

NORTHWESTERN *Banker*

SEPTEMBER
1938



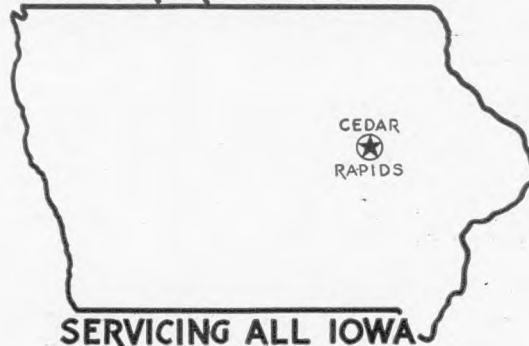
C. E. CUNNINGHAM
Cashier, First and Commercial National Bank
Williston, North Dakota
President, North Dakota Bankers Association

MANAGED CURRENCY

Page 23



A CEDAR RAPIDS BANK



Iowa's Grain Center

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MERCHANTS NATIONAL BANK

OFFICERS

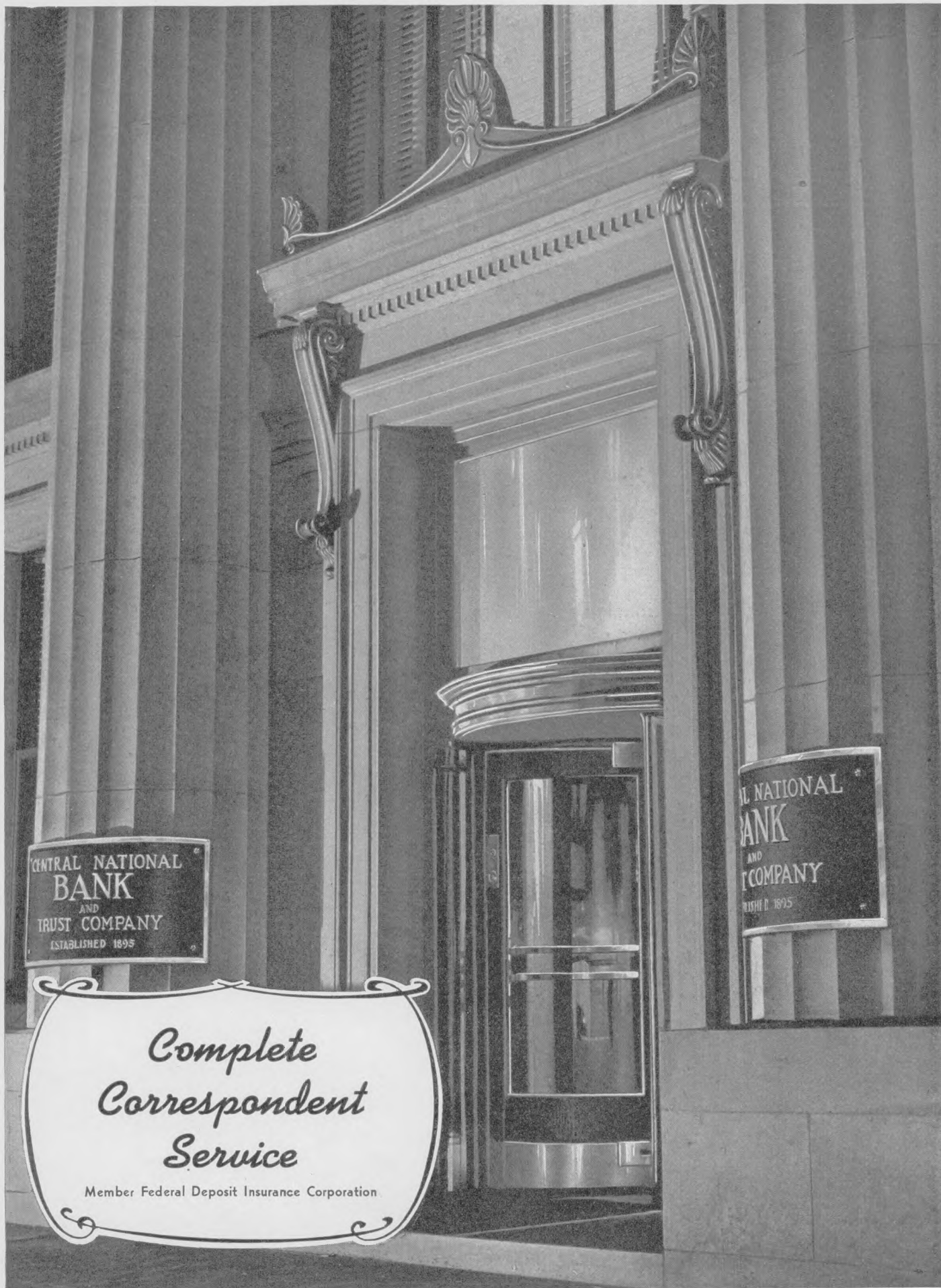
Chairman, James E. Hamilton; President, S. E. Coquillette; Vice Presidents, H. N. Boyson, Roy C. Folsom, Marvin R. Selden, Fred W. Smith, John T. Hamilton, II; Vice President and Cashier, Mark J. Myers; Vice President and Trust Officer, George F. Miller; Assistant Cashiers, R. W. Manatt, L. W. Broulik, Peter Bailey, R. D. Brown, O. A. Kearney.

Cedar Rapids

Iowa

Member Federal Deposit Insurance Corporation

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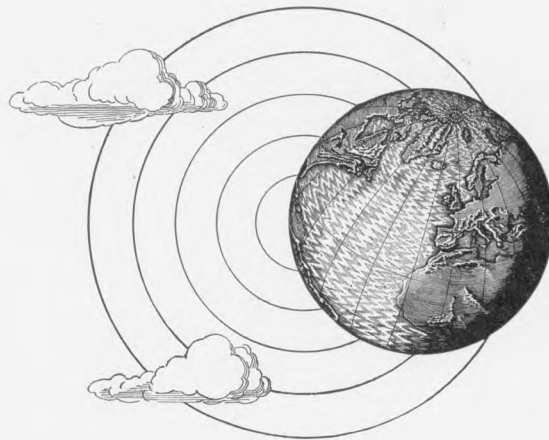


CENTRAL NATIONAL
BANK
AND
TRUST COMPANY
ESTABLISHED 1895

CENTRAL NATIONAL
BANK
AND
TRUST COMPANY
ESTABLISHED 1895

*Complete
Correspondent
Service*
Member Federal Deposit Insurance Corporation

» *Broaden customer service with Chase correspondent facilities* «



MESSENGERS OF COMMERCE

THROUGH the cable department of the Chase National Bank, correspondent banks and their customers are only a few minutes away from distant world markets and trade centers.

