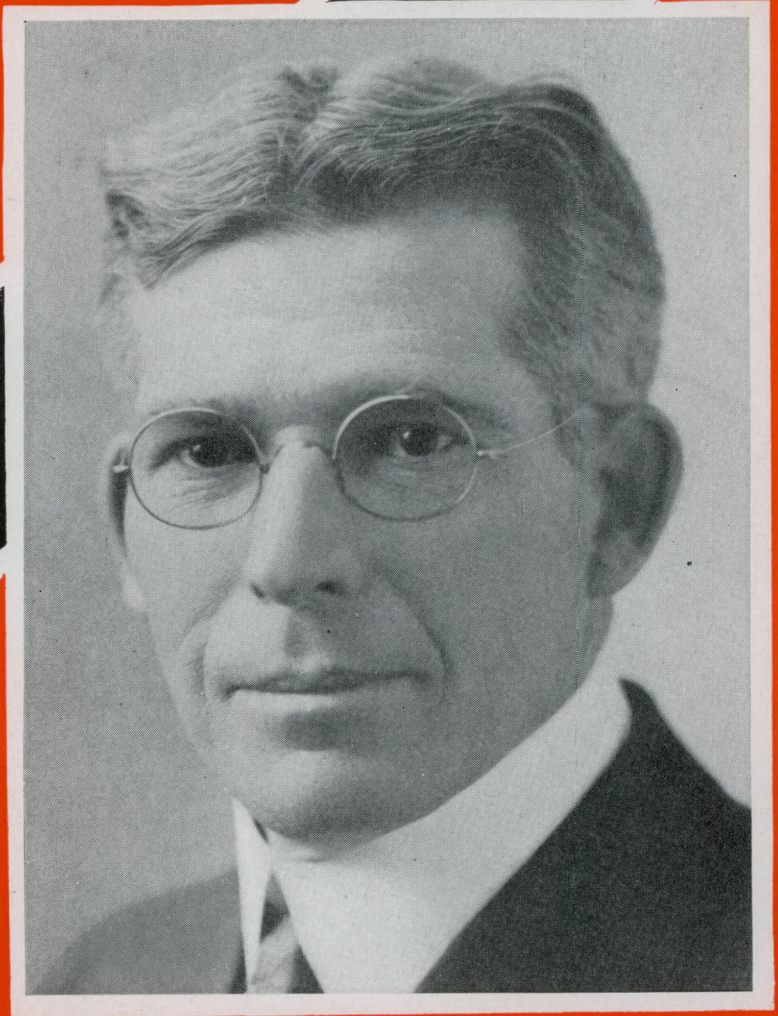


NORTHWESTERN *Banker*

SEPTEMBER
1935



GEORGE C. FULLINWEIDER
President, National Bank of Huron
President, South Dakota Bankers Association
(See Page 8)

Follies of Federal Finance

Page 7

A Cedar Rapids Bank



Cedar Rapids

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Cedar Rapids

Iowa

Northwestern Banker

Des Moines

The Oldest Financial Journal West of the Mississippi

Number 578

SEPTEMBER, 1935

40th Year

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State Banks Make Good Showing

In the August issue of the NORTHWESTERN BANKER I referred to an article by Marc A. Rose, published in the magazine *Today*, in which he said, "A bank has to earn money or eat up its capital. A great many small banks are doing that—perhaps as many are in the red as in the black."

I took exception to that statement because I did not believe that 50 per cent of the smaller banks of the country were in the red. I believed that most of them were showing an excess of profits over their expenses.

In order to prove this statement, I wrote a letter to the banking departments of a number of states and asked them to give me the number of state banks reporting expenses in excess of profits as of June 29, 1935.

The reports which I received included 2,510 state banks of which only 151 or 6 per cent showed expenses in excess of profits as of the above date. Thus proving conclusively that Mr. Rose didn't know what he was talking about.

The reports from the various state banking departments were as follows:

State	No. of Banks	No. Reporting Expenses In Excess of Profits
Nebraska	299	2
Minnesota	473	8
Kansas	540	4
Wisconsin	522	91
North Dakota	140	39
South Dakota	148	10
Iowa	536	7
	2,658	161

Much of the unsatisfactory public attitude towards banking has resulted through just such mis-statement of facts as Mr. Rose implied in his article.

A better attitude towards banking will develop

just as rapidly as the true picture is presented of the progress, the development and the improvement which is being made by the banks of the country today, both state and national.

Admits Government Competition

The government has gone into the loaning business on a dozen different fronts.

This is competitive with the loans of banks and of individual capital.

At the same time, the administration says to banks that they should make more loans to stimulate more business although the government is making loans through its various bureaus which increases the competition with private capital.

This point about competition was brought out by Jesse H. Jones, chairman of the Reconstruction Finance Corporation when he said:

"Every governmental loan to industry competes with private capital and it is for congress to determine how long it wishes such loans made."

I am surprised that any government official would make such a statement but I congratulate Mr. Jones upon his frankness, to say nothing of the truth of his remarks.

The sooner that congress gets out of its rubber stamp complex which it has had during the session just closed, and puts an end to many of the various lending functions of the government, the better it will be for banking and for business as a whole.

Provisions of the New Banking Bill

The main provisions of the new banking bill which emerged following the report of the conference committee of both branches of congress, include the following items:

1. The present deposit guarantee plan covering deposits up to \$5,000 is made permanent.
2. All insured banks with average deposits of

- \$1,000,000 or more must become members of the Federal Reserve System by 1942, in order to continue their status as insured banks.
3. The Federal Reserve Board will be known as the Board of Governors of the Federal Reserve System.
 4. The seven members of the board will be appointed by the President for terms of 14 years—the Secretary of the Treasury and the Comptroller of the Currency will no longer be ex-officio members as they now are.
 5. A Chairman and Vice-chairman of the Board of Governors will be designated by the President for terms of four years.
 6. Open market operations of the Reserve Banks are to be controlled by a committee consisting of the seven members of the Board and five representatives of the Reserve Banks.
 7. The executive heads of the Federal Reserve Banks will be known as "Presidents" instead of "Governors" and will be chosen by their boards of directors subject to the approval of the Board of Governors.
 8. Present reserve requirements for members bank cannot be lowered but can be increased up to 100 per cent by the board, which will also have power to disapprove or alter rediscount rates proposed by the Reserve Banks.
 9. Federal Reserve Banks will be permitted to make loans on paper otherwise described as ineligible with a provision that such loans shall not run for more than four months and that an interest penalty of not less than one-half of one per cent shall be added. Such loans may be made regardless of whether the borrowing bank has first exhausted all of its eligible paper.
 10. National banks will be allowed to make real estate loans up to 50 per cent of the appraised value of the property for periods up to five years.

The provision of the new law in which most state banks are vitally interested is the one requiring them to become members of the Federal Reserve System by 1942 if they wish to continue as insured banks assuming that their average deposits are \$1,000,000 or more.

In the original draft of the bill, state banks were required to join the Federal Reserve System by July 1st, 1937. Thus the time limit has been extended five years.

It is to be hoped that before that time arrives this feature of the bill will be eliminated entirely as

membership in the Federal Reserve System should not be made compulsory for any reason, and certainly not in order to include FDIC membership.

Independent Banks Will Successfully Compete

The Pacific Coast states have long been known for their development of state-wide branch banking and I was therefore especially interested in reading in the annual address of Frederick Greenwood, president of the Oregon Bankers Association, that he did not believe there would be any rapid growth of branch banking in the country during the coming years, but on the other hand, did believe, "That for many years to come well-managed independent banks will continue to serve their respective communities and will be able successfully to compete with branch bank organizations. I understand that there is a movement on foot in this state looking toward the formation of an independent bankers association. The viewpoint of the unit banker is in many particulars different from that of the branch banker, and it may be proper that our unit bankers should form an organization as they have in other states, to consider their particular problems."

The government itself has already greatly increased its dictatorship over the banking business, but so far, banking and the country has successfully escaped a central bank. I hope that we may continue to avoid such a dilemma through nationwide branch banking.

Speaking further on this point, Mr. Greenwood says, "There are some who predict a rapid development of branch banking on a nation-wide basis during the next few years and who point to Great Britain and Canada as examples of what we should try to achieve as rapidly as possible in this country. I do not share this view. I think it would be extremely unfortunate if we embarked hastily on a nation-wide branch banking program. The biggest problem in developing a branch bank organization is that of personnel and it is questionable whether we have in this country more than a very few bankers of sufficient experience or capability to direct the policies of a huge commercial bank serving all parts of the country."

The independent banker today has survived the greatest economic storm in our country's history. He is a seasoned mariner. He knows how to use the chart and compass better than ever before. He knows his community. He knows the problems of his individual customers. He is in a position to serve adequately and well his depositors and his borrowers. He needs no branch banking oligarchy.



"ROSETTE"

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Northwestern Banker September 1935

FOLLIES of Federal Finance

The "Forgotten Man" is the Man Who Will
Eventually Pay the Bill

By ORVAL W. ADAMS

Vice President
Utah State National Bank
Salt Lake City

Excerpts from address before
1935 convention of the Wash-
ington State Bankers Association.

I AM conscious of the responsibility resting upon anyone who assumes to discuss matters relating to federal finance in the face of all the theories that have been and are being broadcast by our national leaders.

In years past we have been considered as business leaders and advisers in our several communities; our judgment has been sought; it has been assumed that we owed a duty to our depositors to advise with them respecting matters supposed to be more within our knowledge than within the knowledge of the average business man. If such a duty was ever owed then today it is in a peculiar sense imposed upon us by reason of the present condition of affairs in this country.

The public looking to surface conditions, listening to the declamations of administration spokesmen, is disposed to hold the banker responsible for much that cannot justly be charged to him. On the other hand the banker has, I think, been open to criticism for remaining silent when he should have spoken, inactive when he owed to his depositors a duty to advise with them concerning matters vitally affecting their interests, a duty to oppose the doing of acts which of necessity operated to the peculiar injury of the depositor in the bank.

Three Questions

Let us begin by considering three questions:

First: Why have bank deposits grown to almost unprecedented amounts?

Second: Why has interest paid on deposits dropped to a new low level?

Third: Why aren't these bank deposits, the accumulated funds of the people, loaned to private concerns to start once more the wheels of industry?

These are all practical, pertinent questions; they are interrelated, and both the public and our depositors are entitled to have an answer to them from us.

It is true that bank vaults are filled with accumulated deposits and we know why. Mr. Average Citizen has unemployed money. Why does he put it in your bank—why does he not invest it elsewhere?

Simply because he has faith that his money in your bank will be returned to him unimpaired—both principal and interest. He entrusts his money to you now for the very reason he took it away from you a few years ago. Now he has confidence in you. Now he hesitates to invest where once he felt he could do so with complete safety.

We bankers are the custodians of the savings which these citizens are placing in our hands. What are we doing with their money?

Most of it we are investing in government bonds. In fact, about sixty per cent of the bonds issued by the federal government are being taken up by the banks, and at increasingly lowering rates of interest. The banks are the one dependable reservoir upon which the federal government is now drawing to finance its colossal and amazing operations.

In the fact that of the deposits entruster to us part has been loaned to the government at low interest rates, and the remainder is lying idle in our vaults, lies the answer to the question as to why rates of interest on deposits have been reduced to a new low level.

Loans

But, asks the public, why not loan these funds to industry?

The answer is a dual one: You need not be told that private enterprise cannot compete with tax supported governmental agencies, that the existence of such agencies restricts the field for private enterprise, that you cannot loan money in competition with the government. Like-

wise, you need not be told that business cannot function without a knowledge of costs and market. Today business is without such knowledge. It cannot anticipate what is going to happen, what field will be left to it, what its costs will be, directly in the conduct of its business, and indirectly in the proportion of the expenses of government to be saddled upon it. That is why business men of experience and ability hesitate to borrow and in fact refuse to borrow money. There is no incentive for them to increase their obligations. They do not dare add to their present responsibilities. In the aggregate they are marking time waiting to see what is going to happen. That is why the savings of the people lie idle in our vaults. That is why we, as custodians of their funds, are circumscribed in our lending powers, for us bankers we are determined to be worthy of the trust reposed in us, to make of our banks, despite their reduced activities, a refuge of safety for the man with the dollar. We are more than ever determined to do so now that our banks seem to be the last refuge left to that man.

Protect Depositors

Politicians are given to obscuring a fact of which the public should be reminded, that the only money we bankers have to lend consists of our own capital and the deposits of the people, and that for every dollar of our capital we hold approximately \$9.00 of depositors' money.

It is our first duty to protect the money of our depositors. Profits must be sacrificed, the interests of our stockholders be subordinated to the performance of this first duty. We must not be coerced or fooled into again doing acts or adopting lending policies which sad experience has taught us can lead to but one result—loss to the depositor, loss to the stockholder, injury to the entire country.

"Forgotten Man"

We are sometimes moved to tears by the lamentations of politicians concerning the sad fate of some unidentified forgotten man. The politician does not

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point out to us just who this man is, for whose welfare he professes such concern, and we may have come to believe that he was after all a myth. If so, we were mistaken. The forgotten man actually exists. He is among us in flesh and bone. There are some 56,000,000 of him in this country. He is the unknown defenseless bank depositor. The man who represents the very backbone of our citizenry.

It is this man who has been directly and adversely affected to the extent of one-half of his income from deposits in banks by the policies of government; it is this man who must still repay in large part the borrowings of government. The forgotten man is the bank depositor, the man who must ultimately pay the bill.

This man has the right to look to us as bankers to protect him and his savings to the best of our ability. What does the future hold for him?

To answer this, even in a tentative way, requires that we look both at facts and conditions existing today, and at proposed changes in the banking system.

Seemingly No End

There is nothing today to suggest any approach to the end of excessive governmental expenditures, nothing to suggest an early return to a balanced budget, nothing to suggest the abandonment by government of the visionary and socialistic schemes in which it has indulged in recent years, nothing to suggest restoration of confidence and consequent revival of private industry.

Increased returns to depositors in banks can only come from increased earnings by banks.

We bankers have stood the loss of good will resulting from the reducing of interest and the imposition of service charges, though powerless to prevent either, without endangering the security

of our depositors. We owe it to ourselves to make the truth known, we owe it to ourselves to make known to our depositors the direct and special burden cast upon them as a result of the low interest policies of government, as a result of government competition with banks, and as a result of that attempted mixture of reform and recovery which has delayed recovery and rendered "reform" obnoxious to the great majority of our self-reliant citizenry.

Absurd as it is to assume that banks turn voluntarily from high yield loans to low yield investments, we have been repeatedly charged with failing to do our part towards recovery in industry, and failure to defend ourselves, to make known the real facts, has resulted in a more or less general belief on the part of the public and perhaps even on the part of a considerable number of our depositors that we have wilfully refrained from doing our part.

As I see the facts, only a prompt and complete about-face can save the day for our depositors. *I believe the present policies of government and proposed changes in the banking laws are leading us inevitably to another national banking crisis. I consider it our duty to our depositors to state the facts and point to the risks being run in as clear and simple language as possible:*

The continuance of excessive governmental expenditures, the continuance and proposed increase in the volume of securities of government purchased by both member and Federal Reserve banks, the subjection of the assets of sound banks to the burden of supporting not only badly managed banks but also banks which are being slowly strangled as a result of bad government, the proposed extension of bank credit in long term real estate loans without regard either to

liquidity or proper security—all these point in the one direction, and if continued, can lead but to the one end.

During the past three years the Congress has appropriated almost as much money as was expended by the federal government from its inception until the commencement of the first term of President Wilson, a period of one hundred twenty-four years.

There must be a limit somewhere to taxes, and when expenditures exceed receipts by more than one-third, the limit of expenditures also has been reached. The continuance of excessive governmental expenditures cannot but delay the revival of private enterprise and every act tending to prevent such revival, every act which tends to increase the public debt, is an act tending toward outright inflation of the currency. The larger the public debt, the greater the temptation to wipe it out by printing fiat money, the greater the danger to our depositors.

Every act of government which ignores the prime necessity of encouraging an early revival of private enterprise must be condemned.

Consider now the effect of an increase in the holdings by banks of the obligations of government.

In recent years sixty per cent of new government borrowings have gone into and remained in the hands of banks. This could have occurred only because of the confidence of bankers in the obligations of government, and because the banks were unable otherwise to make advantageous use of their resources.

By rendering impossible loans in competition with government agencies, the government has forced the commercial banks to limit their activities largely to serving as a clearing house for their customers, and to speculation in government bonds. While a stabilization fund was employed to maintain a fictitious value for obligations of the government, opportunity was afforded commercial banks to make a profit out of this speculative business, but that such profits are those which should be prohibited to commercial banks is elementary. Government bonds, as a secondary reserve, were justified in the past because of the limited volume of such bonds in comparison with the market therefor. When the volume so far exceeds the market that in fact no market exists, the justification for holding such bonds fails. *The simple fact is that the commercial banks today are investment bankers dealing exclusively in obligations of the United States, which obligations they are unable to market because no investment market exists for them.* They are therefore violating that principle of banking which says that the funds of depositors payable on demand should not be invested in long term non-

(Turn to page 29, please)

South Dakota President

(See Cover Photo)

GEORGE C. FULLINWEIDER, president of the National Bank of Huron, South Dakota, and president of the South Dakota Bankers Association, started his banking career as a bookkeeper in the First National Bank of Estherville, Iowa, way back in 1891. In 1897 he came to Huron as manager of the Standard Savings Bank. This bank later changed its name to the National Bank of Huron, and Mr. Fullinweider has been its president since 1911.

He has served four terms as a member of the Executive Council of the South Dakota Bankers Association during the fiscal years 1901, 1902, 1929-32 and from 1932-35. During the fiscal year of 1903-04 he was secretary of the Association, and he served as vice president during the fiscal year 1934-35, following which he is serving as president.

He is the South Dakota member of the American Bankers Association nominating committee for the year 1935-36.

Mr. Fullinweider is a past president of the Huron Chamber of Commerce, past president of the Rotary Club and Past Exalted Ruler of the Elks.

Northwestern Banker September 1935



C. L. PRICE

"Now Is the Time—the Best Possible Time—for a Bank to Do An Effective Job of Selling"

SELLING THE BANK'S SERVICES DIRECT

By C. L. PRICE

Assistant Manager, Business Extension Department
City National Bank & Trust Company, Chicago

SELLING the bank's services is, after all, one of those functions without which the institution could not survive. Customers *will* die, despite the beneficial effect upon longevity of having their accounts in our bank. They *will* move away, no matter how inferior the banking services offered them in their new location. They *will* dwindle down and close out though more of them would doubtless fold up were it not for the sage advice obtainable through our officers. And, unbelievable as it is to all of us, they *will* move their accounts to other competing banks under the hallucination that our service was less than pluperfect.

So, even if our only ambition is to keep our present size and to avoid drying up, we must sell to replace the customers whom time takes from us. Moreover, we all of us have two further needs to obtain new customers: Most of us want to increase in size and in earnings; all of us, whether or not we consciously think of it in these terms, have a good many accounts of marginal desirability which we should like to hedge by new accounts of unquestionable sweetness.

First Requisite

I must point out that the first requisite in selling is to have something to sell. As trite as this statement sounds, strangely enough the point on which many bank selling efforts flounder is this very one. For unless you have something to sell that is worth buying, unless you are using as your sales arguments those advantages which make the prospect eager to do as you want him to, your selling will not get to first base.

Just what have we, as bank people, that we can sell effectively to that section of the

public which offers a market for our institutions' services? Just where do we need to start our selling task? This is important, for by starting at exactly the right place we are much more likely to make the sale.

Banks today have something real to sell. Much as we dislike to admit it, the public lacks that broad confidence in banks and bankers which was at one time almost universal. A few years ago we would safely start our sales approach whether face-to-face or by mail or in our advertising, by talking first and solely of the services we were offering. No longer is this possible—not if we want to get the business. Before we do anything else, we must win that prospective customer back to believing in the integrity, if not of all banks, then of our particular institution. We must convince him that we are not only safe—as guaranteed by the FDIC—but also that our management is sane and sound, honest and competent. In short, that ours is the very kind of bank that he has always preferred doing business with and that he, in this cynical atmosphere in which he lives, had practically assumed was no longer to be found.

Once we have the prospective customer convinced on this point, we are unlikely to have a great deal of trouble selling the specific service. Remember this: The biggest hurdle to get across in these times is the typical prospect's conviction that banks are mismanaged and hampered by petty rules and regulations which retard the efficient and expeditious transaction of business. Just between ourselves, in the practical privacy of this room, there is something of truth in this aspect of excessive ruling and regulating, at least as it affects selling a bank's services.

