

NORTHWESTERN BANKER

DES MOINES

JULY, 1933



B. F. KAUFFMAN
President
Bankers Trust Co., Des Moines
President
Iowa Bankers Association

Deposit Guarantee

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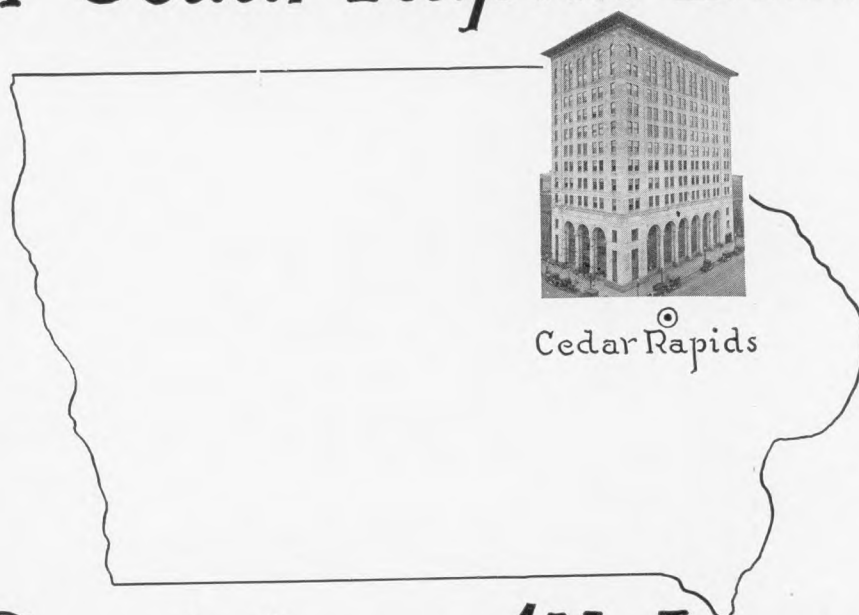
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A Cedar Rapids Bank



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Cedar Rapids

Iowa

Northwestern Banker

Des Moines

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State-Wide Branch Banking Unnecessary

In his annual speech, as president of the Pennsylvania Bankers Association, O. Howard Wolfe, cashier of the Philadelphia National Bank, emphasized the point that state-wide branch banking was unnecessary, and he expressed the belief that so radical a departure from our present banking methods as state-wide branch banking "is neither desirable or necessary."

His remarks on this subject are as follows:

"In order that you may not misunderstand what I am trying to say, let me make it clear that I am by no means persuaded that even so radical a departure from our present banking methods in Pennsylvania as state-wide branch banking is either desirable or necessary; in fact, I am definitely against such a program. We have often had pointed out to us that during these trying years no bank in Canada has failed, and the inference seems to be that this is because our northern neighbors operate under a branch banking system. In my judgment the strength of the Canadian banking system lies in other factors than the country-wide branch banking privilege. For example, Canadian banks can make no real estate loans whatever, and we might remind ourselves at this point that it was not until 1913 that national banks in this country were permitted to make such loans. Canadian banks may not make loans against bank stock, either their own or the shares of another bank in Canada. Canadian banks enjoy the advantages of a system of preference claims, which is so widely drawn as to its provisions that it practically amounts to making banks preferred creditors in case of bankruptcy on the part of borrowers. No bank in Canada may be organized with less capital than \$500,000, and here incidentally is the reason why branch banking is necessary in that country. Finally, one might refer to the fact that in Canada the matter of changes in legislation is in the hands of the Canadian Bankers Association, who ordina-

rily are able to agree on what is needed, and changes, if any are deemed necessary, are made regularly every ten years."

If no bank in the United States had been chartered with a capital of less than \$500,000 we would have had very few bank failures also, but at the same time, it has been the \$25,000 and \$50,000 capitalized banks which have helped in the development of this country in the past.

The constant reference to the benefits of the Canadian system without analyzing its defects and undesirable features has become a political pastime on the part of some of our legislative "reformers."

Bankers 97% Honest

In these days, when big bankers are being hailed into court for indiscretions in regard to their income tax returns, and when some of the lesser lights are being found guilty of misdemeanors, it is rather interesting to note the survey made by a commission in Indiana as to the causes of bank failures, and in this list I find "Infidelity, or Breach of Trust, 3 per cent."

Certainly this is a record of which American banking and American bankers can be proud, for I am convinced that there is no other line of business activity in the country which will show as small a per cent of dishonesty or breach of trust as this.

Let them Qualify or Let them Die

It has always been my opinion that constructive banking legislation should endeavor to answer the problems of all existing banks.

But when Congress puts into a bill the idea that banks must qualify for membership in the Federal Reserve System, in order to take advantage of the iniquitous Guaranty of Deposits clause, or if they cannot qualify put them into receivership, I think the time has come to let Congress know that the individual State Legislatures still have something

to say about the rules and regulations governing their own state chartered banks, even though Congress may think that it knows all there is to know about the banking situation.

Frank Warner, secretary of the Iowa Bankers Association, very ably outlined this point in a recent bulletin when he said:

"No one of course could be so hopeful as to believe that membership in the Federal Reserve System, great and laudable as it is, or in any other like system, is likewise a 'millennium' against economic conditions that have destroyed the borrowers of banks and therefore caused bank closings. Even it was found necessary for the Federal Reserve Bank System to close down during the National Bank Holiday. If such membership could be, then why do not the sponsors of the 'Steagall-Glass' bills permit every bank, regardless of its capitalization, access to membership in the Federal Reserve System? Why was the attempt made to cut off banks with less than \$50,000 capitalization and in doing so slap in the face thousands of their already members, the smaller *National* banks throughout the land that were organized under the Federal Banking laws themselves and entitled to protectorship from the federal government? Why is it required in the 'Glass' bill that all *State* and *National* banks desiring to have access to the 'Guaranty of Bank Deposits' provisions of the 'Glass' bill, and which it is understood was adopted by the 'Steagall' bill on the floor of the House when the 'Steagall' bill passed the House, May 23, 1933, must meet the *new* qualifications of membership by July 1, 1934, and that *National* banks that cannot meet those qualifications by that date be put into receivership or put under a Conservator and that *State* banks unable to meet said *new* qualifications would have their membership in the Federal Reserve System terminated? What is this to be construed as except a back-handed slap possibly intended to put out of business the smaller *National* and *State* banks? Is it not logical to also conclude that it is an indirect, naive way to obliterate the State Banking Systems and to lead to the slaughtering block and literally so by the thousands the average and smaller banking institutions, *National* and *State*, of this country?"

The great battle-cry of this administration and of Congress has been to keep our banking institutions open following the holiday, and the banks which have reopened have been on a sound basis, but now this idea seems to have been reversed, and after having established confidence in the minds of the public, regulations are to be put into effect,

which will place a hardship on many banks which otherwise could continue to be of service to their communities because they have put their houses in order, and are better able to serve their depositors.

Good Banking the Best Guaranty

Many depositors ask the question if you are opposed to the Guaranty Bank Deposits, what do you suggest in its place, and the one answer which should be given is good banking.

Good banking carries with it good management, a careful analysis of loans, the installation of service charges, and the adoption of every other banking practice which means the conduct of a sound, substantial financial institution.

The economic policy commission of the American Bankers Association emphasized this point recently by saying:

"Deposit guaranty is not good banking. It is an attempted substitute for good banking. Good banking, like good health, cannot be created by post mortem measures to make good for the ravages of previous bad habits or conditions that have been allowed to thrive behind the screen of concealment, which is exactly the way in which guaranty plans have consistently operated.

"The time and the way to guard against banking troubles is by applying sound habits, principles, safeguards and forehanded methods concurrently with and as an inherent part of banking operations themselves. The aim should be to prevent at the roots the growth of an abnormal bank failure situation requiring treatment as a special public problem. The aim should be to keep, by good banking, the inevitable troubles that occur in banking within normal economic limits, such as are the unavoidable expectancy in any line of business.

"This in effect, would be to recognize that there must be tolerated and carried in the banking structure types of banking and classes of bankers whose methods and shortcomings are bound to cause disasters analogous to fire and high water, whose damage must be paid for out of assessments against the legitimate earnings of good banking. Insurance is justifiable against unpreventable natural risks, but it is essentially anti-social when used as a make-good for preventable wastes and uncontrollable losses."

And the controllable losses will diminish just as rapidly as good banking continues to be on the increase, and that we are coming into an era of not only good banking but better banking is acknowledged by everyone.



"A WORLD OF HAPPINESS"

Reproduced in full color from the original pastel painting by Zula Kenyon. Miss Kenyon has probably painted more successful popular pictures than any other living artist. She was born in Wisconsin, studied at the Art Institute in Chicago, and now resides in a charming home in San Diego, California.

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Deposit Guarantee --- Now That We Have It, What Are We Going to Do About It?

A Discussion of the Deposit Guarantee Features of the 1933 Banking Bill and Their Effect on American Banking

FEDERAL guarantee of bank deposits! Two months ago a rank improbability—today a stark and startling reality. An ignominious failure wherever tried—is history to repeat itself now on a much grander and more catastrophic scale?

It seems almost incredible, in the light of past experiences, that a Congress of the United States has seen fit to adopt a deposit insurance plan and place an added burden upon the banks of the country. The idea has been tried in eight of our states. It failed with disastrous results in all of them.

As a matter of cold logic, however, there appears to be no good reason why bank deposits cannot be insured against loss just as intelligently and economically as any other risk. Standard actuarial principles could no doubt devise a sound and economic insurance plan, based on a study of risks and expected losses, and calling for the payment of a regular premium calculated to cover all anticipated losses and return a profit to the insurer. A paternalistic government, regulated by partisan politics rather than by sound business principles, could hardly be expected to run an insurance business on the same safe and sane basis.

For behold—the lawmakers have made the identical mistake which has made previous attempts at deposit guarantee such ghastly failures. They have taken the matter out of the realm of actuarial limits and placed it on a foundation of guesswork. That is what occurred in Nebraska, and what contributed most to the downfall of the Nebraska deposit guarantee scheme.

The big mistake has been made in determining the method of collecting the funds with which to absorb losses arising through bank failures. Instead of basing it on a premium, payable at stated intervals (such as annually, semi-annually, or quarterly) Congress has dictated a “perhaps you will—perhaps you won’t” policy in regard to the necessity for paying assessments.

The revised text of the Banking Act of 1933 gives us the operating procedure which is to be followed. All member banks of the Federal Reserve System are required to join the plan by July 1, 1934. Their initial contribution shall be in the form of a purchase of Class A stock of

By **WILLIAM E. JOHNSON**
*Executive Vice President,
Devlin & Bennett, Inc.,
Chicago*

the insuring corporation, to an amount equal to one-half of 1 per cent of the total time and demand deposits of each individual bank. Only half of this amount will be called for originally, but the directors of the insuring corporation have the privilege of calling the other half as they see fit. The stock will receive dividends at the rate of 6 per cent per annum, on a cumulative basis.

The law specifically provides for changes in the stockholding requirement on a given bank as its deposits increase or decline. The net effect of these provisions, therefore, is to maintain the bank’s share of

“WE AS BANKERS cannot afford to let the federal deposit guarantee fail. Our only hope to salvage it, and to make of it an active instrument in the upbuilding of American banking, is to regulate our own policies in such a manner as to guarantee its integrity for all time”

the fund for paying losses at a more or less fixed ratio of one-fourth of 1 per cent of total demand and time deposits in banks covered by the insurance protection.

The balance of the insurance corporation’s fund will consist of \$150,000,000 appropriated from the Treasury of the United States, plus the purchase by the Federal Reserve Banks of Class B stock in the amount of one-half of the surplus of the bank on January 1, 1933, half of the subscription being payable immediately.

Although the new bill is supposed to

make banking practically fool- and loss-proof, the designers of the act worked on the presumption that we would continue to have bank suspensions. Failures naturally meant depletion in the risk fund. Depletion would call for replacement if the fund were to continue to be operative. Hence the insuring corporation has been given the authority to levy an assessment on the banks to the amount of one-fourth of 1 per cent of their total deposit liabilities, whenever the amount paid out on claims, etc., shall exceed one-fourth of 1 per cent of such deposits.

Assessments vs. Premiums

Payments of “premiums” on deposit insurance will not be at stated intervals as in other forms of insurance, but on a basis of assessment as the fund is depleted. Herein lies the weakness of the federal insurance plan; the same weakness which existed in Nebraska and several other states which tried deposit guarantee. This is what happened: For some unknown reason banks continued to fail even after their deposits were guaranteed. Some unkind people even say that they failed *because* their deposits were guaranteed. Be that as it may, the result was that the funds got low. The failures took place largely during an ebb-tide in the local picture. Then came the assessments, at a time when good banks could ill afford to pay them. One assessment coming at the wrong time could make a bank insolvent. The result was more failures, and bigger ones—until the banks gave up the ghost and quit trying to make the thing work.

That is exactly what is apt to happen with the federal plan, unless something is done to make it economical and practical. The lawmakers failed to do it. Yet now that we have it, we simply can’t afford to allow it to fail again—particularly on a nation-wide basis. Yet if it is to work at all—and it *must* work—the bankers are going to have to make it work.

The Bankers’ Responsibility

The only way that we as bankers can guarantee the success of the plan is to take the aggressive in placing the scheme on a business-like basis. We must arbitrarily assume that our costs for insurance protection over a period of years will be equal to one-half of 1 per cent per

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annum, and we must place that amount in reserve *each year* in readiness of future assessments, and they will undoubtedly come just at the time when we can least afford to meet them. That has been the history of the assessment idea, and we have no reason to believe that it will work any differently on a national basis. To make ourselves secure we must make up for the errors of our lawmakers and place it on an annual premium basis.

Who Will Pay the Bill?

The next question is: Who is going to pay the bill? Will the banks assume cost as an added burden to their already burdensome expenses, or will the depositor pay for the protection of his own money? Who *should* pay?

As an owner of an automobile, I recognize a number of risks that must be assumed. I might lose the use of the machine through fire or theft. I might be the victim of a judgment as the result of an accident. Important risks, all of these, and for my own protection I "insure" myself against those risks with a responsible insurance company.

Who pays for this protection? Does the company who finances the purchase of the car pay for it? No. Does the insurance company provide it gratis? No. As the chief beneficiary of this risk assumption—as the one whose property is being protected—I pay the premium.

The same logic holds true in all forms of insurance, the person who insures his risk is the one who pays the premium. Hence, just as logically, the cost of deposit insurance under the Banking Act of 1933 should not be borne by the banks, but by the depositors themselves, in direct proportion to the amount of their risk which is being assumed.

The next question is: How are the banks going to pass this premium cost on to the depositors? The answer: By charging them their proportional share of the

total insurance cost. The method of procuring the charge will vary in different departments of the bank. Checking deposits, certificates of deposit, and pass-book savings,—each will have a slightly different method of approach and a different sales policy.

Checking Deposits

Let us look first at the commercial checking department. For a number of years this department has been relatively inefficient from the standpoint of profit production. Almost universal acceptance of the advantages of checking service has led to a tremendous increase in the public use of that service. Result: increased activity, increased overhead costs, and no increase in loanable balances to compensate the bank for costs incurred in providing service.

The modern, the efficient, the fair method of operating this department at a profit—as it should be run—is by the application of a measured service charge, under which each customer will pay, either in actual charges for service or in compensating balances, not only the actual costs incurred in servicing *his* account, but a fair profit as well.

Banks which are already operating on a measured service basis will encounter no difficulty in passing the deposit insurance charge along to their checking depositors. It will simply require a slight upward revision in prices for service, to offset the increased costs for insurance protection.

Banks which do not have the measured charge are confronted with a serious problem. If they have a flat charge in operation, they may be assured that it is not large enough to pay more than a portion of actual servicing costs. They are already losing money on that arrangement. It would be possible for them to add to present flat rates a charge at the rate of one-half of 1 per cent per annum on aver-

age balances, computed monthly. That would be a make-shift at best, however, and the wise thing—the practical thing—is to replace present inefficient and unprofitable flat charge systems with the measured charge.

The profit rate in the average country bank is currently so low that it cannot possibly permit the banks to operate at even a small profit if this insurance cost is to be added to their overhead burden.

Savings Deposits

In the savings department the necessity for passing the cost along is even more striking. The average net earning rate in country banks during recent months has been 4.28 per cent. If we deduct from this the overhead costs of maintaining departmental records, etc., averaging .61 per cent and also .50 per cent representing a fair rate for normal investment losses, we have a net available for interest and profits of 3.17 per cent.

The average bank pays an advertised rate of 3 per cent, which results in an effective rate of 2.74 per cent. If we deduct this from the operating net of 3.17 per cent, we have a resulting net profit margin of .43 per cent. It is not at all difficult to see that the average savings department will operate at a serious loss if we take into consideration *current* rather than *normal* investment losses, and if the bank is compelled to bear the entire burden of deposit insurance costs.

In those banks where the advertised rate is in excess of 3 per cent, and there are many such, the possibility of profitable operation is almost completely eliminated.

Shifting the Burden

The selling job and the method of passing on the cost of deposit insurance to regular savings depositors and to holders of deposit certificates is essentially the same. Each bank has an advertised rate

(Turn to page 28, please)

With Reserve City Bankers at Excelsior Springs



FROM left to right: William H. Miller, vice president of the City National Bank and Trust Company of Chicago; B. F. Kauffman, president of the Bankers Trust Company, Des Moines; Dr. and Mrs. Walter Lichtenstein, executive secretary of the First Union Trust and Savings Bank of Chicago; O. Howard Wolfe, cashier of the Philadelphia National Bank, and past president of the Reserve City Bankers Association; John H. Hogan, vice president of the Continental Illinois National Bank and Trust Company of Chicago, and the new president of the Association; Mrs. Herbert (Angelica) Horton of Des Moines; Mrs. John (Grace) Hogan of Chicago; and Mrs. Harold (Etta) Brenton of Minneapolis.

Seen and Heard at Sioux City

Forty-seventh Annual Conclave of Iowa Bankers Association Closes Another Year
In the History of Iowa Banking

By H. H. HAYNES
Editor the *Northwestern Banker*
Des Moines

WITH the smoke from the Congressional barrage of bills commencing to clear a bit, bankers attending the Forty-seventh Annual Convention of the Iowa Bankers Association in Sioux City drew a deep breath and tried to discover what the Industrial Recovery Act, the Emergency Farm Mortgage Act, and the Glass-Steagall Bill were all about, and at the same time get some worthwhile information on their own local problems. Explanations were forthcoming for all these weighty matters, but the banker who went home with a clear understanding of it all, must be a superman.

CONVERSATION in the lobby of the Hotel Warrior ranged from winnell conventions had to be held in such hot weather, to whoinell is going to foot the bill for guaranteeing these deposits. Regarding the first question, many suggestions were made that the convention be held in the early fall, thus avoiding the parboiling to which the delegates were subjected. As to this guaranty of deposits business, deduct one-half of one per cent from the interest rate you have been paying, and tell the savings depositor why you are doing it. They are his deposits. He should gladly pay a little insurance on them.

BEFORE we forget it, we want to make an explanation and an apology. To explain, the official photographer of The NORTHWESTERN BANKER, who is also the editor and in odd moments attempts to sell advertising, thought he had his camera properly adjusted to reproduce faithfully the likeness of several gentlemen who were enjoying the hospitality of the Live Stock National Bank of Sioux City in that good institution's headquarters in the hotel. But the light was bad or insufficient, or something, with the result that when the film was developed there appeared a fine array of belts, gal-luses, madras shirts, and neckwear, but not a single face to tell who was who. Even Hi Yackey wouldn't be able to figure it out. So that is why the snapshots of these gentlemen do not appear with others on another page of this issue. We offer our sincere apologies to Charlie Logan and D. E. Wilkins of Merville, Paul Baichley of GMAC, W. G. C. Bagley of Mason City, R. W. Waite of Waterloo, Carl Frederickson (genial host) of Sioux City, W. D. Wyard of Minneapolis,

China R. Clarke of Sioux Falls, Joe King of Waterloo, Frank Covert, Drovers, Chicago, and to Clarence Diehl of Des Moines.

PRESIDENT FIGGE, commenting on the guaranty of bank deposits legislation, said: "While the guaranty of deposits may work out under present conditions, it was not needed at this time. Banks have been rehabilitated, slow and doubtful paper has been removed, cut-throat competition is gone, and those bankers who are left should be competent. The assessment on banks for the guarantee fund will take hundreds of thousands

NEW OFFICERS

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B. F. Kauffman . . . Des Moines

Vice President

C. R. Gossett Sioux City

Treasurer

C. S. Rye Manly

Secretary

Frank Warner . . . Des Moines
(Re-elected)

of dollars out of trade channels in Iowa alone."

Changes in the handling of savings accounts and the adoption of a schedule of service charges were recommended by Mr. Figge as two methods of helping the small banks out of part of their difficulties.

He pointed out that many of the runs that resulted in closings became too large for the banks' cash supplies when depositors sought to withdraw savings accounts.

"Had these accounts been eliminated or at least limited to small amounts and replaced with twelve months' certificates of deposits we would not have experienced one-half of the runs on banks we have had," he said.

LACK of space prevents publishing in this July issue of The NORTHWESTERN BANKER all of the addresses made at the convention. However, we have most of them on file in our office, and they will appear in subsequent issues, together with discussions presented at bankers conventions in surrounding states. All the Middle-western conventions this year were very well attended, and presented unusually fine programs.

C. C. JACOBSEN, Jake to most bankers, and vice-president and manager of the Sioux City office of the Regional Agricultural Credit Corporation, spoke briefly on the operations of this most important government agency. C. C. feels that the responsibility for recovery lies with each banker—all must pull together for the common good. The RACC, he said, had outstanding at that time 10,025 loans averaging around \$850 per, for a total of \$8,539,000. Seventy-two per cent of the applications coming into his office have been granted on some sort of basis, with collections good.

WE QUITE agree with C. E. Friley that, if as he says, some 600,000,000 bushels of corn should be diverted into some new channel and put to an entirely different use, it would go a long way toward maintaining a higher price for this Iowa crop. But Mr. Friley, who is dean of the Division of Industrial Science at Iowa State College, should cast about for some other ways to use it than reducing the corn to alcohol and then blending the latter with gasoline. Good fuel, yes, but Mr. Friley admitted the cost of the blend would be considerably more than we are now paying for straight gasoline. With plenty of tax on gasoline now, and more in the offing, a higher price just wouldn't work. F. R. thinks he has a better idea, soon as the required number of states ratify.

ON TUESDAY afternoon bankers heard D. W. Bates, newly appointed state superintendent of banking, in a plea for more spirit among bankers and cooperation with the federal government in its efforts to improve the banking structure of the nation.

Mr. Bates pointed out that several features of the Glass-Steagall bill made the future of the small unit bank uncertain, but professed confidence that the situation would be changed before the final provi-

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sions of the bill became effective three years hence. He recommended taking up the matter with members of congress to bring about changes in the law that would continue the life of the small bank.

"Let us build our banks on a sound basis that will remove all possibility of criticism from the federal government or any one else," Mr. Bates said. "I am not giving up to the one-system plan of banking."