Day and night, Chase cables—swift messengers of commerce—carry funds to and from all parts of the world pay for export and import shipments buy and sell foreign exchange seek and supply trade or tariff data establish credit relationships.

The time and money this service saves Chase correspondent banks are often important factors in the successful transaction of their foreign business.

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

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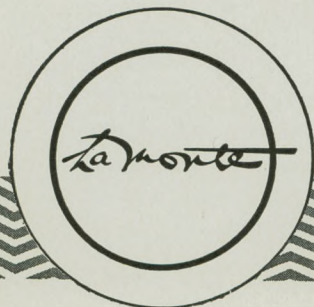
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on La Monte Safety Paper"**



"Look over your transit clerk's shoulder. You'll find that most of the leading banks and business firms use LaMonte Safety Paper." ☆ That was the statement recently made by a check salesman in convincing a prominent banker that the checks and drafts of his institution would gain added safety and prestige value if he

specified LaMonte. ☆ The selection of the best paper for every purpose is one of the many ways in which a competent Printer or Lithographer can be of real assistance in creating checks and other forms worthy of your institution. He is a good man to know. You can depend upon his judgment and ability.

La Monte Safety Papers are today specified by leading business institutions from coast to coast, including more than 75% of the nation's largest banks.



GEORGE LA MONTE & SON
Nutley New Jersey

Northwestern Banker September 1938



FIRE DESTROYS WEALTH BANKERS CONSERVE WEALTH

THE banker is trained to conserve wealth. He knows that *wealth is productive property*. A fire not only may destroy a building and the equipment and goods in it, it may also destroy the owner's income and the tenants' profits. No one knows better than the banker the necessity for full-range insurance protection.

"The Home of New York" has protected the wealth of banks and their clients for 85 years. By writing straight fire and supplemental contracts, The Home provides insurance covering most every eventuality.

Ask your Home agent to explain the various contracts available to property owners.

THE HOME INSURANCE COMPANY NEW YORK

**STRENGTH
REPUTATION
SERVICE**



<i>Capital Stock</i>	\$ 15,000,000
<i>Total Admitted Assets</i>	110,465,501
<i>Liabilities, except Capital</i>	53,905,120
<i>Surplus to Policyholders</i>	56,560,381

(Figures as at June 30, 1938)

FIRE—AUTOMOBILE—MARINE and ALLIED LINES OF INSURANCE

Northwestern Banker September 1938

NORTHWESTERN *Banker* DES MOINES

FORTY-THIRD YEAR

NUMBER 614

*The Northwestern Banker, Oldest Financial Journal
west of the Mississippi River.*

IN THIS SEPTEMBER, 1938, ISSUE

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AUGUST							SEPTEMBER							OCTOBER								
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S		
	1	2	3	4	5	6							1	2	3							1
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Across the Desk from the Publisher

By Clifford DePuy

Crowley Versus Jones

Evidently Leo T. Crowley, chairman of the Federal Deposit Insurance Corporation, and Jesse Jones, chairman of the Reconstruction Finance Corporation, don't agree on the loaning policy which should be adopted by the banks of the United States.

About a month ago, Mr. Jones told the banks of the nation to loan freely and often and then by the statement of his own bank in Houston, proved that he wasn't doing it himself.

Now, Mr. Crowley has warned bankers against taking "excessive" risks and says, "Insurance of deposits does not justify bankers in taking greater risks than they otherwise would."

With Mr. Crowley's statement I heartily agree and apparently Mr. Jones doesn't believe in taking his own medicine, because before he sailed for Europe last month he said, "I don't want people to do as I do; but as I tell them."

Every state bankers association should follow the example set by E. A. Ebersole, president, and Frank Warner, secretary of the Iowa Bankers Association, and write and ask Mr. Jones for a list of the banks in their respective states which have refused to make loans.

In a recent letter addressed to Mr. Jones, under date of July 27, 1938, the Iowa Bankers Association made this request, "We kindly ask, upon behalf of the officers of this Association, if you will give us the names of those Iowans who have applied to your office for loans since February 1, 1938, together with the amount of their loans and which loans they have been unable to obtain from Iowa banks. Would you also kindly give us the name of the Iowa bank to which they made application and which bank declined to make the loans?" Although the letter to Mr. Jesse Jones from the Iowa Bankers Association must have reached him before he sailed for Europe, no reply has as yet been received by the Association from him or from his office at the time this editorial is being written (after the middle of August).

Thus, with the head of the RFC not practicing what he preaches, and with Mr. Crowley giving bankers sound advice on how to make loans, I am convinced that these two gentlemen do not agree on banking policies, but I am sure that the bankers of America will be likely to follow the advice of Mr. Crowley rather than Mr. Jones in this matter of making loans.

Spending Our Way to Recovery

I have been opposed and still am to the policy of spending our way back to prosperity. In the long run, I think it is basically unsound unless the money is spent for self-liquidating enterprises.

Nevertheless, I was very much interested in an article in the *Bulletin* of the Harvard Business School Alumni Association, written by Malcolm P. McNair, on "Depression Spending and Recovery," in which he believes that business, instead of fighting the spending program of the New Deal, should cooperate in order to make it succeed, because he believes that only during a period of prosperity can private capital and private initiative again gain the ascendancy in American business.

It is his belief that unless the business men of the country do everything within their power now to bring a return of prosperity that "the grasping hand of the politician will inevitably seize control from the palsied hand of business."

There are, of course, some individuals who believe that opportunities no longer exist in America, but Mr. McNair is not one of these, because he says, "If we believe that this country is not finished, that there are enormous potentialities for future progress, that the scientific frontier offers even greater opportunities than the old geographic frontier, then as business men we must prove our faith by action."

To go ahead now with full steam is Mr. McNair's advice to the business men of America because he believes that business leadership "must have sufficient understanding and foresight to rec-

ognize the dangers of inaction and to perceive the necessity of going ahead in spite of current obstacles."

"The stake of private enterprise in making the Administration's spending program work during the next few months is very great. To hang back and hope for a shift in the political complexion at Washington is dangerous. So my final word to you is to put on steam; go ahead; do not wait for the experts, the professors, and forecasters to give you a green light.

"I am, therefore, definitely in the position of advocating that business should play ball with the New Deal in order to hasten its departure. If this be paradox, make the most of it."

This does seem paradoxical, as Mr. McNair points out, but if we can hasten the departure of the New Deal by playing ball with it, then let American business knock as many home runs as quickly as it can in order to retire to the sidelines a new theory of government in business which has proven so unsatisfactory.

F. D. I. C. Makes Good Report

Whether the F. D. I. C. will continue to have the favorable record it has had so far may be a matter of opinion, but up to date it has made a very satisfactory showing and as Senator Glass recently stated, "It is significant to note that public confidence, to which deposit insurance is making a substantial contribution, is such that there was no rush of withdrawals accompanying the recession which recently set in, nor has there been evidence of any uneasiness on the part of depositors."