Too Many Questions

Suppose a man walks into a bank today and announces his wish to open a commercial account. What happens? Well, the rail officer asks him more questions than you have to answer in getting a passport. He listens to a request for references, to a setting forth of rules and regulations as to balances, activity, charges, and so forth. In fact, unless the rail officer is a model of tact or unless our applicant is as spineless as Caspar Milquetoast, it is a marvel if they do not part hating each other within the first five minutes.

Mind you, I am not advocating a formless, ruleless, profitless kind of banking. We must have rules, we must make changes, we must have some specific goal toward which we are working. Rather, I am suggesting an attitude of mind which will lead to a selling atmosphere. Where, for example, a teller confronted by the check of a good customer who has obviously made an unintentional slip in the form of his authorized signature, will use his own good judgment and pay the check, rather than lean on his rule book. An atmosphere where the standard response to a new suggestion is, "Well, why not?" rather than our old friend, "Yes, but . . ."

Banking should not be merely a business. Properly it is a philosophical point of departure, an economic viewpoint, and a way of life. Whether an individual be connected with a bank as director, officer, employe, or customer, the first test of his desirability should be his conformance to this philosophic, economic way of life. As the simplest possible example, does he save and invest, or does he live beyond his means? If he is thrifty, he may properly belong in banking as customer or somewhere in the organization. If he is im-

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provident, then certainly his proper niche is elsewhere.

The smallest account of an honest, thrifty, resourceful day laborer is potentially valuable to any bank no matter how large. Unfortunately, in this world where we can seldom live up to our ideals, it is necessary that we modify our abstract attitude by the concrete need for a specific profit. So of necessity we fail to seek out some business which in our hearts we know will eventually be worth having. But, however we must sacrifice to opportunism, let us us never forget that the real, long-term criterion is not the size of an account or even the amount of clerical work involved in handling it, but rather the customer's acceptance and demonstration of the principles which have built up all of the genuine wealth which our civilization represents today.

Three Branches

There are three branches to the year-round sales force which does the most effective job of selling the bank and its services. Of these, the first two exist in every bank of whatever size—large or small. The third exists in formal setup only in larger banks, but its functions are usually performed by some senior officer (or by *the* senior officer) in smaller institutions.

First of these sales divisions is made up of the bank's customers. When any well-operated bank analyzes the reasons which have brought new customers to it, whether savings, commercial, trust, safe deposit, or whatnot, the one reason which invariably accounts for an overwhelming majority of all of the new business is the recommendations given by old customers. Even if you
(Turn to page 32, please)

FRED M. BOWMAN, secretary of the Kansas Bankers Association of Topeka, has announced the dates of their nine group meetings which begin at Valley Falls on October 8th and finish at Parsons on October 22nd. Mr. Bowman very kindly invited me to be one of the speakers at all of their group meetings but previous engagements prevented me from accepting his kind invitation.

CHARLES F. COLLISON, farm editor of the *Minneapolis Tribune*, expressed his appreciation of the NORTHWESTERN BANKER by saying, "What a handsome paper you are getting out. It is a pleasure to see how beautifully it is printed and so full of good raw meat for the 'beef eaters'. That is a clever idea of tipping in that beautiful three-color frontispiece in each issue."

"THE INDEPENDENT BANKERS OF OREGON" is the name of a new bankers association in that state.

The Independent Bankers are those who are not branch bankers, but this new association will take over none of the functions of the Oregon Bankers Association, but will closely cooperate with them except that the Independent Bankers' meetings would be devoted exclusively to their own problems.

The president of the Association, C. E. WILLIAMSON, is cashier of the Bank of Albany, Oregon. The secretary and treasurer is WM. C. CHRISTENSEN, vice president of the Commercial National Bank, Hillsboro, Oregon.

"PLEASE accept my congratulations on the editorial in the August issue of the NORTHWESTERN BANKER entitled 'Why Force Banks Into The Federal Reserve'—it is well done." MELVIN W. ELLIS, president of the Iowa Bankers Association.

IF YOU PAY ANY ATTENTION TO THE STOCK MARKET, you will be interested to know that all listed stocks on the New York Stock Exchange increased \$8,000,000,000 from August, 1934 to August, 1935. The figures a year ago being \$30,752,000,000 compared with this August of \$38,913,000,000.

Incidentally, the all-time August high was 1929 and amounted to \$81,569,000,000 and the August low was in 1932 and was \$20,494,000,000.

From August, 1932 to August, 1935 or a period of 3 years, the stock market values increased \$18,000,000,000, or 90 per cent.

WINFIELD JACKLEY, president of Jackley & Company and a member of the board of governors of the Iowa Investment Bankers Association, has announced
(Turn to page 48, please)

NEWS AND VIEWS OF THE BANKING WORLD By Clifford De Puy

SPEAKING OF FEDERAL TAXES—or perhaps I shouldn't speak of them—you of course know that the government has so little confidence in its own bonds that it will NOT accept them in payment for federal taxes. UNCLE SAM takes only cash and will not even accept his own securities when it comes to paying the taxes.

JOHN J. RASKOB, former chairman of the Democratic National Committee, does not believe in destroying the form of government under which this country, over a period of 150 years, in spite of panics and depression, has made greater progress than any other nation in the world.

"I should like to call upon every leader," says Mr. Raskob, "to rise to the defense of the form of government under which banking and industry have grown and prospered with greater profit to capital, labor and consumer than under any other system of government in the history of the world, and under which every man and woman may work, earn, save and acquire property and be protected in the lawful use of that property."

WILLIAM G. RABE, vice president of the Manufacturers Trust Company of New York, has just sent me a very interesting booklet entitled, "Analysis of the Banking Act of 1935."

This is an up-to-date diagnosis of this far-reaching piece of legislation and if

you have not received a copy of the booklet, I know that Mr. Rabe would be glad to send you one.

Of especial interest is the chart in the back of the booklet showing the important changes of the Federal Reserve System in the Banking Act of 1935 under Title II, and which became effective August 23rd of this year.

RUDOLF S. HECHT, president of the American Bankers Association, has been definitely opposed to a central bank and bases his opposition on the sad experience this country has had on two former occasions when central banks were organized.

"The bankers' future in America," says Mr. Hecht, "would not be a promising one if we were to turn back a hundred years and experiment for a third time with a central bank, and especially with one whose stock would be owned entirely by the government."

C. T. JAFFRAY, president of the First Bank Stock Corporation of Minneapolis announces that the corporation declared a dividend of 15 cents per share payable October 1st to stockholders of record September 20th. This dividend amounts to a total of \$462,381.52, and will be distributed to approximately 18,000 shareholders. Added to the 10 cents per share paid in April, the new dividend will make a total of 25 cents per share for the calendar year 1935.

"It is estimated that our bank tellers alone deal with more than 80 percent of our bank customers"

The Teller—and the Public

By A. T. DONHOWE

*Assistant Vice President
Central National Bank and Trust Company
Des Moines*

Promotions

Even though every precaution be taken when promoting an employe, it is not enough that he be placed in a cage and care taken to see that he is able to handle his work so far as balancing his debits and credits is concerned at the end of the day. It is true we like to have employes



A. T. DONHOWE

that maintain a good record in this respect; our thought, though, in this discussion centers more on his attitude and ability to deal with the public. When a teller does not measure up to standard, it is up to us to train him. It has been suggested that we conduct a special class for tellers, under the supervision of an officer, meeting twice each month for at least eight months in the year. The topics to be taken up, of course, would include the more important duties in dealing with the public. If the bank is large, it might be necessary to carry on more than one class, as the enrollment should not exceed 15. This would give each individual member

an opportunity to thoroughly study the problem and to present his own ideas before the class. It would also be a good plan to have the various bank officers visit the class, giving talks on public relations. Everything in connection with this class should be well planned; an attendance record should be kept and any employe not sufficiently interested in improving himself to attend these classes regularly should be promptly removed from the teller's cage. In addition to these classes, an officer of the bank should be delegated to have a talk with each individual teller, outlining policies in dealing with customers. It might also be well to discuss bank policies with the employe so that he in turn could talk intelligently with the customers about the different functions of his bank. These important employes should also be encouraged to enroll in public speaking classes, thereby better fitting themselves for advancement. He should, of course, enroll as a student in the classes offered by a chapter of the American Institute of Banking, continuing his studies each year until he has acquired a certificate. In other words, he should learn as much as possible about banking. It is his duty to do this in order that he may efficiently represent his bank. In fact, the bank teller should be given every possible advantage for training for his particular work.

Public Servant

Daily the bank teller reflects his bank's attitude, therefore he must always be friendly and courteous. He can become a real asset, or a serious handicap to his employer. He is a public servant and at all times must conduct himself accordingly. When he closes the door of the bank at night, it does not mean that his responsibilities end there. He must remember that wherever he goes, and whatever he does, there are people who know him and who judge accordingly. His behavior must be always becoming. His friendships, the contacts he makes, the impression he imparts to those around him tend to help or to hinder himself, as well as the bank he represents. He must remember that he must at all times be loyal to his bank and its policies. It is needless to say that leisure time is an important factor. Does the teller spend a part of that time bettering himself by study, proper recreation, self-improvement? Good health and a whole-

(Turn to page 16, please)

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FEDERAL legislation has made a great change in the attitude of the public toward our banking institutions. The Federal Deposit Insurance Corporation law insuring deposits in banks has placed all banks having a membership in this corporation on a par—although safety of deposits is yet a fundamental principal in the depositor's mind. However, insurance of deposits has relieved his mind in this respect, and he now gives a great deal of consideration to the bank with friendly service.

We are particularly interested in qualifying the personnel of our banks to deal satisfactorily with the public. It is estimated that our bank tellers alone deal with more than 80 per cent of the banking public. If this is true, more time and thought should be given to the selection of employes for this important work. Although the bank teller has various routine duties, his main task is dealing with the public, and employes for this work should be so selected and trained that they will truly represent their bank.

A Real Job

The personnel officer in every bank has a real job. It is his duty to choose carefully all employes for each department. The most difficult is the selection of good bank tellers as they should have certain qualifications that employes in many other departments do not necessarily require. Mr. Teller is a public servant and should be selected with that thought firmly in mind and with the following qualifications considered: character, personality, appearance, a willingness to serve, resourcefulness.

It is usually the custom to have several employes who can be used as substitute tellers and who can be called to duty whenever there is a temporary vacancy. This gives an ideal opening to try out several employes so that when a permanent vacancy occurs the man best qualified may be chosen. Nevertheless, mistakes are sometimes made because of friendship between some officer and employe or because of relationship. The fact that one is a nephew of the bank president does not necessarily mean he will make a good bank teller. Therefore, it is of utmost importance that the personnel officer have a free hand, and that only those who are qualified or who can be properly trained be given these important posts.

Capital Stock Tax Returns

A Comprehensive Explanation of How to Fill In Government Form 707

A CAPITAL STOCK TAX RETURN—Form 707—must be filed for every corporation except three classes of corporations which are exempt as follows:

(1) Corporations specifically exempted from tax under Section 101.

(2) Insurance companies subject to the tax imposed by Section 201, 204 or 207.

(3) Any domestic corporation is exempt for the year 1935 if it did not carry on or do business during a part of the period from July 1, 1934, to June 30, 1935.

It is assumed that none of the member banks are exempt under classifications (1) or (2), and therefore each member bank must file a return if it actually did business for even one day during the period from July 1, 1934, to June 30, 1935.

For corporations making their first return, it is only necessary to fill out lines 1 to 9 inclusive, and 12 and 13 of page 1 of the Capital Stock Tax Return.

Line 9 provides for the original declared value of the corporation's capital stock as of the close of the income tax taxable year ended subsequent to June 30, 1934, and on or prior to June 30, 1935. Thus the date would be December 31, 1934, if the income tax was filed on a calendar year basis, or at the end of the fiscal year, being the end of any month beginning with July, 1934, and ending with June, 1935. In the case of a newly organized corporation which does not have an income-tax taxable year ended on or prior to June 30, 1935, the value must be declared as at the date of organization.

A corporation may declare as its original declared value of its capital stock, any value which in its judgment is proper, so long as the value is specific, unqualified, and of the date required. In making the original declaration it should be borne in mind that the exemption of the corporation from excess profits tax of 5 per cent is dependent upon this declaration, the corporation being allowed an exemption of 12½ per cent of the declared value or, after the first year, 12½ per cent of the adjusted declared value, before the excess profits tax becomes effective. It would seem that the original declaration should be of such size that 12½ per cent of it would at least equal the estimated taxable profit of the corporation for a year.

For corporations which filed a Capital Stock Tax Return for the year ended June

By

GRAY, HUNTER, STENN & CO.

*Counsellors on Federal Taxation
Illinois Bankers Association*

30, 1934, it is necessary to fill out lines 1 to 8 inclusive, line 10, and lines 12 and 13 of page 1 of the Capital Stock Tax Return.

Line 10, the adjusted declared value of entire capital stock is computed on page 2 of the return.

It is suggested that Schedule II on page 2 should be first completed as this schedule gives the information necessary to complete Schedule I. Schedule II is a combination of the capital stock accounts and Schedule L, reconciliation of net income and changes in surplus, as shown by the last income tax return.

On line 8 of Schedule II show the net taxable income of the corporation as shown on line 27 of page 1 of the last income tax return.

On line 9 of Schedule II show the total of any amounts in Schedule L of the last income tax return appearing on lines 2(a), 2(b), 2(d), or 2(e) thereof. Attention is called to the fact that the increase in cash surrender value of life insurance and other similar credits should show on line 11 rather than line 9 of Schedule II.

On line 10 of Schedule II show the amount appearing on line 2(c) of Schedule L of the last income tax return.

On line 11 of Schedule II show all other credits appearing in Schedule L of the last income tax return.

On line 12 of Schedule II show any liquidating distributions, i. e., where a corporation actually reduces its capital by a payment to share owners.

On line 13 of Schedule II show dividends paid as shown on line 15 of Schedule L of last income tax return, if these dividends were declared during the income-tax taxable year ended on or prior to June 30, 1935.

Include on line 16 of Schedule II the amount shown on line 27 of page 1 of the last income tax return if line 27 indicates a loss for the year. If the corporation showed a taxable profit on the last income tax return, line 16 on Schedule II would remain a blank as line 27 on the income tax return is shown on line 8 of Schedule II.

On line 17 of Schedule II show any deductions disallowed on the last income tax return because they were incurred in connection with non-taxable income. For example any expenses in performing a service, the compensation for which is non-taxable income.

One line 18 of the Schedule II show the total of items under 13 and 16 of Schedule L of last income tax return.

Schedule I is completed as follows: Fill in the declared value as shown by the first return for the taxable year ended June 30, 1934, and then—

Add—

- Line 1—Amount shown on line 5 of Schedule II.
- 2—Amount shown on line 6 of Schedule II.
- 3—Amount shown on line 8 of Schedule II.
- 4—Amount shown on line 9 of Schedule II less amount shown on line 17 of Schedule II.
- 5—Amount shown on line 10 of Schedule II.

Deduct—

- A—Amount shown on line 12 of Schedule II.
- B—Amount shown on line 13 of Schedule II.
- C—Amount shown on line 16 of Schedule II.

First National Officer Dies

Philip Martin Riesterer, assistant vice president of The First National Bank of Chicago, died August 20 after a short illness. He was born in Sandusky, Ohio, February 25, 1875, and has been continuously connected with the First National Bank for over forty-two years, becoming an official in 1928. He is survived by his wife, Janet (Turnbull) Riesterer, two daughters, Mrs. W. D. Heintz and Virginia Riesterer, and sister, Mrs. Belle V. Newhall. Mr. Riesterer was a Past Master of Wheaton Lodge No. 269, A. F. & A. M., a member of Wheaton Chapter No. 242, R. A. M., Siloam Commandery, Medinah Temple A. A. O. N. M. S., Chicago, and Glen Oaks Country Club.

Parent, concluding the recital of his exploits: "And that, my boy, is what I did in the Great War."

Son: "But Daddy, why did they want so many men besides you?"

F. A. A. Convention Offers Exceptional Program

President of the New York Stock Exchange, Comptroller of the Currency, Public Relations Authority and Heads of Three Advertising Agencies to Speak

WERE it necessary to ballyhoo the Financial Advertisers Association Convention scheduled for Atlantic City, September 9-11, it would not be necessary to search beyond the names on the program for material. The list contains the heads of two important bankers associations and the incoming president of the American Bankers Association, the country's number one public relations expert, the president of the New York Stock Exchange, the Comptroller of the Currency, and the heads of three of the country's important advertising agencies.

They are:

Charles R. Gay, president of the New York Stock Exchange.

Leslie G. MacDouall, president of the New Jersey Bankers Association.

Frank F. Brooks, president of the Pennsylvania Bankers Association.

Robert V. Fleming, first vice president of the American Bankers Association.

J. F. T. O'Connor, Comptroller of the Currency.

Edward L. Bernays, authority on Public Relations.

H. B. LeQuatte, president of the Advertising Club of New York and president of Churchill-Hall, Inc., New York.

Wilfred W. Fry, president of N. W. Ayer Company, Philadelphia.

C. Munro Hubbard, president of Doremus Company, New York.

Department Sessions

These are all to be among the speakers at the general sessions of the convention. Specialists on various subjects will address a series of "brass tacks" department sessions devoted to the technique of merchandising, advertising and publicizing the various services of banking.

Mr. Brooks is expected to introduce the public relations theme of the convention with an address on "Merchandising of Sound Economics."

Mr. Fleming will speak on "The Spirit of American Banking."

Mr. Gay will discuss "Public Relations and the New York Stock Exchange."

Mr. Bernays' address will be on "Moulding Public Opinion."

Comptroller O'Connor is expected to present "A Code of Ethics for Banking."

Mr. Fry's topic will be "What Shall We Advertise?"

The departmental sessions will cover commercial banking, investment banking, savings banking, and trust service.

The activities will really begin on Sunday, September 8. Convention sessions will be held all day each day from Monday, September 9, through Wednesday afternoon, September 11, and will close with the banquet Wednesday night at which the Comptroller and Frank M. Totton, vice president of the Chase National Bank, will be the guests and speakers.

All sessions will be held at the Ambassador Hotel.

Charles R. Gay

Charles R. Gay, new president of the New York Stock Exchange, is the man who has undertaken to resell the Stock Exchange to the public. Indeed, his topic will be, "Public Relations and the New York Stock Exchange."

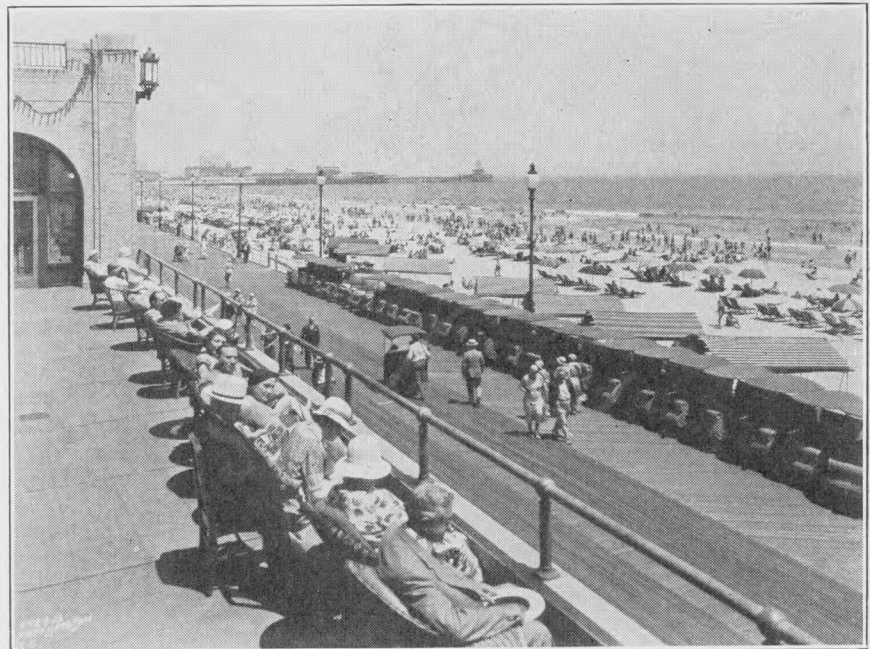
Mr. Gay assumes the leadership of the New York Stock Exchange at a time when

the Exchange's prestige has fallen, perhaps to its lowest level, thanks to the exigencies of the World depression and political attack.