THE resolutions introduced and adopted by the convention, prepared under the supervision of Committee Chairman Clarence Diehl, are as follows:

Be It Resolved:

(1) We express the hope that all having in charge the administration of the new Emergency Farm Mortgage Act of 1933 will bend every effort to hasten the refinancing of farm mortgages as by that Act is provided to give every possible financial relief to both the farmer borrower and to banking institutions and to any other institutions holding mortgages that may, however good, now be considered slow or frozen.

(2) We call upon all county Association officers and members of county bankers associations to give their immediate investigation to the monthly and annual income from metered or measured service charges as being charges that will return an income more commensurate with the cost of the actual service rendered by banks for their customers.

(3) From years of actual experience it is our judgment that the handling of public funds cannot be carried on today except at a loss by the average bank and pay interest at the rate of two per cent as is now by law required. We urge that our State Association submit a measure to the next General Assembly asking that the interest rate on public funds be reduced to a rate not to exceed one per cent.

(4) Recognizing the unprecedented economic problems through which banking has been passing we call upon all bankers to extend to one another the fullest sympathetic cooperation. By this mass cooperation we can hurry the complete restoration of Iowa banking in the interest of our people and of our state.

(5) We regret the high bank burglary and bank holdup insurance rates now imposed upon banks of this section of the United States. We commend the several state bankers associations for their joint efforts in trying to obtain lower bank insurance rates for us and we hope their efforts may be eventually successful. We commend our State Association and the attorney general's office and the State Bureau of Investigation under his office in jointly completing arrangements for inaugurating the daily police radio service commencing on May 15, 1933. It is believed that this police radio system when fully set up by the attorney general's office will serve as a great deterrent of all forms of immediate major crime, including that of bank burglary and bank robbery.

It is our suggestion that each bank should consider the purchasing of one of the official receiving sets for their own bank in order that they may receive the daily radio warnings against bank robbery and bank burglary and check artists.

(6) We express our thanks to the officers of this organization who have served us so splendidly this past year and who have given to us today this outstanding program. Likewise do we extend our thanks to all those who have so fully contributed to make today's program the success that it is.

(7) For officers of this State Conference of County Bankers Association for the ensuing year we nominate:

For president: L. D. Garberson, president, Sibley State Bank, secretary Osceola County Bankers Association, Sibley, Iowa.

For vice president: D. M. Crumley, cashier, Rippey Savings Bank, President Greene County Bankers Association, Rippey.

For secretary: L. C. Dean, assistant cashier, Glenwood State Bank, secretary Mills County Bankers Association, Glenwood.

(8) We move the adoption of the above report including the nominations of those persons for office as therein contained.

Respectfully submitted,

C. A. DIEHL, Chairman, Des Moines.

ED. KLISART, West Bend.

C. J. LILJEDAHN, Essex.

New Bank Opens in Waterloo

WITH the occasion marked by one of the greatest celebrations ever witnessed in Waterloo, Iowa, The National Bank of that city on June 15th opened its doors for business. Months of steady, persistent endeavor by those who sought to make the new bank a reality were finally rewarded, and they should be highly gratified with the results of their achievement.

Officers and directors of The National Bank of Waterloo are well known in that city and Iowa. Officers are James M. Graham, president; Rodney P. Lien, vice president; Charles S. McKinstry, cashier; R. L. Penne, assistant cashier; Henry F. Hoffer, Lawrence Kilgore, J. Miller and Ruth Kloster, tellers.

Directors are James M. Graham, president of the bank, and president of James Black Dry Goods Company; J. E. Armstrong, president Armstrong Manufacturing Company; Horace Van Metre, attorney; A. H. Head, vice president John Deere Tractor Company; C. W. Chapman,



RODNEY P. LIEN

Chapman Lumber Company; A. L. Lommel, president Bartles Shepherd Oil Company; H. C. Wurster, Mid-Continent Petroleum Corporation; Harry Shaw, presi-

dent Waterloo Broadcasting Company; Rodney P. Lien, vice president of the bank; W. H. Langlas, Alstadt & Langlas Baking Company; and J. W. Rath, president Rath Packing Company.

Except for the attendant ceremonies which marked the birth of another financial institution for the business district, a visitor would not have realized the importance of the event so smoothly and confidently did the bank take its place in the affairs of Waterloo.

The welcome which the new bank received was unmistakable. The hand clasps of congratulations were firm and the smiles sincere. There was no rush to get into the bank for the crowd which gathered before the appointed time of opening seemed to sense a feeling in the air—here was a bank that would grow wisely with the future.

The Rath Packing Company was first to express its confidence in the National Bank in a great big way—that way being to deposit in the bank \$50,000.

Shortly afterward the Black Hawk county treasurer made a \$40,000 deposit.

"The National Bank is the fulfillment of nearly a year's work," declared President James M. Graham. "In opening it to the public Thursday we can only say we intend to operate as a bank for the people in a manner which will merit their faith in bringing about its existence."

"We sincerely appreciate the efforts of the reorganization committee and Waterloo citizens in bringing life to the plans for this bank," said Rodney P. Lien, vice president. "It will be our endeavor to conduct its affairs for the best interests of the individual and the community. To such an undertaking the officers and directors will do all that lies within their power."

All depositors of the old Commercial National Bank who signed agreements were permitted to draw a percentage of their old account, and this dividend came



CHAS. S. McKINSTRY

to almost \$1,400,000 available at the National Bank.

The National Bank of Waterloo is capi-

talized at \$200,000, with a surplus of \$50,000. It is interesting to note that this new bank represents the first institution in the Seventh District in which the Reconstruction Finance Corporation has invested in preferred stock.

In addition to bank officials and directors, many friends of the bank came to welcome the new institution. Harry G. Northey, president, and J. J. Miller, cashier, of the Waterloo Saving Bank, and members of the board of directors of that bank, were in attendance. Others in the bank were E. F. Wise, Waterloo, and Clarence A. Diehl, vice president of the Iowa-Des Moines National Bank, Des Moines.

The Iowa-Des Moines National Bank, the Merchants National Bank, Cedar Rapids; the Continental-Illinois Bank & Trust Co., Chicago; the Northwest Savings Bank, Mason City; the Waterloo Savings Bank, and other Waterloo business firms made the bank decorative with floral baskets.

Highlights of the Glass-Steagall Bill

IN A recent bulletin to members of the Iowa Bankers Association Frank Warner, secretary, lists the main features and important points of the Glass-Steagall bill, with a brief explanation of each. Given here are a few of the highlights of the bill that have a more direct and immediate bearing on the business of banking in Iowa.

Section 11—Member banks shall not make brokers' loans as agents for private, non-bank members, i. e., "loans for others."

(b) Prohibits interest on demand deposits, excepting such deposits in foreign offices of American banks and excepting deposits of mutual savings deposits and excepting deposits of public funds where interest is required by law. Gives Reserve Board right to regulate interest on time deposits which member banks may pay in different locations, etc. Forbids member banks paying any time deposit or waiving notice clause without same privilege to all similar accounts.

(c) Makes postal savings deposits only withdrawable on sixty days' notice, under penalty of loss of interest.

(d) Banks not required to give security as postal savings depositories for amount of deposits covered by deposit insurance.

Section 12—(g) Forbids loans by member banks to their executive officers. Borrowing by such officers from any other bank must be reported in writing to chairman of own bank. Loans already in existence may be renewed for two years if sound. Penalty one year and \$5,000 fine for officer and \$10,000 fine plus amount of loan for bank.

Section 16—Redefines loan and investment powers of national banks; limits dealing in securities to buying and selling solely upon order without recourse for customers; forbids underwriting issues for bank's own account; but national bank may buy for own investment account obligations approved by comptroller to extent not exceeding ten per cent of total issue outstanding except issues of \$100,000 or less of which fifty per cent of bank's capital is permitted, and to extent not exceeding 15 per cent of bank's paid in capital and 25 per cent of unimpaired surplus in securities of any one maker (previous law said 25 per cent of capital and surplus); common share stock investments are forbidden; U. S. Government, state, municipal, or farm or home loan act paper is excepted; investment in safe deposit unit stock limited to fifteen per cent of capital and unimpaired surplus (same as previous law). Effective one year after enactment.

Section 17—(a) No new national banking association shall be formed with capital of less than \$100,000 except in towns of 6,000 where \$50,000 may be permitted. In cities over 50,000 population, new national banks must have \$200,000 capital except in outlying districts where \$100,000 is minimum if state law permits banks with capital of \$100,000 or less. (Amends PP 10th of Sec. 9 of F. R. Act.)

(b) No state bank can join Federal Reserve unless it has unimpaired capital sufficient to entitle it to national bank charter. Except this does not apply to state banks organized already and situated

in towns of less than 3,000 population with a capital of less than \$25,000, nor to state bank so situated which increases capital to \$25,000 under deposit insurance provisions.

Section 22—Double liability of national bank shareholders shall not apply "to shares issued after date of enactment."

Section 23—(c) Provides national bank may establish branch at any place within a state only if and under such conditions as branches are specifically allowed to state banks.

No national bank shall establish branch unless it has capital of \$500,000 except in states with population of less than one million, minimum capital shall be \$250,000, and states with population of less than one-half million, minimum capital shall be \$100,000.

(d) Capital shall be sufficient for same number of individual national banks as branches.

Section 24—(a) Extends privileges of merger act throughout "state" as well as "county, city, town or village" at present.

(b) Amends national bank act to safeguard rights of national banks as trustees against state court appointments of other institutions after mergers.

Section 25—Adds a new legal rate of interest for national banks: i. e., one per cent over rediscount rate on 90-day commercial paper if rate so computed is higher than rate permitted under state law. (Previous law, section 5197, limits interest to state rate of seven per cent.)

Section 29—Gives comptroller of cur-

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rency power, for advantage of depositor of any closed national bank, to permit it to resume business with all or part of

deposits frozen for a reasonable period if seventy-five per cent of credit liabilities consent in writing.

ready been made in the present advancing market.

Some of this, of course, has been due to the talk of inflation, and anticipated expectation of earnings, and as a rule the market precedes the actual upturn in business by some six to eight months, and if it is any criterion now, it should mean that actual better business will be definitely recorded in the balance sheets of the American corporations this fall and winter.

NEWS AND VIEWS OF THE BANKING WORLD By Clifford De Puy

O. M. W. SPRAGUE, who was recently appointed by President Roosevelt as financial and economic advisor to the United States government, was Professor of economics at Harvard University for many years.

In accepting his new post, Professor Sprague gave up a position as financial and economic advisor to the Bank of England, which he has held since January, 1930.

In 1913 he was appointed Professor of banking and finance at the Harvard Business School, and this position which he filled for seventeen years now awaits his return.

I had the pleasure of taking my banking course under Professor Sprague, when I was in the business School, and for that reason take more than the usual interest in his appointment. Among other things I remember one of his lectures was in opposition to having all the banks in the United States members of the Federal Reserve System, but of course, that was some years ago, and I shall await and see if he issues any opinions on that subject at this time, when some of the big boys seem to think that every bank should be a member of the system.

EACH year the Bond Club of New York issues its famous burlesque publication, called the "Bawl Street Journal."

This year, one of the advertisements which created the most interest was signed by the International Complications School, Scramble, Pennsylvania, and was entitled "Be the Life of the Party." Above this heading was a picture of President Roosevelt at the piano, and below the heading was this copy:

"I used to be backward and retiring. I was afraid to ask for advancement so I always had to be content with an assistant's job—in the Navy—while my Cousins took the big plays. But I'm no longer retiring. It's the mortgage men and the bankers and the postmasters who are retiring.

"I never got invited out. I thought maybe I had that dreadful 'B. O.' (bonds

outstanding). But I fixed that in a hurry. I ignored it.

"People snickered when I sat down at the executive bench, but as I began to run my nimble fingers nonchalantly over Congress there were amazed stares, and the guests looked at each other out of the corners of their eyes. There were gasps as I played the intricate measures of 'Bankers Away!' the prelude to 'Holidays Are Here Again.' I didn't wait for an encore but swept right on into the sentimental strains of 'Bring Back My Wandering Brew Tonight.'

"At last things were coming my way. Congress was weeping. With tears in its eyes it swept itself right off its feet. If it hadn't, I would have, for I was in no patronizing mood.

"I continued to run my fingers over those Congressional 'Ivories,' and heard someone whisper that old, old favorite 'My Bonds They Lie Over the Ocean.' I knew that deep in the hearts of many there was a call for it. With superb technique I struck a chord or two of 'Under the Double Eagle,' but I fooled with that only a moment, sweeping into 'Silver Shreds Instead of Gold.'

"You should have heard the ah's and oh's that one brought, and they kept right on as I played 'London Dollar's Falling Down.' Then, in Huey Long's honor, I rendered 'The Washington Pest March.' I wound up with that famous old Farm Board Ballad, 'Little Old Loan in the West,' which brought its share of applause,—er—I mean, applause.

"I am certainly stepping high, wide and handsome these days. No more mooning around by myself. I just can't fill all my engagements. Of course, I don't expect to make a hit every time I come to bat, but I should worry. I GET TO BAT ALL THE TIME!

"Who's responsible for this change in me? You'd like to improve yourself, too? Well, just clip the gold coupon and mail it, under no obligations. (Always avoid gold coupon obligations.)"

JUST TO PROVE THAT THE NEW DEAL IS GOING ALONG QUITE nicely, more than \$9,000,000,000 has al-

WILLIAM H. WOODIN, secretary of the Treasury, in speaking at the annual commencement of Syracuse University, emphasized the fact that America needs music more than ever to stimulate courage.

Perhaps the Secretary would suggest the revival of "The Battle Hymn of the Republic," or the well-known World-War song of "Pack Up Your Troubles in Your Old Kit Bag."

Secretary Woodin pointed out that, "Fear more than any other one thing has been responsible for the failure of financial institutions. Fear spreads like forest fire, and many of the runs upon banks have been wholly unwarranted, and are entirely results of fear, the father and mother of panic."

Perhaps the next governmental activity will be a radio in every business office with a national hookup at certain hours of the day to listen to a program of stimulating music which will drive away dull care and make every balance sheet sing with surplus and dance with dividends.

OFFICERS of the Association of Reserve City Bankers, for the coming year, are JOHN H. HOGAN, vice president of the Continental Illinois National Bank and Trust Company of Chicago, president; R. L. STONE, vice president, First Wisconsin National Bank of Milwaukee, vice president; and directors, C. E. IVEY, Jr., vice president of the California Bank of Los Angeles; J. F. KENNEDY, vice president of the First National Bank of Atlanta; R. E. HANSEN, vice president of the First National Bank of St. Paul; JOSEPH P. WILLIAMS, vice president, Commerce Trust Company, Kansas City.

The convention next year will be held at Skytop Lodge, at Cresco, Pennsylvania, in the Pocono mountains, just three hours ride from Philadelphia.

ITALKED with one banker at the Excelsior Springs meeting who is not singing the praises of PRESIDENT ROOSEVELT. I said, do you think that the President is a second MUSSOLINI. He said, "Yes, but he does not have his brains." This, however, was a minority estimate of most of the bankers present.

W. H. BRENTON, formerly president of the Iowa-Des Moines National Bank, and now vice president of the Northwest Bancorporation of Minneapolis, is calling on the individual banks located in the far flung domain of the holding corporation. Accompanying Harold to the convention was his beautiful and charming wife, who makes a host of friends wherever she goes.

FRED A. CUSCADEN, vice president of the Northern Trust Company of Chicago, is a most successful banker and a star golfer, but did you know that he is also PADEREWSKI the second. He

demonstrated his ability to "tickle the ivories" when he played the piano during the interludes at dinner when the official Elms Hotel orchestra was taking a breathing spell.

ALVIN E. JOHNSON, vice president of the Live Stock National Bank of Omaha, together with Mrs. Johnson took advantage of the golf course and the bubbling mineral water.

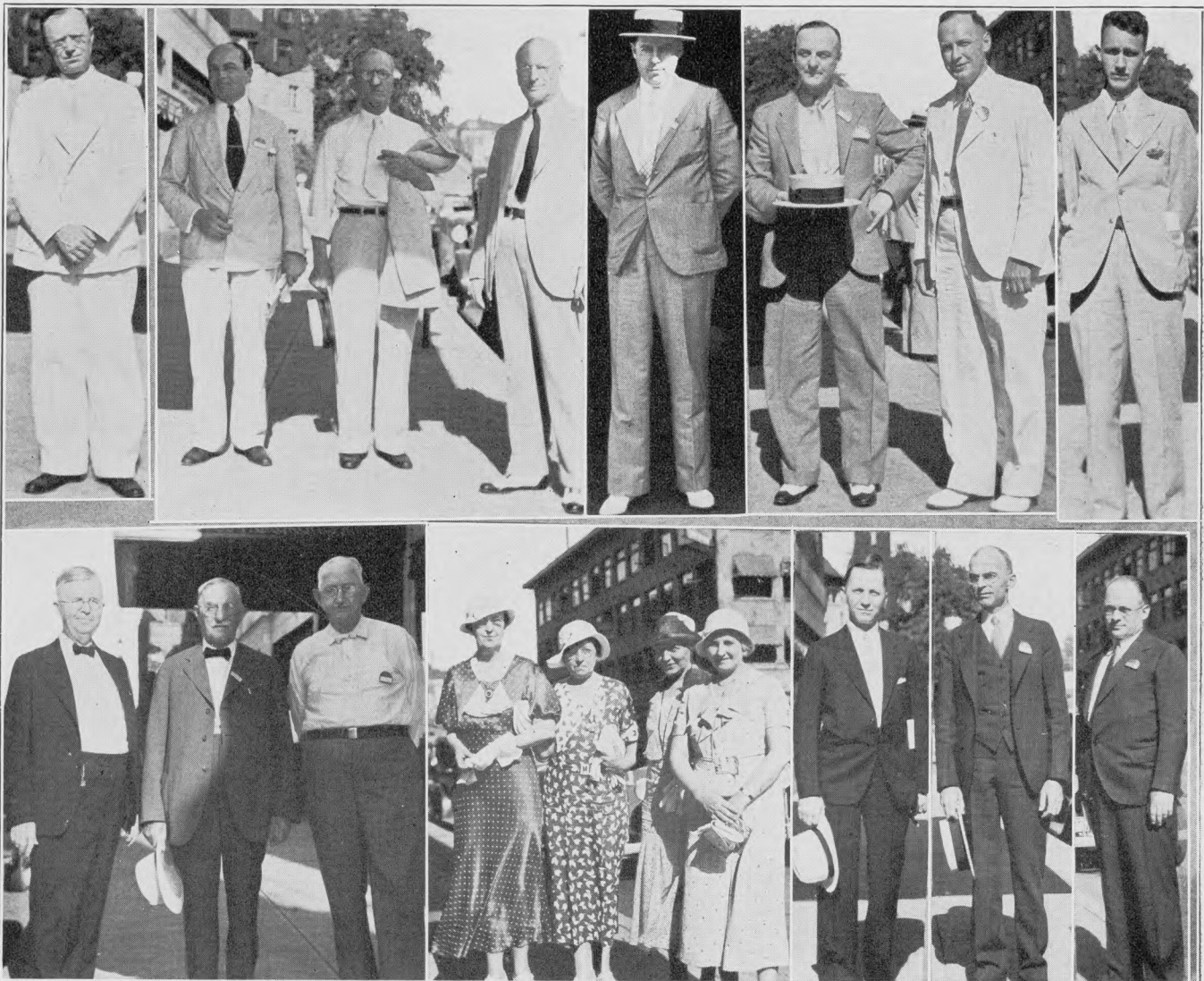
Incidentally, Alvin is an expert chef when it comes to the preparation of steaks, so the next time you are out his way, ask him to demonstrate it, because he can do it on a 100 per cent deluxe basis.

E. N. VAN HORNE, together with Mrs. Van Horne and his family left Excelsior Springs for a vacation at Cass Lake, Minnesota, and from there he will take a special guide and make a trip into the northern wilds of Canada.

O. HOWARD WOLFE, cashier of the Philadelphia National Bank, was president of the R. C. B. in 1932, has attended 15 of the 22 annual conventions of the Reserve City Bankers Association. Howard is also president of the anti-spinach club. This is not because he

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At the Iowa Convention



TOP row, from left to right: Fred J. Figge, Ossian, retiring president of the Iowa Bankers Association; Frank Warner, secretary Iowa Bankers Association; C. E. Fishbaugh, Shenandoah; D. W. Bates, Iowa Superintendent of Banking; H. G. Kramer, Clinton; C. C. Jacobsen, vice president and manager, R. A. C. C., Sioux City; R. W. Turner, City National Bank, Council Bluffs; and C. W. Fishbaugh, Shenandoah.

Bottom row, left left to right: Frank Noble, American Surety Company, Des Moines; G. W. Mattern, Donnellson; R. D. M. Turner, Council Bluffs; Mrs. D. W. Bates; Mrs. Fred J. Figge; Mrs. L. A. Andrew; Mrs. C. C. Jacobsen; C. O. Wilkinson, Northwest Savings Bank, Mason City; Norman Shaffer, Continental National, Chicago; and F. L. Purrington, Federal Reserve, Chicago.

New Service to Farm Mortgage

ANNOUNCEMENT of a new service to farm mortgage holders based upon the farm mortgage refinancing amendment of the emergency farm relief bill was made by McMurray Hill & Company, investment bankers of Des Moines.

Comprehensive study of the relief amendment leads this firm to believe that a service to investors in farm mortgages can be given.

The amendment provides for the taking over of the mortgages by the Federal Land Banks at a price of from 50 per cent to 75 per cent of the appraised value of the mortgaged land, to be payable either in cash or in a new Federal Land Bank, 4 per cent bond guaranteed as to interest by the United States Government.

The land banks have been authorized to issue two billion dollars in bonds for the purpose and can pay 50 per cent of the appraised value of the mortgaged land for a qualified first mortgage. The amendment provides further for the providing of \$200,000,000 to the Farm Loan Commissioner for the purpose of a further payment of 25 per cent of the appraised value of the mortgaged land in order that the now outstanding first mortgage can be purchased and refinanced by the mortgagor. In case the full 75 per cent of the value of the mortgaged property is necessary to buy and refinance the present first mortgage, the mortgagor must make application to the land bank for the first mortgage loan of 50 per cent of the appraised value of the land and to the

INVESTORS

Farm Loan Commissioner for the 25 per cent amount of the value which is then a second mortgage loan.

Any mortgagor whose mortgage is sold to the Federal Land Bank is then entitled to make a new note secured by mortgage to the Federal Land Bank; the principal amount to be the same as the price which the bank paid for the original mortgage with interest at the rate of 4½ per cent, payable semi-annually for the five-year period subsequent to the date of the bill. Thereafter the interest rate shall be 5 per cent. The new first mortgage shall run for a period not longer than 39½ years. With each interest period a principal payment of one-half of one per cent is required with the provision, however, that no such payments need be made for the five-year period above mentioned.

The commissioner loan or the second mortgage loan, however, is to run for ten years or, in the case of both a first and second mortgage loan both secured by real property made for the purpose of reducing or refinancing an existing mortgage within an agreed period no greater than the period for which the first mortgage loan runs.