The Corporation has paid all of its expenses of operation and the losses in its insured banks from income on its investments and has added to its surplus account over \$8,500,000.

The surplus now amounts to more than \$100,000,000 and all of the funds received from banks in payment of annual insurance assessments have been put in this account.

The capital stock of \$289,000,000 has been increased until the total capital and surplus amounts to almost \$400,000,000.

The Federal Deposit Insurance Corporation's annual income from all sources is now about \$49,000,000.

More than 50 million depositors having deposits of \$48,000,000,000 in 13,800 banks are insured by the corporation. Insurance liability is estimated to be more than \$21,000,000,000 and full protection is being accorded 98.5 per cent of the depositors of the United States.

Thus, as a stabilizing influence in the minds of the public, the F. D. I. C. has made a very satisfactory record since it was established.

Our Per Capita Expenditure

We have had a great deal of discussion in recent months about our per capita debt, the argument being that the United States was better off than other countries, but not so much has been said about our per capita expenditure.

According to a study made by the Twentieth Century Fund, the results of which were published in 1937, covering the year 1936, the latest year for which figures from governments were then available, shows the following results:

United States.....	\$133 per person
Great Britain	\$123 per person
France	\$103 per person

Thus, the actual amount of money taken from us in taxes is greater than Great Britain and France, the two other countries with which the United States is most frequently compared.

Harry Scherman, author of "The Promises Men Live By," in commenting on this said: "This prevalent notion that Americans are better off, tax-wise, than other benighted peoples seems to have become part of a fixed national pattern of thought about this matter of government expenses. The perniciousness of the error seems obvious."

How long America will stand this heavy expenditure burden remains to be seen, but certainly it can not go on forever.

The Forward March of America

Just 35 years ago, when he was 40 years old, Henry Ford invested \$28,000 in tools, machinery and an old brick barn, and from that beginning created the industrial empire that has produced 26,000,000 cars since 1903.

Recently Mr. Ford celebrated his 75th birthday, and on that occasion he said:

"Nothing in creation can stop the forward march of America. Selfish financiers and industrialists can't stop its development. Occasional misguided administrators in Washington can't stop it."

Whatever criticisms may have been hurled at Mr. Ford—and there were many—he has always had faith in the United States and what could be accomplished here. He believes in the "Forward March of America" and for that we give him praise in these days of defilers and deframers of "the land of the free and the home of the brave."



Northwestern Banker September 1938

Your Most Valuable Asset— Public Acceptance

The Sales Appeal To Use in Presenting the Merits of Your
Bank To Your Customers

SALES appeals are those reasons or suggestions which you use in appealing to the buying motives of your prospect for the purpose of obtaining favorable action—which means getting his business.

To give any sales talk real life and selling power, you need to add a bountiful seasoning of suggestion appeals as the occasion requires. In creating desire, through appeal to buying motives, you have a great opportunity to exercise your individual skill, for variety of sales appeal, and for the display of your own tact and judgment. The choice of motives by which you expect to complete the transaction—the character of the sales appeals to be made, the manner of making them—these must be left to your judgment.

You must be thoroughly familiar with buying motives before you can appeal to them effectively. You must train yourself to think of every little detail connected with your banking service in terms of its sales value. Study the various departments and each service from this point of view. Select some special appeal to fit every motive of human imagination, interest and desire. You should determine before every interview—the answer to this question: “What buying motives can this service appeal to?”

The best way to use these appeals in your sales talk is to link them directly to the idea of arousing the prospect's interest and desire. If you were selling the idea of “Buy \$1,000 on Easy Payment Plan,” you can ask, “Mr. Blank, could you use \$1,000?” This question is almost certain to bring an affirmative answer such as “Why, yes, of course I could.”

A direct affirmative question or statement is the simplest and best way of presenting the appeal to the prospect. You can expend and develop the appeal so that you picture in the prospect's mind the ridiculously easy way for him to get \$1,000. Play up the plan as a “great game” so that the prospect feels a sporting pleasure in getting this amount and winning over the impulse to spend. Put imagination into your appeal.

By **THOMAS J. KIPHART**

*Director Public Relations
The Fifth Third Union Trust Company
Cincinnati*

“Before you can qualify in any type of selling, either by printed word or word of mouth, you must have an understanding of the buying motives that create desire. Motives are forces which operate in the human mind by appealing to certain motives you can influence people to buy what you have to sell, or do what you want them to do.”

One At a Time

By a careful study of buying motives you may learn which sales appeals will influence the action of the prospect. Do not make the mistake of trying to make too many kinds of appeals at one time. Keep them few and simple, so that the prospect is not “filled up” with too many varieties, no one of which influences his desire. Choose one or two that fit the situation best and drive them home hard. Wait for cues that will suggest the best appeal. You must get the prospect's point of view, so the appeals you use will have the effect of influencing him to action. In selling a savings account you may have placed the emphasis on the appeal to the desire for comfort whereas what the prospect needed was an appeal to pride.

If you find your first appeal is not registering with the prospect, you can always turn to another. Don't make long explanations on any sales appeal. If it doesn't seem to register at once, do not try to prove to the prospect, through that particular appeal, that he ought to use your service. Pass up that sales appeal and try another. Make your appeals in the form of suggestions which compel

attention and cause the prospect to apply your suggestion to his own needs. Appropriate suggestions will stir his interest and desire, while the strongest arguments would leave him unmoved. Do not allow yourself to be drawn into argument over your sales appeals.

Completely selling the prospect is based upon an appeal to his imagination. You first develop, in his mind, an attractive picture of what he is going to get. You get his business and then through good service render back to him the picture of value.

Best Method

What is the best way of introducing these appeals in your sales talk? Obviously no set method can be laid down.

By appropriate suggestions and reasons you appeal to those buying motives through which your prospect may be most easily influenced to give you his business. Do not burden your sales appeals with too much argument. The use of suggestion offers the best way of introducing sales appeals so that they influence buying motives.

Sell not only the advantages of your services, as you see them, but explain in an interesting way what these services mean to those who use them.

You may list your services as checking accounts for individuals and firms, trust facilities, savings accounts, safe deposit boxes, mortgage loans, etc. So stated, these facilities and opportunities mean little. They lie on the mind cold and unassimilated. It takes the life-giving impulse of “suggestion” to sort them into their respective mental pigeon-holes, from whence they surge forth to influence the customer to action. The “thing” which you may be trying to sell is sometimes quite different from what the customer wants to buy. The main function of your “selling” may be described as the translation of your bank service into the customer's desires.

Sell the “effect” of your service and not the service alone. You may think of a

(Turn to page 31, please)

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NEWS AND VIEWS

OF THE BANKING WORLD

By Clifford De Puy

Alvin E. Johnson, president of the Live Stock National Bank, of Omaha, told me that their Board of Directors has voted to transfer an additional \$50,000 to their surplus, making the total surplus of the bank \$400,000, in addition to its capital of \$450,000.