Mr. Gay is senior partner in the firm of Whitehouse & Company. He has been a member of the New York Stock Exchange since 1911. He was born in Brooklyn in 1875, and attended Brooklyn Polytechnic Institute. Prior to joining the Exchange he was associated with a fire insurance company and was also for several years assistant secretary of the Long Island Loan and Trust Company.

In March, 1915, Mr. Gay formed the Stock Exchange firm of Gay & Gopel, which changed its name in 1918 to Charles R. Gay & Co. In 1919 he joined the firm of Whitehouse & Co., one of the oldest firms in Wall Street, which traces its history back for more than 100 years.

Mr. Gay has served as a governor of the Exchange for twelve years, being first elected to the Governing Committee in May, 1923. At the present time he is a member of the Committee on Admissions, the Committee on Business Conduct, and



The "Sun Deck" on the Ambassador Hotel, Atlantic City. The Ambassador is headquarters for the F. A. A. Convention.

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of the Committee on Odd Lots & Specialists, of which he has been vice-chairman for the last five years. He was vice chairman of the Arbitration Committee from 1930 to 1934.

Mr. Gay is a resident of Brooklyn, where he is active in community and church affairs. He is a director of the City Savings Bank of Brooklyn and a trustee of the Young Men's Christian Association.

E. L. Bernays

Edward L. Bernays, who will address the convention on the subject of "Moulding Public Opinion," is rated as America's number one public relations authority.

Incidentally, he is a nephew of the celebrated Dr. Sigmund Freud, considered to be the father of psycho-analysis.

Mr. Bernays' professional activities have covered the most diverse fields. He has been adviser on banks, bread and books; on financial affairs as well as agricultural problems; on broad economic policies of trade associations and large corporations, as well as on Light's Golden Jubilee, the celebration of the fiftieth anniversary of the invention of the electric light, in which Thomas Edison, Henry

Ford and President Herbert Hoover participated. Both *Time* and *Tide* magazines recently characterized him as the nation's No. 1 Public Relations Counsel.

He is eminently fitted to discuss the subject of public relations at the convention. Mr. Bernays was the first lecturer on the subject at any American university. He gave a course of lectures at New York University in 1924 and has since then discussed public relations before other learned groups including the American Statistical Association, the Economics Club of Yale, American Marketing Association, School of Public and International Affairs at Princeton University, and others. He is a contributor to leading publications, scientific and otherwise.

Mr. Bernays has been adviser to presidents and has represented the United States government in numerous activities. He served on the United States Committee on Public Information during the War and at the Peace Conference in Paris; with the War Department after the War in the re-employment of ex-service men; as assistant commissioner U. S. Department of Commerce at the Paris Exposition in 1925; and as member of President Hoover's Emergency Committee for Employment.

Minnesota Banks

Rochester, Olmsted Bank and Trust Co., 2½ per cent, the other two banks 2 per cent. Mable, First National Bank, 1½ per cent, the other bank, 2½ per cent. Big Lake, 2½ per cent. Monticello, 2½ per cent. Chatfield, 2 per cent. Elgin, 2 per cent. Red Wing, 2 per cent.

TOTAL INTEREST bearing accounts of the Decorah State Bank, Decorah, Iowa, are \$788,550 and checking accounts are \$819,500.

THE CENTRAL TRUST & Savings Bank, Eldridge, allows one free check drawn or one foreign item deposited for each average balance of \$20 carried in checking account. Accounts falling below \$50 anytime during the month are charged 25 cents.

THE UNION SAVINGS Bank, Grand Mound, charge 50 cents on checking accounts having a minimum balance of less than \$100 during the month. For this charge 10 free checks are allowed and additional checks are 4 cents each. On accounts having a minimum balance of \$100 or over, one check is allowed for each \$10 of minimum balance for the month; each check in excess of the allowable number is 4 cents each.

DUE TO A local situation the two banks at De Witt have practically no service charges in effect at present.

THE DONAHUE Savings Bank, Donahue, make a service charge of 3 cents for each check drawn against the account and 3 cents for each out-of-town check deposited.

AS YET NEW LIBERTY, Bennett and Mechanicsville, have not gotten around to install service charges on checking accounts.

THE INTERIOR of the Clinton National Bank is being completely renewed at this time and will have all the appearance of a new building when the work is completed about the middle of September. A new vault has been built on the rear of the bank which has a 30 ton door, one of the largest between Chicago and the Pacific coast. 2,700 safe deposit boxes have been installed. Ceilings have been finished with Nu-Wood and the walls re-decorated. The floors will be re-tiled. Fixtures will be replaced throughout the bank including the tellers cages which will be of the new dow type. A new steam heating plant is also being installed. These changes have given the bank many additional feet of floor space.

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HERE AND THERE IN IOWA

Brief News from the Hawkeye State

By J. A. SARAZEN

Field Reporter

FOLLOWING is a personal survey made the last three weeks on the rate of interest being paid on deposits by banks in the towns mentioned. The names of the banks have been omitted unless there is a differential in the rate where there are two or more banks in the same town.

Iowa Banks

West Union, 2 per cent. Cresco, 2 per cent. Decorah, 2 per cent. Postville, 2½ per cent on C. D.'s and 2 per cent on savings. St. Olof, 2 per cent. Farmersburg, 2 per cent. Luxemburg, 2 per cent for 6 months and 2½ per cent for 12 months. Fredricksburg, 2½ per cent.

Monona, 2 per cent. McGregor, 2 per cent. Elkader, 2 per cent. Guttenberg, 2½ per cent. Garnavillo, 2½ per cent. Dyersville, 2 per cent for 6 months and 2½ per cent for 12 months and savings. Spragueville, 2½ per cent. Monticello, 2½ per cent. Cascade, 2½ per cent.

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Gooselake, 2½ per cent. Clinton 2 per cent.

First National Bank, De Witt, 2 per cent. De Witt Bank and Trust Co., De Witt, 2½ per cent. Grand Mound, 2 per cent. Wheatland, 1 per cent. Dixon, 2 per cent. Donahue, 2 per cent. Eldridge, 2 per cent. Davenport, 2 per cent. Durant, 2 per cent. Bennett, 2 per cent. Tipton, 2 per cent on six months C. D.'s and savings and 2½ per cent on 12 months C. D.'s.

Dubuque, 2½ per cent, which will be reduced to 2 per cent very soon. Andrew, 3 per cent, which probably will be reduced soon. Teeds Grove, 3 per cent, which no doubt will soon be reduced. Amber, 3 per cent, not a member of the FDIC. Onslow, 2½ per cent, which probably will be reduced to 2 per cent soon. This bank is not a member of the FDIC.

Lowden, 2 per cent. Clarence, 2 per cent. Mechanicsville, 2½ per cent on 12 months C. D.'s and 2 per cent for 6 months and savings.

A "Land of Milk and Honey" — and MONEY

ADVERTISERS and manufacturers seeking new orders and larger outlets for goods, need not wait for fall harvests this year, to go after business in our Northwest, Minnesota, the Dakotas and Montana.

"The farm up-turn is here already, in the 'bread and butter country,' formerly called 'our golden grain belt.'"

"Cash farm income, in Minnesota alone, the first six months of this year is \$135,860,000, a gain of 30 per cent or \$32,013,000 over last year, 59 per cent or \$50,549,000 over 1933. Only \$11,000,000 of this is crop benefits, but more than \$108,400,000 is cash sales of cow-sow-hen livestock produce, raised on Northwestern farms.

"Our crop outlook is fine, feed prices are lower, livestock prices for butter, and eggs, live pork and beef and mutton, are higher. Feed costs are lower all over the northwest.

"Half-a-billion bushels over 1934 is the forecast increase now for four major crops, wheat, corn, barley and oats—with a twelve million-ton hay crop. These are some of the blessings that Mother Nature promises on the August crop forecast, for our four states.

"So wheat has ceased to be the index of buying power, long ago."

These striking signs of farm and business revival are cited by Charles F. Collisson, farm editor and lecturer of the Minneapolis *Tribune*, in a recent address before bankers', farmers' and merchants' groups, in Chicago, the Twin Cities and the midwest.

"City business men watch wheat so closely on the ticker," said Mr. Collisson, "that they forget that Old King Wheat has abdicated the throne of northwestern Agriocultura. Good Queen Bossy Cow, the Sow and the Little Red Hen now reign supreme in the old grain belt.

"All our cash crops now bow the knee, in the Northwest, to four great feeding crops, corn, oats, barley and hay.

"Minnesota grows more corn than any other state except Iowa, Illinois and Missouri. This summer's moist, sultry days and nights, unfavorable to wheat, assure us of high yields of 'tall corn'—an abundance of cheap feeds for our cow-sow-hen farmers. They now outnumber, by far, our wheat croppers.

"Corn alone will roll up a crop of 237,800,000 bushels in our four states or 143,500,000 bushels more than last year.

"Even larger will be our oat crop, 284,900,000 bushels or 192,600,000 over 1934.

Barley promises a crop (142,000,000 bushels) nearly as large as this year's wheat (148,600,000).

"This year's gain, in these three feed crops, will be 442,000,000 bushels over 1934. If we add to them the gain in wheat, our four-crop increase is 528,000,000 bushels or MORE THAN HALF A BILLION BUSHELS.

"The grand total of all four is forecast to be 815,400,000 bushels. It was little more than 284,000,000 last year.

In North Dakota, South Dakota and Minnesota, the farm up-turn is now a reality. In addition to the generous contribution of the cow, the sow, and the hen, the Northwest will this year harvest half a billion bushels more of small grain than it did last year.

"You may ask: 'What can we feed all this stuff to, with our last year's emergency slaughterings of cattle and hogs, to feed the needy?'"

"The answer is, that while hogs are reduced 36 per cent and 45 per cent, we still had three million pigs left on farms January 1. Also seven million cattle and calves, or 18,000 more than five years ago. At that time, our feed supplies almost exactly equalled this year's.

"We are still milking 3,111,000 dairy cows, or nearly 400,000 more than in 1930, although they are fewer than last year. The killing off of thousands of cull and 'scrub' cows has only improved our dairy herds, because most of them were always milked at a loss anyway.

"Minnesota, first butter making state, second only to Wisconsin in dairy cows and dairy products, still has 1,734,000 cows and heifers. This is 7 per cent less than last year, but 43,000 more than in 1930.

"Even North Dakota has 90,000 more than in 1930, a total of half a million

cows. South Dakota still has 539,000, or 48,000 more than five years ago.

"Consider now some of the striking claims of the Queen of the Dairy and of her two farm partners and rulers. Let's see how they now rule the grain belt.

"Minnesota wheat last year brought farmers only \$7,812,000. Yet 23,500,000 barn-yard biddies gave us \$24,300,000 cash, more than three times wheat cash. That makes wheat look like chicken feed, eh?"

"In our four states, wheat paid farmers only \$36,472,000 cash. Yet 40,500,000 hens were on the job, laying their own relief, then rising up, like good merchandisers, and advertising their merchandise. They gossiped about the heat and dust, yet gave us \$40,500,000 worth of fried chicken and cream gravy, scrambled eggs and broilers—besides all these good things eaten by farm folks themselves.

"This shows what Mother Biddy does for us all, in hard times.

"We don't appreciate her as we should. We joke about her, and ask:

"Why does the old hen cross the road?"

"I'll tell you why. She's going somewhere—knows where she's going and is on her way—three speeds forward and no reverse. You never saw a hen walking backwards, even from a Ford car.

"As our former Congressman W. I. Nolan said in Washington: 'She's the great American bird—may her son never set.'"

"Minnesota pigs sold for \$40,000,000 cash, or exactly eight times wheat, for po'ok chops and pigs knuckles, bacon sides, ham an', and roast pork and apple sauce. (We raise lots of fine apple sauce in Minnesota, too, by the waters of Minnetonka). Compare that with our four-state wheat cash of \$36,472,000.

"Queen Boss gives Minnesota farmers a milk crop of seven and one-third billion pounds—and a pint is a pound—second only to Wisconsin's ten and one-half billion. Minnesota milk brings \$73,700,000 in cash and cream checks.

"Add to this the cow-offspring sold (\$21,600,000) and we can chalk up a cash credit to the cow of \$95,300,000; or more than 12 times Minnesota's wheat. It is 2.6 times Northwestern wheat.

"Furthermore, it is more than all the wheat money last year in our four states, plus nine more, Michigan, Wisconsin, Iowa, Nebraska, Idaho, Wyoming, Colorado, Washington, Oregon, (\$94,150,000).

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"As Prof. Theophilus Levi Haecker, great dairying expert, told his students in Minnesota University, 'Treat the cow kindly, boys. Remember, she's a lady—and a mother'."

"She mothered us last year by giving Minnesota milkers \$132,500,000 worth of fine creamery butter, nippy cheese, butter-milk, skimmilk, ice cream, whipping cream, fresh milk and other delicacies.

"That is more money than all the flour brought in the two greatest milling states of the world, Minnesota (\$75,000,000) and New York (\$56,060,000) a total of \$131,580,000. Every dollar of this money was squeezed out of the friendly

udder of Queen Boss—giving her the Minneapolis *Tribune* handshake night and morning. This is a gain of \$16,500,000 over 1933, because the butterfat price was 5.31 cents higher.

"Minnesota makes more creamery butter than any other state, or all of Canada. Our creameries number 866, of which 639 are cooperatives, owned by farmers and paying back to them all their profits.

"The creameries' own cooperative marketing organization, to which most of them belong, is in Minneapolis; the Land O' Lakes Creameries. It handles \$32,000,000 worth of dairy and poultry products a year.

"Minnesota creameries made 300,000,000 pounds of golden butter in 1933, and 8.5 per cent less last year, because of the drouth. Yet the smaller make brought about \$5,000,000 more, or \$67,185,000 in cash.

"Of this vast amount, 90 per cent was paid back into the blue jeans of the farmer who milked the cows, in the form of \$66,500,000 cream checks. This is the high return to producers that cooperative dairy marketing pays in Minnesota.

"So Queen Boss has completely made over the whole grain belt, into a land flowing with milk, and honey, and money. The livestock product income of Minnesota farmers, from January to July this year, was \$108,500,000, 30 per cent or \$25,400,000 more than 1934; 53 per cent or \$37,600,000 more than 1933.

"She rules in North and South Dakota also. Notice these striking comparisons:

North Dakota Farm Income 1934

Wheat	\$ 8,332,000
Milk	18,302,000
Pigs	3,804,000
Chix and Eggs.....	4,652,000

South Dakota Farm Income 1934

Wheat	\$ 89,000
Milk	16,147,000
Pigs	10,823,000
Chix and Eggs.....	8,541,000

"What would the Dakotas have done, last year, without the Cow, the Sow and the little Red Hen, to feed them and clothe them and furnish them with cash buying power, in the midst of drouth and wheat-crop failure?

"Today, new crops are in sight and all but in the bin: HALF A BILLION BUSHELS MORE than last year. New money is already in circulation, buying new merchandise, filling farm wants too long denied."

THE TELLER AND THE PUBLIC

(Continued from page 11)

some outlook on life are valuable assets to anyone.

Each individual customer has a definite reason for dealing with his bank. It may be due to the acquaintance of some officer, of a director, or because of some favor extended to him by someone connected with the bank. As stated heretofore, the bank tellers take care of more than 80 per cent of the banking public. It is almost certain, then, that a large number of a bank's clientele deal with certain banks because of their acquaintance and continued good treatment on the part of some teller. In many cases the customer knows no other employe—in his eyes, and to him, the teller is his banker. When he steps up to the window, he parts with his money—something that is very dear to him, and

WHERE
Speed
IS ALWAYS SPECIFIED



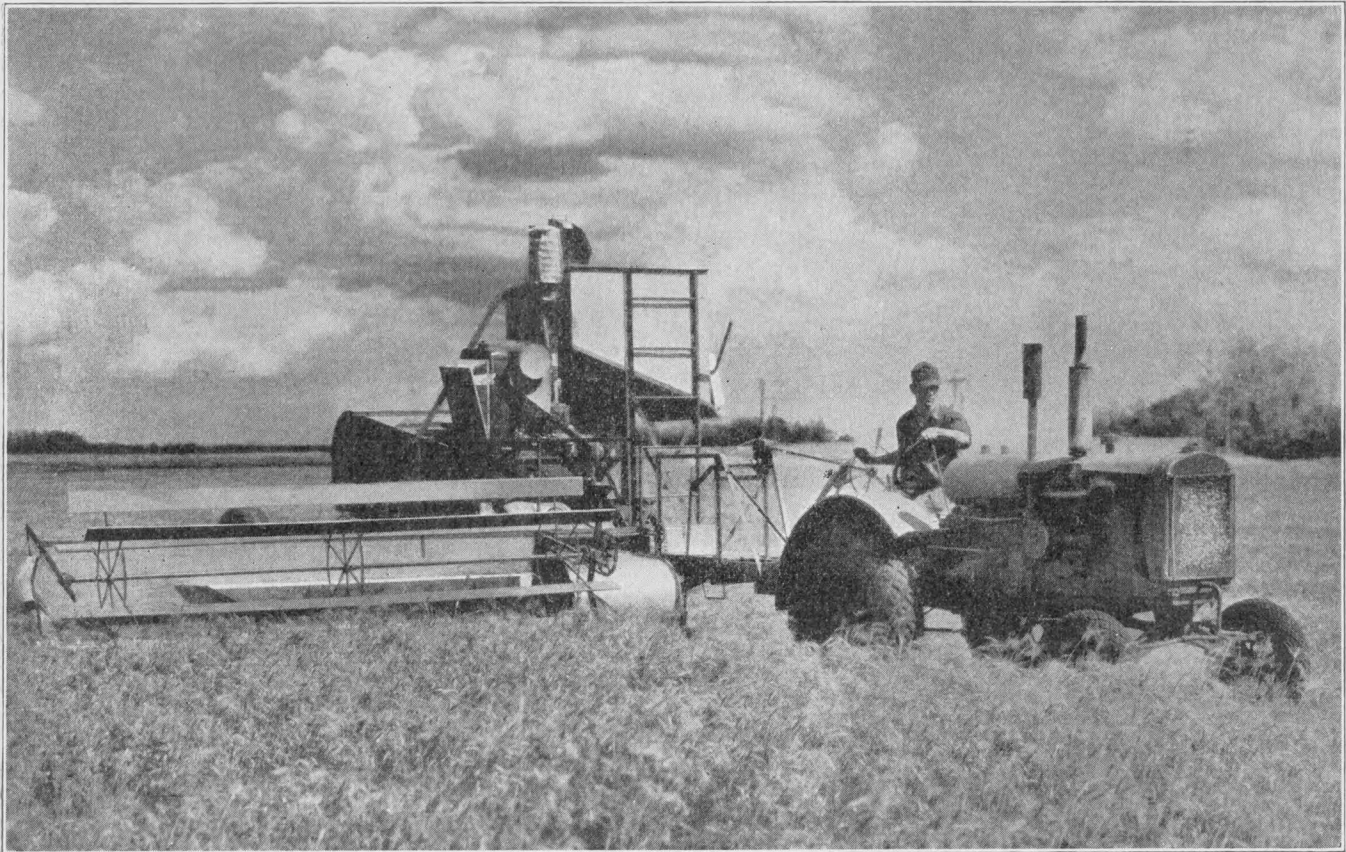
Live Stock National meets the modern demand for quick action with specialized facilities and a trained personnel.

Take the transfer of live stock sale receipts for example. They are handled *here* by a specially trained staff. Funds are credited to shippers at their local banks in the shortest possible time. Collections, too, are handled with unflinching efficiency and precision—and with all the speed that modern transportation and modern methods afford.

Hundreds of correspondents are receiving *quicker service* and saving the loss of income due to excessive "float" by routing their Chicago transit items through Live Stock National—"The Bank at the Yards."

The LIVE STOCK NATIONAL BANK

UNION STOCK YARDS *of Chicago*



THE "NORTHWESTERN"
is Ready for Harvest Time!

SINCE 1872 when the "Northwestern" opened its doors for business, this bank has taken an active part in the financing of agriculture, the basic industry of this territory. Crop indications are that more twine, labor and supplies will be required this year than normally.

Now, as in past years, the facilities and resources of this institution are available to our correspondent banks for moving and financing this year's crop. We are willing and anxious to serve our customers.