As is readily seen, this bill makes a market for those first mortgage notes that are qualified. This market as in the case of a bond will naturally be either par or some percentage of par. It is there-

fore McMurray Hill & Company's purpose to determine for their farm mortgage clients the value of such mortgage holdings. In some instances, as is true with other securities, it will be possibly thusly to determine whether or not the mortgage should be liquidated or held. If it is apparent to the holder that he would be wise to liquidate his mortgage at a discount for safety or for greater marketability, he is able to so liquidate through McMurray Hill & Company, who handle all the details of the plan. Once his mortgage is liquidated, he may reinvest for whatever objective he wishes; safety, marketability, yield or appreciation to recoup losses.

This service is to be offered by McMurray Hill & Company to all individual mortgage holders and banks in Iowa and adjacent states. This firm believes that the service will be of benefit and profit to the mortgage holder who is hard pressed for cash or who wishes to diversify his investments or who cannot afford to be faced with defaults in principal or interest because of the cost and length of time now necessary to foreclose.

It is felt that even though principal reductions must be sustained in some cases, the increased value of the purchasing power of the cash at this time compensate for this loss. Further, they feel that it will greatly assist the mortgagor by reducing interest in practically all cases and principal and interest in some cases; and will provide the firm an enlarged outlet for high grade securities.

Northwest Bancorporation Makes Change in Officials

ON JUNE 27th, directors of Northwest Bancorporation met to authorize changes in the operating plan of the corporation to conform more closely to the aims and purposes of Congress and the national government as set forth in the Banking Act of 1933. The Banking Act, known as the Glass-Steagall bill, was signed by President Roosevelt June 16th. Under the provisions of the bill, the position of bank holding companies is distinctly improved. Such companies will operate under a permit from the Federal Reserve Board and be subject to regular examination. Directors of national banks

are limited to a maximum of 25 and a minimum of 5. Control of security affiliates must be relinquished within one year.

Incident to the discussion and adoption of policies to comply with these and other regulations, important changes in the officer personnel and board of directors of Northwest Bancorporation also were voted.

Under the changes authorized, President E. W. Decker becomes chairman of the board and chairman of the executive committee, with Theodore Wold, vice president of the Northwestern National Bank, and W. A. Durst, president of the Minnesota

Loan and Trust Company, as vice chairman.

J. C. Thomson, vice president and general manager of Northwest Bancorporation, becomes president and general manager. Mr. Thomson has been connected with the Northwestern National Bank since 1907. In 1929 when Northwest Bancorporation was organized he became its first general manager.

After incorporating the changes made in the officer personnel, the following will be a complete list of the officers: E. W. Decker, chairman of the board; W. A. Durst, vice chairman of board; Theo-

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E. W. DECKER
Chairman of the Board

Wold, vice chairman of board; J. C. Thomson, president and general manager; Alex. Highland, vice president and treasurer; W. H. Brenton, vice president; R. D. Thrall, vice president; Theo. Albrecht, vice president; C. E. Drake, vice president; Gardner B. Perry, vice president; D. R. West, secretary; Robert F. Mactavish, comptroller; Grant W. Anderson, assistant secretary; W. E. Brockman, assistant secretary; Willis D. Wyard, assistant secretary; Ralph M. Watson, assistant secretary; H. Rallenberg, chief examiner; W. L. Mitten, manager, investment department.

In keeping with the principles of the

Glass-Seagall bill, the board of directors of Northwest Bancorporation will be confined to 20 members.

The personnel of the new board of directors represents many important industries of the Northwest. The members of the board are:

Shreve M. Archer, president, Archer-Daniels-Midland Company, Minneapolis, Minn.

Geo. N. Ayres, president, Central Life Assurance Society, Des Moines, Iowa.

James F. Bell, president, General Mills, Inc., Minneapolis Minn.

W. B. T. Bell, president, N. W. Bell Telephone Company, Omaha, Nebraska.

Fred Bohlen, president, Meredith Publishing Company, Des Moines, Iowa.

A. C. Cobb, Cobb, Hoke, Benson, Krause & Faegre Minneapolis, Minn.



GEORGE N. AYRES
Board of Directors



J. C. THOMSON
President

John Crosby, director, General Mills, Inc., Minneapolis, Minn.

Geo. D. Dayton president, The Dayton Company, Minneapolis, Minn.

Edw. W. Decker, president, Northwestern National Bank, Minneapolis, Minn.

W. A. Durst, president, Minnesota Loan and Trust Company, Minneapolis, Minn.

Frank T. Heffelfinger, president, F. H. Peavey & Company, Minneapolis, Minn.

Hanford MacNider, chairman of board, First National Bank, Mason City, Iowa.

I. S. Moore, president, First & American National Bank, Duluth, Minn.

Edgar M. Morsman, Jr., attorney, Omaha, Nebraska.

John S. Pillsbury, chairman of board, Pillsbury Flour Mills Co., Minneapolis, Minn.

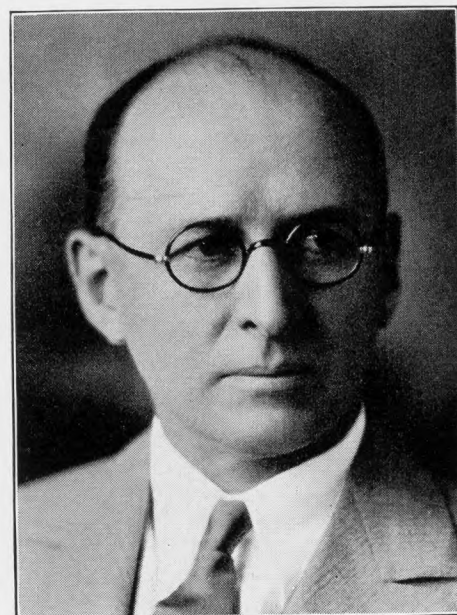
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FRED BOHEN
Board of Directors



H. L. HORTON
Central Operating Committee



G. H. YATES
Central Operating Committee

Northwestern Banker July 1933

Convention Conversation at Minneapolis

THE forty-fourth "get together" of the Minnesota Bankers opened at the Nicollet last month with a "smoker" and then "got hot" at the election of its vice president, and didn't "cool off" until the last strains of the "hot cha" orchestra at the annual dance were heard no more.

STATISTICALLY speaking, the Association shows up as follows, according to the efficient and popular Secretary, George Susens:

| | |
|---------------------|-------------|
| Total Membership | |
| June 1, 1932..... | 801 |
| June 1, 1933..... | 698 |
| Membership Dues | |
| April 30, 1932..... | \$29,677.40 |
| April 30, 1933..... | 25,870.00 |
| Securities Sold | |
| April 30, 1932..... | \$10,000.00 |
| April 30, 1933..... | 20,161.20 |
| Total Receipts | |
| April 30, 1932..... | \$44,150.45 |
| April 30, 1933..... | 49,714.09 |
| Total Disbursements | |
| April 30, 1933..... | \$50,422.91 |
| April 30, 1933..... | 44,592.20 |

THE nominating committee proposed for vice president, W. N. Johnson, vice president of the Northwestern National Bank of Minneapolis, who has long been active in Association affairs, but the Independent Bankers nominated D. J. Fouquette of the St. Cloud State Bank, and last year's Treasurer, and when the "battle of the ballots" was over he had won by one vote (115 to 114). In the meantime, a number of Northwest Bancorporation bank members were busy chatting just outside the convention hall and hadn't even voted, feeling certain that Bill Johnson would easily win.

B. M. Peyton presented the resolutions which received the "O. K." of Minnesota's Banking Brains, and which were these:

1. "Regardless of cost" that state highway patrol system be given full police power and enlarged to cope with criminals and "eliminate this terrible menace from our state."
2. Elimination of bank check tax.
3. Opposition to payment of interest on postal savings by the government.
4. "Three cheers" for President Roosevelt and his excellent leadership.

J. F. T. O'CONNOR, the new Comptroller of the Currency, from Grand Forks, North Dakota, told the convention the Glass-Steagall bill "is the greatest piece of constructive legislation passed by Congress. The government already is guaranteeing \$1,500,000,000 in deposits in the postal savings so that the task of ad-

By **CLIFFORD DE PUY**
Publisher
The Northwestern Banker
Des Moines

ministering a fund as large as this insurance fund will not be an entirely new adventure."

Guaranteeing of deposits by states is an old adventure which has never worked successfully—maybe nationally it will—time alone will tell.

J. C. THOMSON is justly proud of the fact that no banks in his group have "folded up" or "passed out" during the banking bubble.

W. M. DUNCAN (incoming) presented M. F. Ernst (outgoing) president with a gold watch from members of the Council of Administration; dropped the case and spilled the "works" (all phoney) then gave him the real watch which he had in his pocket—clever stunt.

H. B. CRADDICK gave away 3.2 bottle openers—"spin to see who pays."

W. E. BROCKMAN returned in time for the Minnesota meeting after a week in Chicago attending the annual A. I. B. conclave and looking over the Progress made during the last Century.

BERT FELSTED was recovering from an ulcerated tooth.

TENNIS star Vida R. Richards, looked as beautiful and charming as ever.

C. B. BROWN urged the bankers to meet "bandit brutality" with "equal viciousness."

A. A. CRANE, oldest living Ex-President of the Association (1899-1900) made a few short but interesting remarks at the banquet.

O. LUF GANDRUD, of Benson, was entrusted with the "cash and currency" for the next year by being elected Treasurer.



THERE was a regular family reunion to greet J. F. T. O'Connor, comptroller of the currency and former resident of Grand Forks, N. D., when he arrived in Minneapolis from Washington, D. C., to address Minnesota bankers. In this group are: Back row, M. M. O'Connor of Grand Forks, a brother; W. H. Freeman of St. Paul, and Honore O'Connor, Grand Forks, niece. Middle row, Mrs. W. H. Freeman, St. Paul, a niece, and Mr. O'Connor. In front, Mrs. C. P. Trepani, Grand Forks, a sister.

DR. C. H. MAYO, Rochester's famous citizen surprised his listeners when he said that every other bed in hospitals in the United States is occupied by a patient with a nervous disease, and shocked 1,000 bankers and their wives at the annual banquet when he told the

story about the Englishman who failed to pay his dog license.

AND, if you were still in "need of help" to make your stay in Minneapolis pleasant, the *Tribune* carried the

advertisement of "A gift from God" which was as follows:

"MADAM CEOLA

"A gift from 'God' since the age of 11. This lady will help, or no charge. 1121 Marquette. Satisfaction Guaranteed."

Large Attendance at the South Dakota Convention

THE South Dakota Bankers Association will hold their 1934 annual convention in the Black Hills, it was decided as their two-day session closed in Mitchell last month.

George A. Starring, of Huron, was re-appointed executive manager and treasurer of the association by members of the executive council who met after the regular session.

Officials of the association declared that this was one of the finest conventions ever held, paying tribute to members of the local committees for the manner in which the program was carried out. The attendance was the largest of any convention since 1930.

The following officers were elected at the business meeting:

President—E. R. Heaton, vice president First Dakota National Bank & Trust Co., Yankton. Vice president—L. M. Larsen, cashier Jerauld County Bank, Wessington Springs. Member Executive Council from Group 2, O. V. Meyhaus, president, Corn Exchange Bank, Sioux Falls. Member Executive Council from Group 3, Wm. C. Rempfer, cashier, First National Bank, Parkston. Member Executive Council from Group 4, Don W. DeVey, president, Farmers State Bank, Westport. Member Executive Council from Group 5, Geo. C. Fullinweider, president, National Bank of Huron, Huron. Member Executive Council from Group 7, W. B. Penfold, vice president, Butte County Bank, Belle Fourche. T. M. Brisbane, retiring president, becomes Honorary Member of the Executive Council.

The following were elected officers of the American Bankers Association:

State Vice President—Harmon Kopperud, vice president, Community State Bank, Lake Preston. Member Nominating Committee—E. R. Heaton, vice president, First Dakota National Bank & Trust Co., Yankton; Alternate—T. M. Brisbane, cashier, Sanborn County Bank, Woonsocket. Vice President, National Bank Division—A. B. Knox, cashier, McCook County National Bank, Salem. Vice President Savings Bank Division—J. C. Van-

Congratulations extended to George Starring, Secretary, for a fine and interesting program. E. R. Heaton of Yankton named president, and L. M. Larsen, Wessington Springs, elected to the vice presidency

dagrift, president, Union Savings Bank, Sioux Falls. Vice President Trust Division—S. L. Allen, vice president, Aberdeen National Bank & Trust Co., Aberdeen. Vice President State Bank Division—Oscar Olson, cashier, Bank of Timber Lake, Timber Lake.

The South Dakota members of the American Bankers Association adopted a resolution asking the state vice president, J. O. Van Nice of McLaughlin, to telegraph Senator Carter Glass suggesting that his bill be amended to provide that the robbery or burglary of a bank which is a member of the Federal Reserve System be made a federal crime.

Resolutions Adopted Appreciation

1. MITCHELL—We appreciate the hospitality with which we have been received and entertained by the banking fraternity of Mitchell, the Mitchell Chamber of Commerce, the hotels, the local committees and the Mitchell Country Club for the use of its golf course.

2. PROGRAM—We are deeply grateful to the speakers on our program who have given so unselfishly of their time and talent to provide such a well-balanced and constructive program for this convention. We especially appreciate the messages brought to us by Governor Tom Berry of Pierre; by Carl W. Jones, publisher of the *Minneapolis Journal*; by Preston E.

Reed, executive secretary, Financial Advertisers Association, Chicago, and by L. E. Corey, director of taxation, Pierre. We are grateful to those who have appeared upon the entertainment features of the program for their part in making this convention such a success.

3. NEWSPAPERS—We desire to express our appreciation of the wholesome attitude and understanding taken by the newspapers during the banking holiday, as we believe their cooperation had much to do with the courageous manner with which the public accepted the situation.

Crime

4. REWARDS—We endorse the action of the executive council in discontinuing the reward for capture of bank bandits and we recommend that same be not renewed until the association finances justify the expense. This action apparently is in accord with the wishes of a majority of our members.

5. PROTECTIVE DEVICES—We recommend that the banks of the state at once provide themselves with such equipment as will reduce the daytime exposure of cash about 75 per cent. This should be the minimum protection adapted—further equipment to be according to each bank's needs and ability to buy.

As an additional protective feature we recommend that the wishes of the Secretary of the Treasury and the State Banking Department in curtailing the excessive use of currency be respected to the end that banks can function with a limited supply of currency in their vaults.

6. STATE CONSTABULARY—We believe that the increasing crime will be difficult to control until the State adopts a complete statewide constabulary or police system under central management. As soon as conditions warrant the expense, we recommend that our legislators give this matter their serious consideration.

7. PEACE OFFICERS—We wish to thank our county and city peace officers for their cooperation freely given, and many times under great handicaps as to man power and suitable equipment.

Northwestern Banker July 1933

Bank Earnings

8. **INTEREST RATES**—We recommend that banks in this State which are paying more than 3 per cent on time deposits reduce to that amount within the next six months as a duty which they owe to themselves and their customers in the interests of sound banking under present conditions.

9. **FLOAT AND STOP-LOSS CHARGES**—We recommend that the proper committee at once revise the service charge schedule of 1929 in line with present needs, such changes to include all stop-loss charges and float, and same be submitted to the members for their adoption by July 1.

10. **REGIONAL CLEARING HOUSES**—We recommend that the Association and its member banks give further study to the establishment of regional clearing houses in our groups so that banks may enjoy closer cooperation in the conduct of their business to the end that earnings may be increased and duplication of credit lines may be avoided, and that the proper committee present a definite organization plan for consideration by the groups at the fall meetings.

Legislation

11. **POSTAL SAVINGS**—The Government postal savings system under the stimulus of unwarranted publicity which in effect has amounted to active solicitation for such deposits, coupled with the excessive rates of interest paid upon such deposits, has developed into a dangerous menace to the stability and future progress of all country banks.

We believe that continued competition from the system, especially the high rates of interest paid on such deposits, will eventually absorb the major portion of savings accounts in such country banks, thereby contributing to further curtailment of banking facilities in many small towns in this state and endangering the stability and facilities of banks in the larger towns of the state.

We urge the Congress, in the interest of the welfare of people in the rural districts, that all undue competition from postal savings system be eliminated at the earliest possible time, and especially urge reduction of the postal savings limit for individuals and drastic reduction in the rate of interest paid on such deposits.

12. **CHECK TAX**—The imposition of the Government tax of 2 cents per check has eliminated many small checking accounts in country banks. Such tax being made effective at a time when the depression was at its height and confidence in banks at a low ebb was a deciding factor in the closing of many accounts which would not have been closed had it not been for this additional burden.

The deposits of country banks are made up to a large extent of small accounts and any additional burden placed on such small accounts tends to reduce

their number and consequently impair the loaning ability of such country banks.

We urge that the Congress repeal the bank check tax at the earliest possible moment and aid in the restoration of normal business activity between bank depositors and country banks.

13. **SENATE BILL 1502**—We are opposed to Senate Bill 1502 which would set up our country banks in a special class for taxation purposes and which at the same time discriminates in favor of certain other loaning institutions, which operate mostly in the larger cities, and which might result in curtailing banking services

to our customers. We are opposed to any change in Section 5219 of the U. S. Revised Statutes.

14. **BAN ON INSURANCE**—In behalf of the small country bank we protest against the provision in the Steagall Bill which prohibits any bank officer from writing insurance. This is a valuable service which the country banker renders to his community, a service which in many cases is performed by no one else. It also provides an income for the small community bank which in some instances under present conditions cannot exist on the income from strictly commercial banking.

The Low-Down on the Sioux City Convention

By C. W. FISHBAUGH

Shenandoah

I WAS going to call this "I Cover the Waterfront." There are two reasons.

If you've ever been to Sioux City you know there are enough rivers around the town for any waterfront. Then with the temperature sneaking around 100 major degrees, we sweltered and perspired enough to shame any waterfront. That's my story and I'm stuck with it.

BANKERS aren't as cold blooded as they are supposed to be, at least most of them went in for cool and airy suits. There was Frank Warner in a seersucker; B. F. Kaufman, the new prexy, in a palm beach; C. L. Rigby (Stanwood) in a tropical, and C. E. Friley, of Ames, in a white linen. That was a few of them. Me, I stuck it out in an imitation flannel.

THE first banker we saw on driving into Sioux City was C. C. Jacobsen, manager of the Regional Agricultural Credit Corporation of Sioux City. He was standing on the street corner when we hailed him.

THE registration badges were worthy of comment. They were of a bronze finish with a space left to slip the name card in. On a half circle above the card was embossed an Indian head with the inscription: "Home Market for the Great Northwest." Very attractive and a real souvenir of the Forty-seventh Convention.

WHEN we were handed cards to register one of our party could not think of any title to list opposite "position," so he filled it in as: "President's son." What more of a title could one ask for?

WE received a book of tickets for the various activities (and by the way all this was free.) Tickets were for the theatre, free auto rides, ladies theatre party, grand ball, ladies luncheon, golf and the prize fight. I had bad luck with the show ticket. I went to the "Hawk and the Eagle," but as I had promised to return to the Martin at 8 to get ready for the dance, I had to leave in the middle of the show. Now I'll have to go again to see how it ended.

AFTER the luncheon in the War Eagle room we had a number of speeches. One thing that was very interesting was the announcement that that morning city banks had mailed out cards that no interest could be paid on bank balances. That was nice news to start the meeting off. Buy why worry? What is sauce for the goose is also apple sauce for the gander. So, we'll just stop paying interest on time deposits.

G. M. BARNES, of Guthrie Center, gave a very interesting talk on secondary reserve. He said that in many cases the secondary reserve had now turned into a frozen asset. He recommended the following line-up in bank investments: 25 per cent in cash in central banks, 25 per cent in good securities, and 50 per cent in local loans. Not a bad set up.

G. M. PETERSON, of Des Moines, defended bond investments. He stated that bankers had expected the impossible of bonds, that they could be sold at any time for par or above. But he said that bonds had a due date the same as

1863



1933

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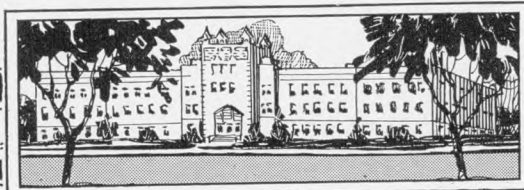
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notes, and that selling before due was unfair to the bond. No bank would expect that of a real estate loan or chattel mortgage, so why expect it of bonds? And thinking it over there's a lot to what Mr. Peterson says.

L. A. ANDREW again spoke in behalf of state and unit banking. He made several interesting statements. He said that the talk about the wonderful Canadian banking system was folly, that it could not work in a country that moved ahead as fast as the United States. He said that two New York banks had more deposits than all the Canadian banks. Think of it, what would our country do with a banking system of that size? In defending unit banking he stated that in one year two chain banking systems failed with more deposits than all the unit banks that failed that year.

AT the Grand Ball we had a very enjoyable evening. Now, for a Winchell orchid to my two favorite dancers and hostess, Miss McCarthy and Miss Gillman, both of the Toy National Bank. Also a whole bouquet of orchids to all "youse" gals that came out and got sore feet dancing with we debt merchants. And while handing out the favors, here's some to the dancing and singing entertainers with their floor show. Excellent.

SLEEPING Monday nite was well near impossible. All the heat from the wide open spaces seemed to be packed in our rooms. One of our fellow-sufferers slept on the floor. We tried to get him to come in our room, claiming our carpet was much softer, but he preferred to pay \$2.50 to sleep on his own carpet. Vain man. At three o'clock one of our members wanted to go for a ride in the park to cool off. But that was voted and snored down. We had left the door open during the night. Came the dawn and the chambermaid walked in on us unannounced. Were we surprised? No, not nearly as much as the chambermaid.

WHEN we were ready to leave in the morning our room looked like that of Omar the Shirt Maker. There were shirts to the left of us and shirts to the right of us, but nary a clean shirt for my back. But clean shirts don't matter at bank conventions.

S NAP shots of the convention: Frank Warner carrying chairs and tables out of the War Eagle Room to make more space—H. H. Haynes, editor of this here mag snapping pictures—Theo. Rohwer, cigar in mouth, a very interested listener at the afternoon meeting—newsboys crying "extra" about the banking convention—luncheon with Grant McPherrin—500 bankers attended the convention, not quite as many as last year.

Bonds and Investments

"I believe that Iowa has before her a saner and more substantial prosperity than she has ever enjoyed. And those of us who stay at home and are willing to hoe in our gardens will undoubtedly profit from the rewards which will accrue, and which Iowa, the greatest state in the Union, has never denied her sons"

BANKS and BONDS

An address by George M. Peterson, executive vice president of Polk-Peterson Corporation, Des Moines, before the recent convention of the Iowa Bankers Association

WE have just passed through one of the most trying periods in financial history, not only for bankers, but for investment bankers and other businesses, as well. The developments of the last three years have disclosed many weaknesses in methods of doing business on the part of both buyers and sellers of bonds. Let us learn from our past errors, and attempt now to determine upon a program for our business which so far as possible will eliminate these former weaknesses.

Most bankers, as well as individual investors, will say that they have suffered greatly because of bonds which they bought and which, in order to raise immediate cash, they have been forced to resell during the past three years. Yet I wonder, if the situation were properly analyzed, if those bonds have not fulfilled the promises they made when purchased. My theory is this. A bond promises to do but two things. First, to pay its interest promptly on the due dates; and, second, to pay its principal at maturity. Mortgages, notes or other forms of indebtedness are expected to do only these two things.