He also said that they are going to pay a 3 per cent dividend to their stockholders, 1½ per cent of which will be paid on September 30, 1938, and 1½ on January 2, 1939, making their total dividend payments for the year 6 per cent on the capital stock, or \$27,000.

When the report on the South's economic poverty was printed recently by the National Emergency Council, **Ed C. Romfh**, president of the First National Bank of Miami, Florida, said, "I don't think there is a thing wrong with the South except too damned much politics. If you stand behind a teller's cage in this bank, you get the heaves watching the wrong people get the money the government's handing out." But why limit the "heaves" to Florida.

When **Mrs. Walter P. Chrysler** died recently, the early business career of Mr. Chrysler was commented upon by various writers and I was especially interested to learn that when Mr. Chrysler was earning \$1.50 a day at Oelwein, Iowa, working as a railroad man, he was able to get plenty of bank credit.

It happened this way. Mr. Chrysler, who was then 30 years of age, visited the Chicago automobile show. The most dazzling exhibit was a huge white machine with red leather upholstery and brass head lamps. It cost \$5,000 and although Mr. Chrysler had only \$700, he was determined to own the machine.

A banker (I am sure **Jesse Jones** would pin a medal on him today) advanced the \$4,300 and young Chrysler took the auto back to Oelwein. When he had satisfied his wife that the car was a good investment (that must have been some job too) Chrysler locked the barn doors and took the machine apart. In later years he said, "I think I took it apart at least 40 times to see how it was constructed."

As far as the loan was concerned, it took him three years to repay the bank and from all reports his banking credit has been very good ever since.

The Live Stock National Bank at Sioux City has done some extensive remodel-

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ing and improving of its interior this summer, giving the bank additional space and comfort, including air conditioning. Also, the bank is now rendering a new service to correspondent banks and local business men through sending them a weekly business letter entitled "Trends." It consists of a four or five-page letter prepared by the staff of Dow, Jones & Company. According to President **Carl L. Fredericksen**, the news letter has met with a fine reception and has brought much favorable comment from Live Stock National friends.

W. A. Sawtell, president of the Stock Yards National Bank of South Omaha, tells me that they have installed complete air conditioning in their banking rooms. As far as I know, this is the first complete air conditioned bank in Omaha, and is indicative of the progressive policy of this excellent institution.

In a recent letter from **L. C. Farwell**, president of Group 1, the Nebraska Bankers Association and cashier of the State Bank of DuBois, Nebraska, he has this to say regarding our editorial entitled, "Are Banks Refusing Loans" which appeared in the August issue, "Congratulations on your splendid article in your August issue of the NORTHWESTERN BANKER in answer to Jesse Jones' propaganda. You most certainly have voiced my sentiments."

The latest story which you may have heard about the economics of the present administration is entitled "A Modern Fable Based on Fact," and goes like this:

"Once upon a time, there was a farmer who sold two chickens. With the proceeds he bought two shirts.

"So the farmer had two shirts and a city man had two chickens.

"Then along came the **New Deal**, and told the farmer he should get more money for his chickens by making them scarcer . . . he must not raise so many, and then he would get more income.

"The **New Deal** also told the working man in the city that he must work fewer hours and get more money for making fewer shirts. That, of course, caused shirts to cost more.

"Then the farmer brought one chicken to market. He got as much money for it as he had previously gotten for two chickens. He felt fine. He wanted to buy some shirts, but he found that shirts

had also doubled in price. So he got one shirt.

"Now the farmer had one shirt, and the city man had one chicken, whereas without the New Deal, the farmer could have had two shirts and the city man could have had two chickens.

"This, boys and girls, is called 'the more abundant life.'"

George W. Falk, cashier of the First National Bank of Oelwein, Iowa, in his statement of June 30, 1938, had \$416,566 of loans, although in the August issue of the NORTHWESTERN BANKER we only gave him credit for \$122,849 of total loans.

We are very glad to correct this item here and especially so because I wouldn't want Jesse Jones to think that George and his associates weren't doing everything possible to make legitimate loans in their community.

As of June 30 the First National Bank of Oelwein had total deposits of \$1,351,162, with capital stock of \$50,000, and surplus and undivided profits of \$85,670.

W. L. Spencer, president of the Oakland Savings Bank of Oakland, Iowa, in his recent statement showed total resources of \$617,000, with deposits of \$536,000, and with capital stock of \$35,000 and surplus and undivided profits of \$37,500.

This bank has been in business for forty-six years, and has made a most successful record, as indicated by their 7½ per cent semi-annual dividend, which was paid a few weeks ago.

Dr. E. C. Junger, director of the Soldier Valley Savings Bank, Soldier, Iowa, in a letter to me commenting on my editorial, "Are Banks Refusing Loans," which appeared in the August issue of the NORTHWESTERN BANKER had this to say:

"Your editorial on 'Are Banks Refusing Loans' is a good answer to Chairman **Jesse Jones**, who is trying to impersonate **Jesse James**.

"Good loans are to the banks as a balanced diet is to a run-down human body, but Mr. Jones, acting as a New Dealer, is giving out skimmed-milk advice which he as a banker doesn't take.

"Railroads expanded and prospered until the I.C.C. started to run them.

"Industry employed all our labor and was healthy until the New Deal started prescribing. Financial institutions have supplied funds for profitable dealing since the days of the notorious money changers.

"Now Mr. Jones invites us to play the prodigal son with the depositors' money.

"Ever since Adam took a bite out of that apple all the moral squads for centuries worked over time to keep him from

(Turn to page 28, please)

Operation of the Federal Intermediate Credit Banks

A SYSTEM of banks which are finding safe employment for an increasing amount of investment funds are the 12 Federal intermediate credit banks.

These banks, which were authorized by Congress 15 years ago to provide funds for agricultural financing, are annually marketing from \$250,000,000 to \$350,000,000 worth of consolidated collateral trust debentures.

The Federal Government assumes no liability, directly or indirectly, for Federal intermediate credit bank debentures. The debentures and the income derived from them are exempt from Federal, state and municipal and local taxes, including surtaxes. The debentures usually are sold between the first and the tenth of each month for delivery on the fifteenth. For the present they are issued in denominations of \$5,000, \$10,000, \$50,000 and \$100,000.

Debentures maturing in not more than six months are eligible for purchase by the Federal reserve banks and also may be accepted by them as collateral for 15-day loans to member banks under section 13 of the Federal Reserve Act. Debentures of all maturities are eligible as collateral for advances by Federal Reserve Banks to member banks, under section 10 (b) of the Federal Reserve Act for periods not exceeding four months.