Department of Banks and Bankers

WM. N. JOHNSON, *Vice President*
 D. E. CROULEY, *Representative*

F. W. CONRAD, *Assistant Cashier*
 L. GISVOLD, *Representative*

**NORTHWESTERN NATIONAL BANK
 AND TRUST COMPANY
 OF MINNEAPOLIS**

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he believes that he is bestowing a favor (which he is) by leaving his money with his bank, and as a result is very sensitive of the treatment he receives. If he is a newcomer, the teller should greet him in a friendly manner, welcoming him tactfully. The first impression is a lasting one, and the teller's part is a very important one. Customers are our best advertisers and their comments on the outside about the "friendly spirit" of the bank increases the patronage more than any other advertising medium.

Difficult Customers

There are always "difficult" customers, and it takes a well trained and tactful teller to handle them. There are bound to be customers that we do not like to deal with—some who are hard to handle and some who seem almost "impossible." This troublesome customer is generally a frequent visitor to the bank, and an alert teller will soon learn his client's peculiarities and adapt himself accordingly. Well directed effort on the part of the bank and its employes soon pleases such a customer, more easily than any other, as he is not used to good treatment elsewhere. A teller should never indulge in arguments with a customer—if occasion for dispute arises, the matter should be referred to an officer, and he in turn can voice the bank's attitude.

The success of every banking institution is in its ability to obtain and to hold public good will. Our future progress depends upon this factor and our patronage can be measured by the good will we attain in our own community. We have every reason to endeavor to improve—in our methods and our service—to make our place of business more inviting, cordial and friendly—because in so doing it is our own gain. One sure way of doing this is to improve the service rendered by our tellers. Therefore, we must select and carefully train each teller to meet the public. It is imperative that every banker give a great deal of time and thought to this very important problem.

No two people are alike, and no two bank depositors are the same. It is a life-sized job to please them all, or nearly so, but it is our duty to see that everyone receives friendly service.

After all, banking is interesting—it is the customer that makes it so—and the teller's job IS important.

Dividend

The board of directors of The Chase National Bank have declared a semi-annual dividend of 70 cents per share on the common stock of the bank, as well as the semi-annual dividend accrued to August 1, 1935, on the preferred stock of the bank, both payable August 1 to stockholders of record July 13th.

Bonds and Investments

The Insured Mortgage Loan for Bank Investment

Loans Guaranteed by the Federal Housing Administration Can Produce A
Real Income for the Lending Bank From Otherwise Idle Bank Funds

By WILLIAM A. BRADLEY

*Iowa State Director
Federal Housing Administration
Des Moines*

DURING the past few years real estate mortgage loans have come into more or less disrepute among banks and bankers. Without attempting to analyze all of the factors contributing to this situation, I feel it perfectly safe to say that one of the principal causes has been the tendency of such loans to develop into P. O. R. E. or worse. Many of the so-called 40 or 50 per cent loans on residential property, made in 1928 and 1929 turned out to be, under a rapidly changing and utterly unpredictable economic condition, purchase bids of 140 to 150 per cent of the value of an unwanted house.

In the short period of a year all of the items which determined the collateral value of a residential property had changed. Labor costs, material costs, lot values, resale values, even rental values, had declined, leaving the mortgagee high and dry. Bankers became convinced that they should have long ago looked up the derivation of the word "mortgage." It comes from the French and literally translated means "dead pledge." I recently stated all of the above in a conversation with a banker friend of mine and had this response, "Granting the correctness of what you have just said, why in the name of heaven does the Federal Housing Administration now ask us to accept loans, not for 40 or 50 per cent but for 60 or 70 or 80 per cent? If you admit we cannot foresee conditions three to five years in advance, why ask us to make loans for twenty years?" This sounds like a sensible question and certainly is one deserving of a sound answer.

In the beginning I want to make an assertion which may seem somewhat startling, and ask that you give it mature consideration before forming your final judgment. It is my opinion that practically all of the real estate loans made between 1921 and 1929 were predicated upon a false premise. The borrower signed a note which read "Five years from date, I promise to pay to YOUR BANK

the sum of five thousand dollars, etc." In ninety-nine cases out of a hundred, the note should have read, "Five years from date, I promise to renew this note or try to borrow the funds elsewhere,— unless Uncle John dies and leaves me his money, or unless the business does a damned sight better than I think it will do." The mortgage should have read, "If at the end of five years from date I have not renewed the note for which this mortgage is given as security, you may take this house—IF you can get it,—but I warn you now that I expect to take full advantage of the time granted for redemption, or granted under moratorium laws, and that I will not pay taxes or insurance during this period."

In other words, the borrower was executing a promise to pay within a definite term of years, with no thought that he could actually liquidate the full amount of the debt within the time granted. He was gambling on the condition of the money market five years in the future, and he was not alone in the gamble. The banker who made the loan was equally guilty. He was not relying primarily upon the borrower's promise or ability to repay the loan within the prescribed time, but rather on the marketability of the collateral. In other words, he was gambling on the condition of the real estate market five years hence.

While chance is essentially present in every loan transaction it can, and should, be reduced to a minimum in the case of real estate mortgage investments. But the error of assuming that this may be accomplished merely by limiting the amount to be loaned to within a fixed percentage of the value, has been a common one

indeed. Nor can risk be eliminated by the simple expedient of forcing the borrower to agree to pay within a short term. It must be remembered that once a real estate investment is made, it remains in the portfolio until it is liquidated, either by repayment or sale, irrespective of the fact that the borrower may have agreed to the termination of the transaction within five years. You, as a banker, would submit the application of the prospective industrial borrower to an analysis which involves many more factors than value of security and term of loan. Such a borrower's operating and profit and loss statements would be scrutinized with the greatest care. The type, quality, and future saleability of his manufactured product would be closely scanned for the likelihood of obsolescence and disuse. The factors of management, relative standing in the trade, location, adequacy of transportation and labor supply, and many other items would be given the most careful consideration before commitment was made. The element of time is largely important only as it relates to the borrower's ability to pay. The ratio of physical value to loan value may vary widely, and is to a great extent dependent upon other factors as outlined above. Why then should we not recognize the presence of these other factors in the making of real estate mortgage loans?

Would you as a banker make a ninety-day operating loan to a manufacturer whose products could be sold only during a short season nine months hence? Could you reasonably expect such a loan to be repaid at the end of ninety days? Yet for years, so-called conservative bankers have been making real estate loans with interest payable semi-annually, or annually, with a principal payable in one lump sum at a date three to five years away, utterly disregarding the important fact that the borrower's income is received and spent monthly, and often even disregarding the maximum possible amount of that income, which under any circum-

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stances, could be made available for the liquidation of the loan. It is an accepted fact that the average man cannot safely spend more than 25 per cent of his annual income for shelter and still live within that income, and yet, to stay within this limit, the average man who borrowed five thousand dollars at 6 per cent for five years, would have to earn an income of at least six thousand dollars per year in order to meet his obligation when due and pay current taxes, insurance, and upkeep during the term. Obviously, on this basis, the field of eligible borrowers is materially curtailed, if not practically eliminated.

A recognition of this deficiency in the short-term mortgage structure has led to the adoption of amortized loans by certain loan companies and building and loan associations. Bankers might well consider it as a means of eliminating some of the risks formerly encountered but, in itself, it will not solve their problem. Amortization is effective only when it is predicated upon and balanced with the borrower's ability to pay, and in the average case, a proper balance requires much more than a five-year term. But if we cannot foresee conditions for even three to five years in advance, how then can we safely loan for longer periods? In this respect the amortization feature itself provides a splendid safeguard, not found in the term loan. The borrower is tried and proven, not once or twice a year by the payment of a relatively small amount of interest but once each month by a much more substantial payment of principal and interest. If the loan is "going sour," you know it sooner, which is always an advantage in protecting value of security. If the payments are made as agreed, the relationship between physical value and loan value is improving monthly.

But even this advantage cannot alone be depended upon. A mortgage extending over a period of ten, fifteen or twenty years involves careful consideration of such items as structural soundness, resistance to elements, resistance to use, suitability to climate, design, and the livability of the house itself. These are factors that can be determined only by a skilled architect, whose services are costly. Yet a definite determination of these factors is highly essential to the safety of a long term loan, since they reveal not only the lasting quality of the physical property itself, but have a very definite bearing on future value. Without definite knowledge of the above matters, caution would certainly be justified, but with full assurance of the period of useful and practical life of the property offered for security, we may agree that loan term can be fixed, well within these limits, in which the prin-

cipal amount will be completely liquidated by amortization.

But how about that eighty per cent business? If, structurally and architecturally, our house is good for thirty years, a loan for twenty years may not be too long but "how good is it in dollars and cents if we loan eighty per cent to begin with?" That again depends upon a wholly different, yet closely related, set of factors, full knowledge of which is just as important to the safety of the loan. Certainly the property cannot be good security beyond the period of its physical life, and very probably it will not remain attractive to intelligent buyers that long. Is it subject to a moderate or rapid rate of depreciation in value? Here again the amortized loan provides a safeguard, but does not give us the complete answer. Monthly repayment of principal and interest produces a depreciation of capital investment to offset normal depreciation of physical and sale value. It should be remembered that in a term loan no similar offset is provided. However, a proper determination of the probable rate of physical depreciation, for which offset must be made—i. e., the actual value of the house at various periods during the loan term,—may only be accomplished after a thorough consideration of a number of factors which affect the stability of the neighborhood; such as protection from commercial encroachment; protection from infiltration of inharmonious racial or social groups; current and future population trends; comparative levels of taxes; percentage of owner occupancy; percentage of vacancy; possibilities for uniform development; and some thirty or forty more factors which pertain not only to the neighborhood but to the relationship of the particular house thereto. When all of these have been determined, we may set up our loan as to ratio of loan value to physical value, and as to amortization provisions, with some basis of fact.

Impossible, you say? For the individual bank, yes; for an organization equipped and trained for the task—no more difficult than the accumulation of data going into credit reports or the gathering of factual statistics upon which insurance companies base their premium rate. In fact this service is available, without cost, to all banks through the Federal Housing Administration, which is, as a matter of fact, nothing more nor less than an insuring agency. The insurance is paid for by the borrower (as it should be since he also is afforded protection in many ways) and affords one hundred per cent protection to the lending agency against loss of principal. This insurance plan operates on the reserve principle but also incorporates the good features of the mutual benefit plan, which provides further protection to both lender and borrower. Pre-

miums are set up on a basis which is designed to make the whole plan self-supporting, but initial reserves are provided by the government, and as a further protection, all insurance issued prior to July 1, 1937, is backed by securities, unconditionally guaranteed as to principal and interest, by the United States Government. Loans, to be eligible for insurance, must incorporate all of the features set out above, must constitute first and sole liens, must be amortized on a monthly basis to completely liquidate themselves within the term for which granted, and such amortization must include, not only interest and principal, but taxes and hazard insurance as well.

How does it work? Very simply, indeed. Your bank may become an approved mortgagee by making application on forms furnished through your state insuring office. As such, you are eligible

to make or purchase insured mortgage loans. These loans may be extended to borrowers in amounts not exceeding sixteen thousand dollars nor eighty per cent of the value of the property (as determined by FHA), for terms not exceeding twenty years, for the purchase or construction of, the refinancing of, or the initial encumbrance of, urban residential property designed to house from one to four families. You, as a banker, accept or reject the application of the borrower, fixing the term, the amount, and the interest rate (not over five per cent) within the prescribed limits. When the application is prepared in acceptable form, you forward it to the insuring office of the Federal Housing Administration, located within your state, together with appraisal fees of thirty cents per one hundred dollars (paid by the borrower). Plans and specifications must be submitted with

applications for new construction or major remodeling jobs. While the inspection and appraisal made by the Federal Housing Administration is thorough and complete, it does not require an unusual amount of time, since the whole matter is handled in the local insuring office, including the issuance of insurance.

If the loan is acceptable to the Federal Housing Administration, a binding commitment to insure will be issued. Title examination is left entirely to the lending institution, and an initial fee or commission is permitted to take care of this and other expenses. When the loan is completed, the borrower must remove all outstanding liens against the property, including taxes and special assessments, and must pay the first year's mortgage insurance premium of one-half per cent of the face amount. Amortization payments begin one month after the interest date of

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the note, and, as stated above, include not only principal and interest, but also a pro-ration of the taxes, hazard insurance premium, mortgage insurance premium, and the service charge of one-half per cent permitted to the lending institution for handling the loan.

If you will familiarize yourself with the Federal Housing Administration's insured loan plan, you will find that it offers to the banker a five per cent, guaranteed, self-liquidating investment, with features which appeal to the conservative borrower and thus insure good volume.

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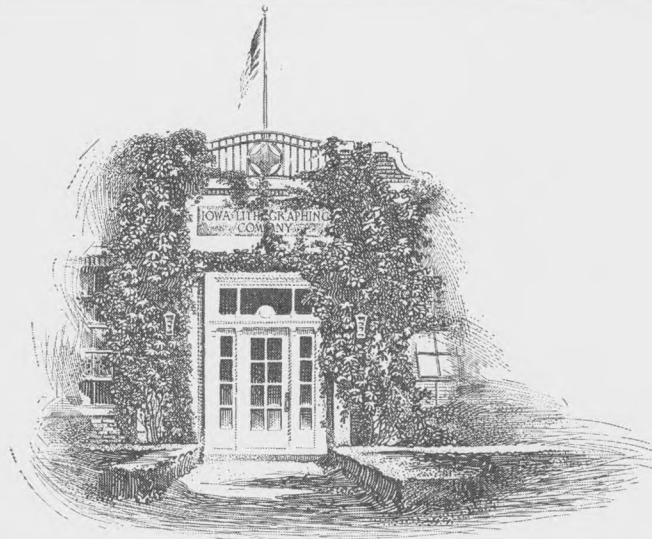
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In the United States a total of \$145,000,-000 in insured loan applications has been generated in the past nine months. Where else can you find such an investment today? "Fine," you say, "but what about disposing of these twenty year loans. We might, during that time, desire to turn our holdings into cash?" There is an answer for that one, too, and adequate facilities for liquidity are provided. In an emergency, the insured loans are saleable, without recourse, and at par, to the Reconstruction Finance Mortgage Company; they are eligible for rediscount at any time, at ninety per cent of par value, with the Federal Home Loan Bank, by either members or non-members; seven large life insurance companies in Iowa alone, with combined assets of over \$400,000,000 are now actively in the market for these loans; and they may be sold at any time by one approved mortgagee to another, in any part of the United States. As a further factor of liquidity, National Mortgage Associations, which are nothing more nor less than insured mortgage discount banks, are authorized by the National Housing Act and will be organized when there has been generated a sufficient volume of business to justify their existence.

Banking, like all other business, has changed greatly during the past few years. To the progressive banker, who desires to maintain a well-balanced portfolio, the Federal Housing Administration's insured mortgage plan offers an interesting and profitable subject for consideration.

Two Bank Sales

R. W. Millen, assistant cashier of the First State Bank of West Branch, Iowa, has purchased a substantial block of stock in the Citizens Savings Bank of Gilman, Iowa, and has been elected cashier.

Ben B. McNair, formerly president of the Duel County State Bank of Chappell, Nebraska, has purchased the interests of J. H. Moeller in the Columbus Bank of Columbus, Nebraska, and has succeeded Mr. Moeller as cashier of the Columbus Bank.

Both of the above transactions were handled by The Charles E. Walters Company of Omaha, Nebraska.

New Investment Banking House

Formation of a new investment banking house in Des Moines, to be known as Graefe and Company, was announced recently by Harry B. Graefe, president of the company.

The new company will deal in and underwrite issues of municipal bonds, and general market corporation bonds and stocks. Offices have been opened in the Equitable Building.

D. J. Metcalf, former president of D. J. Metcalf and Company, and formerly connected with the bond department of the Guaranty Trust Company of New York, will also be affiliated with the new company. He will be in charge of the corporation department of the company.

Mr. Graefe, who will direct the municipal business of the new concern, was for



HARRY B. GRAEFE

five years with the Cummins and Morrison Company.

The company will maintain facilities for executing both municipal and corporation orders in all principal markets of the country, and will likewise maintain an extensive investment library for the public.

Too Many Financial Doctors

In a letter written to the NORTHWESTERN BANKER recently, Dr. E. C. Junger of Soldier, Iowa, believes that we have too many financial doctors. His letter follows:

"I just spent a couple of hours reading the NORTHWESTERN BANKER for August, and weighing your interpretation of Economic Symptoms and Suggestions of Treatment, of the sick borrower. I wonder if your prognosis for recovery or death is correct.

"I believe that if Mr. Sick Financial World is going to recover, the bankers will need to have a free hand to handle the patient. The government doctors are using too much Christian science to give much aid to a real national disease. They assume that the banks and large industrial concerns are full of too much money, and all that is needed is castor oil. The banks may be a little bound up, but they should not be disturbed by artificial drugs.

"The political doctors in Washington

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are mostly quacks and their medicine makes us sick. We need a one last effort by financial institutions to demand rational treatment, or discharge the cults and rely on our own remedies. Hands off, should be our demand.

"The administration is headed for bankruptcy—why should we acquiesce? The average young banker got his training during prosperous times, and does not realize that values have vanished and uncertainties are in the seats of what used to be a sure bet.

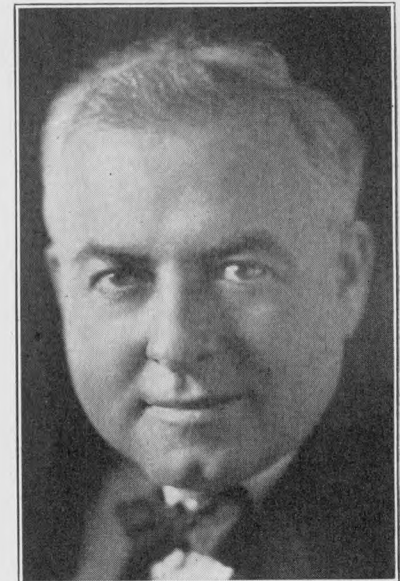
"The NORTHWESTERN BANKER should be a text book, indexed for subjects and studied and reviewed and consulted by all bank officials daily, or at least until the Republicans direct our nation's policies."

Webbles & Company Organized

Webbles & Company, Incorporated, dealers in investment securities, was organized recently with offices at 432 Des Moines Building, Des Moines, Iowa.

The company is headed by Emil Webbles, president, and S. E. Phillips, vice president, and will specialize in the sale of short time commercial paper, and will represent the following companies:

Lion Finance Company, Des Moines;



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Continental Credit Corporation, Jackson, Mich.; Commercial Investment Corporation, Davenport; National Collateral Loan Company, Waterloo; Kewanee Citizens System Company, Kewanee, Illinois; Rockford Finance Corporation, Rockford, Illinois; and Sherlock Finance Company, Savannah, Illinois.

Emil Webbles is well and favorably known to bankers of Iowa because of his many years of activity in the Iowa Bankers Association of which he was president in 1925 and 1926.

Mr. Webbles' banking experience includes his association with the Muscatine State Bank at Muscatine, Iowa, which institution he left to become president of the First Trust & Savings Bank at Burlington. Before organizing his own company, he was more recently connected with the Selected Investments Company of Chicago.

S. E. Phillips, vice president of the company, originally entered the invest-



S. E. PHILLIPS

ment business with White Phillips & Company of Davenport, where he was municipal bond manager. Leaving this company he represented the Walker D. Hanna Company of Burlington at Muscatine, having charge of that office for a period of 10 years, following which he became connected with the Selected Investments Company for about a year previous to his association with Mr. Webbles in the organization of their own company.

Appreciates Fight For Independent Banks

A. B. Larsen, president of the Faribault State Bank and Trust Company, Faribault, Minnesota, in a recent letter to the NORTHWESTERN BANKER, expressed his appreciation for our efforts to save the independent banks by saying:

"I read with a great deal of interest your editorial 'Why Force Banks Into the Federal Reserve' in the August issue of the NORTHWESTERN BANKER. I was so taken up with the clean cut way you covered the subject in such a short article that I was interested in giving a copy of this editorial to the Senate Conference Committee, that now has the Banking Bill of 1935 under consideration.

"I wish you would forward to me about eight copies of the NORTHWESTERN BANKER, if you do not have this editorial

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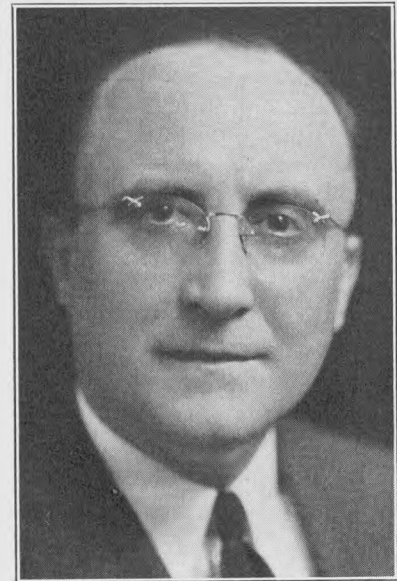
printed in pamphlet form. The Conference Committee is composed of Senators Fletcher, Glass, McAdoo, Bulkley, Townsend, and Norbeck. I want to be sure that they received these copies as I wish to mail them page 3, 4, and 5, of your magazine.

