. 31 was \$380,430, equal to 75 cents a share including \$5,584 "loss on capital assets disposed of," charged to earned surplus as a deduction from income. In the previous year net income was \$431,153, equal to 86 cents. Fixed charges in 1937 were earned 12 times, compared with 14.78 times in 1936.

## National Surety

Total admitted assets of National Surety Corp., Dec. 31, were \$20,477,232, including cash of \$2,323,657. Bonds are carried in the assets at amortized values of \$8,346,900, and stocks at convention values of \$7,482,932, adjusted to market values by a contingency reserve in liabilities of \$524,702. Capital stock is \$2,500,000, surplus \$6,861,770.

## U. S. Treasury

Net market purchases of government securities for treasury investment accounts in Dec., 1937, amounted to \$15,351,100.

## Northern Pacific

Gross operating revenues of the Northern Pacific Railway jumped \$2,944,893 to \$64,851,199 in 1937. Operating expense also showed an increase, gaining \$3,693,258 to \$52,011,662. Net income after all charges dropped \$1,699,042 to \$117,741. Freight revenues were up from \$51,993,325 to \$54,735,532.

Accidents at highway grade crossings and to trespassers on railway property accounted for 81 per cent of the total number of fatalities from all causes on railroads in 1936.

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## Morgan Executives Check Northwest Conditions

Making a tour of the Middle-West to obtain first-hand information on business conditions, H. P. Davidson, partner, and W. A. Mitchell, credit mgr. of the house of J. P. Morgan & Co., New York City, were guests Monday noon at a Minneapolis Club luncheon of K. E. Humphrey, treas. General Mills, Inc.

About 25 Minneapolis bankers and other business leaders attended the luncheon and advised Messrs. Davidson and Mitchell of conditions in the Northwest, which they agreed were not as much out of balance because of the business decline as those in the greater industrial centers. The picture here was presented "as up and down" but not sharply either way.

In turn, Messrs. Davidson and Mitchell reported that they had found the Southwest, Texas in particular, not affected to any considerable extent by the recession, with Kansas City and St. Louis in fair stride.

## N. W. Business Near '29 Peak

Bank debits at 94 cities in the Northwest totaled more than \$10,000,000,000 in 1937 for the first time since 1929. Minneapolis, states the Jan. 28 review of the Minneapolis Federal Reserve Bank. St. Paul, Great Lakes ports and the mining sections showed the greatest increases over the preceding year. Country check clearings were nearly \$100,000,000 larger than in 1936 despite a small decrease in the Dakotas.

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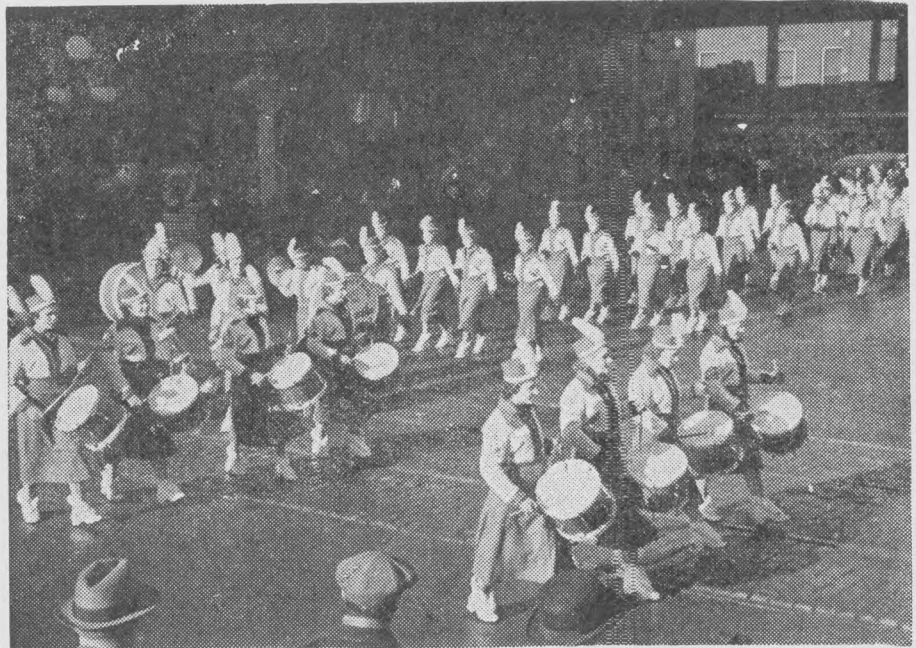
## On the Front Cover This Week

THE PICTURE on the front cover of Commercial West this week emphasizes the great importance to which some of the industries of the Northwest have grown in recent years, especially with regard to national distribution and construction of giant machinery.

The cover picture presents an interior view of the big machine shop of the Diamond Iron Works in Minneapolis, a long-established, substantial institution, largely owned by Northwest people as stockholders, manufacturer of heavy machines, heat-treating devices, dredges, mining machinery, automobile accessories, etc.

Shown at one of the mighty metal planing machines as its operator, is J. B. Erickson, a Diamond Iron Works employe since 1920, skilled in the job of making this 20-ton planer do his bidding.

At the moment he is working on part of a \$35,000 federal government job, comprising manufacture of dredging machinery employed in the deepening of the channel of the Mississippi river.



Beginning today and running through Feb. 6 St. Paul's great Winter Sports Carnival is on in full blast. It began this afternoon with 25,000 brilliantly costumed marchers in a five-mile-long parade.

Each day and evening will present parades, bands, marching clubs, sports of all kinds both indoors and outdoors.

The pictures show a marching club in action (top) and a drum corps swinging into line.





# Wheat Prices Slump as Exports Drop

## Argentine Goes Under Hard Winters for First Time in Months

HAVING held strong for several days the wheat markets on Wednesday finally reflected the unsatisfactory surplus situation and slowing demand with recessions of around 2 cents a bushel in Minneapolis, Chicago, Winnipeg and Kansas City. May wheat opened in Minneapolis, for instance at 106½ and closed at 104½. The Winnipeg opening was 127½, close 125½.