Federal intermediate credit bank debentures are also lawful investments, and may be accepted as security for all fiduciary, trust, and public funds held under the authority or control of officers of the United States. Also, they are approved as security for deposits of postal savings funds and are legal investments in various states, including the State of New York, for funds of savings banks, insur-

By **GEORGE BRENNAN**

*Intermediate Credit Commissioner
Farm Credit Corporation*



GEORGE BRENNAN

ary, trust, and public funds held under the authority or control of officers of the United States. Also, they are approved as security for deposits of postal savings funds and are legal investments in various states, including the State of New York, for funds of savings banks, insur-

ance companies and for other fiduciary and trust funds.

The demand for the debentures of the 12 banks is greater at present, and subscriptions more widespread throughout the United States, than at any time in the history of these institutions.

Purchasers of the debentures are, for the most part, commercial banks, security dealers, life insurance companies and individuals. In 1937 they bought \$354,775,000 of intermediate credit bank debentures, compared with \$246,560,000 during the preceding year.

Organized in 1923

The 12 Federal intermediate credit banks, which have an aggregate capital and surplus paid in by the United States Government amounting to \$100,000,000, have been operating as banks of discount for agriculture since their organization in 1923. In 15 years they have extended over \$3,750,000,000 of credit; and the net amount of losses charged off during the period, including reserves for estimated losses, is only .28 of 1 per cent of the total volume of credit extended during this entire period.

The Federal intermediate credit banks do not make loans directly to farmers and stockmen; but do business with production credit associations, commercial banks, livestock loan companies, and other financing institutions offering acceptable agricultural paper for discount.

(Turn to page 25, please)

Classification, by types of agriculture, of Federal intermediate credit bank loans to and discounts for financing institutions outstanding at the end of each quarter of 1937, and as of March 31, 1938, and June 30, 1938

Type	1937				March 31, 1938	June 30, 1938
	March 31	June 30	September 30	December 31		
Cattle:						
Range and breeder.....	\$ 43,127,533	\$ 44,617,565	\$ 38,611,001	\$ 34,171,052	\$ 37,436,639	\$ 39,962,695
Feeder.....	7,808,450	7,425,546	8,817,725	12,855,605	9,957,228	8,474,040
Dairy.....	11,877,620	15,242,984	16,615,982	17,792,775	18,969,001	20,057,049
Sheep and goats:						
Range and breeder.....	28,851,550	28,252,573	24,021,966	28,810,816	32,772,834	34,164,796
Feeder.....	607,942	318,095	1,829,366	6,045,717	1,754,015	575,926
Fruits and vegetables.....	6,288,116	10,020,997	12,518,011	11,584,099	10,068,660	12,058,075
Other crops.....	25,416,120	46,286,106	40,443,381	10,068,071	29,434,791	46,504,815
General farming and miscellaneous.....	37,286,345	43,645,475	44,146,367	41,634,964	42,005,638	47,660,874
PCA loans secured by bonds.....	13,325,608	10,973,944	13,336,092	15,540,377	15,996,038	13,616,590
Total.....	\$174,589,284	\$206,783,285	\$200,339,891	\$176,503,476	\$198,394,844	\$223,074,860

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When a Bank Officer Recommends Security Purchase

QUESTION: Painter was the assistant cashier of a national bank in Kentucky. His sole duty, insofar as the bank was concerned, was to handle new accounts. One of the bank's customers had \$5,000 to invest and asked him what he would recommend. He, in good faith, made certain recommendations regarding certain investments which appeared sound at the time. The customer acted on them. Later the investments decreased in value and the customer sued the bank. Can he recover?

NO. If for no other reason, the customer cannot recover because an assistant cashier of a national bank does not act within the scope of his authority in advising a customer of the bank with respect to an investment so as to render the bank answerable for a loss incurred through following his advice. Special circumstances might arise where such authority might be held to exist, however, no such special circumstances were involved here and the answer is therefore in accordance with the general rule indicated.

QUESTION: Maxwell gave Burton a mortgage on certain real estate in Iowa. The mortgage fell due and a renewal mortgage was entered into. By mutual mistake one important tract of land was omitted from the renewal. Maxwell learned of this before Burton and, in an attempt to get a part interest in the omitted tract into other hands so that Burton's claim thereto might be diminished, mortgaged it to his sisters after telling them the full story. Later Burton learned of the omission and sued to reform the renewal mortgage, claiming that it should include the omitted tract and that it should be ahead of the mortgage to the sisters. Should he prevail?

YES. Inasmuch as there was a mutual mistake the mortgage should be reformed to include the omitted tract. It should also be reformed so that it is ahead of the mortgage to the sisters, for they took with full knowledge of the circumstances. Courts will reform contracts not only as between the parties thereto so as to carry out their intentions but also as against subsequent parties in interest with notice, who, in this case, were the sisters.

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This, and Other Timely Legal Questions Are Answered

By the

LEGAL DEPARTMENT

QUESTION: A Minnesota banker owned certain valuable land through which ran a creek. A cheese factory was located a short distance up the creek. At times the factory would discharge whey, washings, and sewage into the creek, polluting its waters and, in general, creating a nuisance. The factory had been in operation a great number of years but the objectionable acts had only been commenced a matter of a very short time when the banker objected and, upon the refusal of the cheese people to do anything about the matter, sued to enjoin the continuance of the nuisance. The factory, as a defense to the suit, contended it had acquired a prescriptive right to use the stream as it did. Was such defense good?

NO. The fact that the cheese factory had been located on the creek for a number of years was not sufficient to give it a prescriptive right to commit the acts complained of. Those acts were of recent origin and were promptly objected to. A prescriptive right to maintain a nuisance cannot arise unless the nuisance has continued in substantially the same way and with equally injurious results for the entire period of time required by statute to create a prescriptive right. Since the nuisance complained of had not so continued and was of recent origin, the defense should fail.

QUESTION: Jackson, an Oklahoma resident, owned stock in a bank in another state. The statutes of the state in which the bank was located provided for stockholder assessments in the event of the failure of the bank but made no special provision for the length of time in which suits thereon should be brought. The bank in which Jackson owned stock failed. A stockholder assessment was made. Jackson did not pay. After some

delay, suit was brought against him in Oklahoma. Since no special time limitation was set by the laws of the state in which the bank was located, the general statutes of limitations became applicable. Should the Oklahoma statutes or those of the other state prevail?

THE Oklahoma statutes should prevail according to the general rule and the rule in that state. The courts say, in so holding, that the question of limitations is one relating to the remedy and that, because of this, the law of the forum, that is, the state in which the case is tried, will govern.

QUESTION: Dickinson gave his wife a promissory note secured by a mortgage on his home in Connecticut in consideration of the love and affection he bore to her. Later they became estranged. The wife sought to enforce the note and mortgage against the husband. Could she do so?