"I want to take this opportunity of thanking you for the wonderful fight you have so ably put up for the independent bank. We need such friends as you, to battle for us at this time, if we are going to save the small country banks for their community."

For Vice President

Frank R. Curda, assistant vice president of the City National Bank & Trust Company, Chicago, is a candidate for national vice president of the American Institute of Banking. His name was placed in nomination by the Chicago A. I. B. chapter.

Mr. Curda is an Institute graduate, a life member of the Chicago chapter, and has served the Chicago chapter for the



FRANK R. CURDA

past twenty-five years in almost every capacity, principally as director, vice president, and president. Recently he completed a three-year term as a member of the executive council of the national organization, and has served on four national committees. He acted as vice chairman of the Chicago Convention Committee in 1933.

Mr. Curda is also active in the Illinois Bankers Association, now serving his fourth term on the Committee on Education, acting for two years as chairman.

The shortest perceptible unit of time is the difference between the moment the traffic light changes and the boob behind you honks for you to go.

The Flourishing Trade of Forgery

Tricky Penmanship Costs the United States
\$300,000,000 a Year

By HARRY HALLER

THOUGH the question of what to do when one's check is forged offers a problem of slight import to the average business man—until it actually strikes home—the flourishing trade of forgery becomes a serious business if one believes insurance company statistics that in the past year America paid over \$300,000,000 to the wicked penmen. Annual losses throughout the nation due to forgery rank second only to those caused by fire, and the figures are increasing yearly.

Forgery is becoming one of the most highly developed criminal arts in the United States. It takes precedence over kidnapping, blackmail and swindling, but has not been so highly publicized. Especially are the larger losses concealed inasmuch as the average business man feels that public knowledge might prove injurious to his credit. Consequently forgery is no worry to most persons, who might fear and fortify themselves against more spectacular crimes which actually are much farther removed from their horizons.

Invisible Hands

Throughout the United States the crime is perpetrated by invisible hands working with great skill and the forger classes himself with the currency counterfeiter among the upper strata of criminals. Like the counterfeiter, his work requires finished technique and ingenuity, and the rewards are high.

The business of stealing original blank checks and securing the signatures of treasurers and other company executives is an organized part of the check forgery racket. The actual work is often carried out by salaried craftsmen who take no further part in the enterprise. Often the "ring" that creates the forged checks, from the stolen originals to the finished and signed counterfeits, withdraws from the picture and splits its profits with another group which takes the final risks of exchanging checks for currency.

Usually, a band obtains the checks from stolen mail, forges the endorsements and then secures the funds. If the check in question happens to have been issued by a large concern, chances are the crook will either raise the amount of the check or

make many duplicates by an ingenious method.

N. Edward Bartlett, of the Maryland Casualty Company, demonstrated in five minutes how the expert forger would, in as many hours of work, change a check. Assuming that the forger has received a check dated August 1, for \$2,000 payable to Clayton & Co., Mr. Bartlett explained that the signature of the drawer was, of course, the important thing and should not be tampered with. The forger would then take it for granted that, having missed the check, the drawer would call his bank and stop payment on it.

The first thing to do, then, is to make the check over completely, except for the signature. A stamping machine is of assistance in changing the number in the upper right-hand corner. The date, August 1, can, with careful labor, be changed to August 11 or August 21. And the name, Clayton & Co., can by the same procedure be transformed into Clayton H. Cox. Work on the amount of the check, stamped in indelible ink, is a more tedious matter. With a chemical solution, Mr. Bartlett rubbed the figures, \$2,000, through onto a blotter he placed beneath the check, leaving the space blank. He then inserted the check in a standard stamping machine to obtain new figures and in five minutes it had become an order payable to Clayton H. Cox for a larger amount.

A number of avenues now lie open to the fictitious Mr. Cox in the securing of the cash. Having investigated carefully the capital of the firm, he knows that there is cash available for the payment of his order. By careful timing, he can establish himself temporarily in the community, open a checking account and, before the crime is discovered, leave town with the cash. If the prize involved is valuable enough, the professional forger often establishes himself in some sort of trade or agency as a shield for his business.

The racket has been worked in various states with the forgers representing themselves as census takers, Federal agents, bank examiners and government representatives of the pensions bureau. Schemes

devised by experts to maintain accounts at a score of different banks, until their credit is well established, are constantly coming to light. The operator usually obtains a certified check for the total of his balance in his largest account, makes a dozen or so duplicates with forged certifications and cashes them all at the various banks where his credit is good. One operator recently swindled thirty banks of more than \$150,000 by this method.

Padding Payrolls

During recent months some so-called "trusted employes" have caused their employers considerable grief through the padding of payrolls. Usually such an employe works in connection with others in the perpetration of the crime. It is often the timekeeper who robs his employer either by failing to remove from the payroll the names of employes who have left the establishment or by placing on the payroll the names of fictitious employes. When the checks are made out, they are abstracted from the packet of envelopes and turned over to confederates who can cash them.

Mr. Bartlett recalls an interesting case of an employe who "went sour" recently in a town in upper Maine. The town's purchasing agent was the criminal and it was customary for him to receive bills for the goods purchased by the town. After confirming the purchase order, it was the agent's duty to make out a check and attach it to the bill, which was then turned over to the town's treasurer for signature. Check and bill were then returned to the purchasing agent who would send them through the mails to the payee.

This particular purchasing agent decided that he could improve his financial status considerably by making out fake bill heads and, after securing checks covering these non-existent items, indorse the checks with the names of the fictitious payees and, as the second indorser, sign his own name and get them redeemed at the banks at which he was known. He succeeded for a number of years, until it finally was discovered that the losses to the town had run into many thousands.

"When interviewed at the penitentiary as to why he had done this," Mr. Bartlett

Northwestern Banker September 1935

said, "we were amazed at his explanation."

The purchasing agent, it seems, several years before had occasion to issue a check to a Canadian in upper Maine in payment for log wood to be used in the public schools. The Canadian had told the purchasing agent that he was ignorant of the procedure involved in drawing the money on a check. The agent accompanied him to the bank and when the Canadian told the teller he could neither read nor write, it was suggested that he place an "X" mark and that the purchasing agent do the indorsing. It all worked out very

nicely, and later on when the agent was pressed for funds, he recalled how simple the business was and launched himself on a startling career of forgery, which ultimately wrecked his life.

Recently a novel forgery racket was discovered on the Pacific Coast. Taking advantage of the ignorance of well-to-do farmers concerning the workings of the various New Deal agencies, two enterprising check artists represented themselves as Government agents as to ruse to inspect their intended victims' bank books and canceled checks. They usually found it a simple matter to obtain a specimen of a

farmer's signature and several blank checks. Knowing the exact amount of his bank balance, they had little difficulty in withdrawing the bulk of it.

Aside from losses caused by dishonest employes and organized gangs of check crooks, there is the menace of the "lone wolf." A few months ago such a case was brought to court in a city in upper Pennsylvania, where the forger had been successful to the extent of \$47,000. He had picked out five local concerns and, representing himself as a salesman for a check printing company, had interviewed the financial man representing each concern. The pose afforded him an excellent opportunity of examining his prospects' checks during the course of his sales talks, thereby learning which banks their funds were deposited in, as well as the number series of the checks. The prices of his product were, of course, so high that in no instance was the prospect interested in buying.

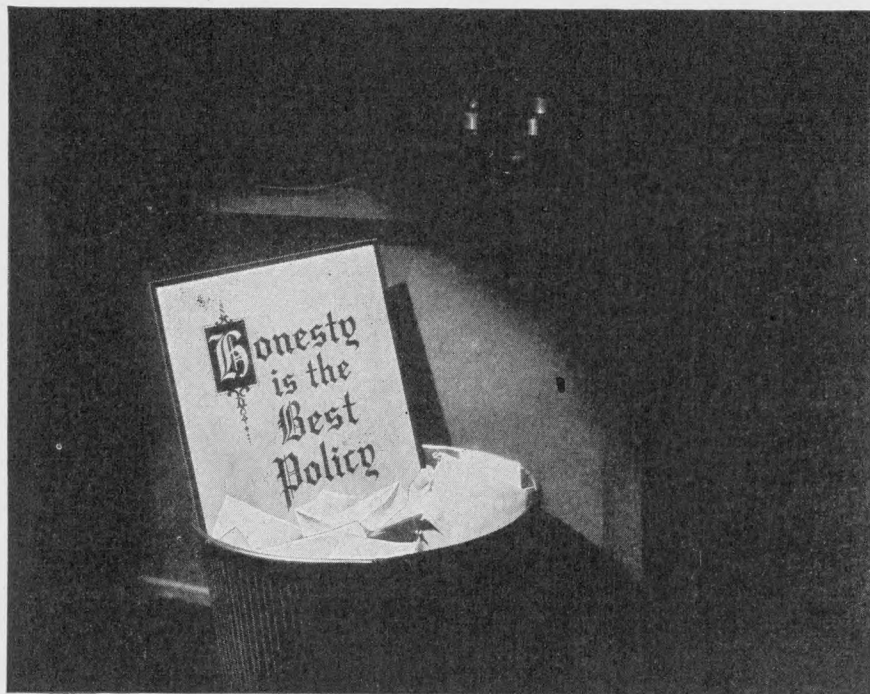
On the first of the month following the forger's visits, he went to the banks at which his prospects carried their checking accounts, explaining that he was from the respective offices and that he had come to get their monthly statements. With this information at hand, it was a simple matter to forge signatures on the checks which he had stolen and make them out for sufficiently large amounts, but not large enough to arouse suspicions of the bank officials should they see them before payment was made. With the bank statement before him, there was no necessity for guessing at the balance, and from the canceled checks he was even able to determine how large a check would pass through the particular account without suspicion.

The statements were then returned intact to the respective banks and an explanation made to a different teller that they had been sent to him in error. Moving the scene of his activities to New York, the forger visited a reputable investment house, where he had previously opened an account and established credit, and with these "hot checks" from the Pennsylvania town, purchased \$47,000 of negotiable securities which he immediately disposed of to a "fence."

"Hot Checks"

The unusual angle in this case is that the shrewd criminal then returned to the scene of his theft and on the first of the following month went to his "prospects'" banks and again secured their statements. He contented himself this time, however, with taking from the statements all the "hot checks" which he had put through and destroying them. With the aid of an eraser and typewriter, he removed the deductions resulting from the checks and corrected the balance. He then returned the statements to the banks, and by this

ONE LOSS



is too many

Bank dishonesty losses paid by this Corporation reveal a staggering percentage loss in excess of the amount of bond. In nearly every case of this kind, the cost of full coverage would have been a trifling burden compared to the unprotected loss. With FULL indemnity available at small cost, a single excess loss is too many.

Fidelity protection should increase in proportion to the increase in deposits. Banks still relying upon Fidelity Bonds and Burglary insurance may profitably consider the long-range economy of the Bankers Blanket Bond.

Though most bankers study carefully their requirements, an outside survey often reveals hazardous omissions, desirable changes and, frequently, possible economies. Through any National Surety representative, you may obtain this valuable service without cost and without obligation.

There are National Surety representatives everywhere. Each is a specialist in Fidelity, Surety, Forgery and Burglary protection, thoroughly equipped to serve you.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, PRESIDENT

Northwestern Banker September 1935

added safeguard gave himself an extra month for a getaway, inasmuch as his victims would not have knowledge of the losses they had suffered until they received their statements the following month. In this way he also destroyed damaging evidence.

Case by case the artful trade of the forger increases throughout the country until, when a total is taken, it is found that the nation is paying a staggering sum to these deft criminals. A drain on legitimate business, it represents sudden, unexpected, often disastrous losses to individual business whose bank balances are swept away over night. Check forgery on a professional scale has long been high on the list of "big business rackets," but many individuals and business firms who suffer from it remain silent. And the wily forger silently continues his flourishing trade.—Reprint from the Baltimore Sunday Sun.

FOLLIES OF FEDERAL FINANCE

(Continued from page 8)

self-liquidating loans. In fact, it is even worse than this because we not only know that we are using demand deposits to speculate in such securities, but we know further that the government may refuse to give back value equal to what it takes from us. We know that it is likely to do so since it has already developed the habit, and since its demands are becoming increasingly pressing, and we know also that in the event it elects to do so, there is nothing we can do about it.

But that is not all: You either borrow on your collateral or on your credit. When your collateral is gone, when your word is broken, you do not borrow. If you get a loan, you get it in some other manner. Is not that just what the government is proposing to do?

When you have loaned so much money to a man that you must support his credit, you are no longer a free moral agent, and no longer to be trusted with depositors' money. That is why the law imposes limits on the amounts which may be loaned to any one individual or corporation. The same result follows if your debtor is a government, but it has not heretofore been believed necessary to impose similar limitations on loans to government. If the time has not already come it soon will come, when maintenance of the market value of government securities will become essential to the banking system. Honesty and fairness to your depositors demand that you do not permit that time to come, or that if it has unwittingly crept upon you, you awake and bend every effort to prevent increase of the danger, and as rapidly as possible

50th
Year

If, on last December 31, every policyholder in this Company had called for every cent of cash to his credit—guaranteed cash or loan values, dividends and policy proceeds left with the Company, premiums paid in advance, etc.—the bonds held by the Company, sold at the market, would *alone* have yielded cash enough to pay every such demand in full, leaving many millions in other sound assets, including a large cash balance, untouched.

NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY
D. J. ARNDT, President
STRONG—Minneapolis, Minn. — LIBERAL

This company has prepared a concise, up-to-date Directory of Federal Relief and Recovery Agencies. You can obtain a copy by asking any NwNL representative, or by writing the company.

Half way

across the continent from the Eastern seaboard, where the traditions and wisdom of old England were first transplanted to American soil, there has grown a financial community and an institution characteristic of the best of those traditions.

When a storm comes, the strength of a house is tested. During the depression, Minneapolis as a community has been financially extremely stable and solid . . . and the record of Northwestern National Life has been unique, even among life insurance companies. Between 1929 and 1935 NWNL assets increased 33.1 per cent as compared to an increase of 24.7 per cent for all companies; insurance in force increased 10.7 per cent as compared to a decrease of 5.4 per cent for all companies. The statement at the left exemplifies the Company's extraordinary strength and stability — a condition which prevailed throughout the period of the entire depression.

Upon this sound foundation, NWNL begins to build for a second half-century.

AN IOWA COMPANY FOR IOWA PEOPLE

INF

On-The-Ground Cooperation

Quicker service on claim settlements—a direct result of our being a "home" company with home office right in Des Moines—that's one of the things our banker-agents like about us. Another is the fact that, being Iowans ourselves, we understand the problems that beset Iowa agents and can provide personal help and cooperation. And there are other advantages to a connection with this strong 19-year old Iowa institution. Write for details

IOWA NATIONAL FIRE INSURANCE COMPANY
C. Ed Beman, President + Insurance Exchange Bldg., Des Moines

Northwestern Banker September 1935

to restore to your depositors that to which they are entitled—liquidity and security.

It is no more true today than it ever has been in the past, that either liquidity or conservatism in investments is unnecessary to sound banking. Loans of more than a conservative per cent of the value of real estate cannot be justified by any politically inspired demand. Neither can such a demand justify the investment of any substantial amount of demand deposits in long term real estate investments.

The very essence of the policy of separating investment banking from commercial banking, lies in the recognition of the danger and undesirability of financing long term needs by short term methods.

The danger of permitting an extension of real estate loans is not limited to the effect it may have upon member banks: It is proposed to make possible the use of such loans in the issuance of notes of the Federal Reserve Banks. This since it is proposed to leave to the Federal Reserve Board the power of decision to accept for re-discount or as collateral for loans to member banks, any and all assets of member banks which the Federal Reserve Board chooses to deem sound. Could anything more completely ignore the principle of liquidity upon which every sound and enduring central bank has been founded?

Deposit Insurance

Finally, there is the matter of the insurance of deposits and the obligation assumed by every bank to answer for the defaults or misfortunes of every other bank. A bank may fail no less certainly because it is compelled to operate at a loss, than because of mismanagement. The low interest policies of government; the competition of government with business; the uncertainty as to the future resulting inevitably from the vacillating conduct of the Administration preventing a revival of industry, all more and more are forcing banks into the position of being obliged to operate without a profit, are pointing more and more clearly to the day when no matter how good the management of banks, a loss will be inevitable. And this is the burden we are assuming under the federal guaranty of deposits.

And even this burden is not to be fairly apportioned among us. The essential lack of fairness in the policies of the federal government reflected in its repudiation of its promise to pay its obligations in gold—repudiation based not on right, but on might alone, reflected again in its use of an equalization fund made up of ill-gotten gains, and employed to artificially support the market for its securities and thereby to mislead the people of the country is shown again in the proposal to place the

burden of insuring deposits not on deposits insured, and therefore presumably benefited, but on the basis of total deposits. When it appears that in some instances only five or six per cent of the deposits on which the cost is based will be insured under the law, the unfairness of the proposal becomes too obvious for comment.

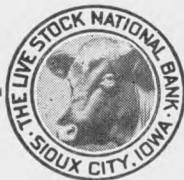
What can we do about it all?

For one thing, it seems to me a *place of refuge must be preserved for the sound bank in the continued right to operate under a state charter and without membership in either the Federal Reserve System or the Federal Deposit Insurance Corporation.* We should bend our efforts to ensure the preservation of the system of state banks so as to make it possible for a bank to escape from the burdens of the insurance of the deposits of other banks, and conduct its business on its own worth and merit.

For another, *we can discontinue the purchase of obligations of government so long as there appears no end to unbalanced budgets.*

Finally, we can learn a simple lesson: \$2,430,000,000 of government obligations have been purchased by the Federal Reserve Banks on the stated theory that the creation of additional credit and consequent reduction of interest rates would

(Turn to page 38, please)



OUR CORRESPONDENT in Sioux City

OFFICERS

A. G. Sam, President
C. L. Fredricksen, Vice-President
M. A. Wilson, Cashier
W. G. Nelson, Asst. Cashier
W. C. Schenk, Asst. Cashier

Most bankers send their Sioux City livestock, grain and hay items direct to this institution in order to avoid the costly delay of roundabout routes. Make certain of immediate return on your collections by sending them direct to the Live Stock National Bank of Sioux City.

Live Stock National Bank
Sioux City, Iowa

"THE BANK AT THE YARDS"

SELLING THE BANK'S SERVICES DIRECT

(Continued from page 10)

do not know it, even though you think it is absolutely not so in your institution, the bulk of any bank's growth (after its first year or two) comes from word-of-mouth recommendations freely given by one customer, then another, then another—until, behold, the man you may never have heard of walks in one fine morning, comes up to the first officer he sees and says, "I want to open an account." In other words, no matter how much credit the heads of the busi-

ness extension department may take unto themselves, the most productive selling of the bank is done by customers in the casual conduct of their own business in the locker-room at the golf club, over a neighborly table of contract bridge.

How can we induce the customer to do this selling? Well, the bulk of that is entirely out of the hands of the new business men. To an extent it depends upon the attitude of the officers who handle the accounts. To a far greater extent, I honestly believe, it depends upon tellers and floor men, upon the transit clerks and check sorters, upon the bookkeepers and the elevator men. A satisfied customer is created,

more times than not, by a smile and a human "Good morning!" at the payer's window. By loaning which hits that happy medium of genuine helpfulness without even a suspicion of recklessness. By prompt collection of drafts and items on out-of-town points. Most of all, if the truth could be dug out, by those merit marks acquired, unrealized by the customer, through statements which balance out at the end of the month, returned vouchers which never include those of J. Smith in John Smith's envelope, book-keeping which never debits an item to the wrong account resulting in unwarranted return of checks as N.S.F. when actually there is money to spare in the account.

When all of these relations with the bank are satisfactory, there develops in the minds of the customers a conviction that here is a really fine bank to do business with, and in their hearts a determination to do something to show their appreciation. Whereupon we of the business extension department are enabled to send in semi-annual reports starting, "The growth of the bank through the addition of new customers has this year followed the precedent of former years, and reflects the hard, intelligent sales effort which has been applied by this department."