Bearing on the situation was the fact that Argentine wheat offerings abroad for the first time dropped below the level of hard winter wheats. The weak stock market also affected trades. Until better export demand appears it seems likely the market will be up and down until some definite developments bring on firmer prices or confirm a downtrend.

### Grain Corp. Dissolves

Final dissolution of the Farmers National Grain Corp. became effective Tuesday in Chicago. Cooperative grain marketing, which had been chief current business of the corporation, will be carried on by regional groups. The corporation was created in 1929, sponsored by the old Federal Farm Board, financed largely with government funds, for the purpose of bolstering falling grain prices due to the great surplus of wheat created by the Farm Board's "normal granary" idea of stabilizing prizes over a term of years.

### Cargill Report

In its current crop report Cargill, Inc., finds prospects good for 1938, stating in part:

"In observing precipitation for the three fall months of September, October and November, it would seem some of the spring wheat area was favored with relatively good amounts of moisture. In the western section of North Dakota and eastern part of Montana good rains were

received during September and October; however, November again showed a deficiency. The Red River Valley will, on the other hand, need good rains next spring. Kansas during no month this fall has experienced normal precipitation. According to all reports, unless good rains come next spring, the 1938 crop will fall short of this year's production. Oklahoma and Texas, with the exception of the panhandles, seem to have entered the winter with generally good moisture. Nebraska and Missouri remain fairly dry, while sections east of the Mississippi are generally in good condition. The Atlantic and Gulf margins have been visited in some cases by excessive rainfall.

"Around the 15th of December, heavy precipitation in the form of rain, sleet and snow fell over a good share of the hard winter wheat area. This area, in spite of recent rains, will need more snow to replenish the moisture supply and give the sown areas a good snow covering, as a great proportion of the fields did not get a good start because of late planting caused by lack of moisture and insects.

"It has been proved by fact that there is a correlation between fall rains and the next year's crops. Top soil moisture is necessary to generate normal and regular germination. Without sufficient rains, this process advances slowly and frequently there is insufficient germination of winter crops to enter the winter in a

healthy condition. Fall rains also, when abundant, build up the subsoil moisture, which is so necessary to bring the crop to good maturity. While spring rains may supply this moisture, the most excellent crops have been raised when subsoil moisture in the fall was in excellent condition."

### Flax Price Advances

"With a new Argentine crop moving to market in volume," says the Archer-Daniels-Midland Co., "it will probably come as a surprise to our readers that we have had a 7 cent per bushel advance in prices of South American seed. The advance began with some short covering by speculators in Buenos Aires and Rosario and continued on consistently stronger grain markets throughout the world. With business conditions rather quiet in the U. S., it is hard for us to realize that business in other countries is satisfactory. Perhaps the sound position of business in countries outside of the U. S. will eventually bring about a recovery of spirits here. At any rate, our present recession seems to have had no effect on Argentine flaxseed prices.

"Total shipments of flaxseed from Argentina in 1937 were reported as 73,474,000 bushels compared with 60,880,000 bushels in 1936. The increase is entirely due to the U. S. and Canada. In 1937, 26,241,000 bushels were shipped to the U. S., and in 1936 only 14,564,000 bushels. Last year 4,372,000 bushels went to Canada and in 1936 only 1,875,000 bushels. According to government estimates, there should now be only slightly over 48,000,000 bushels of Argentine seed remaining for export in 1938. An additional 4,000,000 bushels of Uruguayan seed should be

(Continued on page 34)

COUNTRY OFFICES	COAST TO COAST GRAIN SERVICE	TERMINAL OFFICES
Fairmont, Minn. Marshall, Minn. Williston, No. Dak. Crystal, No. Dak. Sioux Falls, So. Dak. Lincoln, Neb.	 Incorporated MINNEAPOLIS, MINNESOTA 761 Chamber of Commerce	Duluth, Milwaukee, Chicago, Green Bay, Cedar Rapids Toledo, Buffalo, Albany New York, Boston Omaha, Memphis Kansas City, St. Louis Portland, Spokane, Seattle San Francisco
Cargill, Incorporated Seed Division, Box 64 Minneapolis, Minn.		Winnipeg, Man., Montreal, Que.

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## Mpls. Investment Concerns Consolidate

J. F. Lowe and C. C. Rieger  
Join Hands in New  
Business Move.

ANNOUNCEMENT was made this week of the consolidation of the business of the Minneapolis investment concerns of Justus F. Lowe Co. and C. C. Rieger & Co., Inc., to be continued under the present firm name of Justus F. Lowe Co.

This move brings together two Minneapolis investment men, each of whom has had a score or more years of investment business experience in the Twin Cities and the Northwest, Mr. Lowe having specialized more particularly in municipals, while Mr. Rieger has had wide contact with country bankers in the handling of general securities.

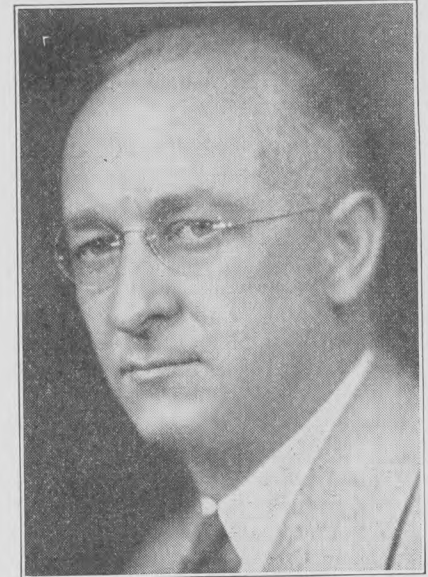
Mr. Lowe's firm, it is interesting to know, is the second oldest investment house in Minneapolis to have continued in business under its present title, it having been established in 1919. Mr. Rieger's firm has been located at 1125 First National-Soo Line building, while the Lowe firm is established at 1004-09 in the same building.

Mr. Rieger has become vice president of the Lowe company, Mr. Lowe remaining as president.

From the Rieger firm Gregory A. Thompson and Carroll A. Oby have gone with the Lowe company, Mr. Thompson in charge of the analytical department, Mr. Oby as mgr. of the trading department,



MR. RIEGER



MR. LOWE

both in the same capacity they had with the Rieger firm.