Bonds Are Liquid

It is usually impossible for a bank to collect a note before it is due, and a bank usually does not expect to realize on a real estate mortgage before its maturity. Yet the unusual has been expected of bonds. We, as bond men, have sold you on the idea that bonds are liquid, and could be realized on at a moment's notice. I am here today to tell you that bonds not only are liquid, but have proven to be liquid even during the past three years. Let us consider for a moment just what has happened. I am thinking now of a bank in this state, which in 1930 had deposits of slightly over \$1,000,000. Now, three years later, this bank's deposits have shrunk to a little over \$300,000. In other words, this bank has liquidated 70 per cent of its

deposits in a comparatively short time. I believe it is absolutely safe to say that the liquidity of the bonds held by this bank played a great part in enabling it to meet this unusual drain on its deposits, and that the loss which has been sustained was slight, in comparison with the loss which would have been sustained had this same bank been forced to liquidate its notes and its good first mortgages on Iowa land.

Good first mortgages on Iowa land bring up a very interesting discussion. A few years ago everyone was convinced that a loan of \$100.00 an acre on an Iowa farm was sound and conservative. They were convinced that these loans had a high degree of marketability, because the large insurance companies and other institutions all over the United States were demanding this kind of paper. When the depression hit, and especially when it hit the Iowa farmer, it was found that Iowa mort-

gages could not be sold, even at 50 cents on the dollar. What happened then? Every banker who needed cash turned immediately to his bond account, to enable him to meet the demands of his depositors. His bonds were offered freely in the market, along with thousands of other bonds owned by thousands of other bankers. A situation of this kind could create only one condition in the market. It meant that bonds would have to sell off in price in order to attract buyers. But it did not mean, necessarily, that these bonds were not sound, or that the banker had made a mistake when he purchased them. Nor did it mean that the price established at these forced sales represented the true value of these bonds.

Another Comparison

Let us make another comparison, from another angle. Assume for a moment that every quarter section in the state of Iowa in 1930 had exactly the same value and that a bank in each of the ninety-nine counties of the state lent \$50.00 an acre on a quarter section in its county. Now suppose that a banker in southeastern Iowa needed to raise money for his depositors, and offered this sound real estate mortgage for sale. After shopping it around, he found that the best offer obtainable would be at the rate of 50 cents on the dollar, and because he needed the money he decided to sacrifice the mortgage and sell at that price. My thought is this: Does that sale of a mortgage in southeastern Iowa automatically establish the value of a mortgage on similar land in a county in northwestern Iowa, or in any of the other ninety-eight counties of the state, if the holders of the other mortgages were not forced to sell? I would say, and know that you would say, that that one sale did not establish a price for all mortgages in the state of Iowa. Now let us take bonds. Each of these same banks own \$5,000 of XYZ Company



GEORGE M. PETERSON

Northwestern Banker July 1933

6's, and the same condition exists as in the case of the real estate mortgages. One or two of the banks had to sell. Did the fact that a few of these bonds sold on the New York Stock Exchange at 50 cents on the dollar actually establish the value of all the other bonds of this issue, whose holders were not forced to liquid? Again

I would say, "no." Yet we all look at the last transaction to determine the price of our bonds, and assume that a sale of five or ten bonds owned by some person in a distant part of the country possibly, who is hard up and has to sacrifice his holdings, indicates the value of bonds in our portfolios.

Absolute Liquidity

This brings us to the point of attempting to discover an investment which is absolutely liquid, and which will command the price which was originally paid for it. During the past few years, government bonds, prime commercial paper, and some classes of municipal bonds, have met this requirement. Government bonds have been liquid merely because the people of the United States have looked to them as the prime security, and have been willing to pay a price for them because they have lost confidence in everything else. But today the United States Government is faced with a deficit of approximately \$2,000,000,000, and until the budget is finally balanced will be going further in debt daily. New financing to take care of the vast public works program which has just been authorized by Congress, will greatly increase the debt of the United States. I wonder what would happen to the price of a bond of a corporation, if its indebtedness was comparable to that of the United States Government, if that indebtedness was constantly growing, if the corporation had a deficit in working capital, and was continuing to show increasing deficits from year to year. I am willing to make the statement that you would have difficulty in giving away the bonds of such a corporation. But the government is made up of all of the people of the United States. It must depend upon its citizens and upon the corporations and upon all business enterprises to pay the taxes which provide funds for the operation of the government and to pay its indebtedness. If these business corporations are unsound, and if they are continuing to lose money, how long will bonds of the United States Government be sound?

"Liquidity," as applied to investments, means the quality of having a ready market value. Government bonds have proven liquid. But if all the large banks in the east, which hold government bonds in vast amounts, should decide tomorrow to sell all of them, within three days there would hardly be a bid for United States Governments. Government bonds fluctuate in price. It has been a comparatively short time since government 3's, which are now selling close to par, were selling in the low 80's. They were offered in August in 1931 at par and in October of the same year were selling at 82. If a bank or any corporation had invested all of its capital and funds in government 3's in August, 1931, in October, 1931, it would have been insolvent, assuming it had to liquidate.

Even the best bonds, whether of the government, municipalities or corporations, must fluctuate in price in relation to money rates. Money rates are constantly changing, due to the old law of supply and demand. Government bonds,

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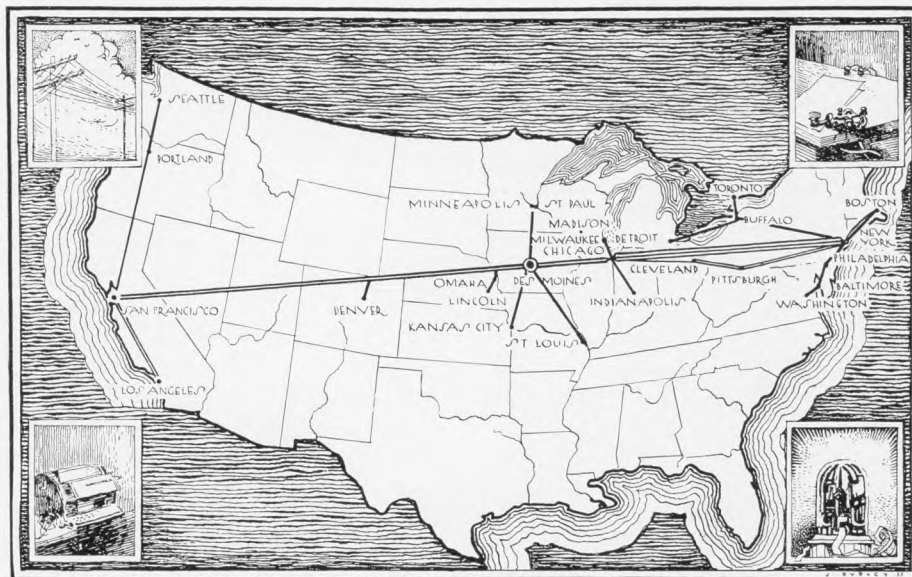
and sound corporation bonds, are liquid so long as they have a ready market, even though the prices may vary. Prices of bonds will, of course, depend largely upon the mental attitude of the buying and selling public, upon the confidence or lack of confidence, in the ultimate safety of such bonds.

Basic Prices

Prices will always be based upon the desire of the public to possess a particular thing of value. As a simple illustration, gold has come to be used as a medium of exchange and as a basis for the currencies of the world, because of its scarcity, because it can be easily coined, and because of its wearing qualities. Marbles might as well have been the medium of exchange and might as well have served the purpose, so long as people had confidence that marbles would buy a certain amount of goods.

May I digress for a moment, and say a further word about gold. The entire gold supply of the world used for monetary purposes is about \$11,000,000,000. If this were cast into a cube, it would make a cube about 36 feet each way. Some time ago I read an article in the *Saturday Evening Post* by Frank Vanderlip in which he says, "Some people have a feeling that the world owes them a living. Most investors feel that the financial world owes them an opportunity to invest their money with certainty as to its principal and with a fair degree of reliability as to the income which that principal should earn. Such security and certainty are impossible to attain. If that result could be attained, it would wreck the capitalistic world." Mr. Vanderlip goes on further to tell of a family in France, who about six hundred years ago accumulated what was then considered a great fortune. Assume that at that time the head of this family had determined to place in trust \$100,000. It would not have been in dollars, of course, so we will visualize it in what would be its equivalent—a little globe of gold about nine inches in diameter. Now suppose that he had discovered the secret of absolute safety in investment and had invested that \$100,000 worth of gold at 5 per cent and left it to accumulate at compound interest until today. Suppose the result could again be turned into a globe of gold, how much gold do you suppose that little globe nine inches in diameter would now amount to? I have repeatedly told this story and I have had estimates on the side of the golden globe, varying from the size of my office desk to the size of a fifteen story building. Yet the fact is that such an investment, \$100,000 at 5 per cent made six hundred years ago, without loss of principal or interest, would amount to a globe of gold exactly the size of the earth and weighing four times as much. Is it not obvious that perfect investment security is impracticable?

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Northwestern Banker July 1933

Meeting Conditions

As bankers and as investment bankers we must undertake to buy and to offer something that will meet the requirements of a changing world and of changing economic conditions. The banker must manage his investment account so that it will adapt itself to these changing conditions. In the past, the theory has been preached to you that you could buy high grade bonds and lay them away and forget about them. No investment can be safely forgotten. Investments must be watched constantly for signs of weakness. Thirty years ago an investment in securities of

a corporation manufacturing harness or buggies was considered absolutely sound. United States Leather Company stocks were then included in the Dow Jones averages. Today investments in many buggy or harness manufacturing companies are practically worthless, because the automobile has taken the place of the horse and buggy.

Assuming then that no single investment over a period of several years is absolutely sound, we must as bankers and bond men, endeavor to buy and sell only securities of types which our judgment and foresight tell us will have the greatest likelihood of being sound in the years to

come. But we must not then forget them; we must watch them constantly. The banker must so apportion and diversify his investment account, both as to bonds and types of bonds, that it will most nearly meet his particular needs.

The day of the great bank investment affiliates is passed. It seems to me that the bond business in the near future will become localized, as is the banking business, and that investors, both banks and individuals, will form the habit of consulting with houses personally known to them and in which they have confidence. Such a house, even though a local organization, must be equipped to furnish complete and accurate information, and to execute orders promptly in all markets. In other words, I firmly believe that the investor of tomorrow will prefer to purchase seasoned bonds in the open market from dealers with whom he is personally acquainted, but only after securing dependable information and advice, rather than to purchase new issues.

Bank Earnings

Now just a word about bank earnings. This is a subject in which I assume we all have at least a slight interest. All business today is on a strict economy program, and greater effort is being made to conduct business in an economical manner. Banks have succeeded in cutting down expenses, but a bank cannot exist upon reduction of expenses alone. Any business is entitled to make a profit, or there is no necessity for its existence. A bank cannot pay 3 or 4 per cent on deposits and invest all its funds only in government issues, and expect to make any money. While in a sense a bank is a community enterprise, and necessary in the life of the community, yet it must be remembered that the bank was organized, not as a charitable institution, but primarily in order to make profit for its stockholders. I believe that every bank and every stockholder in a bank is entitled to a legitimate return on his investment. A business in which the stockholder assumes a double liability, and may be called upon to pay an assessment of an additional 100 per cent, is entitled, owing to the risk involved, to make a larger percentage of profit than the stockholder in an ordinary corporation. I believe that a banking institution would profit by advertising that it is making money, rather than by advertising that it is organized as a community enterprise, is giving its service away, and doesn't expect to make a profit. It is human nature to desire to do business with a successful institution, with one that is making money.

During the last several years few banks have been able to earn adequate profits. Because of the whims of your depositors, you have been compelled to keep your banks in a very liquid position, and you have had to disregard entirely the matter

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of earnings and dividends. Today, however, this necessity for extreme liquidity is to a considerable extent past. I believe that most of you are now in a position to turn your attention to the building of earnings for the future, and that the present time offers an unusual opportunity to do so.

Good Time to Buy

A few years ago when you purchased a bond at 100 cents on the dollar your chance of loss was greater than it is today when you can purchase the same bond for 50 cents on the dollar. In most cases it is just as good a bond now as it was then, yet it takes a considerably less amount of money to buy it now. In turn, your chances for appreciation in value and your current yield and yield to maturity are correspondingly greater. I do not wish to be understood as suggesting to bankers to speculate in bonds, but I do know that there are hundreds of sound situations which are going begging, and sooner or later the wise investors, bankers and individuals, will be buying them. If we continue to make progress as we have in the past few months, security prices will soon look very different. Through careful selection and constant supervision of your investment portfolio, I believe that in times such as these you cannot fail to improve your position.

Five years from now when we look back to 1933 and recall that this particular bond could have been bought at 62 or 65, that we had an opportunity to buy a sound, conservative mortgage on a piece of land in Iowa at a discount of 30 cents to 40 cents on the dollar, that another farm could have been purchased for \$60.00 an acre, we will wonder why we have been so blind, or why we were so lacking in judgment or courage. Those of us who are in a position to do so and fail to take advantage of present opportunities, will find it difficult to explain in the future.

Mutual Confidence

To sum everything up, I believe that banks and investment houses are going to be much closer to each other because of the experiences of the past few years, and that we are going to have greater confidence in each other and in the public, and that the public in turn will have increased confidence in us. I believe that the misfortunes of the past will soon be forgotten, and we will remember only the lessons taught by the experiences through which we have come. I believe that we must all look to the future with confidence that we are now started upon the up-grade toward the return of a sane prosperity.

I do not believe that the gift of prophecy is given to us in a large measure in this practical age; nor do I believe that it takes a great seer to realize the permanent wealth and the abundant future of the state of Iowa. The bankers of this state, firm in their belief in the future, have

stood the economic gaff, and under an intelligent and resourceful banking department, the banking structure of the state has weathered the storm.

I believe that food products,—cattle, hogs, corn, oats, milk, butter, eggs and chickens—will again command profitable prices, and that one hundred and sixty acres in Iowa land purchased in today's market will command a future profit. I believe that the brains of the nation at last recognize that the stability and prosperity of the nation is firmly based upon the ability of agriculture to sell at a profit and spend that profit in the nation's markets.

I believe that Iowa has before her a

saner and more substantial prosperity than she has ever enjoyed. And those of us who stay at home and are willing to hoe in our own gardens will undoubtedly profit from the rewards which will accrue, and which Iowa, the greatest state in the union, has never denied her sons.

The caller asked his hostess why a beautiful urn in the living room was always covered over.

"Oh, it contains my husband's ashes," was the response.

"Indeed," observed the guest, "but I had no idea you were a widow."

"I'm not. My husband is just too stingy to buy ashtrays."



SALMON P. CHASE, Secretary of the Treasury under LINCOLN

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invite the most rigid examination by Policyholders, Prospects and Financiers of their December 31, 1932 Financial Statements, which include not only a complete portfolio of their investments but also Moody's Investors Service ratings (officially recognized by the New York Insurance Department).

So far as we know, no other companies have volunteered these important facts regarding their investments and financial condition. Copies of these Statements, portfolios with Moody's ratings may be had upon request to Publicity Department, North British & Mercantile Insurance Company, Ltd., 150 William Street, New York.

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Fire Hazard on the Farm

TOM WHEELER, editor of the *Indiana Farmer's Guide*, has, through the columns of his good publication and broadcasting, contributed much to the cause of fire prevention on the farm, perhaps more than any farm publisher. The following is from one of his broadcasts on WENR, Chicago, which was later published in his paper:

There are two phases of the problem of reducing fire losses on the farm. One is prevention and the other protection. Both should receive due consideration. It is better to prevent a fire than to try to put it out after it has started. An ounce of prevention in this case is worth far more than a pound of cure.

Remove Hazards

In the way of prevention, every possible hazard should be removed. Buildings should be equipped with properly installed and well-maintained lightning rods. Chimneys and flues should be well constructed and kept in good condition. Buildings should be roofed with fire resistant materials. Heating equipment should be properly installed, operated and maintained. Matches should be kept away from children and smoking be prohibited in barns or near combustible materials. Where lanterns must be used about the barns, caution should be observed to prevent them from overturning. If electric current is available, the wiring should meet the requirements of the National Electrical Code. Gasoline and kerosene should be stored in an isolated location or in an underground tank equipped with a pump and never in the house or barn. Inflammable materials should not be used for cleaning purposes in the house. Gasoline and kerosene should not be used to revive the fire in the kitchen stove.

Keep Premises Clean

The premises should be kept free of litter and rubbish. Oily waste and rags should be burned or kept in metal containers as they may ignite spontaneously. Hay should be properly cured before storing to avoid spontaneous combustion. Salt added to damp hay when placed in the barn will aid in preventing it from igniting. There is yet much investigation to be done to determine the best ways of controlling spontaneous combustion which causes \$30,000,000 of the annual

But how many of them actually do anything about it? Protect your own interests and those of your company by calling to the attention of your farmer-policyholders a few of the facts set forth in this article. If they are the right kind of policyholders they will be glad to cooperate with your suggestions

farm fire loss. The farm buildings should be segregated to prevent the spread of fire.

If you are so unfortunate as to have a fire start, how will you fight it? You should, by all means, have one or more long ladders available for reaching the roofs of the buildings. There should be easy access to attics. Buckets or barrels of salt water should be placed convenient for instant use. Several good hand fire extinguishers should be kept available to all buildings and every member of the family should know how to use them.

Fire Fighting Equipment

There are a number of different makes of extinguishers on the market, sold at reasonable prices, and no farmer can afford not to have a sufficient number to make possible the prompt quenching of any fires before they have gained enough headway to make such means of control ineffective.

The fire loss ratio in the country is from 6 to 10 times greater than it is in the large cities. The presence of an adequate water supply and trained fire departments, the enforcement of regulations as to building construction and the removal of serious hazards are tending to keep down the city fire loss and the failure to observe proper means of prevention and protection accounts for the heavy losses on farms.

Rural communities can have the protection of improved fire fighting equipment. I know of a number of places where rural fire departments have been organized, with motorized apparatus and trained volunteer members, ready to answer calls within a radius of 10 or more miles, depending upon the character of the roads.

Rural Fire Companies

In several communities of Indiana rural fire troops have been organized, composed of farmers, with a sufficient

number of fire extinguishers of proper size to carry to any fires that may occur in the community. Such an organization may do much good in providing protection against fire but much more effective work can be done with motorized equipment.

In some states the law provides for raising money by taxation to put a rural fire department into operation. Where there is no such legislation the money may be raised by subscription, by forming an association and selling stock, by charging a membership fee or by making a charge on each thousand dollars' worth of assessed value of property. Where there is an aroused consciousness of the menace of fire the money can be raised in some way.

Every farmer should have his property adequately insured in a substantial company. While insurance will not save the property nor replace it after it has gone up in smoke, it will reimburse for a portion of the loss.

As a closing thought, let me remind you that fire is no respecter of class or location. Farm property is an especial victim of the fire demon, because of the existence of the many hazards to be found on every farm and the general lack of protection. For that reason country people should observe every possible means of preventing fire and prepare themselves to protect their goods and their lives when fires do start.

Barn Fires

Barn fires constitute a large part of farm fire losses. In many instances, the value of the barn and its contents is much greater than that of the dwellings. These costly barns, with their valuable contents, stand unprotected, and should a fire break out in one of them the chance of salvaging anything would be small.

Many farmers permit hay and straw, corn husks, and other litter to accumulate in and about the barnyard and build-

Northwestern Banker July 1933

ings. This material burns easily, and very often is ignited by sparks from rubbish fires, or by a carelessly dropped lighted match, cigar or cigarette stub. An overturned lantern, or the backfire from an automobile or a tractor may start a fire which destroys the barn and its contents.

"No smoking" signs should be put up in conspicuous places in the barn. Most smokers will immediately think of fire when reading such a sign and carefully dispose of the pipe, cigar or cigarette they are smoking; otherwise, they will thoughtlessly enter the barn and continue to smoke, without thinking of the possible consequences of their act.

Gasoline

The automobile, the tractor, and other modern conveniences have added to the tremendous fire losses on the farms during recent years. Gasoline is dangerous and should not be stored in or near any building. Where large quantities of it are used, it is economy, as well as a safety measure, to keep the supply in an underground tank. Gasoline should never be handled by artificial light, except where electric lights are used. Separate buildings for the housing of the automobile and the tractor from the other buildings. Many farmers store their automobile in the driveway of the barn, where a backfire is liable to ignite the hay or straw, frequently littered all over the floor.

If a wire fence is connected up with the barn, it should be grounded so that a current of electricity will not be carried into the barn, should lightning strike the fence. Ordinary wire fencing or barb wire are able to carry a very heavy current of electricity.

Receivers Appointed

E. W. Clark, Iowa insurance commissioner, and L. A. Andrew have been appointed co-receivers of the Royal Union Life Insurance Company by Federal Judge Charles A. Dewey. Both receivers have posted bond.

Last week the entire staff and personnel of the company was released from employment and about half of the employees were then re-employed to assist in the company's receivership.

In appointing both Clark and Andrew as co-receivers, Judge Dewey said that although in his opinion the Federal Court has the right to appoint independent receivers regardless of the Iowa statute which seemingly would name the insurance commissioner as receiver, in fairness there should be two receivers since rehabilitation of the company is the real problem and there would be no use in an independent receiver submitting a reinsurance plan if the commissioner of insurance would knock it over. Therefore, one of

the main reasons for naming Commissioner Clark as co-receiver was that reorganization plans must be approved by the Iowa Insurance Commission which includes the governor, the attorney general and the insurance commissioner.

Mr. Andrew has been receiver since June 3rd and left his position as Iowa Superintendent of Banking June 30th. Mr. Clark will serve as co-receiver as part of the duties of his office, receiving no compensation outside of his commissioners salary. The salary of Mr. Andrew will be fixed by the Federal Court.

As Judge Dewey pointed out, the interests of policyholders to the extent of \$145,000,000 of insurance in force are paramount.

Deposit Guarantee

(Continued from page 8)

of interest. That rate, incidentally, should never be in excess of 3 per cent on pass-book savings or $3\frac{1}{2}$ per cent on certificates, because it is economically impossible to make a profit while paying at a higher rate under existing investment conditions. Let us assume that our bank is paying the above rates.

To cover the probable cost of deposit insurance, we will deduct one-half of 1 per cent, thereby reducing our rates to $2\frac{1}{2}$ and 3 per cent. This reduction should not be accomplished in any arbitrary manner. Each customer must be sold on the idea that the reduction is solely for the purpose of providing him with greater protection for the safety of his deposits.

The Selling Job

When the insurance coverage goes into effect, the banks should use the insurance appeal as a basis for encouraging new deposits. New as well as old customers should be advised in a carefully worded circular as to the fundamental provisions of the deposit insurance plan. Each of them should be educated in the benefits which will actually accrue to their personal selves, and educated also into the idea that they, as the beneficiaries, should pay the cost of the protection.

At the end of the interest period, the normal interest should be computed, the charge for deposit insurance deducted, and the balance credited to the account. It would simplify the procedure somewhat merely to reduce the advertised rate by one-half of 1 per cent and figure interest at the lower rate. In any event, the depositor should know that he is the one who pays the bill for the insurance protection.