"Selling" the Customer

But it is not enough merely to expect good service to fill the minds and hearts of customers a-bursting with sales enthusiasm for our bank. Some of them will thus spontaneously generate enthusiasm. Others will go along for twenty years of complete satisfaction, during which they will keep their satisfaction completely to themselves, and never send in a new account. This passive state of mind can, however, be turned into a more dynamic and productive state by a little well-aimed missionary work by the officers and employees of the institution. Which leads me into a No Man's Land midway between two sub-headings of the outline so thoughtfully supplied by your Program Chairman. One heading is selling through customers. The next is selling through the entire staff. My intermediate heading, to which I shall devote a very few words though lightning strike me down for thus deviating from their road map, might be termed "How the entire staff can make customers want to sell."

For example, one department head of my acquaintance is forever confiding to customers that his institution does not need an elaborate system for controlling checking against uncollected funds, that this is taken care of by selecting carefully as customers only those individuals and firms who can be trusted both as to honesty and resources. Now this is undoubtedly true of his bank; it has a very high grade of

(Turn to page 40, please)

T

HE 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, Sr., President

Frederick R. Jones, Vice Pres.

Fritz Fritzon, Cashier

until its consolidation with the Omaha National bank, died recently at his home. He had been ill since April 1st with heart disease.

Born in Germany, Mr. Scheibel came to Omaha when eight years old. He had lived there since.

New Bank

St. Edward, in Boone County, is now served with a bank. J. A. Indra of Clarkson, since 1918 connected with the Farmers State bank, now liquidated, is president, and E. W. Burdic of David City, associated with the National City bank in that city, is cashier. St. Edward people are also interested in the new bank, which has an authorized capital of \$25,000, and \$2,500 surplus.

Change in Officers

Harlan Cratty, who has been for some time an employe of the National Bank of Neligh, has resigned and accepted a position in Omaha. C. H. Pagel takes his place in the bank in Neligh.

Bank Reports

Assets of 294 going state banks in Nebraska on June 30th, the date of their last reports to the state banking department, totaled nearly \$76,000,000—an average of about \$258,000 apiece.

Their total deposits were a little over \$64,900,000 being an average of \$220,000 per bank.

Loans and discounts on the date mentioned stood at $26\frac{1}{4}$ millions; cash reserve

in other banks, almost 27 millions; bonds and securities, above 18 millions; cash in own vaults and other cash items, about \$1,850,000.

The cash reserve of the 294 banking houses was 43 per cent of deposits, with an additional 28 per cent held in bonds and other approved securities, making the total reserve ratio 71 per cent—more than four times as much as the state laws require.

Capital stock of the banks totaled \$7,736,500, of which \$2,064,200 was preferred stock sold principally to the RFC during the past two years. The other \$5,672,300 was common stock in the hands of officers, directors, and shareholders.

Aggregate surplus and undivided profits were over \$1,800,000, with an additional gross reserve of \$442,000 for contingencies.



A correspondent banking connection with assurance of individual attention

It is traditional at The Northern Trust Company that our officers and personnel devote close, individual attention to the problems brought to us by clients. The development of friendly customer relations is a requisite here. And in the forty-six years of its history the bank has made many staunch friends. From bankers throughout the country who appreciate a correspondent connection of this nature, inquiries are invited.

THE NORTHERN TRUST COMPANY

NORTHWEST CORNER LA SALLE AND MONROE STREETS, CHICAGO

Fifty Years

Greetings in the form of magnificent floral bouquets were received recently by the First National bank of West Point when it observed its fiftieth anniversary.

Hundreds of friends and patrons of the bank called to extend good wishes and to receive souvenirs of purses, key rings and bill folds commemorating the occasion.

Among the floral displays were bouquets from officers and directors of the Federal Reserve bank of Kansas City, the First National bank of Omaha, the Live Stock National bank of Omaha and Mrs. Catherine Moodie of West Point.

In Alliance

A proposal has been submitted to the Alliance chamber of commerce by Alliance bankers incorporating a plan to consolidate the sixth and seventh districts of the Nebraska Bankers association if the annual convention can be held at Alliance, most centrally located city in the enlarged district.

The district would include the western half of the state and since bankers from neighboring states, live stock men, farmers, railway officials and many others attend the annual meetings the convention would be about as large as the Nebraska stock growers association annual meeting.

Plans include a nominal assessment against each bank in the district to pay the expenses of the annual meeting, but the convention city must provide the meeting place.

SELL YOUR BANK

The "Walters" Way
Without Publicity

Qualified, carefully investigated bank employees furnished free

THE CHARLES E. WALTERS CO.
Omaha, Nebraska

First National, Nashwauk; D. G. Johnson, First National, Hawley.

To Change Location

An application was recently made by officers of the Farmers State Bank of Urbank, Minn., to the State Securities Division for authority to transfer the charter of the bank to Morris and to operate a bank there under the name of the Morris State Bank.

Urbank is located about 22 miles northwest of Alexandria. The officers of the Urbank Farmers State Bank are George J. Kraemer, president; Mary Kraemer, vice-president; and Daniel Stang, cashier.

To Princeton

M. A. Bell, who has been with the Regional Agricultural Credit corporation in Minneapolis, has moved to Princeton to assume the position of cashier in the Princeton State Bank. He succeeds Miss Ruth Herdliska, who has accepted a position with the Federal Housing Administration in its offices in Minneapolis.

Mr. Bell was born in Glencoe. He received his early training in the First National Bank in that city. In 1903, he was transferred to Plato as cashier succeeding his brother, George, in the bank at that village. He filled that position until January 9, 1933, when its owner, Charles H.

Klein, of Chaska, liquidated it 100 cents on the dollar. From Plato, Mr. Bell went to the Minneapolis head office of the Regional Credit Corporation.

Director Resigns

O. D. Ostby, a stockholder and director of the Union State Bank, Thief River Falls, since its organization in May, 1930, recently tendered his resignation as director. At the same time Mr. Ostby disposed of his stock in the institution to the present stockholders. E. O. Peterson of Belle Plaine was named to fill the board vacancy, and was formally elected cashier.

A GENERAL BANKING SERVICE



• PIGS IS PIGS •

A tremendous flow of Banking Transactions, based on Pigs, passes daily across the counters of the Drovers. For the Drovers National cooperates closely with Country Banks in rendering a specialized service to thousands of Live Stock Shippers. From the Producer to the Commission Firm; from the Packer to the Merchant, the Drovers Service multiplies itself many times as Pork Products speed along the channels of distribution to the Ultimate Consumer.

DROVERS NATIONAL BANK DROVERS TRUST & SAVINGS BANK

Union Stock Yards - CHICAGO

New Bank

Within a few weeks, Pine River will have a bank, after being without one for nearly six years. This was learned following a meeting of some business men with Oscar Dahl and Arthur J. Waldon, president and cashier of the Farmers State Bank of Guthrie.

The name will be changed to the Pine River State Bank. A location has not as yet been selected.

Pine River men chosen as directors for the new bank are P. E. Lindberg, F. L. Hill, and T. E. Hill, all residents for many years and closely associated with the development of the community. F. L. Hill is further qualified to serve as he was formerly president of the State Bank of Pine River. Mr. Dahl and Mr. Waldon will continue as officers in the new bank.

A. I. B. Election

Lyle Morcomb of the First National Bank was elected president of Winona chapter, American Institute of Banking, at a recent chapter meeting at the Winona National & Savings Bank.

Other officers chosen by the chapter are Harry Busdicker, Winona National & Savings Bank, vice president, and Norman Schellhas, Merchants Bank, secretary-treasurer. Joseph H. Knopp and Joseph E. Krier, both of the Merchants Bank, were elected to the board of governors for three years and S. J. Kryzsko of the Winona National & Savings Bank was elected to fill a vacancy on the board for a term of one year. Other members of the board are Harold Workman and Clarence Fiedler of the First National Bank and Richard S. Deeren of the Winona National & Savings Bank.

Propose New Bank

Possibilities of opening a bank in Wendell were discussed at a recent meeting of business men. L. M. Severeid, a banker from New London, outlined a proposition in which he would furnish a certain amount of capital, provided the business

subscribed the rest. The present banking law demands at least \$12,500 as capital.

Move to New Prairie

Recently the Farmers State Bank completed the moving of their banking equipment into temporary quarters in the vacant bank building at New Prairie, where they will continue their business in the usual way. They report that their new quarters are complete in every way as to vault and fixtures.

Brief News

S. E. PETERSON, assistant cashier of the First State Bank, Wykoff, for the past four years accepted a position with the Security finance Co., Spring Valley. He is succeeded by Lyman Fries, formerly with the First State Bank, Mable.

ACCORDING to a recent statement of the Citizens State Bank, Big Lake, deposits subject to check are \$51,600 and time and savings deposits are \$52,758.

THE WRIGHT COUNTY State Bank, Monticello, now has deposits of well over \$230,000, an increase of about \$75,000 since moving here from a nearby town about five months ago.

THE ELGIN State Bank, Elgin, which was organized last May now has deposits of around \$85,000. The capital is \$10,000.

THE FIRST NATIONAL Bank, St. Charles, which consolidated with another bank in the town last May, now has deposits of over \$700,000. Crops have been severely damaged in this territory by excessive rain and wind.

SERVICE CHARGES made by Hastings banks on checking accounts are as follows: Accounts averaging less than \$50 on which checks have been paid are charged 50c and 5 free checks are allowed. Additional checks over 5 are charged 2c each. Accounts averaging \$50 and over, one free check is allowed for each average balance of \$10. These banks also make a float charge on out-of-town checks deposited to the account which is 5c on items up to \$10 and items between \$10 and \$100, 10c. On all items over \$100 and up to \$200, 15c. On all items over \$200 the charge is 17c per \$1,000 per day.

Banks at Red Wing also use this same service charge.

A MEETING of bankers of the five counties comprising the Western Minnesota Clearing House Association met in annual convention recently at Morris. Secretary Duncan, who was the principal speaker at the meeting, discussed the 1935 Banking Bill.

Customers never, and banks seldom, give thought to the efficiency with which checks are collected and accounted for through the highly developed system which characterizes the mechanical features of American banking methods.

The country-wide average cost of less than three cents per item is an achievement not equaled by any other business or governmental agency.

We take pride in the daily contribution which this bank makes to this indispensable public service.

...THE...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

Capital and Surplus.....\$30,000,000

New officers elected are: Harry Frisbee, president, president of the Babcock National Bank; C. G. Leman, vice president, vice president of the State Bank of Wheaton; and secretary and treasurer, E. J. LaFave, cashier, Citizens Bank, Morris. Directors of the Association are: F. L. Collins, J. P. Brendal, Edward S. Olson, A. J. Reichmuth, and Gordon I. Kristensen.

W. O. SOHRE, cashier of the State Bank of Wood Lake, has returned from a three-week's vacation in the east. His trip included a trip to Washington, D. C., and other places of interest.

A. F. MEYER is the new president of the Northfield National Bank & Trust

Company, succeeding the late E. V. Nelson. Prior to his association with the Northfield National, he has been connected with the First Bank Stock Corporation offices in Minneapolis.

CHARLES BURDEAU has been named manager of a branch of Harris, Upham & Company which has opened recently in Minneapolis. Mr. Burdeau will handle the business of the grain department.

INDEPENDENT BANKERS who recently took a trip to Yellowstone National Park have returned to their homes, reporting an excellent trip to this popular section of Wyoming. There were twenty-three members of the party, and they oc-

cupied a special car placed at their disposal by the Northern Pacific Railroad.

THE STATE BANK of Danube, a new institution in Renville county, opened last month. The new bank has a capital of \$10,000, and a surplus of \$2,000. Officers of the bank are: George Kircher, president; and Frank Kircher, vice president. These men are also officers of the Citizens National Bank of Olivia. G. H. Klatt is cashier of the new institution.

ANOTHER NEW BANK opening last month was the Greenbush State, capitalized at \$12,000. N. O. Follen is the cashier. Other officers are: George P. Pihlstrom, president; and Andrew W. Clay, vice president. Carroll Anderson of Greenbush is assistant cashier.

MEMBERS of the Hennepin Rural Bankers Association met on August 22nd for their annual meeting and election of officers. The gathering took place at the Hotel Del Otero in Spring Park.

A. A. DAHLBERG, of the Northwest Bank of Minneapolis, has returned from his vacation. Mr. Dahlberg has been with the Northwest National for the past fifteen years.

GEORGE W. PEARSON, formerly vice president of the Continental Illinois Company, Chicago, has been made vice president of Stifel, Nicolous & Company of Minneapolis, in the corporation department. Mr. Pearson has been connected with the bond business since 1903.

FOLLIES OF FEDERAL FINANCE

(Continued from page 30)

stimulate business. For two years large amounts of unemployed funds in the form of excess reserves have been available and now aggregate more than \$2,000,000,000. These facts have not resulted in stimulating borrowing by business. The lesson is that further increases in surplus funds will not do so.

We must realize that if confidence exists, funds for the needs of business will be found, but that so long as continuing and ever-changing experimental monetary and fiscal policies of government prevent the return of confidence, so long as government continues in competition with private enterprise, and continues its threats and attacks upon business, so long as no limit is in sight, to increasing debt and therefore to ultimate taxes, no amount of surplus funds available will result in the restoration of business activity.

AN INDEPENDENT COURSE

Traditionally, Central Hanover has held to an independent course in the financial world.

Its policies have always been free from external control.

Customers know that these traditions govern Central Hanover today.

**CENTRAL HANOVER
BANK AND TRUST COMPANY**

NEW YORK



NORTH DAKOTA



GUY COOK
President

News

OFFICERS NORTH DAKOTA BANKERS ASSOCIATION

President.....Guy Cook
Carrington
Vice President...Frank T. Merrill
Minot
Treasurer.....A. C. Brown
Hannaford
Secretary.....C. C. Wattam
Fargo

Banker Dies

Milton T. Chase, Wimbledon banker and business man, passed away recently at the Worrall hospital at Rochester, Minnesota.

Mr. Chase had been ill for about a year and for three weeks was in the Rochester hospital. The cause of his death was kidney trouble.

He was born January 21, 1888. He is survived by his wife and several children.

Warning

The First National Bank of Bismarck advises that an individual who represents himself to be C. T. Boone, Jr., a representative of the Associated Press, has been operating in North Dakota and South Dakota for the last two months, during which time he has drawn in the neighborhood of six or seven checks on this bank. He has never carried an account with them, and he is not a representative of the Associated Press. The last check received was from the First National Bank, Parker, South Dakota.

A. B. A. Convention

The annual convention of the American Bankers Association will be held at New Orleans November 11th to 14th, inclusive. Any bankers from North Dakota contemplating attending should address Dale Graham, chairman of the Hotel Committee, care of National Bank of Commerce, New Orleans, for hotel accommodations.

It is customary each year to run a special train out of Chicago, known as the Fall-Tonic Special. This special will leave Chicago for New Orleans probably on the evening of November 8th. It is also reported that arrangements will be made for a "get-together" affair in Chicago before leaving. Any banker desiring to make reservation for space on the special train should address W. G. Edens, care Terminal National Bank, Chicago.

New Cashier

K. M. Orgain, of Wilbaux, has been selected as cashier of the Farmers State Bank, replacing Lou Thompson, who resigned.

Litigation

The State Bank of Streeter and the First State Bank of Gackle, have pending some litigation involving the legality of the law prohibiting the issuance of tax deeds on certificates that were issued prior to the enactment of the tax deed moratorium law. This litigation will undoubtedly go to the Supreme Court for final opinion, and both the Streeter bank and the bank at Gackle ask that other banks having an interest in similar litigation take the matter up with them at once.

Bank Robberies

The Criminal Identification Bureau at the penitentiary at Bismarck, is interesting itself in all major crimes committed in North Dakota, and endeavoring to do what it can to assist in the apprehension of the criminals. Often times when a bank robbery is committed, the banker in another town may pick up some information which might be of invaluable assistance in identifying the bandits. It is suggested that should any of this information at any time come into the hands of any banker in the state, that he forward it to the Criminal Identification Bureau, in care of the penitentiary at Bismarck.

Brief News

THE LINCOLN State Bank, Glenburn, has changed its corporate headquarters to Hankinson, North Dakota. The title of the bank remains the same.

THE SECRETARY of State has issued a certificate renewing the term of corporate existence of the Farmers State Bank

of Lisbon for a period of twenty-five years.

R. F. SHOEMAKER has accepted a position as assistant cashier of the Farmers & Merchants State Bank of Tolna, succeeding Lars Frydendal, who has resigned.

O. W. SMITH has been elected assistant cashier of the Citizens State Bank, Rugby, succeeding John Finnegan, who has resigned.

P. J. EDKINS, formerly assistant cashier of the Farmers & Merchants Bank, Beach, is now cashier of that institution, succeeding C. O. Halverson, who has resigned.

CONRAD FREEBERG succeeds C. M. Freeberg as assistant cashier of the Mercer State Bank.

NEW OFFICIALS in the Merchants National Bank & Trust Company of Fargo are: Clarke Bassett, vice-president, and Earl L. Shaw, cashier. Mr. Bassett comes to Fargo from Bozeman, Montana, where he was vice-president of the Commercial National Bank.

WARREN N. STEELE, formerly a resident of North Dakota and well-known as banker and business man in the northwest, died recently in his home in California. Mr. Steele was the founder of the First National Bank of Rolla and also was in business for a number of years in Grand Forks.

SEVERAL THOUSAND people gathered last month to welcome the opening of the Lincoln State Bank in Hankinson. The Lincoln State moved to the latter city from Glenburn. The bank occupies the old First National building in Hankinson and maintains an office at Greenbush. F. O. Foley is cashier of the institution.

Northwestern Banker September 1935

SELLING THE BANK'S SERVICES DIRECT

(Continued from page 32)

customers, and is pretty choosy about taking on new ones. But note, please, the keen psychology of that proffered confidence. It tells the customer in so many words, "You're one of a very carefully selected class of people, and we trust you because we know you are worthy of it." Likewise it gives the customer something that he can tell to his friends as interesting chat about his bank, which at the same

time reflects great credit upon his character and standing, and does so without any direct bragging. And the friends? Why, they begin to wonder, "Do you suppose the Eighty-third National would take me on? Why, doggone it, of course they would. I'm certainly as honest, and I think I'm a little sounder, financially, than my friend, 'Bill,' who already banks there." After a man has been keeping in the back of his head for years the conviction that an account at the Eight-third is a badge of distinction, some day when the teller at his old bank gives him a dirty look, he marches across the street and transfers his

business to the Eight-third. That is what I mean by making customers want to sell.

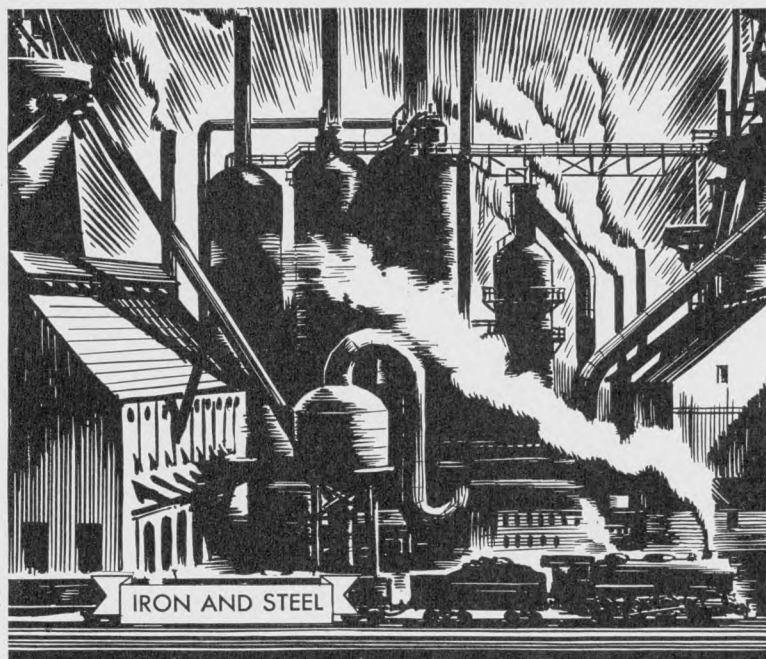
The big advantage of a large force of customers actually selling the institution is their unbelievable effectiveness. Not to be ignored, however, is the additional advantage that this sales force doesn't cost the bank a nickel. Just give 'em good service to keep 'em satisfied. Then give 'em a few facts to talk about, which facts can be dragged naturally into conversation with their friends. Man, alive, a big-city bank can have thousands of unpaid salesmen making a call or two per day in its behalf! And even in a small town, there may be dozens of them.