Joseph R. Miller will continue with the Lowe firm as mgr. of the municipal department.

Mr. Lowe is president Twin City Bond Club and is a former chairman of the Minnesota Group, Investment Bankers Association.

### Accountants at Dinner

Changes in the new 1937 Minnesota income tax law were explained to a group of bankers, business men, lawyers and accountants by William G. Burkman, chief examiner state income tax department, at the recent dinner meeting of Duluth members of the Minnesota Society of Certified Public Accountants. James S. Matteson presided and committee members who arranged the meeting were Jarl W. Hanson and Lawrence B. Graving.

### TOWNER BUREAU CHANGES

The Towner Rating Bureau has incorporated as the Towner Rating Bureau, Inc., with R. H. Towner as chm., and the following directors: Paul Rutherford, pres. Hartford Accident & Indemnity Co.; F. A. Bach, v.p. Fidelity & Deposit Co.; R. V. Goodwin, v.p. Fireman's Fund Indemnity Co., and Martin W. Lewis. Officers: Martin W. Lewis, pres.; J. L. Kirkwood, sec.-treas., and P. A. Zimmermann, asst. treas.

Approximately 82 per cent of the operating revenues of the railroads is derived from freight traffic.

Read COMMERCIAL WEST each week.

# Along Financial Row

Viewing the Daily Parade of Personalities and Up-to-the-Minute Happenings in the Investment World.

**BOARD OF GOVERNORS** of the I. B. A., meeting at Absecon, N. J., Jan. 21-22, gave extended consideration to the bill introduced Jan. 17 by Sen. Francis T. Maloney (Conn.), to provide for establishment of a mechanism of regulation among over-the-counter brokers and dealers.

After discussion, the board authorized appointment of a special committee to confer with Sen. Maloney and his subcommittee, with the SEC, and with other organizations, and to cooperate in an endeavor to find a workable method of regulating over-the-counter transactions.

The board registered its approval of the principle of regulation among over-the-counter brokers and dealers, but was of the opinion that in order to provide effective regulation, the present bill as introduced requires modification.

The special committee will make a report to the board of governors following the conference, says I. B. A. Pres. Francis E. Frothingham, Boston.

## Paid Exchange Head

A paid head (president) for the New York Stock Exchange is among recommendations reported to have been agreed upon by the Conway committee studying plans for reorganization of the Exchange.

## Traders Plan Party

There are a couple of surprises in store for members of the Twin City Bond Traders Club when they assemble Monday evening, Feb. 7, at Harry's Cafe in Minneapolis for a dinner party. The committee in charge is busy ironing out the details, and three of the busiest ironers are Earl Cochrane (A. O. Slaughter & Co.), Al Plumley (First, Minneapolis), Norm McDonald (Woodard-Elwood).

## Waldo to New Job

G. C. (Toby) Waldo, mgr. of First Boston Corp.'s Minneapolis office until its closing recently, was in Chicago last week, told **COMMERCIAL WEST** he would be back to Minneapolis to pack up before entering upon a new connection, probably down South.

## More Proof

Further convincing evidence that It Pays to Advertise: In **COMMERCIAL WEST**'s issue of Jan. 8, Winthrop, Mitchell & Co. ran an ad announcing Burr Howe's having become associated with its Minneapolis office. Only a few days later Burr received a letter from a member of the staff of New York's Chemical Bank & Trust Co., an old friend with whom he had been out of contact several years, congratulating him on his new hookup, as just announced by **COMMERCIAL WEST**.

## Wood Featured

Current issue of the I. B. A.'s publication "Investment Banking" features an article by Harold E. Wood, head of the St. Paul firm bearing his name. Mr. Wood is chm. group chairmen's committee, I. B. A., and title of his article is, "Spokesman for the Groups."

## Investment School

Spring term of the educational institute sponsored by the Chicago Association of Stock Exchange Firms, begins Monday, Jan. 31. Joseph A. Rushton is



**HARRY M. WEISER**

With a record of nearly 15 years in this territory, first with the Commercial National Bank & Trust Co. of Chicago, then with A. G. Becker & Co., Mr. Weiser has joined the Minneapolis office of E. A. Pierce & Co. He will handle institutional business for the most part in the country districts adjacent to the Twin Cities. H. L. (Bert) Hankinson, after whose father the city of Hankinson, N. D., was named, also has joined the Minneapolis E. A. Pierce office as customer's mgr. Mr. Hankinson had previously been with Harris-Upham & Co. in Minneapolis.

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Published March, July, November

### Contents

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### Detroit Elects

Newly elected officers of the Detroit Stock Exchange:

Pres.—George A. Miller.

V.P.—D. J. Alison.

Treas.—L. C. Angstrom.

Clark C. Wickey and J. W. Colby were reappointed asst. to the pres. and sec., respectively, and Paul T. Bollinger was elected to the board of governors, to serve with Messrs. Alison and Angstrom, re-elected. New nominating committee includes Warren T. Olson, Stuart P. Porter, Andrew C. Reid, Frank J. Shader, Warren A. Wood.

### White House Guests

During their three-week holiday vacation in the national capital (C. W., Dec.

25), Mr. and Mrs. Walter B. Erwin (he's with D. D. Schroeder & Co.) attended a White House tea, at which Mrs. Franklin D. Roosevelt was hostess. Among other social functions which they attended were the Ball of Nations and the Jackson Day ball. The Erwins were guests of his brother and sister-in-law, Mr. and Mrs. Henry Parsons Erwin, at Arbremont, their estate overlooking Rock Creek park.

### Minneapolis Visitor

C. B. Hinternhoff, Chicago, v.p. Fitch Investors Service, was a Minneapolis visitor two days last week, the guest of Gove P. Laybourne, local representative. Mr. Hinternhoff says he looks for gradual improvement this year in all lines of business. His firm contemplates establishment of a supervisory dept. in Minneapolis.