Certificates of Deposit

On certificates of deposit, the customer will be notified when he enters the bank either to purchase an original certificate

Liquidity and Diversification Spell STRENGTH....

Northwestern National's 48th Annual Statement again exemplifies the inherent soundness of legal reserve life insurance principles. These principles, coupled with sound, conservative practices over a long period of years in every department of its management, have enabled NWNL to come through the severest trials—always greater, always stronger. Of particular significance as definitely indicating NWNL's strength and stability, are the following facts from its 1932 record:

- from its regular sources of income, and without the sale of any asset, the Company not only met without delay unprecedented demands for policy loans and other policy obligations, but also materially increased its cash funds and made substantial investments in Government Bonds and other securities.
- \$5,131,177 (10.9%) of its assets were in Cash and U. S. Government Bonds.
- its investments are so diversified that its largest single investment (exclusive of Government Bonds) is in its Home Office building, which represents less than 1.3% of its total assets. Its investment portfolio consists of over 2,500 separate and distinct items, from \$1,000 up.
- it has an exceptionally strong margin of safety to policyholders, (Capital, Surplus, and Contingency Funds).

NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY

O. J. ARNOLD, PRESIDENT

STRONG ~ Minneapolis, Minn. ~ LIBERAL

"Nearly a Half Century of Service"

Northwestern Banker July 1933

or to renew an old one. He should be told the current advertised rate paid on certificates, and he should be sold on the idea that the one-half of 1 per cent fee should be paid by him for protection by which he alone benefits. "Of course we will be glad to sell you a certificate of deposit, Mr. Jones. We pay 3½ per cent on these certificates when you leave the money here six months or longer. You understand, of course, that it is compulsory for us to have your deposit insured through the Federal Deposit Insurance Corporation. It is necessary for us to deduct the amount of *your* premium from the interest, hence we will write this certificate at 3 per cent."

Setting Up Reserves

Having arranged to procure from the customer the premium cost on his deposit insurance, we are now confronted with the problem of how it should be handled on the books. To begin with, savings insurance will be taken out semi-annually at interest dates. Certificates will be an almost daily occurrence, and the collection from the checking customers will be made monthly. As these payments are received they should be credited to a "Reserve for Federal Deposit Insurance" account, where they should be held pending the time when assessments will be necessary to replenish the insurance fund.

Over a period of time this account will assume large proportions. So much the better. It will provide additional protection to our own depositors, and assure us of being able to meet any assessments without embarrassment.

It Must Not Fail

We cannot as bankers afford to allow the federal deposit guarantee to fail. It could only fail with disastrous results to the entire American banking and economic structure. Unquestionably the present guarantee bill is unbusinesslike and heir to practically all of the weaknesses which produced the failure of guarantee systems wherever previously attempted. Our only hope to salvage it, and to make of it an active instrument in the upbuilding of American banking, is to regulate our own policies in such a manner as to guarantee its integrity for all time. We can only do that by providing of our own volition the protection and the business-like procedure, which a political body failed to provide.

Unquestionably again, if all bankers were to adopt wholeheartedly all of the suggestions above, banking operations would be conducted at a fair profit regardless of economic conditions, depleted reserves would rapidly be restored, new ones would be set up for the further protection of our depositors, and guarantee of bank deposits will have a chance to work for the first time in history.

News and Views

(Continued from page 13)

is opposed to the delightful vegetable, but because once upon a time he bet on a horse by that name, and it lost.

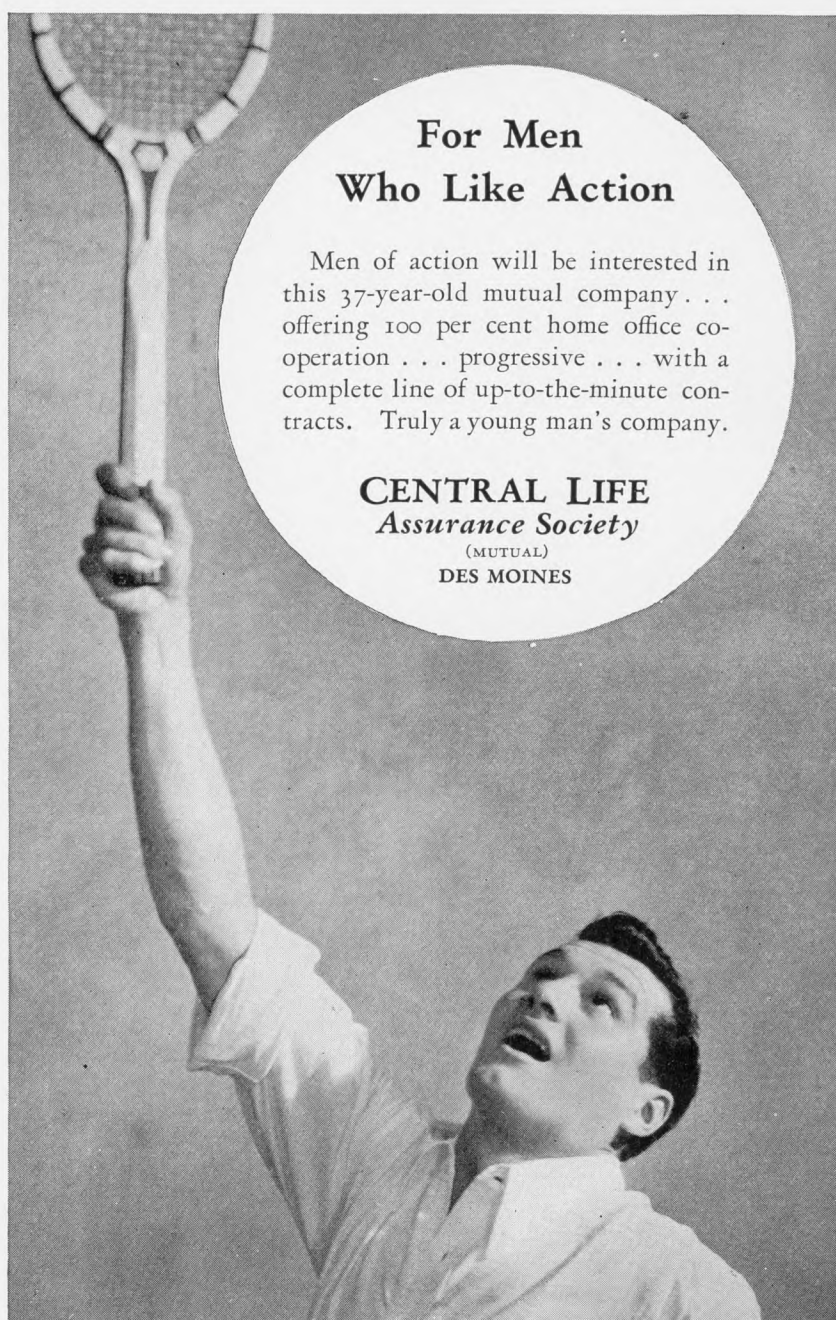
W. T. McCONNELL, president of the Consolidated Mutual Life Association, in the Pershing Square Building in Los Angeles, wrote me a letter recently telling me of the various bankers who are now residing in the Big City by the Pacific.

Mr. McConnell was formerly a banker with a number of banks in South Dakota, including Wessington Springs, Mitchell, and Virgil.

In his letter to me, Mr. McConnell said: "A few days ago one of our mutual friends

laid on my desk a copy of your NORTHWESTERN BANKER. This brought up fond recollections of bygone days when I was a regular subscriber to your splendid journal.

"You may be interested to know that almost every week a number of Iowa and South Dakota bankers meet in my office, and just recently the group included P. W. HALL, formerly State Secretary of the Iowa Bankers Association; R. C. HEAD, formerly of the First National Bank of Jefferson, Iowa; S. B. DESPRES, formerly of the Farmers Bank at Elma, Iowa; P. I. NEISTER, formerly of Harrold, South Dakota; E. A. SCHENK, formerly of the Highmore State Bank of Highmore, South Dakota, and S. P. Seiersen, formerly of Madison State Bank, Madison, South Dakota, who



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Who Like Action**

Men of action will be interested in this 37-year-old mutual company . . . offering 100 per cent home office co-operation . . . progressive . . . with a complete line of up-to-the-minute contracts. Truly a young man's company.

CENTRAL LIFE
Assurance Society
(MUTUAL)
DES MOINES

met together and talked over old times. Several of the boys wish to be kindly remembered to you.

"The financial changes that have come to all of us have developed new traits of character, but most everyone is doing his best to meet conditions manfully and we hope that in due time business conditions will have actually turned the right corner and our entire government will be again forging ahead."

HENDRICK WILLIAM VAN LOON, in his New Geography relates the interesting story of the origin of the pawn-brokers' insignia which is a development

of the fact that the Medici family were well-known doctors in Florence, Italy, and then later became the bankers of Florence and surrounding countries. The coat of arms of the Medici family was three pills, and then as they changed from medicine to banking they continued their same coat of arms, and placed over their doorway the insignia of the three pills, and which has been carried on down through history and tradition as the sign of the pawn-broker's office.

I WAS in Excelsior Springs, Missouri, the last of May during the meeting of the RESERVE CITY BANKERS ASSO-

CIATION, and as one of the hotel guests inquired as to the meaning of the R. C. B. which hung over the registration desk, I informed him that it stood for "Real Clever Boys"—in fact among the cleverest in the banking business.

J. RANDALL BURROW, president of the Central National Bank of Topeka, said that one of his very good friends told him recently that in 1929 he was both rich and smart, and now he knew he was neither, and "My, what a relief."

FRED W. THOMAS, vice president of the First National Bank of Omaha, was all "lit up" at the R. C. B. banquet, but the lighting process took the form of electric light bulbs, which he had gathered from the miniature banks which formed the background for the delicious dessert. Fred took two or three of these electric light bulbs and fastened them in his vest and while, of course, Fred shines at any gathering, he was more brightly illuminated than ever.

C. J. WEISER, formerly of Decorah, is now located at 346 North Occidental Building, Los Angeles, and in his characteristic manner, says "I'm not through yet, Cliff, not by a hamsite"—which is certainly the fighting spirit that wins.

IN THE days of Roman grandeur the glorious eloquence of CAESAR, CICERO and DEMOSTHENES stirred the populace to deeds of valor and victory.—In America our own PATRICK HENRY, DANIEL WEBSTER, ABRAHAM LINCOLN, ROBERT INGERSOLL, and WILLIAM J. BRYAN have stimulated our minds, inflamed our imaginations and excited our praise or our condemnation according to our beliefs or lack of them—but in Iowa a new orator has arisen to champion the cause of better, sounder and safer banking, and he is none other than the new Superintendent of Banking, D. W. BATES, who at the Iowa Convention turned loose his oratorical vocabulary in a mighty battle cry for keeping all banks sound that are open or are to be opened, no matter by what rule or rules they may be measured, and to continue to FIGHT and FIGHT for the preservation of the dual system of banking.

For perfect delivery, dramatic pauses and effective presentation of his subject there has been "none better" since the days when Joe Pollard of Fort Madison used to thrill the bankers of Iowa with his masterful genius "when the tasseled corn on a thousand hills was kissed by the noonday sun."



Avoid Costly Delays

You can avoid costly delays if your Sioux City items are sent direct to this bank instead of by any round about route.

Our service makes satisfied customers for you because of our speed and 38 years of experience backing every transaction.

The speedy handling of all transactions involving live-stock proceeds is assured the customers of the Live Stock National Bank because of our advantageous location in the heart of the Sioux City stockyards.

Live Stock National Bank

SIOUX CITY, IOWA

Affiliated with Northwest Bancorporation

"THE BANK AT THE YARDS"

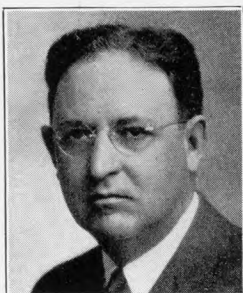
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C. L. Fredericksen, Vice President
W. G. Nelson, Asst. Cashier

M. A. Wilson, Cashier
W. C. Schenk, Asst. Cashier





E. R. HEATON
President

South Dakota Bank News

Officers South Dakota Bankers Association

President.....E. R. Heaton
Yankton

Vice President.....L. M. Larsen
Wessington Springs

Executive Manager, Geo. A. Starring
Huron



GEORGE A. STARRING
Executive Manager

Goes to Ortonville

Otto Schneck, cashier of the Farmers and Merchants National Bank in Milbank, has been elected to the presidency of the new Northwestern State Bank of Ortonville. This announcement comes as good news to Otto's many friends and acquaintances, and speaks well for his natural fitness and for the training and experience he has received in the bank at Milbank. The new bank in Ortonville is affiliated with the Northwest Bancorporation, and the institution will afford that city a good, strong, safe bank, well managed, and well backed financially.

The officers of the new bank will be Otto B. Schneck, president; J. Roy Geier, vice president; A. H. Erickson, cashier, and Charles Arnold and E. N. Schoen as additional directors.

Black Hills Next

The 1934 annual convention of the South Dakota State Bankers Association will be held in the Black Hills, was announced at the close of their recent two-day session.

George A. Starring, Huron, executive manager and treasurer of the association, was reappointed by members of the executive council.

The bankers recommend that all banks in the state "which are paying more than 3 per cent on time deposits, reduce to that amount within the next six months as a duty to themselves and customers," in order to follow sound banking policies under present conditions.

They recommended the establishment of a regional clearing house to aid closer cooperation and an increase in earning and to avoid duplication of credit lines.

Stevenson Dies

U. G. Stevenson, 64 years old, of Sioux Falls, state bank examiner in charge of buildings and loans, died at his home following a brief illness. He was sitting in his home at the time of his death.

Mr. Stevenson had been with the state banking department twelve years and was an active member of the Masonic bodies.

He lived in Sioux Falls eleven years, prior to which he had been in the banking business at Fairfax for several years.

Consolidated

The Security State Bank of Red Owl was consolidated with the First State Bank of Marcus recently, and the records of the Red Owl bank were moved to Marcus. It is stated that there will be no loss of any kind and all business in connection with the two banks will now be conducted at Marcus.

Time Lock

Announcement was made recently of the installation of a new delayed time-lock by the American State Bank of Yankton.

Chief purpose of the new lock is the frustration of bandit attacks, according to bank officers. It is so constructed that to open it the combination must be dialed, and then a predetermined amount of time must elapse before the door will open.

This will enable the bank to carry smaller amounts of cash in teller's cages, keeping most of the money in the reserve chest with the delayed time-lock door.

Stronger Banks

South Dakota bankers in convention were told by Carl W. Jones, publisher of the *Minneapolis Journal*, that to assure continuance of private banking they should work for fewer and better banks with larger capital, improved methods and trained managers.

Declaring that far-reaching changes which will affect banking are now under way, Mr. Jones said that "preferably the bank of the future should continue as a private business institution and not be a department of the government."

Bankers attending the annual convention of their state association were told that depositors are demanding that banks provide safety and loaning facilities.

"If you bankers do not solve the problems yourselves," the publisher said, "the politicians are going to try and solve them—and you know what that means."

"The day of the \$10,000 bank is over,"

he continued. "The people are going to forbid the establishment of a bank with less capital than it takes ordinarily to buy a good farm."

"Banking is a profession calling for trained ability and experience. The time is past when a retired farmer or a defeated county treasurer can get a few neighbors and friends together and start a bank."

"I think there is a better realization than ever before that banking is a profession, calling for a peculiar type of knowledge, ability and experience, and that a poor banker, one who is incompetent and spineless or one who has promoter characteristics, is as much of a community menace as a community can have * * *."

"I think this realization on the part of the people is going to be an important factor in helping you bankers readjust the banking business to the new needs of the hour. You are going to have intelligent response to practical efforts."

Annual Conference

Andrew Kopperud, vice president and treasurer of the Federal Land Bank of Omaha, was one of the principal speakers at the fourth annual soil and land valuation conference at State college June 28th and 29th.

Prof. Sherman E. Johnson, conference chairman, said Mr. Kopperud would speak at the banquet the evening of June 28th.

The conference was held just before Farm and Home day at the college which was scheduled for June 30th. Problems of management, maintenance and tenure of farms which have passed into the hands of investors in farm mortgages were considered.

Other speakers on the banquet program were Governor Tom Berry and O. L. Chase, state rural credit director, who discussed plans for sale and refinancing of state-owned lands.

The conference program opened with a welcome by Dean C. Larsen of the college's agriculture division. Talks by George T. Blackman, Sioux Falls, and Professor Johnson were on the first morning program.

Crops, soils and weed problems were discussed at the afternoon session by Dr. A. N. Hume, Prof. J. G. Hutton, Dr. K. H. Klages, and other members of the college staff.

Northwest Bancorporation Makes Change in Officials

(Continued from page 15)

John A. Seeger, president, Seeger Refrigerator Company, St. Paul, Minn.

D. C. Shepard, president, Empire Na-

Northwestern Banker July 1933

tional Bank & Trust Company, St. Paul, Minn.

J. C. Thomson, president and general manager, Northwest Bancorporation, Minneapolis, Minn.

Geo. P. Tweed, chairman of board, First & American National Bank, Duluth, Minn.

Theo. Wold, vice president, Northwestern National Bank, Minneapolis, Minn.

"In a large banking organization such as Northwest Bancorporation, covering eight states and functioning in four Federal Reserve Districts, a coordinated plan of operation is necessary in order that problems common to all parts of the territory may be considered and have unity of action," said President Thomson.

"In order to have an informed body that is capable of handling all types of problems affecting our territory, we are providing a Central Operating Committee consisting of representative business men and bankers." The personnel of this committee is:

R. E. Driscoll, vice president, First National Bank, Lead, South Dakota.

Joel E. Ferris, president, Spokane & Eastern Trust Company, Spokane, Wash.

A. T. Hibbard, vice president, Union Bank & Trust Company, Helena, Mont.

W. C. Hinterman, vice president, National Bank of La Crosse, Wis.

H. L. Horton, vice president, Iowa-Des

Moines National Bank and Trust Company, Des Moines, Iowa.

E. J. Weiser, president, First National Bank & Trust Company, Fargo, N. Dak.

G. H. Yates, president, United States National Bank, Omaha, Neb.

C. E. Johnson, vice president, Empire National Bank & Trust Company St. Paul, Minn.

R. E. Macgregor, vice president, Northwestern National Bank, Minneapolis, Minn.

E. L. Mattson, president, Midland National Bank & Trust Company, Minneapolis, Minn.

I. S. Moore, president, First & American National Bank, Duluth, Minn.

Working in conjunction with the Central Operating Committee, will be state operating committees consisting of bankers from each of the states served by the Bancorporation. "The purpose of these committees," said Mr. Thomson, "is to have a functioning body of men who live in and are familiar with problems peculiar to their respective territories. They will, after a manner, form a clearing house for information and ideas upon which operating policies will be formulated. Individual banks, in this manner, will have a continuous and effective method of gaining for their own communities the attention and action required from time to time."

Corn and Hogs

Initial policies for applying the agricultural adjustment act to corn and hog production and marketing problems are now being developed as rapidly as possible, it was stated jointly by Dr. A. G. Black, acting corn-hog production chief, and Guy C. Shepard, chief of meat processing, who is in charge of packing house trade agreements. Appointed recently to serve during an indefinite leave-of-absence period from his duties as agricultural economics chief at Iowa State College, Dr. Black arrived in Washington to take charge of the hog and corn production adjustment program. Mr. Shepard took his administrative post several weeks ago.

As a result of a recent preliminary meeting, in Chicago, with Mr. Shepard, representatives of the packing industry are now preparing trade agreements aiming at higher hog prices, which eventually will be submitted for consideration by the Secretary of Agriculture, Henry A. Wallace.

Mr. Shepard is being assisted in the meat processing section by George F. Fongar, former packing house man, who will be stationed in a branch office in the Mercantile Exchange Building, Chicago, Ill., and by S. W. Lund, also of Chicago, who will be located at the Agricultural Adjustment Administration office in Washington.



THE MEASURE OF VALUE
of a CITY CORRESPONDENT
is its ability and desire to serve.
The facilities of this bank are complete for the prompt handling of any business.

We would like to prove both
our ability and desire to serve
you in Sioux City.



FIRST NATIONAL BANK
IN SIOUX CITY

A. S. Hanford, President

Frederick R. Jones, Vice Pres.

Fritz Fritzson, Cashier



R. H. BARBER
President

Nebraska Bank News

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Paxton
Chairman Executive Council.....
.....H. A. Schneider
Plattsmouth
Treasurer.....C. F. Brinkman
Omaha
Secretary.....Wm. B. Hughes
Omaha



WM. B. HUGHES
Secretary

C. E. Burnham Dead

C. E. Burnham, 72, Norfolk capitalist and former director of the Federal Reserve board of Kansas City, died at his home there recently.

He was injured in an auto accident last week.

Mr. Burnham started his banking career at Tilden, Neb., and later became president of the Norfolk National Bank.

He was once president of the State Bankers' Association and served on many important committees of that organization during his half century of banking in Nebraska. He is survived by his widow and one daughter, Mrs. Gene White of California.

Active in Masonic work since 1886, he was grand master in Nebraska in 1904. He was a K. C. C. H., Scottish Rite. He was a member of all York and Scottish Rite Masonic bodies, and was a member of the Nebraska Veteran's Free Masons Association.

Home Loans

The six Omaha clearing house banks have subscribed to a credit pool of \$100,000 to assist home owners in renovizing their property.

The money will be loaned at six per cent discount rates, with a maximum limit of \$200 on loans. Each bank will open a special window to handle the applications for renovizing loans.

Banks participating in the credit pool are the Omaha National, First National, United States National, Livestock National, Packers National, and Stockyards National. Each bank will restrict its loans to its own customers. Applicants who do not have banking accounts must obtain the endorsement of a bank customer.

Unrestricted

After having been operating under restrictions since March 4th, when all banks were temporarily compelled to take a holiday by federal order, the Franklin State Bank was declared solvent by the state banking board recently, and licensed to open as a 100 per cent solvent bank, and is now operating without restrictions.

Group Meeting

Northeast Nebraska Bankers association met at Norfolk last month with a good attendance and several visitors from Omaha and Lincoln. President B. N. Saunders of Plainview, was in charge. Henry E. Ley of Wayne, treasurer, also officiated.

Rollie W. Ley, J. T. Bressler, J. T. Bressler, Jr., Herman Lundberg, L. B. McClure, Henry E. Ley and Eben Holmberg of Wayne attended.

H. A. Schneider of Plattsmouth, and E. F. Folda of Omaha, were among speakers in the afternoon. Dr. Lucien Stark of Norfolk, gave the principal banquet address in the evening. The Stanton High School orchestra played.

Home Loan Bank

Selection of Omaha as quarters for the Nebraska home loan bank has been urged in telegrams to W. F. Stevenson, chairman of the home loan board, from the chamber of commerce, Omaha Manufacturers' Association, the Omaha Real Estate board and the Omaha Building Owners and Managers Association.

Loan Volume Large

Checking up figures, officials of the Federal Land Bank of Omaha discovered to their amazement that the volume of loans closed in May was the largest for that month since 1928. It was also one hundred thousand dollars more than May, 1932, and double the figure of May, 1931.

The local bank closed 264 loans or nine hundred sixty-two thousand dollars in April. It serves Nebraska, Iowa, South Dakota and Wyoming.