NO. The note was no more than a promise by Dickinson to pay his wife a certain sum at a future date on the consideration of his love and affection for her. As between the parties, the note was unenforceable, and, since there can be no mortgage lien without a debt, the mortgage fell and became unenforceable along with the note.

QUESTION: The Milton Corporation established a trading account with a brokerage firm in 1929. The account was guaranteed by Brown, whose wife and daughter owned the corporation. The guarantee was a strictly commercial transaction and the trading account was profitable for some time. Later, in 1932, money was lost in the account, the corporation became defunct, leaving no assets, and Brown died. The executors of his estate were required to pay substantial sums to the brokerage house on its claim on the guarantee. Were such payments deductible from Brown's gross estate in computing the Federal Estate Tax that became due and payable?

YES. The answer to this question lies, of course, in the provisions of the par-

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Can You Take It?

A Few Dollars and a Little Time and Effort Will Pay Big Dividends When Invested in an American Institute of Banking Group Study Class

THE TITLE given, "Can You Take It?" may be somewhat misleading, as in modern day slang, it usually means "giving someone the raspberry" or "pouring on the heat," to find out whether or not they can take it. But in the sense in which I am using it I could, perhaps, just as well have used the title "Are You Big Enough for Your Job?" or "Are You Qualified to Fill a Responsible Position?" or some equally academic or commonplace expression, but "Can You Take It?" seems to be more fitting for my purpose, as you will presently see.

How many times have we heard the expression in our own bank, when a vacancy occurs in our personnel: "So-and-so is a good man, but do you suppose he is big enough to fill Bill's job when Bill leaves?" Many times, no doubt. And here we arrive at the crux of this question. What do you mean, big? Analyzing, we would say, broadness of vision, keenness of perception, resourcefulness, judgment, intelligence, tolerance, confidence, integrity, capability, application, experience and courage, combined with an educational background sufficient to tie in with the work involved.

Providence has endowed most of us with a certain amount of native intelligence, commonly called "horse sense," and latent in all of us, to different degrees, are the human attributes which make up our character. With proper direction and application we can bring out and develop these attributes so that we use them naturally and advantageously.

We have become a part of the banking business perhaps by chance, or perhaps by choice. Its ideals are high and noble, evolved through the confidence of one individual in another individual manifesting the qualities which I have just stated.

The A. I. B.

We have in our own field of banking provided an educational organization, second to none, where each of us can gain the educational background necessary to meet the requirements of our business. This organization, national in its scope, is a section of and is sponsored by The American Bankers Association and is known as the American Institute of Banking or the A. I. B. Conceived in the late nineties and actually

By DUTTON STAHL

Assistant Trust Officer
Iowa-Des Moines National Bank &
Trust Company
Des Moines



DUTTON STAHL

born in the third year of the twentieth century, this organization now boasts over twenty-five thousand graduates, amongst them some of the ablest bankers of the country. At the beginning of the present year, 61,000 individuals were enrolled as members of the 238 city chapters and 1,579 enrolled as correspondence students or in urban group study classes, a grand total of 62,600 members, making it the largest educational group, in point of numbers, in the field of American industry.

Group Instruction Plan

Several years ago National Office conceived the idea that in localities where as many as ten students and not more than thirty are interested in Institute work, correspondence instruction might be better conducted on the Group Instruction Plan, the outstanding features of this plan being classwork and the important element of class contact. The group selects an instructor whose name and qualifications are submitted to National

Office for approval and this approval is granted only after satisfactory investigation. The regular Institute textbooks, specially written to meet banking needs, and the same as are used by city chapters, are used in group instruction. The courses are on a 42-hour basis, 28 sessions of one and one-half hours each, and the instructor gives lectures or teaches the class in the method best adapted to local conditions. Four written tests are given in the course of the 28 weeks, the last being the final examination and counts 50 per cent on your credit, the other 50 per cent being based upon classwork.

The Institute courses are designed to qualify graduates for promotions, and to acquaint them with the solution of problems continually confronting bank executives. They have been arranged to provide a system of practical education, combining business training with a scientific study of law, economics, banking and finance. The courses are frequently revised and enlarged to meet growing requirements, and at present are so comprehensive as to provide for both junior and senior bank people.

Subjects Offered

Among the subjects offered are (1) Bank Organization and Operation, (2) Commercial Law, (3) Negotiable Instruments, (4) Economics, (5) Advanced Economics, (6) Money and Banking, (7) Analyzing Financial Statements, (8) Accounting, which is a 56-hour course, together with eight other graduate courses in banking specialties.

Being sponsored and liberally endowed by the American Bankers Association, the A. I. B. and Correspondence Chapter, Incorporated, are not money-making organizations. In fact, the instruction given is at less than cost, as the A. B. A. realizes what better educated bankers mean to the banking profession as a whole. Thus the tuition charged is \$20 per student per course for officers and employes of banks who are members of the American Bankers Association and \$30 for those of non-member banks, plus a \$1 registration fee. This includes the compensation of the instructor, textbooks and all other materials used in connection with the work. I do not know of any other educational institution where you

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NORTHWESTERN *Banker*

Digest

Farm Equipment Paper

THE banker who is bemoaning the fact that there are no good loans to make, will be interested in reading how the Denison State Bank, of Denison, Kansas, a town of less than 1,000 population, is carrying farmers' notes given for the purchase of farm equipment. Writing in a recent issue of *Bankers Monthly*, the cashier of the Denison State Bank, W. A. Coleman, tells how it is done, as follows:

"The Denison State Bank has purchased farmers' paper from dealers and manufacturers of farm equipment for nearly three years and the paper has been profitable and highly satisfactory. Naturally, there is a limit to the amount of money that we can wisely invest in this way. In order to have the necessary diversity of loans, we set the amount of advances to be made on farm equipment at approximately 15 per cent of total loans.

"We finance farm equipment by various methods. Money to pay for such equipment is included in other loans made direct to farmers. These we do not include in the 15 per cent used to buy paper for the indirect financing.

"Some implement dealers offer us notes as soon as sales are made. If we want them, we accept them; if, for some reason or other, we cannot handle the paper, the dealer may still be accommodated by the implement manufacturers' financing facilities.

"In order to interest us, this kind of contract must show approximately 40 per cent paid down on delivery, another 30 per cent to be paid from the sale of crops raised in the current year, and the final 30 per cent coming due the following year.

"Also, we want to know something about the business methods of the dealer who offers us a note for purchase. We want to know something about his selling habits, whether or not he is so greedy for sales that he will sell a farmer equipment that is far bigger and more expensive than he needs and beyond the ability of his farm to support.