### Veteran Resigns

Ethel Barbara Scully, called "a kind of financial institution of her own" in Milwaukee, will resign Jan. 28 as v.p., treas.

and dir. Morris F. Fox & Co. Miss Scully is credited with having originated the first ad suggesting bonds as Christmas gifts, ever run in the U. S. She organized the Women's Advertising Club of Milwaukee, has long been a charter member of the American Woman's Association, Inc., New York, was elected the only woman member of the executive board of the Associated Advertising Clubs of the World at London in 1924, for 15 years has been a board member of the Financial Advertisers Association. At one time she was chm. finance committee Woman's Club of Wisconsin, during the war was publicity chm. women's liberty loan committee and asst. state organizer. Miss Scully will be married Jan. 29 to Whiting Alden, Fort Wayne, Ind.

### Chicago Volume

Volume of trading on the Chicago Stock Exchange in the week ending Jan. 22 was 112,000 shares, compared with 168,000 in the previous week and 623,000 in the corresponding week in 1937. During the week 170 issues were traded, 50 going up, 87 going down, 33 showing no change.

Dollar volume of transactions on the exchange during Dec., 1937, totaled \$9,683,431, compared with November's \$9,622,638. Total for 1937 was \$190,268,069, against \$292,747,353 in 1936.

### Symbols Changed

Don't forget these changes in ticker tape symbols, made by the New York Stock Exchange, in effect since Monday: A means Anaconda Copper capital, instead of Atchison, Topeka & Santa Fe common, now to be designated SF. C replaces K for Chrysler common, no longer represents Anaconda.

### Not Interested

Charles R. Gay, who next May will round out his third strenuous term as pres. of the New York Stock Exchange, is reported as telling his intimate friends he is not interested in that "salaried chief executive" job being proposed for the Exchange.

### Sales Dinner

About 20 representatives and their wives attended a sales convention of Hamilton Depositors Corp. of Denver, for its Minnesota division at the Nicollet hotel, Minneapolis, the other evening. E. A. Jones, pres., was one of the guests.

### Insurance Firms Buy

"More insurance funds went into government obligations than into any other single class of securities, but for the first time in recent years the total of addi-

(Continued on page 33)

### *Municipal and Corporation Bonds*

**ALLISON-WILLIAMS COMPANY**

N. W. Bank Building

Minneapolis

MEMBERS MINNEAPOLIS-ST. PAUL STOCK EXCHANGE

# Municipal Financing

County Officials and Others Interested Are Invited to Report Promptly All News for This Department.

**SAME OLD STORY:** Municipals strong this week, plenty of demand, dealers' inventories low, new issues scarce.

Municipals continue to hold the spotlight in the investment field, and most dealers and salesmen agree the picture probably won't change much in the near future.

## PROPOSED ISSUES

Fairfield, Ia.—Petition will be circulated calling for election on issuance of vocational and community building bonds. Estimated cost of project, \$85,000. J. W. Lindauer, sec. board of education.

Aberdeen, S. D.—Plans are under way for issuance of from \$42,000 to \$47,000 refunding bonds. Lydia Kohlhoff, city aud.

Mitchell, S. D. (Davidson county)—Plans are under way for issuance of \$200,000 refunding bonds. G. W. Carlson, city aud.

Iowa City, Ia.—Petition has been circulated calling for election in near future on issuance of \$75,000 bonds to finance purchase of site for new high school building which will be erected in Iowa City. Chas. S. Galihier, sec. board of education.

## COMING ELECTIONS

### Feb. 1

Fort Benton, Mont.—\$30,000 school building bonds for school district No. 1. W. R. Hagie, superintendent of schools.

### Feb. 2

Killdeer, N. D.—On \$5,000 sewage system bonds. R. H. Poff, city aud.

### Feb. 4

Kenyon, Minn.—On \$13,000 waterworks system bonds. Henry H. Akre, village clk.

### Feb. 7

Tower, Minn.—On \$170,000 school remodeling bonds for Tower-Soudan school district No. 9. G. A. Koski, clk. board of education.

### Feb. 8

Parkers Prairie, Minn.—On \$12,000 sewage disposal plant bonds. L. A. Woell, village clk.

### Feb. 8

Rugby, N. D.—On \$15,000 school building bonds. A. R. Jongewaard, clerk board of education.

### Feb. 14

Ames, Ia.—On \$85,000 public library building bonds. John Prather, city clerk.

### Feb. 16

Fairfield, Ia.—On \$50,000 vocational arts and community center building bonds. Estimated cost of building, \$85,000. J. W. Lindauer, sec. board of education.

### Apr. 4

Columbia Falls, Mont.—On issuance of street lighting bonds. Care of city clerk.

## April 5, 1938

Merrill, Wis.—On bonds to finance purchase of waterworks plant and water system now owned and operated by City Water Works Co. of Merrill, Wis. Otto A. Jahnke, city clerk.

## No Date Set

Glenwood, Minn.—Election will be held in near future on \$200,000 municipal light plant and distribution system bonds. J. H. Thoreson, city clerk.

Hokah, Minn.—Election will be held in near future on issuance of municipal building bonds. Estimated cost of building, \$15,000. R. J. Horihan, village clerk.

Scottsbluff, Neb.—Election will be held in Apr. on issuance of \$15,000 bonds to finance purchase of site for municipal building. H. E. Brown, city clerk.

## ISSUES VOTED

Dixon, Mont.—\$15,000 school gymnasium building bonds. Olga Faber of Thompson Falls, Sanders county supt. of schools.

Lanark, Ill.—\$80,000 sewage disposal plant bonds. E. E. Johnson, city clerk.

Columbus, Neb.—\$43,000 refunding bonds. Joseph F. Stanzel, city clerk.

Knox, N. D.—\$2,200 village hall completion bonds. Care of village clerk.

## DEFEATED

Udell, Ia.—\$7,500 community and gymnasium building bonds. W. J. Garden, sec. board of education.

Wymore, Neb.—\$15,500 bonds to finance remodeling of Vendome hotel in municipal building and auditorium. Earl E. Fauver, city clerk.

Gladstone, Ill. (Gladstone township)—\$5,000 road improvement bonds. Care of township clerk.

## BIDS CALLED FOR

### Jan. 29

Stanton, N. D.—At 1 p. m. on \$2,000 certificates of indebtedness for Pleasant Valley school district No. 15. Joe Pfliger, clk. board of education.