Entertain Bankers

Omaha chapter, American Institute of Banking, and the Chamber of Commerce convention bureau were hosts last month to approximately 150 Pacific coast members of the institute on their way to the national convention in Chicago. More than 60 local delegates joined them.

The visitors were entertained at the Country club.

Group Seven Meets

Group seven of the Nebraska Bankers Association elected A. J. Jorgenson, president of the American National Bank of Sidney, head of their organization at Kimball and selected Sidney as the meeting place for 1934.

Bankers from the entire west end of the state attended the session and adopted resolutions and recommendations to be submitted to the national law making bodies, conducive to the betterment of the banking future.

E. L. Farrell of Oshkosh was named vice president, and F. M. Farr of Paxton secretary.

With a view to correcting ills and abuses on the banking profession, the bankers spent some time suggesting legislative remedies which would remove all unfair competition from the banking field and make the local financial institutions supreme in their localities. Government competition was roundly criticized and the practice of government employees in openly competing with banks was scored.

The bankers also discussed the future of banks operating in farming communities and studied the economic picture for signs of improving times. Generally, those attending the convention were enthusiastic over progress made in the past several weeks but there were none who would venture the opinion that the troubles of business and agriculture are definitely at an end.

Deposits Returned

F. C. Radke, former county judge of Johnson county, now representing the state in the liquidation of some 300 closed Nebraska banks, stated recently that an average of 70 per cent of the deposits in closed banks of the state had been returned to the depositors, which in his opinion was a greater return than had the money been privately invested. This statement sounds reasonable and should strengthen confidence in Nebraska banks, although many depositories are having a difficult time balancing their cash to meet the requirements of the state department. Mr. Radke believes that only a comparative few banks will fail to reopen, the financial situation throughout the state becoming brighter day by day.

Looking Up

Officers and directors of the Kansas City Federal Reserve Bank, home from a tenth district directors' meeting in Omaha, agreed that Nebraska furnished the most optimistic background for any directors' session since 1929.

"It is rather dry in the immediate Omaha neighborhood, but Nebraska as a whole has splendid crop prospects, and one sizable area stands actually at 100 prospect today," M. L. McClure, chair-

Northwestern Banker July 1933

man of the board, commented. "This cheery feeling extends across Nebraska into Wyoming, where a wool range of 21 to 28 cents and the cattle situation are stimulating. So, too, \$6 lambs, although the lamb crop is short. Through train windows you can see Nebraska corn cribs full of 35 cent corn."

George H. Hamilton, governor of the tenth district bank, said the district as a whole—Kansas, Western Missouri, Oklahoma, Nebraska, Colorado, Wyoming and New Mexico—reported quickening retail and wholesale trade beyond seasonal bet-terments.

Reorganized

The First National Bank of Friend has been reorganized, with depositors writing down 25 per cent of their claims and shareholders putting up new capital. Officers believe the assets charged off will prove good eventually. If so, the depositors will get more of their money.

Fifty Years

Commemorating the golden anniversary, a large number of customers called at the Thayer County Bank, in Hebron recently, to extend congratulations and good wishes to the officers upon the completion of fifty years of successful banking in Thayer county.

The bank issued invitations to friends to help celebrate the anniversary of the founding on June 6, 1883. One of Hebron's oldest residents, John W. Hughes, was present to extend good wishes.

On May 29, 1883, a group of men including W. J. Thompson, F. M. Wetherald, W. D. Galbraith, Robert Galbraith, H. L. Wetherald, Henry Drum, and F. E.

Roper organized the institution, applying for a charter for the "Exchange Bank of Hebron." Three years later, since there were other institutions in the county having the same names, the title was changed to the Thayer County Bank.

Comments on Glass Bill

State Banking Superintendent E. H. Luikart, does not think Nebraska's state banking system will be wiped out by passage of the Glass-Steagall bank bill. While the deposit guaranty feature of the bill would make it necessary for most state banks to join the federal reserve system, Luikart doubts that many of them will reorganize under the national banking laws. They can affiliate with the reserve system under their state charters.

State bank requirements in some cases now are more rigid than the federal reserve rules, Luikart said. In his opinion, any state banks now opened without restrictions should have no difficulty joining the federal reserve system.

"If I were a state banker, I would not want to change to a national bank," he said, "even though I went into the federal reserve. State bankers can sit across the table and talk with their state department officials. The state officials generally know them. They know their situation. They can understand their problems better than an agent from Washington. There is a more personal relationship."

Luikart expects that state banks directly in competition with national banks will be forced into the federal reserve system by the deposit guaranty feature, but others will have a free choice as to whether they join or not.

Depreciation

I. B. Zimman of Omaha bid in the remaining assets of the Beemer State Bank at West Point, for \$1,000. The assets have a face value of \$877,477.76.

The bidding started with a \$50 offer when R. H. Downing of the state banking department asked for a lump sum bid.

Paul Wupper, now serving an aggregate sentence of 110 years in the state penitentiary for embezzlement, was president of the bank, which closed September 18, 1928.

New Cashier

As soon as reorganization of the Commercial Bank of Blue Hill is completed, Harry Henatsch of Newman Grove, will arrive to take the position of cashier. Mr. Henatsch has had 23 years experience in banking and has been located in the northwestern part of the state the greater part of that time. The date of opening the bank depends upon the state banking department.

The Check Tax

Patrons of Lincoln's three downtown national banks have paid approximately \$46,000 into the federal treasury since June 21st last year, as a result of the federal 2-cent tax on checks. The exact amount paid from June 21 to May 1, 1933, was \$46,574, representing the 2-cent tax on 2,328,744 checks, according to figures supplied by the banks.

Bankers said patrons had reduced the number of checks as a result of the tax. Comparative figures were not available, as prior to the tax no record was kept of the number of checks.

Group Three

Neil D. Sabille of Wisner is the new president of group 3, Nebraska Bankers' Association. Other officers elected at the annual convention were J. O. Peck, Creighton, vice president; Henry E. Levy, Wayne, treasurer, and Edgar Soheips, Norfolk, secretary.

Vice President

Announcement of the appointment of R. E. Montgomery, cashier of the First National Bank of Chamberlain, S. D., the past three years to the position of vice president of the Security State Bank of Norfolk to take effect immediately, was made recently by A. G. Sam, Sioux City, president of the Norfolk institution and of the Livestock National Bank of Sioux City.

Appointment of Montgomery to the position was made through the Northwest Bancorporation. During the summer of 1930, Montgomery opened the bank at Chamberlain and it became affiliated with the corporation. The Norfolk bank is also a member of the banking organization.



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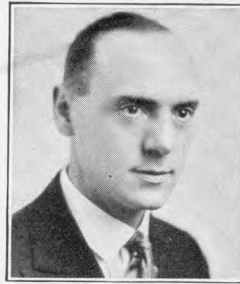


WILLIAM DUNCAN, Jr.
President

Minnesota Bank News

Officers Minnesota Bankers Association

President.....William Duncan, Jr.
Mankato
Vice President.....D. J. Fouquette
St. Cloud
Treasurer.....Oluf Gandrud
Benson
Secretary.....George Susens
Minneapolis



GEORGE SUSENS
Secretary

Duluth A. I. B.

W. P. Mahoney has been elected president for the ensuing year of the Duluth chapter of the American Institute of Banking. He succeeds Ray Campbell.

Other officers named at the annual election are: E. E. Michel, first vice president; W. K. Alford, second vice president; Ragnhild Bongberg, chairman of the women's committee; Rose Moritz, secretary, and J. Edward Eaton, treasurer.

Three candidates also were selected for places on the board of governors. They are: J. C. Buckley, Stanley Gustafson and Milton Fider. Seventeen candidates were in the field.

Eighth District Meeting

J. Osbolt, of Chisholm, was elected president of the Eighth district of the Minnesota Bankers' Association in annual convention. Willis Putnam, of Duluth, was elected vice president, and W. E. Martin, Virginia, secretary-treasurer. New members of the executive committee are: J. P. Ring, Nashwauk, and H. C. Hanson, Barnum.

Cashier Resigns

W. H. Aiken has resigned as cashier of the First National Bank of Grand Rapids. Grover Mitchell, who has had banking training for twenty years, first in the Coleraine and later in the Marble National Banks, has been elected to the position. Mr. Aiken has been identified with the institution for twenty years and for the last several years was cashier.

Merged

Representing a merger of the former Farmers State Bank and the State Bank, the First State Bank of Audubon has opened for business with a capital, surplus and reserve of \$30,000 and deposits of \$170,000.

Officers are A. O. Netland, board chairman; O. A. Netland, president; Dr. G. G. Haight and Jonas F. Johnson, vice presidents; Carl J. Lehne, cashier; G. Bjornstad, assistant cashier; Haight, Johnson, Lehne, A. O. and O. A. Netland, directors.

Under the merger plan, depositors of

the Farmers Bank set up a trust fund of 35 per cent of total deposits and the State Bank turned in 60 per cent into a similar fund which will be liquidated and apportioned back on a pro rata basis.

Consolidation

Reopening of the State Bank of Foley in Benton county was announced by Elmer A. Benson, Minnesota commissioner of banks. He also said the Farmers and Merchants State Bank of Arlington and the First State Bank of Arlington were reopened and then consolidated and will continue business under the name of the Arlington State Bank.

County Meeting

Members of the Dakota County Bankers Association elected Harry Schoen of the First National Bank of Hastings as president at the annual meeting and banquet. Other officers elected were Nick Marshall, of the State Bank of Vermillion, vice president, and Herbert G. Swanson, Drovers Exchange State Bank of South St. Paul, secretary-treasurer.

P. C. Record of Castle Rock, secretary of the Dakota County Farm Loan Association, and chief representative of the Federal Farm Loan Bank in the county, spoke on the changes in refinancing farm loans that have been brought about by recent legislation.

Just A New Deal

A further shakeup in the liquidation division of the Minnesota banking department involving the ouster of nine special deputy examiners throughout the state was announced recently by Commissioner Elmer A. Benson.

Benson replaced W. A. Smith, veteran head of the liquidation division, recently with Robert D. Berry of Long Prairie. All present changes were made "for the best interests of banking," he said.

Representative Mark Nolan, of Gilbert, was appointed a special deputy examiner in charge of liquidation of a bank at Eveleth, succeeding E. R. Asplund, of Eveleth. Other changes were:

John E. Salstrum, of Biglow, succeeded

ing C. A. Borg, of Pipestone, in charge of liquidating a closed bank at Pipestone.

H. R. Schmidt, of Paynesville, succeeding R. D. Collins, at Janesville.

William H. Kieffer, of St. Paul, succeeding J. R. Johnson, of Cloquet.

H. R. Johnson, of Clarissa, succeeding F. E. McGregor at Alexandria.

Peter E. Donlin, of Winthrop, succeeding H. E. Nelson at Bird Island.

F. H. Simpson, of Fergus Falls, dropped from the service, and his trust consolidated with that in charge of C. L. Torgerson at Fergus Falls.

G. J. Johnson, of Cambridge, succeeding M. J. Thompson at Jordan.

J. G. Schreck, of Murdock, replacing E. W. Russell at Zumbro Falls.

Named President

E. H. Snow was named president of the State Bank of Sleepy Eye at a meeting of directors. He succeeds Arnold Hillesheim who resigned as president, but who will continue to act as a director.

Frank Romberg was elected vice president which office Mr. Snow had held.

Mrs. John G. Wooldrik was named as cashier to succeed A. D. Bertrand.

State Banks Merge

Reopening of the Farmers and Merchants State Bank and the Sibley County State Bank, both of Henderson, and their immediate consolidation, was announced recently by Elmer A. Benson, state commissioner of banks. The two banks will continue under the name of the Sibley County State Bank.

Another Merger

At a recent meeting of the stockholders and depositors of the State Bank of Badger, a decision was reached and favored by the majority to merge the institution with the Citizens State Bank of Roseau. Since the national bank holiday was declared the Badger bank has been closed and rather than try to qualify under the rules laid down for the reopening of the bank, the merger was agreed upon.

Demand Protection

A demand that, "regardless of cost," the state highway patrol be enlarged and given full police power as a means of combating bank bandits was made before 1,000 bankers from all parts of Minnesota at their recent convention.

The recommendation was contained in one of the resolutions presented by B. M. Peyton, of Duluth, chairman of the resolutions committee.

Robbery of banks by desperate criminals is a constant menace to bankers, resulting in demands for large premiums on robbery and hold-up insurance, and bank raids often result in loss of life, the resolution said.

A Constant Factor in Changing Times

Neither banking legislation nor economic exigency can materially affect the practical necessity of converting checks and collection items into available cash in the quickest time and at the least cost.

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PHILADELPHIA, PA.

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Named Cashier

Ray A. Butts, of Minneapolis, has been appointed by the board of directors as cashier of the First National Bank of Carlton, to fill the vacancy caused by the death of J. A. Gillespie. Mr. Butts has had a number of years' experience as a banker and has recently held a responsible position with the Regional Agricultural Credit Corporation, located at Minneapolis, which position he resigned.

A. H. Lee has been appointed a director of the bank to fill Mr. Gillespie's place.

Annual Meeting

The annual stockholders meeting of the Blomkest State Bank was held last month at which time the present officers were re-elected. They are Edwin Selvig, president; George M. Robbins, vice president, and James Matson, cashier. These three and S. B. Qvale and N. W. Nelson serve on the board of directors.

A resolution was adopted at the meeting recommending to the district court the appointment of James Matson as liquidating agent of the trust fund.

The bank has paid all of the bills payable and has a large cash reserve on hand.

Deputy Resigns

Resignation of E. W. Swanson, of St. Paul, as deputy commissioner of banks and appointment of Harold G. McConnell, of Minneapolis, as his successor, is announced by Elmer A. Benson, Minnesota commissioner of banks.

Swanson resigned to become assistant to John N. Peyton, Ninth District Federal Reserve agent in Minneapolis and chairman of the Federal Reserve district board. Swanson has been with the banking department twelve years, five of them as deputy.

McConnell is a son of the late James M. McConnell, of Mankato, Minnesota, commissioner of education for many years, who died recently. He has been assistant to the examiner in charge of liquidation and has been in the department for eight years.

Home Loan Branch

Duluth will have a branch of the Federal Home Mortgage Loan Bank for that area under the law passed in the closing days of the special session of congress. How soon the new institution will begin making loans to home owners who need help in carrying their mortgages, depends of course, on the speed that can be developed in organizing the new department of the Federal government, it was said.

The three largest cities of the state are certain to get branches of the Home Loan Bank under the new law, it is claimed—Duluth, Minneapolis and St. Paul—and possibly some others.

North Dakota Bank News

Officers North Dakota Bankers Association

| | |
|---------------------|-----------------|
| President..... | D. R. Green |
| | Grand Forks |
| Vice President..... | F. D. McCartney |
| | Oakes |
| Treasurer..... | H. D. Crosby |
| | Fargo |
| Secretary..... | C. C. Wattam |
| | Fargo |

The State Convention

DISCUSSIONS of rural credit, particularly recent legislation as it affects the farm loaning machinery of federal agencies, was an outstanding feature of the 31st annual convention, North Dakota Bankers Association, at Valley City June 23d and 24th.

F. H. Klawon, president of the federal land bank, St. Paul, addressed the convention June 24th on the subject, "Recent Changes in the Federal Farm Loan Act; J. P. Riordan, agent for the United States farm loan commission, talked on "Government Real Estate Loan Relief," and H. G. Davis, director of research for the American Bankers Association, discussed "The Rural Bank in the Intermedial Credit Field."

A. R. Greenwald, Milwaukee, spoke on "Public Relations;" W. S. Gordon, representing the Burns Detective Agency, on "Bank Robbery," and J. J. Weeks, state tax commissioner, on "Taxes and Tax Laws."

John N. Peyton, chairman of the Minneapolis Federal Reserve board, was to be at the convention, as announced by C. C. Wattam, Fargo, secretary of the association.

T. A. Tollefson, Dickinson, president of the state association, presided and delivered the president's address at the forenoon session on June 23d. There was an invocation by Rev. Thomas E. Nugent, Valley City, and F. J. Frederickson, mayor of Valley City, welcomed the convention. The response was by D. R. Green, vice president, Grand Forks.

R. H. Butterwick, treasurer; C. C. Wattam, secretary; F. A. Irish, chairman of the committee on agriculture; H. L. Thorndal, chairman of the committee on bank management and service, and George W. Thorp, counsel, gave reports of their various committees and departments.

The Valley City Country Club arranged a golf tournament for the bankers at the club's course at 4 p. m. June 23d and there was a dance at the club that evening.

Following the state meeting, members in North Dakota of the American Bankers Association held a conference.

A special program of entertainment was arranged for the ladies, including an automobile drive, a reception and tea on the first day, and a bridge luncheon at the country club the final day.

Group Meetings

Bankers of the third, fourth and fifth districts of North Dakota Bankers Association went on record at their annual meeting in Fargo as inalterably opposed to any form of deposit insurance, but that if such deposit insurance is enacted all banks, regardless of size of capital structure, be included.

They passed a resolution to that effect and also one which "deplored the attempt to affect appropriations for the state highway department," and placed the group on record as opposed to any suggestion for removal of the state association headquarters to any other part of the state.

O. W. Parkhurst of Hunter was elected third district president, with A. L. Peterson, Buffalo, vice president; E. E. Simonson, Fargo, secretary-treasurer, and H. D. Crosby, Fargo, member state nominating committee.

The fourth district elected F. D. McCartney, president; Paul Adams, LaMoure, vice president; Glenn Dill, Oakes, secretary-treasurer; E. G. Bloedow, Edgeley, member state nominating committee.

The fifth district election was postponed until the annual state convention at Valley City.

Meet at Grand Forks

W. J. Johnston of Fordville was elected president of the Northeastern North Dakota Bankers Association by members of that group at the close of a joint meeting with second district bankers in Grand Forks.

Others elected were A. E. McKay of Minto, vice president; A. O. Aune of Langdon, secretary, and K. O. Paulson of Neche, retiring president, was named on the state nominating committee. Oscar

Hjelt of Rolla, was elected president of the second district bankers' group.

The bankers heard four addresses at the sessions. The visiting officials included groups from western and northern parts of the state and from the Twin Cities.

In an address C. C. Wattam, secretary of the northeastern district organization, said bankers over the state saw better business in the offing as a result of rising grain prices and an abundance of rain in the usually dry western districts.

New Bank

The Security State Bank of New Salem, an entirely new institution, recently opened its doors for business in the banking house of the closed First State Bank and the New Salem community again has banking facilities, after more than sixteen months since the two banks there closed.

T. P. Bumann is president; Charles W. Wiegmann, first vice president; Ed. Tempel, second vice president, and F. H. Ellwein, cashier. These four, with J. M. Hein, form the board of directors.

The Security State has capital of \$20,000, surplus of \$10,000, total deposits of \$275,000 and total footings of around \$307,000. When the bank opened for business its reports showed \$75,000 cash, and \$23,000 in bonds or a total of \$98,000 in liquid assets. The bank's loan register shows a total of \$220,000 in approved loans, paper taken over from the other two banks and approved by the banking department.

Pioneer Dies

Red River Valley pioneer resident and active in farming, banking and educational work, Frank E. Kindred, 74, died recently at his home in Fargo.

Honorary pallbearers were Fred Irish, B. F. Spalding, Dr. J. W. Campbell, George Nichols, George H. Harrington, D. P. Millar, E. T. Shaw, E. A. Engrebreton, L. B. Hanna and William Stern.

Mr. Kindred was a former director of the Red River Valley National Bank of Fargo and the Hillsboro National Bank.

Unrestricted

The Security State Bank of Adams is now operating on an unrestricted basis, a thorough check-up having been completed.

The Security State Bank is one of the pioneer banks of that community and has been for the greater part of that time under the direction of O. H. Lundquist, cashier and manager.

This institution is now home-owned and managed by Adams men and directors. Officers of the bank are C. L. Johnson, president; Knut Boe, vice president; O. H. Lundquist, cashier, and Paul Skarstad,

Northwestern Banker July 1933

assistant cashier. Directors are Mr. Johnson, Mr. Lundquist, Mr. Boe, Mr. Skarstad, and Ralph Boe.

To Reorganize

The organization of a new bank will probably be necessary in the case of the First National Bank at Grand Forks, according to recent information. Under a plan which it is expected will receive the approval of the department at Washington, a new institution with capital and surplus of \$250,000 will be organized. The Reconstruction Finance Corporation would put up \$100,000 of this amount for preferred stock and the other \$150,000

would have to be raised in some other manner approved by the comptroller. Under the plan as outlined a new loan would be made on the present assets of the bank that would enable payment of 40 per cent of the deposits at once.

New Cashier

A. E. Thompson, former assistant cashier at the First National Bank of Lakota, has assumed the duties of cashier succeeding J. J. Holicky, who resigned recently. Mr. Holicky moved with his family to LaCrosse, Wis., where he will handle his interests there. He had been connected with the bank for twelve years.

Open in Lisbon

The Farmers State Bank of Lisbon, under the new organization plan, has opened its doors for deposits. The personnel has changed in that David Keyes and Harley S. Grover, former vice presidents, have resigned and W. A. Lilyquist of Rugby and Jakob Wolters succeed them. Otto Bremer remains as president and W. R. Sandager, cashier, and Walter H. Billings, assistant cashier, retain their positions.

News Notes

O. N. STENEHJEM, formerly vice president, has been elected cashier of the Farmers State Bank of Arnegard, succeeding Arthur Hagen, who has resigned.

GEORGE WISCHER has accepted a position as assistant cashier of the Union State Bank of Edmore.

I. E. GIEDT has been elected cashier of the Farmers State Bank of Richardton succeeding Frank J. Barth, who has resigned.

E. N. KITTELSON has been elected cashier of the Citizens State Bank, Enderlin, to succeed J. M. Thorson, who passed away recently.

H. R. MURPHY has been elected a director of the State Bank of Reynolds, succeeding John Von Ruden, who has resigned.

W. A. LILYQUIST, John Challey and Knute Ringdahl have been elected directors of the Farmers State Bank of Lisbon. Mr. Lilyquist has also been elected vice president of the institution. Harley S. Grover and David Keyes have resigned their positions as vice presidents and directors.

Copper Looks Up

Improvement in the position of copper comes as good news to the mining states.

In a number of those states copper has been the principal industry. It has given the bulk of employment. It has paid most of the taxes. It has, through the purchasing power it provided, bought the products of farms, of factories, created patronage for stores and all types of business. And when ruinous prices forced most of the mines to close—and at best to run on unbelievably small production schedules—entire states felt the effect.

Now it looks as if copper may be on the road back. It behooves every mining state to help, so far as it can, by fair legislative and tax treatment that will encourage, and not further burden a struggling major industry.



The facilities we offer our correspondent banks have been built around close associations, which, through the years, have become an inseparable part of Drovers Service.

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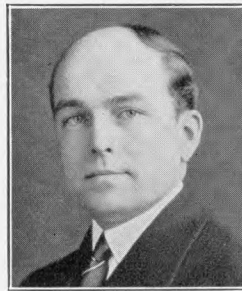


B. F. KAUFFMAN
President

Iowa Bank News

Officers Iowa Bankers Association

President.....B. F. Kauffman
Des Moines
Vice President.....C. R. Gossett
Sioux City
Treasurer.....C. S. Rye
Manly
Secretary.....Frank Warner
Des Moines



FRANK WARNER
Secretary

Unrestricted

The Farmers Savings Bank at Ira has opened for business on an unrestricted basis. The bank had been operating under S. F. 111 since the banking holiday in March.