"We are primarily interested in that 40 per cent down payment. We want to be sure that it represents an actual equity

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in the equipment and not some old, worn-out horse-drawn machines or some decrepit livestock that the farmer wanted to get rid of. I want to emphasize the importance of the fact that the farmer who has invested cash or other valuable assets in a piece of equipment, is going to make every effort to finish paying for it. And, after the second payment (30 per cent) is made, the farmer feels the responsibility of ownership. He realizes that he has to finish paying for the equipment or lose all (70 per cent) that he has put into it.

"We take some of this type of paper with the dealer's indorsement, but we carry most of it without recourse to the dealer. There have been no repossessions. However, in the event that a piece of equipment should have to be taken back, we insist that the dealer who made the sale originally, recondition and resell the machine.

"The fact that the dealer's name does not appear as guarantor on the note does not relieve him of the obligation of helping to collect the money due or of the responsibility of reselling repossessed equipment. We would not continue to do business with any dealer who shirked any part of his collection job.

"We study carefully the financial statements of the farmers. Not only is the farm plant and the earning capacity of the farmer of first importance, but it is necessary that the farmer who is buying equipment on credit, have sufficient assets so that in case of a complete crop failure, he could meet at least a sufficient part of his due payment to warrant a renewal of his note.

"We can quickly decide whether or not we will be able to carry the note of a farmer who lives in the vicinity of Denison and does business with our bank. However, some of the paper offered to us is signed by men with whom I am not personally familiar, and who are customers of banks in other towns. In deciding upon a farmer's credit rating, we give careful attention to the statements made by his credit references and, especially if he is from another town, to what his banker says about him.

"In this connection, it would seem to me that most of these farmers whose notes we handle could finance their equipment purchases through their own banks. We do not accept paper from a farmer whose banker says he is an unsatisfactory risk.

I cannot understand why their own bankers let them get away.

"I believe that a country bank is obligated to take care of the financial needs of its home community, insofar as this can be done with safety. I consider loans to farmers as good as other methods of investing money. True, in the case of partial crop failures, some of the paper we carry to finance implement sales may have to be renewed with additional security. However, many other investments have been disappointing.

Personal Loans

EDWIN N. VAN HORNE, executive vice president of the American National Bank & Trust Company, Chicago, has had considerable experience with personal loans as made by banks, since the institution of which he was formerly president, the Continental National Bank of Lincoln, Nebraska, operated a very successful personal loan department. Speaking at the recent annual meeting of Wisconsin bankers, Mr. Van Horne said:

"In presenting the subject of personal loans from the standpoint of opportunity for making them, we should consider:

"First—Are they safe and profitable?

"Second—Is there a present and growing need for offering this service to the public?

"Third—Who can qualify providing the facilities are available?

"Having operated a personal loan department in a bank located in a midwestern city from 1932 until coming to Chicago just recently, I wish to approach the first phase of this subject from the standpoint of personal experience, substantiated by recent factual data furnished me by other bankers of my acquaintance who are presently operating successful departments in their respective institutions. The information submitted came from banks located in towns of 2,500 up to 5,500 population; also from several small midwestern cities in Wisconsin, Colorado, Wyoming, Nebraska and Minnesota. In every case the reports were uniformly favorable and the experiences much the same. One banker stated: 'Our experience far exceeded our expectations in every way; volume being greater than we expected by 50 per cent. The number of application refusals is smaller than we anticipated — also losses, repossessions and foreclosures are lower than we thought

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Digest

they might be. Net profits are adequate and satisfactory.' The reports of others substantiated his experience and the composite picture in both large and small institutions revealed similarity in operations and results.

"Although rates of interest varied considerably from a discount of 4 per cent on advances secured by stocks or life insurance values to as much as 8 per cent on used cars, the prevailing rate was 6 per cent discount and the average maturity approximately twelve months.

"Cost of operation also varied because the smaller banks do not operate separate departments, while some of the larger ones who do have not allocated all their expense, including administration and taxes. Excluding these items, actual expenses ranged from 2.95 per cent to 5.02 per cent and gross income from 9 per cent to 15 per cent, leaving an earned income for net dollars employed of slightly better than 6 per cent.

"The following table shows the type of loans carried and the average per cent of funds employed under the various classifications:

F. H. A. Title I.....	8%
Automobile Direct	38%
Automobile Endorsed	9%
Conditional Sales Contracts.....	9%
Co-Makers	10%
One-Name Paper	9%
Secured Stocks & Insurance.....	6%
Limited Liability Endorsement....	11%

100%"

The Federal Reserve

THE relationship of the Federal Reserve System to business and banking was discussed recently by M. S. Szymczak, member of the board of governors of the system. Describing its functions, he said at one point that the Federal Reserve "does not—it cannot—exercise an absolute control over the use of credit; it does exercise an influence over the use of credit. Its object on the one hand is to encourage sound business activity and on the other to discourage unsound activity."

In beginning his address he remarked, "Mutual savings banks to my mind are remarkable institutions and I am especially honored by this opportunity to address a conference of their representatives.

"The importance of mutual savings

banks in our financial structure is most easily illustrated by the fact that they hold practically half of the total savings deposits in all banks in the United States. . . . They are among our largest institutional investors.

"Another thing is that these institutions, unlike most of the financial and business organizations with which we are familiar in our economic life are not privately-owned corporations operated for profit. They are, as their name reflects, mutual or cooperating enterprise without stockholders. Their depositors are their owners.

"It is a striking and unusual thing that so many mutual savings banks should have survived without essential alteration the social and industrial changes which have wrought profound transformation in so many of the older forms of business organization.

"From the point of view of age, the organization which I myself represent cannot lay claim to the maturity of mutual savings banks. The Federal Reserve System began operations twenty-four years ago, when your two oldest members, the Provident Institution for Savings in Boston, and the Philadelphia Saving Fund Society, already were 98 years old.

"The Federal Reserve System was called into being by those developments which make our own period so profoundly different from that period in which the older mutual savings institutions were organized.

"I need not remind you that during the long span of years covered by the existence of mutual savings banks, collective and large scale economic enterprises became more and more common.

"In the field of banking the needs of growing interdependence were not by development of the correspondent relationship between banks in the country and banks in the larger centers. The correspondent system brought scattered independent banks of the country into close relation with the money markets and enabled them to utilize those markets at times for the investment of their surplus funds and at times as sources of additional funds.

"The correspondent relationship by itself, however, could not wholly meet the changing requirements of our financial and economic order. Being wholly voluntary and embracing institutions which were operated for profit, it had to be governed by the particular interests of bank

stockholders. Most of the time, to be sure, the interest of the individual institution coincided with the public interest or at least did not conflict with it. There were times, however, when conflict did arise—when individual institutions in order to protect their own solvency were forced to take action which considered collectively was contrary to the public interest and contrary even to the interest of the individual banks involved.

"This condition was recognized when the Federal Reserve System was established. The Federal Reserve Banks were set up under the authority of Congress as public instrumentalities. Since they are not operated for profit, the Federal Reserve Banks never experience that conflict which in the case of privately managed institutions may arise between the public interest and the immediate interest of stockholders.