### Feb. 1

Milaca, Minn. (Mille Lacs county)—At 2 p. m. on \$10,000 master warrants. Int., 3 per cent. Florence Moore Munier, county auditor.

### Feb. 2

Kennebec, S. D. (Lyman county)—At 2 p. m. on \$40,000 serial refunding bonds. R. C. Van Horn, county aud.

St. Paul—At 10 a. m. on \$184,000 sewage system bonds and \$175,000 sewage system bonds. Int., 5 per cent. Denom., \$1,000. C. C., 2 per cent. H. F. Goodrich, comptroller.

St. Paul—At 10 a. m. on \$300,000 par value coupon airport bonds and \$165,000 par value coupon public welfare bonds. Int., 6 per cent. Denom., \$1,000. C. C., 2 per cent. H. F. Goodrich, comptroller.

### Feb. 3

Davenport, Ia. (Scott county)—At 10 a. m. on \$99,000 funding bonds. C. C., 3 per cent. Ben. F. Luetje, county treas.

### Feb. 4

Mason City, Ia.—At 2 p. m. on \$120,000 school building bonds. R. L. James, sec. board of education.

### Feb. 7

St. Paul—At 10 a. m. on \$435,000 public welfare bonds. Int., 6 per cent. C. C., 2 per cent. Eugene A. Monick, county aud.

Duluth—At 10 a. m. on \$125,000 permanent improvement unemployment projects bonds. Denom., \$1,000. Int., 6 per cent. C. D. Jeronimus, city clerk.

Cavalier, N. D.—On \$9,000 municipal auditorium and armory building bonds. H. B. Spiller, city aud.

Hatton, N. D.—At 2 p. m. on \$30,000 waterworks system bonds. Denom., \$1,000. C. C., 2 per cent. J. A. Teie, city aud.

Troy Mills, Ia.—At 2 p. m. on \$28,750 school building bonds for consolidated school district of Troy Mills. Emmet Shaffer, sec. board of education.

### Feb. 11

Livingston, Mont.—At 10 a. m. on \$123,750 school building bonds. Denom., \$1,000, \$200 and \$150. Int., 4 per cent. C. C., \$2,000. Hilfred B. Paterson, sec. board of education, school district No. 1, Park county, Mont.

### Feb. 11

Livingston, Mont.—At 10 a. m. on \$123,750 school building bonds of Park county high school district No. 1. Int., 4 per cent. C. C., \$2,000. Sec. board of trustees of Park county high school dist. No. 1.

### Feb. 21

Drake, N. D.—At 2 p. m. on \$8,000 waterworks system bonds. Int., 5 per cent. C. C., 2 per cent. Denom., \$800. A. M. Haykel, city aud.

### Mar. 7

Sioux City—On \$57,000 school building bonds. H. C. Roberts, sec. board of education.

## Bids Rejected

Rochester, Minn.—All bids were rejected on \$10,000 permanent improvement unemployment projects bonds. Denom., \$1,000. Int., 6 per cent. C. D. Jeronimus, city clerk.

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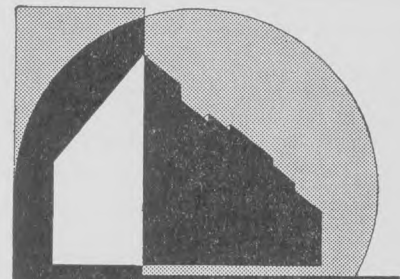
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**NEW PATENTS IN N. W.**

Merchant & Merchant, patent attorneys, 727 Metropolitan Life building, Minneapolis, report these patents issued recently in this territory:

Harry P. Beck, Lake City, Minn., trousers support; Albert C. Houghland, St. Paul, churn; Arthur A. Lunow, Silver Lake, Minn., cup mouthpieces for brass instruments; George B. Marzolf, St. Paul, refrigerating dispenser for beverages; George B. Marzolf, St. Paul, liquid refrigerating dispenser; Francis J. Moore, Minneapolis, toilet seat; Arthur F. Partidge, St. Paul, washing machine for tumblers and similar tableware; Allen L. Spafford, Cloquet, Minn., corrugated structure; Frank W. Carpenter, Minneapolis, automatic temperature controller for electric flat irons; Frank G. Clark, Minneapolis, churn; Lewis L. Cunningham, Minneapolis, motor control system; William W. Gurney, Winona, silo chute; Helmer M. Haagenson, Excelsior, Minn., water softener; Jay A. Heidbrink, Minneapolis, anesthetizing machine; Adolph F. Meyer, Minneapolis, manometer; Henry Nodland, Starbuck, Minn., ice pushmobile; Alvin O. Olafon, St. Paul, traffic signal; Gilbert Olson, Minneapolis, mattress and making; Joel Sodderholm, Minneapolis, barrier wicket; Charles H. Tanner and E. Watkins, St. Cloud, method of and apparatus for frost elimination; Horace E. Woolery, St. Paul, oil burner.

James F. Calvert, Minn., insulating conductors; Charles Castledine, Minn., gasoline tank for motor vehicles; Edmond J. Feiler, Minn., combined weatherstrip and window guide; Robert H. Fisher, Minn., electric motor; Charles V. Goodyear, Minn., parting wax; Lorrin L. Hansen, Minn., indicator for multiple lock sets; Casper F. Hanson, Minn., window; Hans C. Hanson and W. Olson, Minn., fuel feeding system with thermostatic air control; Henry A. Hensel, Minn., sausage casing and effecting closure thereof; Albert C. Johnson, Minn., hay fork; Arthur C. Kleckner, Minn., therapeutic device; Lee W. Melcher, Minn., motor and compressor unit; Lee W. Melcher, Minn., refrigerating unit; Raymond Miollis, Minn., apparatus for making cheese; Harold S. Morton, Minn., stoker control and maintaining desired fuel bed resistance; Joseph Mucha, Minn., anti-skidding device for motor vehicles; Jomer R. Murray, Minn., appliance for preparing bodies for burial; Raymond P. Norton, Minn., valve reseating tool; William H. Schmidt, Minn., typewriter; Nathan Schneck, Minn., optical trial frame.