Staff Selling

Here is another sales force that has the self-same advantage of not costing anything: Your staff of employes and officers. The entire bank force can and should be equipped to sell the bank—everybody from the Chairman of the Board down to the women who scrub out at night and never see the bank during banking hours. Incidentally, a few years ago a bank in Chicago had a scrubwoman who sent in so many savings accounts during a contest that a vice president made a point of stopping in at the bank one night after the theatre to see what manner of person she was. He found a plain, hard-working, Polish woman, who speaks very poor English, but who somehow had gained the unshakeable belief that her bank was the best bank with which to do business. So, during the waking hours of her comparative leisure, she was forever telling her Polish friends that they ought to open savings accounts with this bank. So far as I know, she had never until this evening spoken with either an officer or an employe of the bank whose work had anything to do with the banking functions. But she certainly brought in a lot of business!

Tellers and officers have the best chance to do effective selling, simply because they are in direct contact with the public which comes into the bank on banking business. Obviously they need to be equipped with a knowledge of those things which will help them to sell. How about the folks behind the scenes, whose existence is disclosed to customers only by the sound of bookkeeping machines and by an occasional glimpse through an opened door? Well, it seems to me that these people are sufficiently important in a comprehensive sales plan so that they must not be ignored. Although they do not meet customers of the bank in the course of business, they have spreading circles of personal friends, many of whom might be turned likewise into desirable customers. And most of these friends, knowing nothing about the details of bank operations and little more about just what jobs their friends occupy at the bank, think of these friends as bankers even

(Turn to page 47, please)



A COMMERCIAL BANK THAT AFFORDS
ITS CORRESPONDENTS CLOSE CONTACT
WITH EVERY IMPORTANT INDUSTRY

**CONTINENTAL ILLINOIS
NATIONAL BANK AND
TRUST COMPANY**
OF CHICAGO

IOWA

News



M. W. ELLIS
President



FRANK WARNER
Secretary

OFFICERS IOWA BANKERS ASSOCIATION

President.....Melvin W. Ellis Charles City
Treasurer.....N. P. Black Perry
Vice President...George C. Swiler Burlington
Secretary.....Frank Warner Des Moines

President Ellis Names Committees

ELEVEN committees which will assist in carrying on the work of the Iowa Bankers Association for the coming year have been named by M. W. Ellis of Charles City, association president.

Personnel of the committees includes officers of all types of banking institutions and trust companies. The 96 bankers composing the committee represent 64 Iowa counties.

A complete list of committees follows:

AGRICULTURE—C. S. Rye, Manly, chairman; R. M. Messerschmidt, Des Moines; C. J. Obrecht, Holstein; H. J. Richards, Allerton; A. J. Roberts, Albia; George H. Paulson, Onslow; H. T. Orr, Monona; Harry C. Faulkner, Anita; George A. Freeman, Cylinder; Thomas L. Evans, Beaman; M. H. McDonald, Morning Sun.

BANKING CODE—Frank C. Welch, Cedar Rapids, chairman; L. J. Schuster, Clinton; E. C. Moody, Nora Springs; John A. Dunlap, Keokuk; R. W. Turner, Council Bluffs; E. R. Haines, Decorah; T. R. Watts, Grand Junction; D. H. Ellis, Greene.

BANK TAXATION—Herbert L. Horton, Des Moines, chairman; Harry W. Schaller, Storm Lake; E. D. Huxford, Cherokee; H. C. Burns, Auburn; J. F. Kennedy, New Hampton; Rudolph W. Weitz, Des Moines; Charles I. Danforth, Burlington; J. P. Thomson, Cresco; R. D. Swartlender, Tipton.

EDUCATIONAL—Ben S. Summerwill, Iowa City, chairman; W. R. Goodman, Greenfield; C. J. Adams, Dyersville; C. E. Baylor, Sigourney; C. O. Wilkinson, Mason City; C. C. Cook, Booneville; H. C. Steele, Cherokee; C. E. Watts, Pocahontas; C. A. Edmonds, Muscatine;

B. O. Ball, West Burlington; Frank Hoffmann, West Side.

FEDERAL RESERVE—S. E. Coquillette, Cedar Rapids, chairman; A. M. Lowrey, Fort Madison; H. E. Ross, Shenandoah; George W. Woods, Council Bluffs; H. M. Carpenter, jr., Monticello; E. W. Jones, Des Moines; W. K. Bramwell, Hampton.

INSURANCE—J. L. Campbell, Humboldt, chairman; J. H. Peterman, Clarinda; W. A. Lane, Marshalltown; E. E. Sapp, Buffalo Center; J. W. Edge, Emmetsburg.

LEGISLATIVE—H. R. Young, Arlington, chairman; F. D. Williams, Iowa City; G. L. Scoles, Manson; O. A. Otto, Atlantic; R. S. Kirkpatrick, West Liberty; Wayne C. Currell, Estherville; V. O. Figge, Davenport; V. D. Koons, Britt; B. A. Gronstal, Council Bluffs.

GLASS-STEAGALL BANKING ACT—Fred J. Figge, Ossian, chairman; F. E. Boyd, Colfax; George J. Hess, Carroll; Paul H. Huston, Cedar Rapids; J. E. Ashton, Lone Tree; V. P. Cullen, Fairfield; W. W. Blasier, Jesup; A. M. Hauser, Charles City; D. W. Bates, Des Moines.

TIME LOCK—J. H. Pullman, Sidney, chairman; Clay W. Stafford, Ames; A. J. Miller, Hopkinton; G. H. Bringolf, Grafton; F. C. Moeller, Fort Dodge; A. C. Clapp, Harlan; L. T. Bicket, Reinbeck.

TRUST BUSINESS—C. F. Harris, Gladbrook, chairman; C. F. Fredricksen, Sioux City; I. L. Wright, Des Moines; G. O. Van Derveer, Waverly; F. R. Jones, Sioux City; Wayne C. Currell, Estherville; R. S. Howard, Oskaloosa; L. B. Bartholomew, Des Moines; M. O. Sagers, Maquoketa.

BANKING AND AGRICULTURAL CREDIT FACILITIES—B. F. Kauffman, Des Moines, chairman; W. T. Robinson, Newton; W. J. Lewis, Harlan; W. N. Grant, Indianola; E. S. Van Gorder, Audubon; Robert W. Waite, Waterloo; Albert C. Lantzky, Dubuque; Horace B. Olds, Charles City; W. G. C. Bagley, Mason City.

Sells Stock

H. C. Scheppe has sold his stock in the Titonka Savings Bank and is taking over a bank at Cassville, Wis., a place of about 900 population. The Scheppees came to Titonka from East Chain, Minn., where Mr. Scheppe was cashier in a bank, ten or twelve years ago.

Transactions Gain

A gain of \$5,478,000 in check transactions through banks was registered in nine major Iowa cities for the week which ended August 21st, as compared with the like week of 1934.

Every reporting city in the state showed gains, with the exception of Cedar Rapids, where the loss was negligible.

New In Maquoketa

Officers and directors of the new Maquoketa Bank & Trust Co. have announced the opening of a new institution in Maquoketa. The new bank is an outgrowth of the Security Savings Bank of Zwingle which consolidated with local stockholders to form the new bank and add to the capital.

The new bank occupies the building in Maquoketa known as the First National

bank building and is a member of the Federal Deposit Insurance corporation.

F. J. Stebor, former cashier of the Security Savings Bank, has been elected as president; John A. Kaler is the new vice-president, and H. R. Joiner, who has been identified with the state banking department for several years, has been elected as cashier.

Former Banker Dies

Charles Hayden Colby, 65, founder of the town of Moneta, Iowa, formerly Hartley, Iowa, banker and Des Moines real estate man, died at his home recently.

Mr. Colby, born at Clifton, Ill., August 12th, 1870, came with his parents to Hartley, Iowa, when his father brought a group of French settlers to take up railroad lands thereabouts. He attended college at Mount Vernon, Iowa, and later, with his mother took over the Hartley banking business of his father.

Increases Capital

The First National Bank of Hampton has increased its capital from \$50,000 to \$75,000, according to Willis K. Bramwell, president. Fifteen thousand was taken from the undivided profits and added to

the surplus fund making a total capital and surplus of \$100,000.

Stock Sold

The campaign to sell stock in the proposed State Bank of Wapello, was closed last month when all stock was subscribed.

H. B. Hammer, who has been active in promoting the organization, states that notices have been sent to subscribers asking them to deposit the money for their stock in the Burlington Savings Bank at Burlington, Iowa, for which interim receipts will be issued.

The date of opening the bank depends upon the promptness in paying the money for stock subscriptions.

New Bank

Last month it was definitely announced that a new bank would be organized at Galva, with W. H. Bischel of Aurelia, director of the bank in Alta, as vice-president. The new bank at Galva will be known as the First Trust and Savings Bank, and it is planned to have it ready for opening early in September.

No Collateral

The Mason City Gazette prints the following regarding W. G. C. Bagley, president of the First National bank of that city:

"Mr. Bagley was presented to Iowa publishers recently in happy manner by John Huston, publisher of the *Ottumwa Courier* and president of the Iowa Daily Press association.

"Mr. Bagley is a banker," said the genial Ottumwan. "I am authorized to announce to you that if any of you publishers need a loan, you can get it from Mr. Bagley's bank without collateral. Friends, I present Mr. Bagley."

"The local banker arose and, with his good-natured smile, made his speech in these words:

"With regard to Mr. Huston's announcement of loans to you without collateral, may I say that he has his facts about as straight as newspapers usually get things."

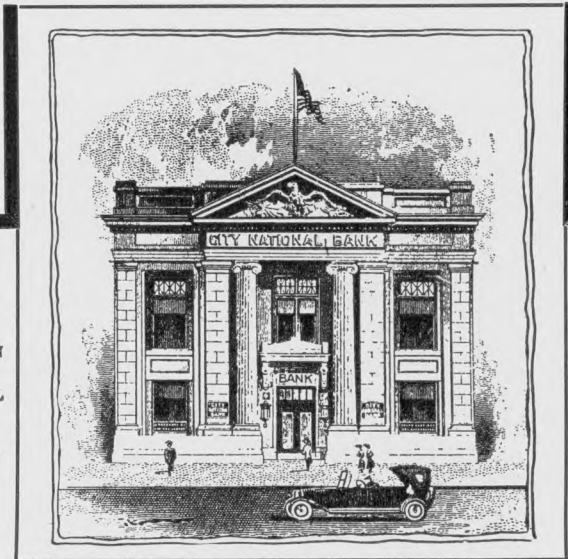
"And Mr. Bagley got a great laugh and hand from those whom he chided so pointedly."

On Banking Board

John L. Campbell of Humboldt has been appointed to the state banking board.

The appointment, which runs until July 1, 1937, was made to fill the vacancy created by the recent death of M. E. Tate of Keokuk.

The banking board, composed of representative bankers throughout the state, meets periodically to consult with the state superintendent of banking on banking laws and regulations.



Clinton County's Largest Bank

OFFICERS

E. L. MILLER
Chairman of the Board

W. A. ANDERSON
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

E. JOHANNSEN
Assistant Cashier

H. M. OLNEY
Assistant Cashier

F. E. CONOVER
Assistant Cashier

F. H. HAMANN
Assistant Cashier

R. A. W. LATIMER
Comptroller

E. H. JORGENSEN
Asst. Trust Officer

For Your Business in Clinton

The tradition of years long past built up within the City National Bank a standard of service and cooperation which won for it and has held with it a great number of loyal customers and correspondents.

We welcome your account.

THE CITY NATIONAL BANK

CLINTON, IOWA

DIRECTORS

W. A. ANDERSON President	G. L. CURTIS President Curtis Companies, Inc.	F. H. VAN ALLEN President J. D. Van Allen & Son, Inc.
C. A. ARMSTRONG President C. F. Curtis Company, Inc.	MILO J. GABRIEL Vice President President Gabriel Lumber & Fuel Co.	F. J. WARD Vice President and General Manager Eclipse Lumber Co.
A. A. BENTLEY President Fidelity Life Association	E. L. MILLER Attorney	G. E. WILSON Pres. Clinton Bridge Works

Takes Life

Theodore Rohwer, 55, president of the Schleswig Farmers State Bank, died recently from a wound self-inflicted.

Poor health is believed responsible. Two sons and a daughter also are reported ill. Two months ago another son was killed in a California mine accident.

Rohwer shot himself in the temple with a revolver.

Vigilance System

A vigilance system around all Iowa banks was suggested last month by the association, in a bulletin to its members.

It was urged that each bank employ a plain clothes guard to keep a close watch on strange persons and "suspicious characters" seen around the buildings.

The large number of unsolved bank holdups in Iowa during recent weeks prompted the bankers' association to issue the bulletin.

Dispose of Office

The Farmers State Bank of Merrill, has disposed of its banking office in Westfield to the Akron Savings Bank, which took charge of the business last month. J. E. Brady, cashier of the Akron bank will be in charge of the office and will give three hours a day service at Westfield.

The office has been in charge of Mrs. M. O. Nelson since the bank charter was moved to Merrill several years ago.

Banker Dies

Funeral services were held recently in Akron for Boyson Ross, 77, president of the Akron Savings Bank, and pioneer citizen.

Mr. Ross died at the home of his son, Dr. F. B. Ross, in Kalispell, Montana.

Mr. Ross, who retired from the grain business in Akron twenty years ago, was accompanied to Kalispell by his nephew, Karl A. Youngstrom, and Mrs. Youngstrom. Mr. Ross died several hours after arriving at Kalispell.

Name McCleary

R. J. McCleary, assistant cashier of the Security State Bank, Keokuk, has been named acting cashier of that institution, thus filling the vacancy caused by the death of M. E. Tate. The action was taken by the board of directors of the bank, at a special meeting.

Mr. McCleary will have been associated with the Security State Bank for eighteen years in October of this year. He entered the bank in 1917 and served continuously as assistant cashier with the exception of a period of four months when he was in Los Angeles, and was associated with the Security Trust and Savings institution of that city.

Consolidation

The two banks in Silver City, the Farmers State Bank and the Silver City State Bank, formed a merger recently, combining their capital and resources under the name of the latter and using their place of business and electing officers from both institutions for the new officary which is as follows:

M. Kehoe, president; J. G. Flanagan, vice president; R. P. Galt, cashier; J. H. Kruse, executive vice president.

The new directors are: M. Kehoe, J. G. Flanagan, James Burgoin, C. D. Greenwood, C. H. Kruse, Harry Maddocks, and Otto Mass.

They are operating under a capital stock of \$25,000 and \$10,000 surplus.

Resigns

Miss Marie Imhof, who has been associated with the banking institutions in Wayland since January 1, 1917, had resigned her present position as assistant cashier of the Wayland State Bank. Miss Imhof's resignation will become effective September 7th.

Fifty Years

Last month, on August 23rd, the First National Bank of Wayne completed a

DIRECTORS

B. F. KAUFFMAN	<i>President</i>
S. C. PIDGEON	<i>Vice President</i>
R. R. ROLLINS	<i>Assistant Cashier</i>
PAUL BEER	<i>President, The Flynn Dairy Co.</i>
DR. O. J. FAY	<i>Surgeon</i>
HENRY FRANKEL	<i>Treasurer, Younker Bros.</i>
J. G. GAMBLE	<i>Attorney</i>
J. W. HOWELL	<i>Vice President, Warfield-Pratt-Howell Co.</i>
F. W. HUBBELL	<i>Vice-Pres.-Treas., Equitable Life Ins. Company of Iowa</i>
J. W. HUBBELL	<i>Vice President, F. M. Hubbell Son & Co.</i>
S. L. SHEUERMAN	<i>Pres., Sheuerman Brothers, Inc.</i>
JOHN D. SHULER	<i>Pres., Shuler Coal Co.</i>
L. B. BARTHOLOMEW	<i>Trust Officer</i>

Definite Advantages

In strength of resources, in experience of personnel, in willingness to serve, the Bankers Trust Company offers definite advantages to other banks who carry or contemplate carrying accounts in Des Moines.

OTHER OFFICERS

C. W. MESMER	<i>Vice President</i>
C. H. STEPHENSON	<i>Cashier</i>
F. S. LOCKWOOD	<i>Secretary</i>
F. C. ATKINS	<i>Assistant Cashier</i>
WM. ELLISON	<i>Assistant Cashier</i>
A. F. ERICKSON	<i>Assistant Cashier</i>
L. NEVIN LEE	<i>Assistant Cashier</i>
L. W. WALLETT	<i>Assistant Secretary</i>

BANKERS TRUST CO.

6th and Locust

DES MOINES

Capital \$1,000,000

Northwestern Banker September 1935

half century of uninterrupted activity and service to its community, all that time under the same management. John T. Bressler, one of the founders of the institution, is still connected with the bank. Officers are John T. Bressler, Jr., president; B. F. Strahan, vice president; L. B. McClure, cashier; and Eben C. Holmberg, assistant cashier.

Traveler

B. F. Kauffman, president of the Bankers Trust Company, Des Moines, has returned from a business trip to Chicago and plans to make a business trip to

Washington, D. C., to confer with officials of the FHA and officials of the Commodity Credit Corporation with reference to making corn loans in Iowa. Mr. Kauffman is chairman of the "Committee on Banking and Agricultural Credit Facilities" of the Iowa Bankers Association.

Visits Des Moines

R. H. Barber, recently associating himself as executive vice president of the Citizens National Bank of Boone, was a business visitor in Des Moines recently. Mr. Barber formerly lived in Kearney,

Nebraska, and is still interested in the Fort Kearney State Bank at that point. Mr. Barber was former president of the Nebraska Bankers Association.

Vacation

Herbert L. Horton, president of the Iowa-Des Moines National Bank & Trust Co., and Mrs. Horton have driven to northern New York to spend a month's vacation with Mrs. Horton's family. They will return early in September.

Coquillet Wins

Frank C. Welch, president of the Peoples Savings Bank, Cedar Rapids (retiring president of the Iowa Bankers Association) and Mrs. Welch recently entertained their local club at their annual "sweet corn dinner." It is understood this annual dinner is a sweet corn eating contest and a prize appropriate to the dinner is awarded. It is reported that S. E. Coquillet, president of the Merchants National Bank, Cedar Rapids, carried off the honors, closely seconded by Harold Trewin, prominent attorney of Cedar Rapids. Mr. and Mrs. Frank Warner, of Des Moines, were among the invited out-of-town guests.

Going to A. B. A.

Iowa bankers are evincing more interest for attending the coming A. B. A. Convention than for a number of years past, which manifests that bank tension is a thing of the past. Bankers and their families can again, as formerly, begin to make plans for taking this or that trip. The Falltonic Special will probably have the largest delegation from Iowa this year than it has had for some years.

Back From Vacation

N. P. Black, cashier of the Perry State Bank, Perry, and treasurer of the Iowa Bankers Association, and Mrs. Black, have just returned from a three week's fishing and vacation trip in the Black Hills. Mr. Black owns a cottage in close proximity of Mt. Rushmore and he found enjoyment in watching the daily work of the sculptors carving the monumental figure of George Washington.

HERE AND THERE IN IOWA

(Continued from page 14)

OTTO KORTH, cashier of the First State Bank, Fredricksburg, says business is fair and he is making a few good real estate loans.

GOOSE LAKE Savings Bank make a service charge of 50 cents on checking accounts averaging under \$50 during the month. For this charge the customer is

**Over 60 years of
Service to Iowa
Banks and Bankers**

OFFICERS
HANFORD MacNIDER
Chairman of the Board
WILLIS G. C. BAGLEY *President*
CARL A. PARKER *Vice President*
ROBERT P. SMITH *Vice President*
FRED C. HENEMAN *Vice President*
WILLIAM W. BOYD *Cashier*
HARRY C. FISHER *Asst. Cashier*
ROY B. JOHNSON *Asst. Cashier*
RALPH E. WILEY *Asst. Cashier*

First National Bank
Mason City, Iowa
 Affiliated with Northwest Bancorporation

entitled to draw 5 free checks and each additional check is 4 cents. Accounts having an average balance of \$50 or over, one free check is allowed for each average balance of \$10, additional checks are 4 cents each.

THE FIRST NATIONAL BANK, Dubuque, is Iowa's oldest national bank, being established in 1864. Deposits are \$7,037,260, United States Bonds are listed at \$4,750,272. Capital is \$300,000, surplus and profits \$397,288, reservations \$70,000.