Officers of the bank are F. W. Tramel, president; W. J. Herbold, vice president, and W. I. Price, cashier.

The opening of the Ira bank makes a total of eight banks in the county now operating on an unrestricted basis.

Plan to Open

A plan for the reopening of the First National Bank, Valley Junction, with 50 per cent of deposits available now, was presented to the depositors last month.

This plan has met with the full approval of the Comptroller of the Currency of Washington, D. C., who authorized the bank to submit the plan to its depositors and creditors.

Briefly, the plan calls for the reopening of the bank on an unrestricted basis, with the provision that depositors are to waive fifty per cent of their deposits at the present time.

The remaining 50 per cent of the deposits, however, will be available to the depositors as soon as the bank opens.

Reorganizing

The First National Bank, Humboldt, which has been operating under restrictions since March 5th, will be reorganized under the provisions of the Glass-Steagall bank act just passed by congress.

The new bank will be chartered with a \$50,000 capital and a \$10,000 surplus. One-half of the deposits and one-half of the assets of the old bank will be taken over immediately by the new bank, and will be available to depositors. The remaining 50 per cent of deposits in the old bank will be taken over as fast as the remaining assets can be put into acceptable condition.

There will be no waivers. The bank stock is non-assessable.

Unrestricted

The Cumberland Savings Bank was released from Senate File No. 111 on June 26th. They open on their own power, so to speak, and will release 10 per cent of the total deposits, which will mean some 17 or 18 thousands of dollars.

This bank has been under Senate File No. 111 since the president called a bank holiday and now have things in excellent shape and the order has gone forth for them to open on their own responsibility.

Annual Meeting

The annual meeting of the stockholders of the Farmers Savings Bank was held in Boyden. All of the members of the board of directors were re-elected and Nick Rouwenhorst was elected to fill the vacancy left by John Doorenbos.

Andrew Honored

A farewell dinner and dancing party was given recently in Des Moines as a

courtesy to L. A. Andrew, former state superintendent of banking.

The party was attended by more than one hundred of Mr. Andrew's associates in the state banking department.

Grover S. Krouth, director of receiver-ships, served as toastmaster. Ralph Bunce, representing those who have been closely associated with Mr. Andrew, toasted the retiring leader and presented him with a four piece silver service. Mr. Andrew responded and in accepting the gift presented it to Mrs. Andrew.

D. W. Bates, the newly appointed superintendent of banking, made a few remarks.

The committee in charge included Lova Wright, T. J. Nolan, M. E. Fox, Paul R. Beck, C. R. Colton, Minnie E. Rumsaas, Louise Alcott Ira Glasscock and Maurice Hansen.

Reduce Capital

Capitalization of the Liberty Trust & Savings Bank, New Liberty, Iowa, is reduced from \$40,000 to \$25,000, and the valuations of the stock lowered from \$100 a share to \$62.50 in an amendment to the articles of incorporation recently in the office of County Recorder Ben J. Zoekler. Henry Hansen is chairman of the board, and Gerhard Bruns, secretary.

Large Deposits

The National Bank of Waterloo ended its first 10 days with deposits of \$1,232,000, a deposit figure substantially in excess of what had been anticipated, Rodney Lien, vice president, announced.

The opening of the bank released \$1,300,000 to creditors of Commercial National.

| GROUP | CHAIRMAN | SECRETARY |
|-------|---|--|
| 1 | M. D. Brodt, Cashier, First National Bank, Sibley, Iowa. | A. W. Jones, President, Sac City State Bank, Sac City, Iowa. |
| 2 | A. E. Anderson, Cashier, Clay County Nat'l Bank, Spencer, Iowa. | F. J. Lorge, Cashier, Pocahontas State Bank, Pocahontas, Iowa. |
| 3 | V. D. Koons, President, First State Bank, Britt, Iowa. | W. E. Sheldon, Cashier, Home Trust & Savings Bank, Osage, Iowa. |
| 4 | George W. Falk, Cashier, First National Bank, Oelwein, Iowa. | W. F. Baker, Assistant Cashier, Decorah State Bank, Decorah, Iowa. |
| 5 | W. J. Lewis, President, Harlan National Bank, Harlan, Iowa. | Wm. R. Remien, Cashier, Atlantic State Bank, Atlantic, Iowa. |
| 6 | D. M. Crumley, Cashier, Rippey Savings Bank, Rippey, Iowa. | E. L. Job, President, Knoxville-Citizens Nat'l Bank & Trust Co., Knoxville, Iowa. |
| 7 | R. R. Schroeder, Cashier, Iowa County Savings Bank, Marengo, Iowa. | F. A. Jones, President, Tama State Bank, Tama, Iowa. |
| 8 | H. V. Butt, Cashier, First National Bank, Bellevue, Iowa. | C. L. Rigby, President, Union Trust & Savings Bank, Stanwood, Iowa. |
| 9 | H. O. Lovett, Cashier, Decatur County State Bank, Leon, Iowa. | A. E. Jensen, Vice President, First Nat'l Bank of Creston, Creston, Iowa. |
| 10 | I. S. Burton, Manager, Office of 1st Bank & Trust Co., Ottumwa, Eddyville, Iowa. | F. L. Sawyers, Vice President, Centerville National Bank, Centerville, Iowa. |
| 11 | W. H. Swiler, Cashier, Burlington Savings Bank, Burlington, Iowa. | M. E. Tate, Vice President and Cashier, Security State Bank, Keokuk, Iowa. |

Flying Start

Many residents of Burlington and nearby towns opened accounts at the First National Bank which opened early last month in the quarters formerly occupied by the American Savings Bank and Trust Company.

A large number of the depositors brought old type money to the bank, indicating that it had been taken out of hoarding, officers said. One depositor, who brought in several hundred dollars in the large type bills, also deposited several gold certificates.

The first deposit was for \$100,000 by a large manufacturing concern.

Bouquets, bearing cards of congratulations and wishes of success, were received

from nearly a score of Burlington business houses.

Unrestricted

The Chatsworth Savings Bank received a license from the State Superintendent of Banking Sunday freeing them from the restrictions of Senate File 111 and enabling them to resume normal banking business. The bank has opened without restrictions of any character and all deposits became immediately available in full. The depositors were not asked to waive any portion of their deposits.

The Chatsworth bank had been operating under Senate File 111 since the declaration of the banking holiday on March 4th.

Elect Woman Cashier

Miss Rita Patterson has been elected cashier of the First State Bank at Conrad to succeed J. F. Wheeler, who recently resigned. Miss Patterson is the second woman bank cashier in Grundy county. Miss Freda Boldt has been cashier of the Farmers Savings Bank at Holland for several years.

Miss Patterson was formerly assistant cashier in the Conrad bank. She had a number of years of banking experience before coming to Conrad.

Unrestricted

The Swisher Trust and Savings Bank, operating under Senate File 111 since the national banking holiday of March 4th, has reopened under a depositors' agreement by consent of the state banking department, C. J. Koss, cashier, has announced. The bank went on the waiver plan during the holiday and is paying a 10 per cent dividend on 60 per cent certificates of deposit, issued in conjunction with the plan.

Celebrates

Mrs. Betsy Tollefson, 85, president of the First National Bank of Mabel, celebrated her birthday with a family gathering at the home of her son, A. L. Tollefson. She was in good health on the occasion.

Mrs. Tollefson, who has resided in Mabel nearly 80 years, works her own garden, does her own housework, living in her home with her sister, Miss Emily Engbretson.

One of her hobbies is the jigsaw puzzle. Her sister enjoys this pastime, too. The tougher the puzzle the better they like it.

Heads Reserve Group

John H. Hogan, former Des Moines banker, now a vice president of the Continental Illinois National Bank and Trust Company, Chicago, was elected president of the Association of Reserve City Bankers at Excelsior Springs, Mo. The association is made up of executives of banks in 60 of the largest cities of the United States.

Mr. Hogan has been a vice president of the Chicago bank since 1926.

Opens Branch

The West Burlington Savings Bank recently opened a branch at Mediapolis, in charge of T. R. Richardson, a bank employe at Mediapolis for 25 years, who has recently been assisting the receiver to the Mediapolis State Bank.

Unrestricted

The Mechanicsville Trust and Savings Bank of Mechanicsville and the First State Bank of Audubon, have been re-



The Omaha National Bank

Complete Banking Service

Northwestern Banker July 1933

leased by the state banking department from the restrictions of Senate File 111 to go under depositors' agreements.

National Charter

Authorized in a telegram from J. F. T. O'Connor, comptroller of currency at Washington, D. C., the First Capital State Bank, Iowa City, opened its doors for business last month as a national bank. The change from a state to a national charter was approved at a meeting of the bank's stockholders May 22nd.

Directors and officers remain unchanged, with Mr. Lee Nagle president and Mr. Frank D. Williams cashier. Directors are Mr. Arthur J. Cox, Mr. Willis W. Mercer, Mr. George Nagle, Mr. Lee Nagle, Dean Chester A. Phillips, Dr. Henry L. Rietz, Mr. Albert B. Sidwell, Mr. Merritt C. Speidel, Dr. Roscoe H. Volland, Mr. Frank D. Williams and Dr. Andrew H. Woods.

New Bank

Knoxville has a new bank. The new institution is the Iowa State Savings Bank and it is located in the old Citizens National Bank building, under the management of J. C. Collins, who has been identified in banking circles here for many years.

The new institution opens under the stipulations of the waivers which were recently signed by depositors. Under the waiver terms 50 per cent of the deposits are trustee and 50 per cent are to be made available as fast as loans are collected.

Depositors will have 10 per cent of their total deposits available for use at once. The bank can perform all its regular functions, including accepting deposits, cashing checks, writing cashiers checks, etc.

Unrestricted

The Van Horne Savings Bank was released last month from Senate File No. 111, under which it had been operating since the national bank holiday. The directors collected a 100 per cent assessment from the stockholders and the depositors signed agreements to 2½ per cent interest on half of their deposits and leave the other half in trust. Three per cent interest will be paid on new deposits. C. B. Barron will remain as cashier and Osborne O'Brien as assistant.

Kraschel Tells 'Em

Lieutenant-Governor N. G. Kraschel, of Iowa, told the Illinois Bankers Association recently that "the sins of bankers themselves" have made necessary national legislative direction.

"The bankers speeded up American industry to world market speed," Kraschel said, "and then attempted to hold it at the pace which was necessary during the war.

"They let these useless industries hang on, because they held the common stocks. Then tariffs, designed to protect industry and industry's selfish interests, wrecked our world trade.

"Now the one alternative is national planning."

Mr. Kraschel substituted his extemporaneous speech for his prepared address to answer Paul Zimmerman, president of the association, who condemned the Federal legislative program as "bureaucracy."

"This reckless expansion," he declared, "was financed with the public's deposits, the bankers showing no sense of stewardship.

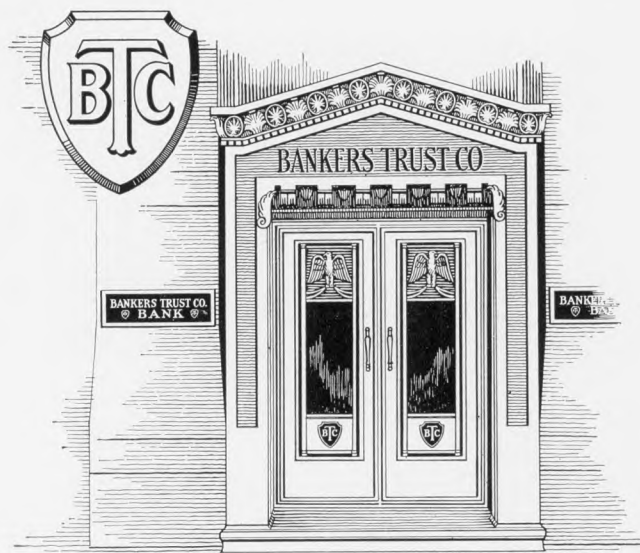
"Later they floated foreign loans for the purpose of selling the goods they were interested in, and then passed the worthless bonds on to the public."

"Prosperity in the city depends on prosperity out on the farms," he said.

The discipline which the administration's program applies to business he declared, "had better come from Washington than from Wall Street and La Salle Street."

Triple Merger

Merger of three Shelby county banking institutions was announced recently. The Shelby County State and Farmers & Mer-



IOWA banks whose Des Moines business we handle, know from experience that our organization is meeting the challenge of today's conditions and demands.

BANKERS TRUST CO. BANK



CORNER 6th AND LOCUST STS., DES MOINES

CAPITAL \$1,000,000

SURPLUS \$200,000

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J. G. GAMBLE
Attorney

J. W. HOWELL
Vice President, Warfield-Pratt-Howell Co.

F. W. HUBBELL
Vice Pres.-Treas., Equitable Life Ins. Company of Iowa

J. W. HUBBELL
Vice President, F. M. Hubbell Son & Co.

B. F. KAUFFMAN
President

L. B. MAYTAG
Capitalist

S. L. SHEUERMAN
President, Sheuerman Brothers, Inc.

B. B. VORSE
Vice President

chants Savings of Harlan have combined with the Kirkman Savings Bank and the new institution will be known as the Shelby County State Bank. The new bank will carry on its business in the institution heretofore occupied by the Farmers & Merchants Savings Bank in Harlan.

Officers of the new bank will be H. P. Dowling, president; A. C. Clapp, vice president; G. K. Swift, cashier, and F. F. Wunder, assistant cashier. All have been officers in the three banks that were merged.

Elimination of overhead expenses and the formation of a stronger institution to serve the people of the combined trade

territory are stated to be the reasons for the merger.

Jones County Meeting

The Jones County Bankers Association met at Morley recently. A business meeting followed the banquet and the following officers were elected: H. M. Carpenter, Jr., cashier of Monticello State Bank, re-elected president; P. B. Daly, president of Amber Savings Bank, elected vice president; J. R. Ramey, assistant cashier of Onslow Savings Bank, elected treasurer; L. D. Murfield, cashier of Jones County Savings Bank, re-elected secretary.

The five banks represented were: Monti-

cello State Bank, Monticello; Citizens Savings Bank, Anamosa; Amber Savings Bank, Amber; Onslow Savings Bank, Onslow, and Jones County Savings Bank, Morley.

Unrestricted

Release of the Popejoy Savings Bank at Popejoy, Franklin county, and the Benton County Savings at Norway from the restrictions of Senate File 111 was announced by the state banking department.

Both releases were granted after the banking department had approved the form of depositors' agreement under which they are now operating.

Deposits Gain

Within half an hour after the reorganized Security National Bank, Sioux City, opened, new deposits reached the \$150,000 mark, according to Cashier C. R. Gossett. He had been federal conservator of the institution since the national holiday.

The gain continued during the day, with withdrawals confined to persons hard pressed for cash after the three-months closing, according to the bank's officials.

Unrestricted

After several weeks of waiting and of no little inconvenience in county and city affairs, LeMars now has a bank operating without restrictions. The LeMars Savings Bank, which has been under Senate File 111 since President Roosevelt authorized banks to reopen after the bank holiday, was released from these restrictions recently and opened on the same basis as it was prior to March 4th.

J. A. Bradley Dies

James A. Bradley, 72, wealthy banker and landowner, died last month at Centerville following a major operation.

He was president of the First National and Iowa Trust & Savings Banks at Centerville, president of the Farmers and Merchants Bank at Moulton, Unionville Savings Bank at Unionville, Citizens State Savings Bank, at Cincinnati, and First National Bank at Eldon.

He leaves three daughters: Mrs. John Young, Mrs. J. E. Brorby and Miss Olive Bradley, all of Centerville.

Mr. Bradley owned 6,000 acres of Iowa farm land.

Opens In Northwood

The Northwood State Bank, recently organized financial institution, opened for business in the former First National quarters. Active officers in charge of the bank are N. E. Kelley, cashier, and C. L. Bolender, assistant cashier. Inactive officers are John S. Veenker, president, and E. E. Breen, vice president. The bank has a capital stock of \$15,000 and a sur-

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of town banks and
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plus account of \$5,000. Cashier Kelley formerly lived at Altoona.

Lake City Branch

With the opening of a branch of the Commercial Savings Bank, of Carroll, Lake City will be served with regular banking facilities.

The bank is located in the Farmers State Bank building and is under the management of J. E. Wilson, of Lanesboro, and Miss Ruth Sievert, assistant.

According to Mr. Wilson, the Commercial Savings Bank operates without restrictions and is not under any waiver plan.

Clinton A. I. B.

Clinton chapter of the American Institute of Banking has re-elected its officers for the coming year. Walter Thiele, of Wheatland, is president; Robert Gradert, of Clinton, vice president; Mrs. Pauline Nelson, of Clinton, secretary; and E. H. Jorgensen, of Clinton, treasurer.

The group picnicked recently at the cabin of H. M. Olney near Camanche, with an attendance of 40 members and their wives.

New In Belmond

Belmond is going to have a bank again. On July 1st, the people of Belmond will again experience the convenience of a banking institution in their own town.

The new bank will be capitalized at \$12,500 with a surplus of \$2,500. It will be located in the old Savings Bank building and the promoters hope to open for business July 1st. It will be known as the First State Bank of Belmond.

Resigns

Roy Williamson, who has been with the Dickinson County Savings Bank in Milford since it was organized about two years ago, left June 1st.

Mr. Williamson had two other propositions in mind before he decided to leave here, but he has not yet made up his mind just which of the two he will take.

Request Hogan Stay

Five hundred farmers, borrowers of the National Farm Loan Associations affiliated with the Federal Land Bank, of Omaha, sent telegrams recently to their senators and representatives protesting the Dill amendment to the farm loan act which would remove control of the Federal Land Banks from the farmer borrowers.

In a resolution unanimously adopted, the borrowers commended D. P. Hogan, of Omaha, president of the Federal Land Bank there, for "his many years of farm loan service," and expressed the desire that he continue as head of the bank.

Mr. Hogan is the target of the Dill

proposal now pending in the senate, which was sponsored by Arthur Mullen, Omaha democratic politician, who asks Hogan's removal.

Oldest In Iowa

The Council Bluffs Savings Bank has been selected to represent the state of Iowa at the Century of Progress exposition in Chicago in a design indicative of pioneer and present banking in Iowa, according to a letter received by B. A. Gronstal, vice president, from Frank Warner, secretary of the Iowa Bankers Association.

In searching the records of the state


bankers association, Mr. Warner found that the Council Bluffs Savings Bank, established in 1856, is the oldest bank in Iowa, so designated it to represent Iowa.

Members

The Des Moines Building Loan and Savings Association and the Polk County Building Loan and Savings Association, both of Des Moines, have been admitted to membership in the eighth district Federal Home Loan Bank.

Membership in the home loan bank entitles a building and loan association or other eligible home loan institution to re-

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a
Depository



THE CENTRAL NATIONAL is an organization composed of financial counselors, sincerely interested in the success of its correspondents.

It is eager to help them with their problems and give them every assistance needed and consistent with sound banking principles.

GRANT McPHERRIN
President

LYNN FULLER
Vice Pres. and Cashier

LELAND WINDSOR
Vice President

THE OLD RELIABLE

CENTRAL NATIONAL BANK & TRUST COMPANY

FIFTH AVE. Between WALNUT and LOCUST

Des Moines ----- Iowa

discount loans with the bank to an amount 12 times its stock ownership in the bank.

The home loan bank system bears much the same relationship to the building and loan associations as the federal reserve bank bears to the commercial banks.

New National Bank

An application for permission to start a new national bank in West Union, to be known as First National Bank of West Union, was forwarded recently to the comptroller of the currency in Washington, D. C., in order that the shortest possible time may elapse before the community again will have the advantage of unrestricted banking facilities.



Since its establishment in 1889 this bank has felt the importance of being conservative in its counsel. To that end it has worked closely, directly with all those whom it serves. It has held always to the simple, time-tested concepts upon which this institution was founded.

If we can serve you in Chicago your inquiries are respectfully invited.

THE NORTHERN TRUST COMPANY

Northwest Corner La Salle and Monroe Streets
Chicago



Northwestern Banker July 1933

The application was made by a group of local men who have had no connection with the management of any banking business in this city.

Released

The Bennett State Bank, of Bennett, Cedar county, has been released from the restrictions of Senate File 111 by the state banking department to go under a depositors' agreement plan.

County Meeting

The annual meeting of the Delaware County Bankers Association was held in Hopkinton recently in the Citizens State

Bank building. All the banks of the county were represented with the exception of two.

After a short business meeting at which election of officers for the coming year were elected an impromptu program was held. The officers for the coming year are: President, Clifford Grimes, Colesburg; vice president, Everett Wright; secretary and treasurer, Carl Laxson, Earlville.

Iowa Banks

Out of 812 banks in the state, 433 are operating (June 12th) without restrictions and the remaining 379 are under the provisions of Senate File 111, a survey by D. W. Bates, deputy state superintendent of banking shows.

The institutions doing business without restrictions had deposits of \$261,000,000 at the close of 1932 and those under the Iowa emergency bank law \$127,000,000.

A statement by Bates and Frank Warner, secretary of the Iowa Bankers Association, shows:

State banks: released without restrictions, 306; operating under new charters, 8; under Senate File 111, 313.

National banks: licensed, 91; under conservators, 61.

Private banks: released without restriction, 28; under Senate File 111, 5.

Deposits in released banks as of December 31, 1932, were \$146,225,000 for state and private banks and \$114,679,491 for national banks. Deposits in those banks now under restrictions for the same date were \$95,729,000 in state and private banks and \$31,188,333 in national banks.

Deposits Gain

The Decorah State Bank has been enjoying an excellent business since its reopening for unrestricted business. They have received a large number of new deposit accounts and show a nice net gain in total amount of deposits. Very few depositors have withdrawn the 20 per cent of their deposits made available to them; only those who have actual need for the money have withdrawn the amount to which they are entitled.

There is every indication that the public feels that the bank is on an exceptionally sound and stable basis.

Renew Charter

Stockholders of the Cedar Rapids Savings Bank and Trust Company at a special meeting voted to renew the bank's charter for fifty years.

The original charter was received from the state just fifty years ago on June 15, 1883. The late James L. Bever, John T. Hamilton, and C. B. Soutter were the organizers, assisted by J. M. Dinwiddie, who has been with the bank throughout its existence.

John T. Hamilton was the first presi-



dent, and Mr. Dinwiddie was cashier, becoming president in 1916. The original capital was \$50,000, which has been increased, out of earnings, to \$200,000, with \$150,000 surplus.

The only surviving original stockholder in the bank, besides Mr. Dinwiddie, is Robert Palmer, who has been a director from the start, and is a vice president.

Opens In Pella

A crowd that had all the complexion of a holiday gathering assembled in Pella recently for the celebration of the re-opening of the Pella National Bank.

That morning at 9:00 o'clock, the doors of the bank, which had been closed ever since March 4th, opened, and there was a great rush of business, every window having more than could be taken care of immediately and crowds still pouring in.