Archer-Daniels-Commander Employees Credit Union, Minneapolis, approved by the Minnesota commissioner of banks Jan. 4, completed organization Jan. 7, opened for business Jan. 17.

# Insurance Agents Meet on Reward Plan

## Vincent Cullen Hits Invasion of America by Foreign System Companies

INSURANCE AGENTS of the Northwest are still concerned with the matter of the new ruling of the National Bureau of Casualty and Surety Underwriters establishing the "safe driver reward plan," commented upon at length in current issues of **COMMERCIAL WEST**.

While the National Association of Insurance Agents has accepted the ruling it was not wholeheartedly. There is a feeling on the part of the agents, as producers, that they are going to run into a lot of trouble, as they did under the old merit rating system of several years ago.

So great has become the interest in the matter that a special meeting of the executive committee of the Minnesota Association of Insurance Agents, conferring jointly with the board of the Minneapolis Underwriters Association, was held this Friday noon at the Minneapolis Athletic Club to review the ruling from all standpoints.

The entire situation was reviewed, the "haves and havenots" of it discussed and plans laid to handle the new method of writing as safely as possible.

So keen has the interest become in the safe reward plan, in view of considerable criticism from producers, that the National Bureau has issued a couple of letters on the subject over the signature of Genl. Mgr. William Leslie. The latest, dated Jan. 22, goes into the whole con-

troversy. With regard to the matter of agents' commissions, Mgr. Leslie says:

"There are apparently some misconceptions on the part of producers respecting the commission feature of the plan. First of all, the reduced percentage commission is paid upon the gross initial premium and is not subject to a return commission when the 15 per cent reward is paid to the assured. This method of handling commissions has been followed for practical reasons. It avoids accounting complications on the part of both producers and companies. But this procedure requires a reduction in the rate of commission applicable to the gross initial premiums in order to avoid increasing the existing commission scale on the net final premiums. Actually, on the basis of the average net final premiums paid by the assured, the commission scales are equivalent to 24.2 per cent for the general agent, 19.6 per cent for the regional agent, and 17.3 per cent for the local agent. These compare with the present allowance of 25,




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20 and 18 per cent; the latter representing the present average allowance to the local producer for combined property damage and bodily injury insurance. Except for the necessity of avoiding the competitive abuse which killed the old merit rating plan, the reward could be allowed as an advance discount based upon the past record of the risk, as was suggested in the plan presented by the producers. In such event, the commission would be allowed upon the net premium paid by the assured just as was provided in the plan proposed by the producers. Obviously, under the present plan the producers should likewise measure their commissions in terms of the final net premium paid by the assured. On such basis, as indicated above, the reductions in the rates of commission are negligible from any practical point of view.

"Particularly so far as the general agent is concerned, it is important to point out that on today's basis the spread between the 18 per cent average allowance to the local agent and the 25 per cent allowance to the general agent is 7 points. On the new commission basis, the spread between the 15 per cent to the local agent and the 21 per cent to the general agent is 6 points on the gross premium basis, which, in turn, is equivalent to 6.9 points on the net basis. Thus the spread between the local agent and the general agent is practically identical with that now in effect when measured in terms of net premiums paid by the assured.

### Agents Not in Accord

"Finally, it should be kept in mind that the modified commission percentages do not apply to commercial automobiles, nor to the miscellaneous coverages, nor in fact to the large volume of private passenger car business that is written under the fleet plan or that is a part of fleets subject to experience rating."

Agents are not wholly in accord with the Bureau's findings as to commission results, however, and that is still a mooted question.

Leaving the matter of commissions out of the picture, the agents criticize the safe driver award plan on the ground it is bound to get them in trouble with the assured. They point out that a man may apply to an agent for insurance under the plan, asserting he "is a good driver, has never had an accident," then may have a serious accident which will develop the fact that he has had several previous accidents. At once there arises a controversy over his premium.

Agents agree that the safe driver should be entitled to some sort of discount, but they believe also that their own plan, developed by experience and agreed to at last year's association convention, providing a step-rate, is better than that now promulgated by the Bureau.



## Hits Foreign System

Vincent Cullen, pres. National Surety Corp., has just addressed a letter to American insurance agents urging them to consider the serious effect upon their business of the invasion of foreign companies which can operate at lower cost than U. S. companies and can and do undersell American companies on certain lines of insurance. Mr. Cullen refers to London Lloyds as one of the foreign companies. He says its licensing in Illinois and Kentucky (only states in which it is licensed), while subject to certain restrictions, may permit them to transact business in all the lines in which this company is engaged.

London Lloyds, it will be remembered, did quite a lot of business in the Midwest on bankers' blanket bonds, placed at rates with which home companies could not compete, until about two years ago when a truce was entered into.

Mr. Cullen stresses lower standards of living in foreign countries, lower commissions paid agents, thus enabling them to cut under American rates, and asserts their invasion of this country could well bring about similar conditions here. In conclusion he says:

"As I said before, I have no quarrel with the companies that are organized to do business here under our laws and they are not the subject of debate. I am prepared, however, to challenge the right of insurers from abroad who in their own country enjoy such freedom of action and who attempt to take our business or force us into competition when we know before hand that we are not able to meet them.

### Menace to Business

"This is a real menace to our business and I feel it is my duty to bring the matter forcibly to your attention and to impress upon you that if the attempt of these foreign insurers to take our business on such unequal terms is successful, it can mean but one thing: a sharp reduction in the income to the American agents and to the American insurance companies alike.

"We should appeal to American business, to our public officials and to all of our friends to help us protect the American insurance industry just the same as the tariff has helped to promote and develop American business generally."



### Insurance Notes

Mid-year meeting of the National Association of Insurance Agents will be held at Hot Springs, Ark., May 2-5.

A local board has been organized at Worthington with E. D. Swanberg, pres.; Helen Schell, v.p., and George F. Moore, sec.-treas.

J. Pierce Wolfe, v.p. of Zone 6, advises that the new Moorhead local board is going over big.

R. M. Thompson, exec. sec. Minnesota Association of Insurance Agents, is asking expressions of opinion as to the advisability of holding a mid-year meeting.

John P. McGee, pres. St. Paul Insurance Exchange, and v.p. W. A. Lang Agency, St. Paul, is under treatment at a St. Paul hospital.