THE CASCADE State Bank has time deposits of \$236,227 and demand deposits of \$276,000.

CHECKING ACCOUNT service charges in Dubuque are \$1.00 per month on accounts averaging below \$100. Business checking accounts subject to analysis.

H. G. KRAMER, vice president, City National Bank, Clinton, believes banks should be careful not to go too far with excessive service charges. He says good will of the depositor and keeping them coming into your bank is essential.

CLINTON BANKS and most banks in the county make the following service charges on checking accounts: Average balance falling under \$100, 50 cents and entitles customer to 10 free checks. Average balance between \$100 and \$200, 15 free checks. Average balance between \$200 and \$500 entitles customer to one free check for each \$10 of average balance. Extra checks are 4 cents each.

THE FIRST NATIONAL Bank, West Union, has demand deposits of \$550,000 and time deposits of \$103,000. This gives them a ratio of better than five to one which is what most bankers are working for today.

THE FARMERS STATE Bank, St. Olaf, charge 50 cents per month on checking accounts falling below \$50 anytime during the month, do not specify any number of free checks. The Farmersburg Savings Bank, make the same service charge.

D. W. MIER, president of the Union State Bank, Monona, left August 14, for London, England to visit his daughter and will be gone about 6 weeks.

THE UNION STATE Bank, Monona, make a service charge of 3 cents for each check drawn against the account, charge 5 cents per hundred float on foreign items deposited. For cashing checks for non-customers: \$1 to \$15, 10 cents. \$15 to \$50, 15 cents. \$50 to \$100, 25 cents.

CARL GRADERT, director of the Iowa State Savings Bank, Clinton, and brother of Gustave Gradert, president of the bank, passed away August 20, at the age of 76. He died suddenly from a heart attack. Mr. Gradert was a prominent farmer and a director of the bank for many years.

BREMER COUNTY has 20 creameries, four more than any other Iowa county.

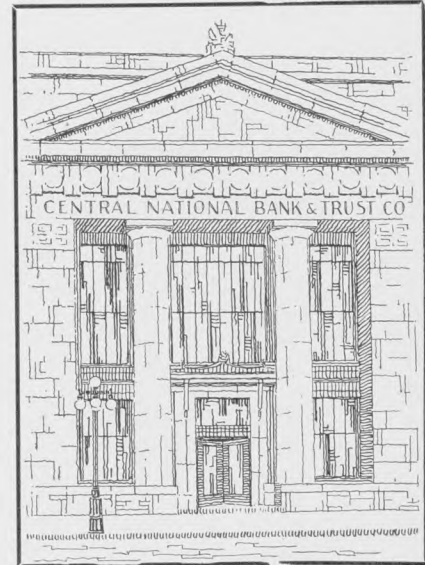
THE AMERICAN SAVINGS Bank, Tripoli, make a service charge of 50 cents

every three months against all checking accounts except churches.

C. V. NELSON, cashier, Farmers and Merchants Savings Bank, Waterville, will return the latter part of August after spending his vacation with relatives at Stockton, Kansas.

A VERY PROGRESSIVE small town bank is the Onslow Savings Bank, Onslow. Deposits here are nearly \$400,000 with a population of only 200 people. The bank has made money every year. Last year

A Complete Service To Iowa Banks



CENTRAL NATIONAL'S forty years' experience, its ability and capacity to offer complete banking service, make this your ideal correspondent in Des Moines.

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Vice President

THE OLD RELIABLE
**CENTRAL NATIONAL
BANK & TRUST COMPANY**
FIFTH AVE. Between WALNUT and LOCUST
Des Moines ----- Iowa

Established 1895

Northwestern Banker September 1935

extensive remodeling was done on the interior of the bank costing \$5,000 and a 6 per cent dividend was paid. Another dividend will be paid this year amounting to 10 per cent. Officers say they are now working for worthwhile checking accounts. This bank is not a member of the FDIC.

LITTLEPORT and Garber banks charge 25 cents per month on all checking accounts, (active). Also charge 5 cents per hundred float on out-of-town checks deposited.

THE CLAYTON County State Bank, Guttenberg, make a service charge of 5 cents for each out-of-town item deposited to the account. No other charge is made.

THE GARNAVILLO Savings Bank, Garnavillo, follow the service charges as suggested by the Iowa Bankers Association very closely.

MAQUOKETA has a new bank, the Security Savings Bank, Zwingle, having moved there and opened up for business in the building formerly occupied by the First National Bank, August 24th. It will be known as the Maquoketa Bank and Trust Company. Capital has been increased from \$15,000 to \$30,000 which will be increased to \$50,000 a little later on. All new stock was taken by Maquoketa business men and farmers. The building which will be occupied was purchased and very little re-modeling was necessary as it is in excellent shape.

Officers are: F. J. Stebor, president, who was cashier of the Zwingle Bank; J. A. Kahler, vice president, retired business man; H. R. Joiner, cashier, who has

been with the State Banking Department liquidating two banks in Maquoketa.

V. O. FIGGE will return from his honeymoon in Europe about September 10th.

THE DECORAH State Bank make a service charge of 50 cents per month on all checking accounts on which four or more checks have been drawn during the month. This charge entitles the customer to 15 free checks and each additional check is 3 cents. The bank also charges 3 cents for each foreign item deposited.

THE SECURITY TRUST and Savings Bank, Decorah, charge 50 cents on checking accounts averaging under \$100. For each average of \$100 balance carried the customer is entitled to ten debits. Items over allowable number, 3 cents each.

A RECENT STATEMENT of the Union State Bank, Winterset, shows checking accounts of \$343,280 against time money of only \$36,893. This bank was organized early in 1935.

NORTH ENGLISH uses the measured service charge of 50c on checking accounts falling below \$50 which entitles the customer to ten free checks and each additional check 3c each. Accounts having a balance of \$50 or over, one check is allowed for each \$10 balance. Checks over allowable number are 3c each.

THE CLARENCE Savings Bank, has time money of \$144,500 and checking accounts of \$203,000.

THE UNION State Bank, Richland, makes a service charge of 50c per month on all checking accounts. The charge has been in effect for some time and the bank is located right in the center of a territory where no service charges are made. F. S. Bridger, cashier, says people are perfectly willing to pay a reasonable amount for bank services rendered today and do not shop around much.

FEW FAMILIES, if any, can boast of more brothers in the banking business in Iowa, than the Bueneke brothers. L. H. Bueneke is cashier of the Maynard Savings Bank, Maynard. E. F. Bueneke is cashier of the Security Savings Bank, Scranton, and Walter Bueneke is cashier of the Iowa Savings Bank, Coon Rapids.

THE FARMERS TRUST & Savings Bank, Williamsburg, has checking accounts of \$224,600 and time money of \$174,000.

SERVICE CHARGES installed at the Delta office of the Hayesville Savings Bank which was opened for business August 1st, are \$1.00 every six months on accounts showing normal activity and \$2.00 every six months on accounts showing abnormal activity and business houses.

THE GIBSON Savings Bank makes a service charge of \$1.00 every six months on checking accounts averaging under \$500.00. Accounts averaging over \$500.00 are analyzed. One dollar is charged when the account is opened and if the account is closed before the six months are up, no refund is made.

INQUIRING about business conditions in a south centrally located bank in Iowa, the cashier of the bank called upon handed me a letter which he had just written to a depositor who had inquired when his trust certificate would be paid. The cashier remarked that the letter would explain the exact condition facing him and people in the community. The letter is reproduced below and we can be thankful that this condition extended over a *very small portion* of Iowa.

"Mr. John Smith,

"St. Petersburg, Fla.

"Dear Mr. Smith:

"We have your letter of the 16th, in regard to the \$50.00 trust certificate you hold. This section of Iowa had an absolute crop failure last year, due to the drouth. The farmers sold their live stock off for almost nothing in order to buy feed to winter the balance. They paid \$1.00 a bushel for corn and \$20.00 a ton for poor hay. Those who had credit borrowed the money to buy it, while others let their stock practically starve.

"We now have an abundant crop with two articles ready for market, timothy seed



Our complete banking facilities insure out-of-town banks and bankers prompt, efficient and economical handling of accounts in Chicago — we invite you to use our facilities.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LA SALLE STREET

and oats. Timothy seed has gone from \$20.00 a hundred to \$2.00 a hundred and oats from 75c a bushel to 20c a bushel. If other farm products, as they are produced by the drouth farmers drop in price in the same proportion, it will be hard to tell when the notes in our trust will be paid, as they are all farmers' notes.

"We are very sorry that this situation is as it is, and we are trying to do the best we can under the circumstances.

"Your truly,
"Cashier."

SELLING THE BANK'S SERVICES DIRECT

(Continued from page 40)

though their jobs may be operating a machine.

Healthy Increase

With this kind of setup, satisfied customers, informed staff, and intelligent coordination of these activities by a centralized department, a bank which deserves to grow can count on a healthy increase in business. Moreover, it can rely on obtaining this business at a cost per thousand of deposits, per dollar of earnings, or however you compute the statistics, at a cost, I say, which is not only reasonable but is downright thrifty. And because the business is put on the books by low-pressure, rather than by high-pressure salesmanship, it is the kind which does not shift easily from institution to institution; likewise the customers obtained in this way are from the outset in a frame of mind which leads to contentment and staying with the bank. All of which, I think you must agree, constitutes a set of specifications for just about the ideal set of sales activity and sales results.

As I look at your faces, I can see forming in many of your minds the question, "But why should a bank go after new business now, anyhow, when it is impossible to earn a profit on it?" Admittedly, this is a natural question under current circumstances of interest rates, yields, and the rest. Savings interest has almost nowhere been cut low enough to prevent a loss on every interest-bearing deposit in the department. Commercial loan rates are so low, and commercial loan demand is so feeble, that commercial deposits tend to cost more to handle than they can possibly be made to yield in earnings. With every deposit dollar a source of expense rather than of profit, why *should* a bank try to sell nowadays?

Now is the time, the best possible time, for a bank to do an effective job of selling. In the first place, as we have previously discussed, there exists a public psychology which distrusts all financial institutions, yours and mine among all the rest. The

only way we can upset this lack of confidence is by intelligent selling. And the best time to upset it is now, when we are not losing money by every day's delay in getting an account. Then, when better times return, our missionary work will have been done and we can cash in on it.

Again, consider these almost obvious advantages of selling in times like these. We, and every other bank, are maintaining a skeleton organization which is materially larger in some fields than the force we actually need to handle our present volume of business. If we were to let some of these key people go now, we should be endangering our readiness for a quick start when

business activity resumes. This surplus personnel permits taking on a good deal of new business at no appreciable increase in operating expense, and thus nursing it along until times and, presumably, earnings will be sufficient to make this good business judgment.

On the official side, the same sort of consideration prevails. The officers as a group are today not particularly busy handling their business, principally because there is so little activity in each account requiring an officer's attention. It is, then, a particularly good time for the officers to get out and call on customers and prospects—thus they can make their time profitable, if not

**The Omaha
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Complete Banking Service

Northwestern Banker September 1935

in immediate earnings of the bank then certainly in future earnings.

Again, a good many admittedly shrewd bankers have expressed the opinion that the institution which takes on these customers who have managed to come through the depression years will have, when prosperity resumes, a handpicked list of customers who have proved themselves in the hottest crucible to which this generation is likely ever to be subjected. A list of customers who came through the troubled years from 1929 and did not lose out will, when it becomes an active borrowing list under conditions of active business, be likely to prove very successful and to provide a negligible proportion of collection losses.

NEWS AND VIEWS

(Continued from page 10)

nounced that the first meeting of the Association will be held September 11th in Des Moines with headquarters at the Wakonda County Club.

L. M. BARLOW, of Babcock, Rushton & Company is chairman of the entertainment committee for the meeting.

This will be a get-together meeting for all of the salesmen and officers of the Iowa members of the Association.

JAMES A. CUMMINS, president, has appointed a committee to take charge of the meeting.

At the board meeting it was decided that the two divisions, municipal and cor-

porate, would select their own legislative committees to watch their respective interests. President Cummins will also appoint another committee to act for the whole group in matters needing attention.

ONE HUNDRED AND FIFTY THOUSAND NEW FEDERAL EMPLOYEES have been added to the government payroll and 31 new boards and commissions created since March, 1933. In wages alone these have added more than \$300,000,000 a year to the federal budget—but perhaps definite promises of the present administration to reduce expenses before election don't mean anything afterwards.

ALL OF YOU PAR-SHOOTING GOLFERS probably would not agree with the plan which was adopted by the UTAH BANKERS who selected a convention place where there were no golf links and as a result of this, they had a 100 per cent attendance at the sessions.

I can't imagine any place that doesn't have golf links, but perhaps they picked the top of a mountain where there were no fairways and plenty of bunkers, so in preference to getting out of the rough the boys heard the orations.

J. M. NICHOLS, president of the First National Bank of Englewood, who refused to join the Federal Deposit Insurance Corporation so long as the assessments were unlimited, has now agreed to

come in since the new banking bill places the rate at one-twelfth of 1 per cent annually of the average daily deposits.

GUY EMERSON, vice president of the Bankers Trust Company of New York, believes that the bankers of the country have a big job ahead of them which they must do and expresses his thoughts on this subject by saying, "The banking business has survived a great shock; bankers have passed through a distressing experience. Those who have survived will not be true to their responsibilities if they now sit back and feel that the trouble is over and the job done. We have passed through a hurricane and find ourselves still alive. But we have before us a far-reaching job of rebuilding. If we don't do the job, it will be done for us and we shall have only ourselves to blame. Now, it is up to the bankers."

Soil Conservation

Under the title "Protecting Investment Values in Land," the American Bankers Association Agricultural Commission has published a booklet dealing with the conservation of soil resources as a pressing national problem.

"Careful estimates indicate that 750,000,000 tons of soil, suspended and dissolved, are carried off to the sea each year by running water," the commission's book declares. "An equal amount removed from its source is left en route. This means a total of 1,500,000,000 tons, equal to approximately one ton for each acre of land in this country. The Soil Conservation Service estimates that already 35,000,000 acres have been practically ruined.

"There are 125,000,000 more acres that have lost the valuable topsoil, and it is estimated that still another 100 million acres are being converted into marginal or sub-marginal land, bringing disaster to those trying to eke out a living from erosion enfeebled soil, and threatening ruin to the next generation, since these destructive forces are going on at an ever increasing rate."

In a chapter devoted to control and preventive measures for soil losses it describes terracing, strip cropping, wind erosion control, gully control and the control of losses from leaching.

Manager For National Surety

Al E. Fuller has been appointed manager of the Branch Office of National Surety Corporation in San Francisco with general supervision over the Pacific Coast. Mr. Fuller for the past two years has been manager of the Milwaukee Branch Office of the Corporation and previous to that time acted as regional representative, with headquarters in Chicago.

Frank D. Madden, formerly assistant



BECAUSE—The Leamington is one of America's unusual hotels, located in the heart of everything in Minneapolis—Convenient to shops, theaters, and office buildings—Famous for its hospitality, food, beautiful rooms and home-like atmosphere.

EARL W. PAYNE, Manager

manager of the Milwaukee Branch, has been appointed to succeed Mr. Fuller at that point.

G. T. Kerlin, formerly of Joyce Insurance, Inc., of St. Paul, Minnesota, has been made assistant manager of the Milwaukee Office.

Nationwide Commencement Exercises

More than 200 chapters of the American Institute of Banking Section of the American Bankers Association in towns and cities throughout the United States will hold their annual commencement exercises at the same hour and will be joined together by a nationwide radio hookup the evening of Monday, September 9, 1935, it is announced by Maynard W. E. Park, president of the institute. The arrangements are in charge of Earl V. Newton of the Cleveland Trust Company, Cleveland, Ohio, as chairman of the radio commencement committee.

The exercises will be featured in the various chapters by talks, the presentation of diplomas to this year's institute graduates, numbering about 2,500 in all, and by the reception of a nationwide broadcast of an address by Dr. Rufus B. von KleinSmid, president of the University of Southern California, on "A Challenge

to Adults." Dr. von KleinSmid's address will be broadcast from Station K. F. I., Los Angeles, at 9:30 o'clock, Eastern daylight saving time, and will be carried over the W. E. A. F. Red Network of the National Broadcasting Company in the United States and Canada.

Thousands of students, graduates and members of the institute are expected to participate in the exercises which are unique in the educational field. It is estimated that the broadcast will be heard by more than 100,000 men and women actively employed in banking, assembled in the chapter meetings and class rooms throughout the nation. The interested assistance of bankers has been enlisted to increase the effectiveness of the event as a means of educating the public regarding sound banking.

Association of Bank Women

The 13th Annual Convention of the Association of Bank Women will be held in New Orleans, November 10th-13th inclusive, with headquarters at the Jung Hotel, according to an announcement made by Miss Susan B. Sturgis, assistant branch manager, The First National Bank of Boston, president of the Association.

In discussing the Convention, Miss Sturgis stated that members of the various convention committees were bending every effort to make this the largest of all conventions held by the Association of Bank Women.

"The Association," she said "was organized in 1921 by a small group of women connected with some of the New York banks; it was only a short time, however, before it was expanded into a national organization.

"The purpose of the Association is to bring together women in executive positions in various banking institutions throughout the country for mutual exchange of ideas and experiences; to promote the interests of its own members and of all women in the banking profession.

"Today there are members in 34 states, the District of Columbia, and Hawaii, who occupy official or executive positions in national, state and savings banks, and trust companies.

"It has been customary for the Association of Bank Women to hold its convention at the same time as that of the American Bankers Association in order that the members of our organization might have the privilege of attending sessions of both conventions."





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Comment On Banking Act

Belief that "on the whole the Banking Act of 1935 is an acceptable piece of legislation," and that the new law is "basically sound and merits confidence on the part of banks," is expressed by the American Bankers Association through its Special Committee on the Banking Act of 1935 in a communication to all banks in the United States accompanying an annotated copy of the measure.

"Although many extreme measures pertaining to banking were introduced during this session, none of those which threatened serious danger to sound banking prevailed," the committee says. "We

believe that on the whole the Banking Act of 1935 is an acceptable piece of legislation.

"Title I of the bill as enacted affords a practical plan of operation for the Federal Deposit Insurance Corporation, and the assessment of 1/12 of one per cent is as low as seemed practicable at this time. While some of the provisions of Titles II and III will not be entirely satisfactory to various groups of our members, it must be borne in mind that legislation of this sort is inevitably the result of compromises and adjustments, but we feel that the new law is basically sound and merits confidence on the part of the banks.

"However, it must be remembered that in a number of sections of the act provision is made for rules and regulations to be hereafter formulated by the Federal Reserve Board, the Comptroller of the Currency and the Federal Deposit Insurance Corporation. Obviously, until such regulations are issued, the full import of this law and its effect upon bank operations cannot be definitely known. The association will follow this phase of the matter closely and the offices of the association will be continually at the service of its members."

Bankers' Wants

This department of The Northwestern Banker is at your service. A charge of five cents per word is made for all insertions. In answering key numbers, please enclose postage for forwarding purposes.

Casualty Man—Now employed supervising Mid Western state for large Old Line Stock Company desires connection as manager of local bank agency or general insurance agency. Married, good appearance, age 32, excellent references. 12 years experience. Address Northwestern Banker No. 3233.

Position Wanted—As assistant cashier in going bank or interested in organizing a bank. 38 years of age, 12 years banking experience, one year Department experience. Will make nominal investment. Town of 1500 or larger preferred. Address Northwestern Banker No. 3232.

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"No darling, I love you for your own account."

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Marvin R. Selden, Vice President of the Merchants National Bank of Cedar Rapids, wrote us as follows:

“We are certainly delighted to get your new 1935 Iowa-Nebraska Bank Directory. It looks better than ever, and we long ago learned to appreciate the great value of your Bank Directory.”

If you have not already received your Iowa-Nebraska Bank Directory, send for your copy now.

Just use the convenient coupon at the bottom of this page—fill it in, mail it to us today and we will send you this new directory at once.



Iowa-Nebraska Bank Directory Contains:

1. Officers of Iowa Bankers Association.
2. Names of all Group Officers in Iowa.
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4. The latest information about the personnel and financial statement of each bank in Iowa.

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555 Seventh Street
Des Moines, Iowa

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Please send _____ copies of your 1935 Iowa-Nebraska Bank Directory to us, and we will remit at the rate of \$2.00 per copy upon receipt of your Directory.

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Officer _____

City _____ State _____

" We want to take this opportunity to thank you for the faithful service you have given us over the past twenty-five years "

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" Thanks for your good wishes and many suggestions which have aided our efforts "

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