Heads Carroll Bank

George J. Hess was elected president of the Carroll County State Bank at a recent meeting of the board of directors. Other officers elected include C. E. Reynolds, first vice president; George B. Werdell, second vice president; Carl J. Hess, cashier. Chas. H. Parsons, C. E. Reynolds, I. A. Hoffman, George J. Hess and Carl J. Hess comprise the board of directors.

George Hess, who succeeds his father, the late J. P. Hess, as president of the Carroll County State Bank, is well and favorably known to most everyone in this community. He has been affiliated with the bank as an employe for the past 27 years and has been cashier of the local banking institution for over 15 years.

Resign

H. L. Swenson and A. J. Johnson, vice presidents of the Central State Bank and Trust Company, of Elkader, have handed their resignations to the board of directors. Both have accepted positions with the state banking department.

Swenson came to Elkader about fifteen years ago as assistant cashier of the First National Bank. In 1924 he was advanced to the cashiership and he held that post until November, 1931, when the Central State Bank and Trust Company succeeded the First National Bank and the Elkader State Bank.

Johnson was cashier of the St. Olaf Savings Bank until February, 1929, when that bank was consolidated with the Elkader State Bank.

Released

The Grinnell State Bank, Grinnell, opened for business under a depositors' agreement plan recently.

The bank has been operating under Senate File 111 but obtained its release by the state banking department.

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Service to Iowa
Banks and Bankers**



First National Bank
Mason City, Iowa
Affiliated with Northwest Bancorporation



Annual Meeting

The stockholders of the Farmers Savings Bank, of Kalona, held their annual meeting and the following were elected directors for the ensuing year: Wesley Boehme, Wm. C. Chapek, V. E. Davis, J. S. Kauffman and F. E. Skola.

Following this meeting the directors met and F. E. Skola was elected president, Wesley Boehme, vice president, and Belle Dunlap Davis, cashier.

The bank is paying a dividend of 20 per cent on 60 per cent of all deposits over \$10. The dividend now being paid exceeds \$44,000.00. The new deposits were

over \$75,000.00 and the present cash on hand shows over \$13,000.00.

Land Bank Branch

A branch office of the Federal Land Bank of Omaha will be opened Monday by Leo A. Hoegh, representing the Cedar Rapids National Farm Loan Association, a subsidiary of the land bank.

Its purpose will be to make credit facilities of the national emergency farm mortgage act of 1933 immediately available to eastern Iowa farmers principally in Linn, Benton, Johnson, Cedar, Jones and Delaware counties.

Unrestricted

The Farmers Savings Bank of Rock Falls, Iowa, Cerro Gordo county, was released from Senate File 111 by the state banking department. The bank opened on an unrestricted basis, the state banking department said.

Reorganized

New deposits far exceeded withdrawals as the Fort Dodge National Bank opened on a reorganized basis. Withdrawals were equal to a normal day's business, officials said.

The reorganization plan provided for the release of 50 per cent of the deposits.

A parade headed by the American Legion drum corps and high school band celebrated the opening.

Opens In Archer

The town of Archer again has a bank. The Bank of Archer was closed during the national banking holiday. The State Bank of Archer has opened without restrictions. Sterling Archer is president.

Merged

Arrangements were completed June 16th whereby the Wyman Savings Bank, Wyman, Iowa, and the Peoples Savings Bank, Crawfordville, Iowa, were merged into one institution known as the Peoples Savings Bank, at Crawfordville, and the new bank securing a release from Senate File 111. K. A. Coates, who has been acting as cashier of the two institutions since May 1st will continue as cashier of the new bank.

A Digest of the Banking Act

The Northwest Bancorporation has gotten out a twelve-page folder entitled "A Topical Digest of the Banking Act of 1933," which is the Glass-Steagall Bill, and is giving this widespread distribution throughout the northwest territory.

The bill is analyzed point by point, and the information contained therein is full and complete. Copies may be obtained direct from the Northwest Bancorporation of Minneapolis.

Jackman-Wiedman Open Chicago Office

A. E. McLarnen, of Omaha, Nebr., formerly of the Bankers Reserve Life Company, has joined Jackley-Wiedman & Company, Des Moines bond house, as of July 1st, Winfield C. Jackley, president, has announced. The Omaha office of the company will be at 1313 First National Bank building. Mr. McLarnen will be in charge of the company's business for the State of Nebraska.

Representatives of Jackley-Wiedman &

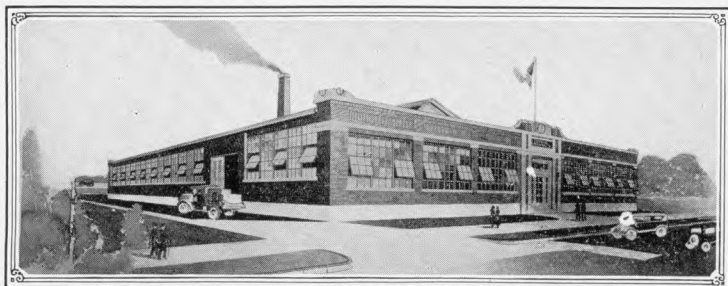


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Des Moines



Founded by

GEORGE H. RAGSDALE

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SECRETARY

Company are now maintained in Cedar Rapids, Chariton and Mason City, in Iowa, and at Omaha. The company specializes in high grade municipal issues and maintains a sales staff of eight representatives in Iowa and Nebraska.

An Official Death

The Farm Board died officially on May 27th, unless there is some unexpected change in the attitude of Congress. Death-knell was the signing of the President's farm credit reorganization order. The board started in June, 1929, with \$500,000,000 of government money called a revolving fund. Its speculations in farm commodities attracted international notice. Two-thirds or more of the original fund has been lost.

The board will be replaced by a different kind of government farm relief body. It is held doubtful, however, if the administration's farm bill will apply extensively to 1933 crops, due to delay in its becoming law. The bill is frankly an experiment, and if it does not succeed it is promised the plan will be abandoned and another tried.

To Nationalize

F. C. Horacek, Sr., president of the Union State Bank, Omaha, said he expects to make application for his bank to nationalize under the Glass-Steagall bill, but not immediately. The bank deposit insurance provision of the bill is causing other state banks to consider a similar step.

Des Moines Clearings

Bank deposits in Des Moines at the end of June should show a total of more than \$50,000,000, according to B. F. Kauffman, president of the Des Moines Clearing House Association, and recently elected president of the Iowa Bankers Association.

The total estimated by Mr. Kauffman is approximately \$12,000,000 more than the low point hit during the bank holiday, most of which gain was made between March 13th and March 30th, clearing house records show.

Clearing house records show that total deposits in Des Moines banks June 30, 1932, were \$55,938,602, and that December 31, 1932, the deposits totaled \$52,235,351.

In January, 1933, they dropped to \$48,236,997, compared with \$53,709,851 in the same month in 1932. February 28, 1933, they had dropped to \$46,786,408, while on February 28, 1932, they totaled \$55,023,832.

During March this year bank deposits declined rapidly, and while no accurate figures are available, it is estimated that they dropped to a little more than \$38,000,000. But by March 30th they had

OFFICERS

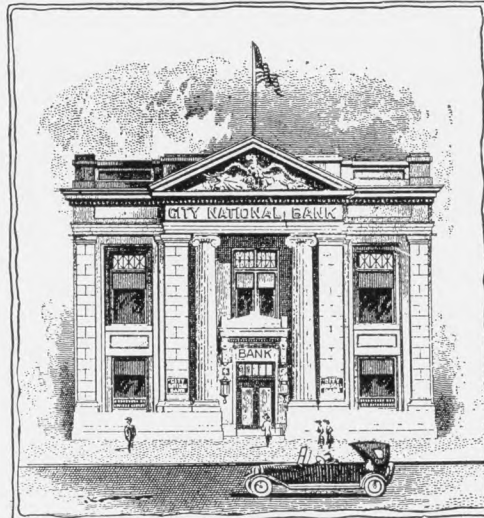
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President

MILO J. GABRIEL
Vice President

O. P. PETTY
Vice President and
Trust Officer

H. G. KRAMER
Vice President

A. R. THURN
Vice President



OFFICERS

J. H. NISSEN
Cashier & Assistant
Trust Officer

M. E. McCRABB
Assistant Cashier

E. JOHANNSEN
Assistant Cashier

H. M. OLNEY
Assistant Cashier

F. E. CONOVER
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Assistant Cashier

R. A. W. LATIMER
Auditor

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Dealer
F. H. VAN ALLEN
President J. D. Van Allen
& Son, Inc.
F. J. WARD
Vice President and General
Manager Eclipse Lumber Co.
G. E. WILSON
Pres. Clinton Bridge Works

climbed back to \$50,061,609, compared with \$56,056,788 on March 30th last year.

While Mr. Kauffman was unable to release figures for individual banks, he said that the increases since March 31st this year have ranged up as high as 50 per cent.

On Polk-Peterson Staff

Following an expansion program in keeping with improved business conditions, Polk-Peterson Corporation, Des Moines, announce the recent association with their organization of Robert Root and J. M. Hockett.

"Bob" Root is well known to Iowa bankers through his past connection with the investment business. From 1927 to 1929 he was associated with the bond department of the Northern Trust Company, Chicago, in the Iowa territory, following which he represented G. L. Ohrstrom in the same field. Mr. Root will represent Polk-Peterson Corporation in Cedar Rapids and surrounding territory, and will headquarter in Cedar Rapids.

J. M. Hockett, through his connection with John Elliott in a bank at Le Grand, Iowa, is also well acquainted with bankers in this state. More recently Mr. Hockett has been cashier and managing director of the Home Savings Bank at Elgin, Illinois, and brings to his new position with Polk-Peterson Corporation an intimate knowledge of banking investment needs. He will make Sioux City his headquarters, with offices at 518 Badger building.

Usual Dividend

The directors of The Northern Trust Company, Chicago, have declared the regular quarterly dividend of \$4.50 payable July 1st to stockholders of record as of June 20th. This dividend is at the rate of \$18.00 per year.

Announcement is also made of the election by the directors of Alfred Brittain, Jr., as assistant cashier.

Chase Appointments

The following appointments to the official staff of The Chase National Bank of the City of New York were made at a meeting of the board of directors:

Jonas C. Andersen and Charles F. Batchelder, vice presidents; John S. Linen and Leslie W. Snow, second vice presidents; Edward A. Crone, Walter W. Downing, John T. Inglesby, Jr., Arthur D. Lane and George H. Reeves, assistant cashiers.

The directors of the Chase National Bank also declared a quarterly dividend of 35 cents a share on the \$148,000,000 capital stock of the bank.

The dividend was payable July 1, 1933, to stockholders of record June 16th.

Chicago F. A. A.

H. A. Lyon, president of the Financial Advertisers Association and Public Relations Manager of the Bankers Trust Company, New York City, was the principal speaker at the regular June meeting of the Chicago Financial Advertisers.

A large attendance heard Mr. Lyon discuss the public relations problem before the banks today. In his discussion, he urged the advertising and public relations men, in no uncertain words, to understand the situation and accept the responsibility

of improving it. "That is their real job now," said Mr. Lyon.

Guy W. Cooke of the First National Bank of Chicago introduced the speaker, and Chester L. Price of the City National Bank and Trust Company of Chicago, presided.

A. S. Puelicher Heads A. I. B.

Albert S. Puelicher, of Milwaukee was elected president of the American Institute of Banking Section of the American Bankers Association at the closing session of its annual convention. Mr. Puelicher, who is vice president of the Marshall & Ilsley Bank, Milwaukee, is a son of John H. Puelicher, president of that bank, who is likewise a graduate of the Institute, serving as chairman of its executive council in 1909 and later becoming president of the American Bankers Association in 1922. He was present and spoke on the installation of his son as president of the Institute.

The other officers elected were: Vice president, Charles F. Ellery, assistant trust officer Fidelity Union Trust Company, Newark, N. J.; Members of Executive Council, Milton F. Barlow, assistant cashier United States National Bank, Omaha, Nebr.; H. L. Stiles, assistant cashier United States National Bank, Portland, Ore.; Peter C. Jansen, assistant secretary Manufacturers and Traders Trust Company, Buffalo, N. Y.; Hays E. Bassett, assistant cashier Republic National Bank and Trust Company, Dallas, Texas.

Erwin V. Holton, American Trust Company, San Rafael, Calif., member of the Marin County Chapter American Institute of Banking, won the first prize of \$500 in the annual national public speaking contest for the A. P. Giannini endowment fund prizes held at the convention. The subject was "Strengthening Public Confidence in Banks."

The second prize of \$300 was won by Hays E. Bassett, Republic National Bank and Trust Company, Dallas, Texas; third prize of \$200 by E. Wallace Schreiner, The First National Bank, Alexandria, Va.; fourth prize of \$100 by Fred L. Chapman, First Minneapolis Company, Minneapolis, Minn.

Chase Official Decorated

The Golden Cross of the Order of the Phoenix, a decoration established by the Greek Republic in 1926, has been conferred upon Joseph C. Rovensky, vice president of The Chase National Bank, for meritorious service to the Greek Government. The gold medallion was conferred through his Excellency Charalambos Simopoulos, Minister of the Greek Republic in Washington.

This decoration is the successor to the



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Northwestern Banker July 1933

old monarchical Order of George I which was abolished in 1925 following the dissolution of the royal regime. The term "Order of the Phoenix" was derived from the hero of Greek Mythology who, in ancient times, was said to have been born from the fire and was also allied with the famous legend of the phoenix bird whose young arise from the ashes of the funeral pyre of their ancestors.

In August of 1932, Mr. Rovensky was decorated by order of the King of Italy with the title of Knight Commander of the Order of the Crown of Italy.

National City Changes Name

The corporate name of the National City Company of New York has been changed to "The City Company of New York, Inc.," and its offices will be removed from the National City Bank building to 44 Wall street, James H. Perkins, chairman of the board of the National City Bank, announced.

It was stated that the company "will carry on an investment security business and will maintain branch offices in the United States and abroad." Joseph P. Ripley will continue to head the organization as executive vice president.

Shortly after he assumed office Mr. Perkins, in early March, announced the policy of bringing about the divorce of the bank and its securities affiliate. He indicated that this would be done in an orderly, piecemeal fashion in order to avoid any sacrifice of the company's tangible assets or of "the value which exists in its facilities for the purchase and distribution of investment securities of the highest grade."

At the time Mr. Perkins said that the interlocking of the directorates of the bank and its affiliate would be broken down. No statement was ever made as to whether ownership of the shares of the two institutions would continue in the same hands on the existing basis.

Cards on the Table

In spite of the federal securities act, the gullible investor still may buy post-holes but the government is going to let him find out before hand it's just a post-hole he's buying.

That, in brief, is the way Chairman Charles March of the federal trade commission describes the manner in which the sweeping new law governing securities sales will seek to protect the average citizen with a few hard earned dollars to invest.

"There will still be wildcat stocks but the investor will have full opportunity to know they're wildcat," March explained. "There won't be anything to stop anybody from buying a hole in the ground if he

wants to, but everybody is going to be able to know first that it is just a hole in the ground."

There will be two ways to find this out under regulations now being completed by commission experts.

First of all, an exhaustive compilation of financial facts will be filed with the commission by every issuer of new securities.

Secondly, a condensation of the same information must be printed conspicuously on prospectuses used to sell securities.

The prospectuses will be shown to the prospective purchaser and they will contain what facts the commission shall pre-

scribe for inclusion. The buyer's assurance that he is getting all needed financial information is the seller's knowledge that if he omits a "material fact" he is civilly and criminally liable.

This is where the old adage "let the buyer beware" becomes reversed under President Roosevelt's recommendation to "let the seller beware."

If the facts in a prospectus don't satisfy an investor's curiosity about a security, he may write the commission. If he pays the cost, the commission will supply a photostatic copy of the complete registration statement for the security.

The commission may issue stop orders against the sale of securities if it finds the

*Anything a bank says or does may be dangerous
but the most dangerous thing of all may be to
say and do nothing.*

H. A. Lyons (Bankers Trust Co., New York)

The time has come for expansion rather than contraction. For striving to encourage rather than to discourage normal activity.

As President Roosevelt has said, "We cannot ballyhoo ourselves back to prosperity." What then shall we do to bring back normal banking business?

Seek Customers Rather Than Deposits and You Gain Both

The one essential element that your bank needs today more than anything else in the world is the friendship of the people of your community.

Gerlach-Barklow Good Will Advertising Mediums will not rebuild your business, but they will do more than any other known form of advertising to restore the friendship of those people to whom you must look for your salvation.

These are plain truths, but we are just plain folks. We are, however, imbued with a sincere regard for the banker and a genuine desire to serve him.

We have reserved for every bank that applies for it, a copy of The Business Man's Declaration of Independence. You'll appreciate the sincerity and logic of it as well as the portrait of the President which appears on it.

The Gerlach-Barklow Company Joliet, Illinois

The Gerlach-Barklow Co.
Joliet, Illinois.
Dear Sirs:

Without charge or obligation, send to this bank a copy of The Business Man's Declaration of Independence. A. M. 37

BANK

CITY AND STATE

SIGNATURE

registration statement contains any untrue statement. The fact that no such stop order has been issued will not mean the commission has found the statement true and accurate, nor that the prospectus is correct. But again, if it isn't, directors of the issuing corporation, the underwriters and accountants may be sued.

The chairman said the commission would begin to receive July 6th the first registration statements on security issues. They must be on file twenty days before sales may begin.

For Faster Service

On or about July 10th a new joint through air-express operation will go into effect as between the Railway Express Agency, Inc., and the Pan-American Airways System. Under through rating and routing arrangement and with a single express-receipt and bill-of-lading covering, shippers at any one of the 23,000 offices of this system in the United States, will have available air-express and air-

and rail-express facilities to the major capital cities, seaports and industrial centers of the Spanish Americas and Brazil and Haiti. The combined express-receipt and bill-of-lading has been so perfected that it meets the legal and custom requirements of the United States and the thirty-one republics and European colonies and U. S. possessions compassed by the PAA routes. Thus the entire area of 12,500 miles of air-transport lines and 225,000 miles of this nation's railroads is put into direct air-express communication with the Americas from the Rio Grande to the River Plate.

Readers are familiar with the very active part which the domestic air-express operations of the Railway Express Agency Inc., play in the transmission of checks, securities and various forms of bank paper as between the major cities of the United States. It is reasonably to be expected that the creation of so cohesive a type of international air-express over the Americas will prove to be of direct benefit of the financial operations of the larger banks throughout the western hemisphere.

Resigns

Owing to the demands upon his time for looking after his personal and other business interests, A. W. Gamble, who has been cashier of the Martin County National Bank, Fairmont, for thirty years, has resigned as cashier and managing officer.

About two years ago Mr. Gamble and his sons formed a corporation for the purpose of conducting a general real estate and loan business. They have also during the past two years been engaged extensively in the business of shipping in western sheep and selling them to local farmers.

Mr. Gamble still retains his position and will continue to act as vice president and one of the managing officers of the Martin County National Bank.

C. E. Landin, one of the administrators of the estate of the late A. L. Ward, deceased, was also elected to the board of directors and as a vice president. C. F. Holden was elected as cashier to fill the vacancy caused by Mr. Gamble's resignation.

Bankers' Wants

This department of The Northwestern Banker is free to subscribers. To non-subscribers, a charge of five cents per word. In answering key numbers, please enclose postage for forwarding purposes. And remember, this service is free to subscribers.

Position Wanted—Teller or Assistant Cashier. Young married man. Age 29. Eleven years experience. Address the Northwestern Banker, No. 3207. 5.

Position Wanted—Experienced Country Banker wants place as Cashier. Good references as to character, ability and past record. Address the Northwestern Banker No. 3209. 6-7.

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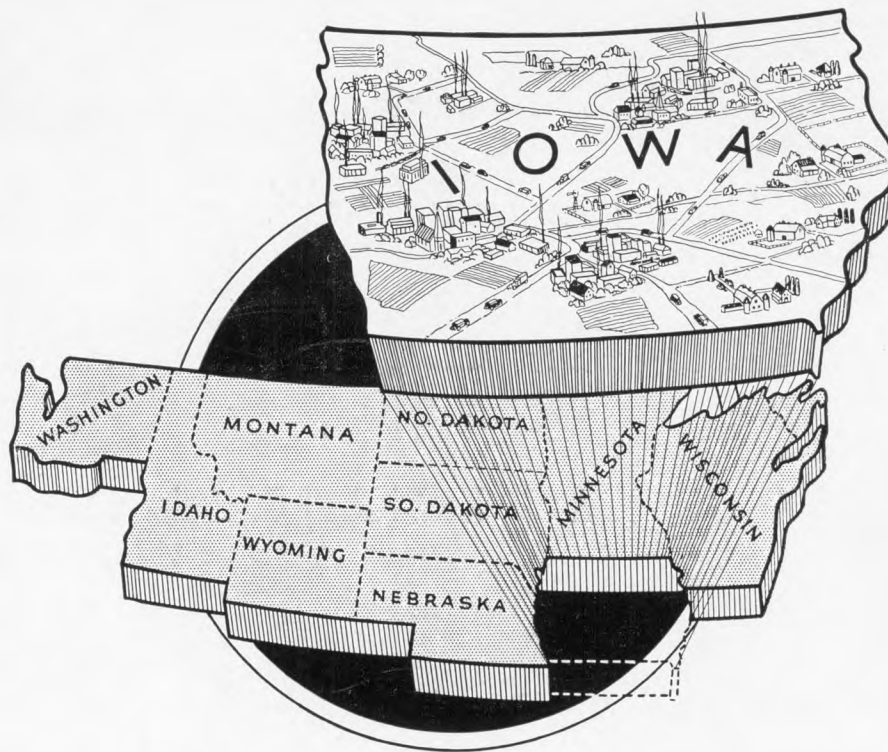
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The General Program: The general program will endeavor to answer the question, "What is the best method of meeting our public relations problem today?" A group of prominent men, experienced in banking and public life, will speak. Acceptances have already been received from Francis H. Sisson, Colonel Allan M. Pope, John H. Puelicher, Bayard F. Pope and Henry Bruère. Others nationally known will be announced later.

The Departmental Program: A constructive and helpful series of departmental discussions by executives will get down to brass tacks on ways and means of best accomplishing objectives.

Plan now to be at The Waldorf in September with other executives of your company. For information as to reservations and special rates, write to any member of the Executive Committee.

FINANCIAL ADVERTISERS ASSOCIATION



IOWA'S GOING TO TOWN and *Shopping* !

TODAY things are different in Iowa. Farmers are smiling and going to town to buy new merchandise, to pay interest and taxes.

The entire territory of eight states served by the Northwest Bancorporation is forging ahead. There's new life and new enthusiasm. And in Iowa, rising commodity prices are pouring a tremendous stream of money into the laps of Iowa farmers.

Iowa hogs are worth nearly 5 dollars apiece *more* on the farm than they were on March 15. And Iowa has 12 million hogs fattening for market—60 million dollars in new money. Iowa's 15 million pounds of butterfat is up 8 cents a pound. Oats, eggs, wheat, cattle—every cultivated crop on Iowa farms, has increased in value and income in three months.

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For your service in Iowa, there are five Northwest Bancorporation banks affiliated with 121 other banks and trust companies located throughout the Northwest.

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