W. A. (Wheat) Williams of the Fred L. Gray Co., gave members of the Southern Minnesota Agents Regional a fine talk on the "Knack of Selling," at the Owatonna meeting Jan. 19.

A series of six educational forums was initiated Friday at Hotel Radisson under sponsorship of the Minneapolis Life Underwriters Association, with Harold Cummings of St. Paul leading discussion. The forums are being handled by a committee consisting of Lloyd Lynch, chm., and Frank McNally and Edward Keating.

### Life Sales Up

Despite a falling off in sales of new ordinary life insurance in the U. S. during December, total sales for 1937 were 3 per cent ahead of those for 1936 and the total amount in force increased by approximately 3 per cent, according to a survey just issued by the Life Insurance Sales Research Bureau. Total sales of ordinary life insurance in 1937 were \$7,238,894,000.

### Business Leaders at Dinner of Transportation Club

More than 600 transportation executives and business leaders from 20 cities attended the annual dinner of the Transportation Club of St. Paul Tuesday evening at which these newly elected officers were installed:

Pres.—L. C. Westbrook, tr. mgr. Griggs, Cooper & Co.

V.P.—J. A. Leary, asst. genl. freight agt. Burlington; George W. Hamilton, tr. mgr. Seeger Refrigerator Co.

Sec.—Charles A. Liggett, asst. tr. dir. St. Paul Association of Commerce.

Treas.—Guy E. Dailey, asst. v.p. American National Bank.

Dinner guests were introduced by Henry R. Grochau, retiring president.

Among those at the head table were

Otto Bremer, chm. American National Bank; Ralph Budd, pres. Burlington Lines; Carl R. Gray, Jr., v.p. and genl. mgr. Omaha Road; B. W. Scandrett, exec. v.p. Northern Pacific Railway Co.; G. W. Webster, pres. Soo Line; Walter G. Seeger, pres. Seeger Refrigerator Co.; T. W. Proctor, a.f.t. St. Paul Railroad; B. F. Moffat, exec. rep. Minneapolis & St. Louis Railroad; R. H. Dutiel, pres. Traffic Club of Minneapolis; E. H. Berg, tr. dir. St. Paul Association; J. N. Jackson, pres. St. Paul Association; B. G. Griggs, v.p. Griggs, Cooper & Co., and Stafford King, state aud., who was guest speaker at the dinner.

### Along Financial Row

(Continued from page 28)

tional railroad, utility, and industrial securities practically equalled the increase in government bond holdings," says the current issue of "Investment Banking," speaking of the year just closed. Purchases of U. S. government bonds were less than in any of the three previous years, says the magazine, and foreign bond holdings shrank, but investments in corporate bonds were greater than ever before—the second year of record increases in corporate securities.

### Personally Speaking

Robert M. Rice, mgr. A. O. Slaughter's Minneapolis office, left Tuesday night for New York, from where he sailed Friday on the S. S. Kungsholm for a West Indies cruise; gone about six weeks.

If Twin City Bond Club efforts are successful, New York Stock Exchange Pres. Charles Gay will come to address the February meeting.

Al Plumley (First, Minneapolis) joined the first-time-on-the-jury club this week.

Guest of Twin City bond men at a Minneapolis Club dinner the other evening was Percy Stewart, syndicate mgr. Kuhn, Loeb.

Proud Father Dan Mahoney is No. 1 fan of 15-year-old John and his speed skating records at Powderhorn Park.

Former officer of a Twin City bank may become customers' man for a Minneapolis brokerage firm.

### PURCHASING AGENTS MEET

Twin Cities Association of Purchasing Agents, holding their annual meeting Wednesday, Jan. 12, in Minneapolis, reported some improvement in buying of goods and commodities. Fred S. Gram, Minneapolis city purchasing agent, was elected pres.; C. B. Garvin, St. Paul, v.p., and Basil L. Nelson, St. Paul, sec.-treas.



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Experienced banker wishes to buy working interest in country bank. Address Box 650, care Commercial West.

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## February Busy Month

(Continued from page 8)

### Iowa's Groups Ten and Eleven at Burlington

Again this year Group Eleven bankers have invited their Group Ten neighbors to meet with them on Washington's birthday, following the success of the plan last year. From Lee A. Holland, c. Washington State, Washington, chm. Group Eleven, COMMERCIAL WEST learns final arrangements haven't been completed, but the executive committee is hard at work, with announcements due shortly.

### Investors Syndicate News

Big news broke fast and furiously around Investors Syndicate this month. Biggest and most important developments included:

1. Total resources of \$111,292,376 as of Dec. 31.
2. Addition of another 8,000 square feet of office space on third floor of Roanoke building to house Minnesota and Dakota divisional offices, Minneapolis agency office, mailing, files and transcribing depts.

## FURNITURE AND FIXTURES

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A dumb waiter speeds up the handling of mail and files between the new quarters and the main offices on the second floor. The home office staff now numbers 515 persons.

3. Donald W. Green's addition to executive staff (C. W., Jan. 1).

4. Promotion of Paul J. Koughan to be asst. divisional mgr. Golden Plains division (C. W., Dec. 25).

5. Announcement of dates and place for next international convention—New Orleans, Jan. 12-14, 1939—for which representatives have all this year to work.

## MUST GET CIGARET LICENSES

Cigaret dealers in Minnesota are warned by Charles Ommodt, commissioner of agriculture, to obtain their state licenses before Feb. 1 to avoid payment of a 50 per cent penalty.

## Wheat Prices

(Continued from page 25)

added to get the total South American figure.

"Domestic flaxseed prices have followed advances in the Argentine. Trading in futures has been featureless, but there has been a good demand for the small quantities of flaxseed appearing."

## Helping Minnesota Industry

Inter-Organization Committee, the group which is directing efforts toward development of industry in Minnesota and retention of payrolls, of which George J. Bassingwaite, sec. Faribault Chamber of Commerce, is sec., advises COMMERCIAL WEST it has distributed 50,000 stickers free, and is supplying publishers with small mats, replicas of the stickers, to publicise the movement.

The committee does not feel that it can supply free of charge more of the stickers, which are in two colors, but will provide them for a nominal charge to any industry which wishes to use them.

"We have a truly great state," says Mr. Bassingwaite. "Let's build it, and tell others about it."

## Shippers Board Meets

Northwest Shippers Advisory Board held its 1938 mid-winter meeting this Thursday at the Nicollet hotel in Minneapolis. The noon luncheon, sponsored by the Traffic Club of Minneapolis, was addressed by Sydney Anderson, v.p. and sec. General Mills, Inc. During the regular session Charles F. Collisson, farm editor Minneapolis Tribune, delivered his popular address, "Prosperity Ahead." Charles H. Conaway, Jamestown, sec. Farmers Grain Dealers Association and chm. of the board, presided.

## Asks Plan Uniformity

Minneapolis Builders Exchange has asked architects to cooperate with it in simplification and uniformity of drawing up plans and specifications for construction of dwellings, citing that contractors are placed at disadvantage often in making bids because plans and specifications are inadequate.

The Exchange asks that the architects appoint a committee to confer with it for solution of the problem.

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Ralph F. Williamson

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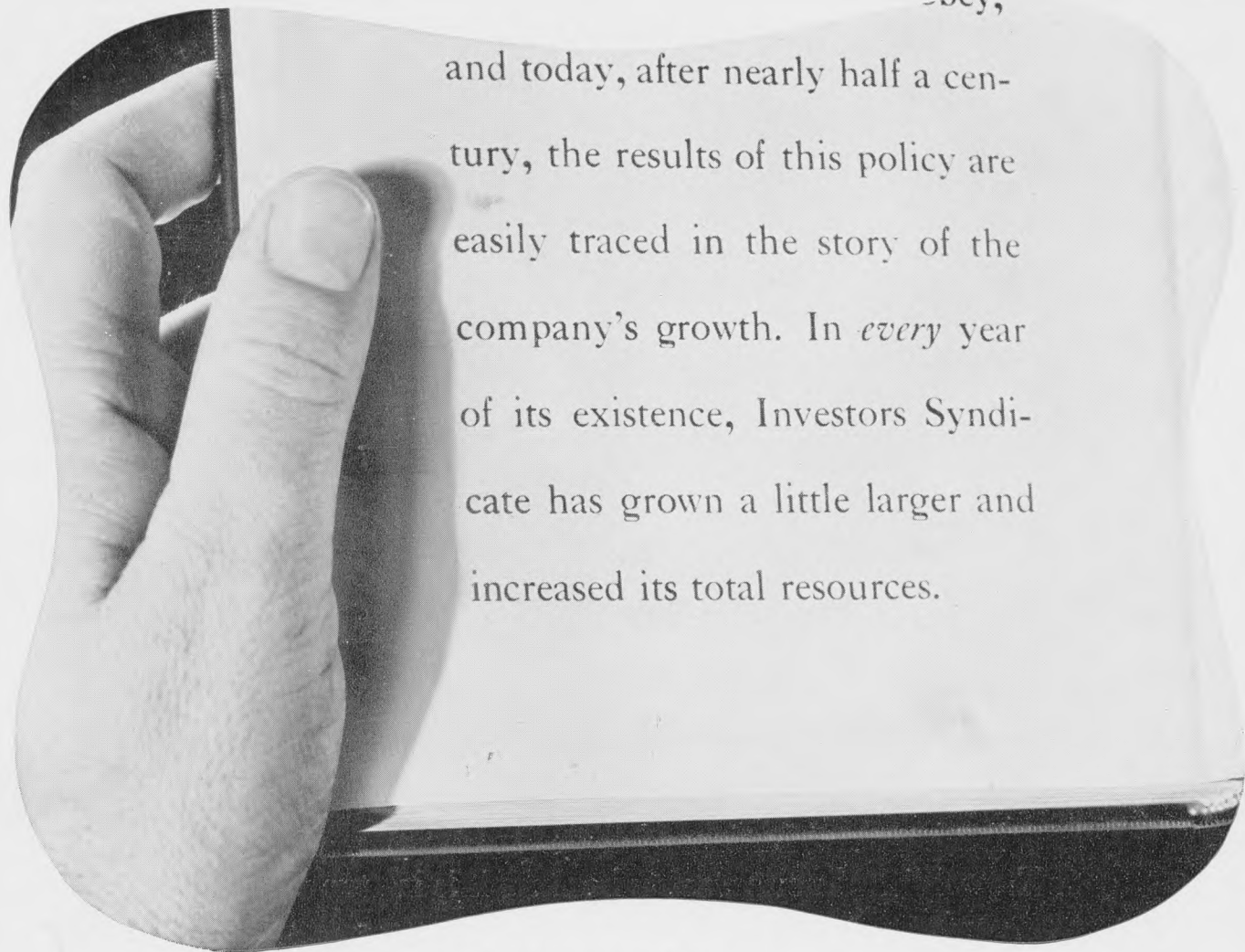
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## Continued Story:

We are happy to report that during this past year, our 44th, we have again been able to better our financial position, as these figures show:

<i>Resources:</i>	<i>December 31, 1936</i>	<i>December 31, 1937</i>
Current Assets consisting of Cash, Bonds and Securities, F.H.A. Insured Mortgages, Other First Liens on Real Estate, and other Secured Receivables including such assets as are deposited pursuant to statutes and agreements.....	\$77,431,719.11	\$ 98,763,893.29
Other Resources.....	<u>13,458,135.94</u>	<u>12,528,483.09</u>
TOTAL.....	\$90,889,855.05	\$111,292,376.38
 <i>Liabilities:</i>		
Certificate Cash Surrender Values.....	\$65,229,135.26	\$ 81,167,119.41
Additional Certificate Liabilities and Reserves over and above Cash Surrender Values.....	18,586,854.81	20,511,935.55
Other Liabilities.....	4,957,154.56	7,139,206.79
Capital and Surplus.....	<u>2,116,710.42</u>	<u>2,474,114.63</u>
TOTAL.....	\$90,889,855.05	\$111,292,376.38

We will be happy, too, to send you our latest financial statement. It contains information you may find useful in extending counsel to those who come to you for advice.

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