Committee

Initiating a program looking toward simplification of the laws on the issuance and sale of securities, the Investment Bankers Association of America has appointed a committee that is to study the whole fabric of this legislation, the Securities Act of 1933, the Securities Exchange Act of 1934, and related statutes.

"The undertaking, which William O. Douglas, chairman of the Securities and Exchange Commission has indicated is agreeable to the commission, is aimed at eliminating the bottle necks in the channels through which capital flows to the expansion of industry and the employment of labor," the Association's *Investment Banking* stated in announcing the committee that has been appointed by Francis E. Frothingham, Coffin and Burr, Inc., Boston, president of the Association.

"Nothing is further from our thoughts than any changes that would weaken the reasonable and sound corrective purposes of the laws," Mr. Frothingham said. "These purposes must be upheld. We feel, however, that the efforts we are making to get the capital markets under way are being defeated by superfluous complexities of the laws and regulations."

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A Uniform Method of Computing Savings Interest

An Advance Step in Uniform Banking Practices, and a Step Toward
Better Customer Relations

By H. C. WHALEY

*Assistant Manager Huron Branch
Northwest Security National Bank
Huron, South Dakota*

Standardized Method

THE average return on bank investments discloses that a 2 per cent rate is too high for profit and is more than banks can afford to pay with the present rate of income obtainable from short-term high-grade investments. It is not my purpose to discuss interest rates but mention should be made of the fact, inasmuch as savings deposits have proven to be demand deposits in times of stress, and this general trend should be considered in the computation and general supervision of savings accounts. Care should be taken not to jeopardize the good will of customers and discourage thrift. Today the average depositor is more concerned with the question of "How much can I save, and how well secured is my deposit account?" with a second thought to rate.

A survey made by our secretary's office discloses that the rate of interest paid by our banks is of secondary importance. A compiled return on the amount each bank would pay in dollars on the account, submitted as an illustration, was almost unbelievable, revealing a striking lack of uniformity in the method of figuring interest among our banks. Returns made by 113 banks of our Association, using the same rate of interest, varied considerably. Forty-six per cent of the banks reporting made the same return. These 52 banks used the same method in figuring their returns as your committee wishes to standardize, 15 per cent used another figure, which compares very favorably. Of the remaining 39 per cent, each had a varying figure, ranging from \$10 to \$32.41 on the same account; indicating that it makes little difference what rate of interest a bank pays, but that the method used in figuring interest is very important.

In 1920 the American Bankers Association made an extensive survey of how banks figure interest. The results of their survey disclosed even a more striking variation.

While it is true that savings deposits constitute less than half of bank deposits in the country as a whole, it is also true that they represent 50 per cent or more of the total deposits in many banks.

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Your committee feels that a worthwhile service will be rendered, if a standardized method is adopted; one that is fair to the customer, management and stockholders. On the basis of the returns of our recent survey, many of our banks by adopting the uniform method will show a sizable savings in interest paid in comparison to the amount of savings they have on deposit.

At present most customers probably assume that a stated savings rate in one bank works out the same as the same stated rate in another bank. Should they compare figures on presumably the same rates they would discover some startling results. Should customers be required to figure savings interest in order to ascertain the yield on their savings accounts in different banks?

Whatever method is adopted should be practical and easy to apply with a reasonable degree of accuracy. Regulation "Q" of the Federal Reserve Regulations specifically states that no interest shall be paid on demand deposit. A savings account balance which is constantly being reduced ceases to be a thrift account, although frequent deposits may continue the classification of a savings account and entitle the depositor to interest.

Inasmuch as it is necessary to keep a cash reserve sufficient to meet withdrawals and it is difficult to secure high grade income-producing securities with 90-day maturities, there can be no justification for figuring on the so-called "average daily or monthly balances," as has been prevalent in the past.

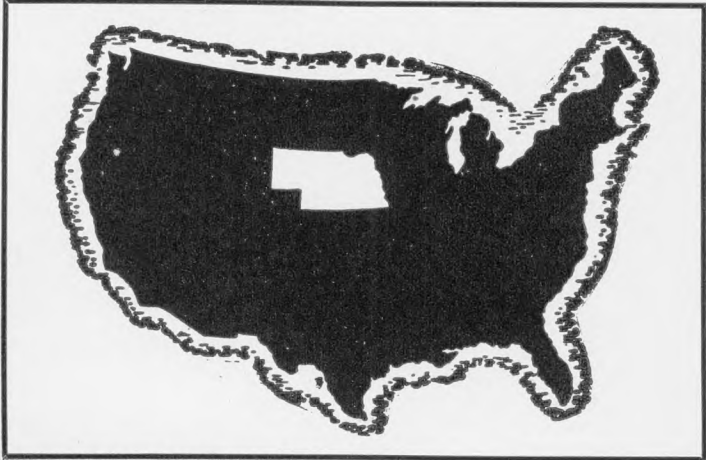
In speaking of the past we are reminded of 3 per cent income from correspondent bank balances and 2½ per cent to 4 per cent on commercial paper. Present income from these sources range from ¾ of

1 per cent to 1½ per cent on commercial paper, with no returns from correspondent bank balances. For the above reasons alone, although there are many more, we feel that interest should be computed separately for each of the two preceding quarters on the lowest balance which has remained on deposit during the whole of each of such respective quarters. However, in case the constant balance during the second quarter is less than that maintained during the first period, then the lowest balance for the second quarter shall govern for the semi-annual interest period. On the other hand, an account that is constantly being increased, is decidedly a thrift account, and thrift should be encouraged, although it is not always possible to place new funds immediately into high grade revenue-producing securities or desirable loans. We feel that this class of an account should have some consideration and interest should be computed on the smallest balance remaining on deposit throughout the respective quarters; the semi-annual interest being the total of the interest computed on the two respective quarters.

A New Account

In case a new account was received during the first quarter, later than the first five days of the quarter, no interest would be paid on funds for that quarter. Semi-annual interest would be computed on the balance maintained during the second quarter and credited to the account on the bank's semi-annual interest-paying period. As a suggestion, it would be advisable to mark the account with a special notice not to credit savings pass book with credited interest for another 90 days, as in case the deposit was withdrawn within the following 90 day period, the depositor would not be entitled to credited interest. Technically speaking, the funds have not been on deposit the full six months period. In case of withdrawal in the last quarter of the succeeding semi-annual period, he would not be entitled to interest for the semi-annual period in which the withdrawal was made, although

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The Omaha National Bank

Northwestern Banker September 1938.

Keeping Records on Safety Deposit Box Customers

Suggestions As To How the Bank in the Smaller Town Can Keep a Closer
Check on the Business of the Deposit Box Department

By EDNA L. WARMAN

*Mahaska State Bank
Oskaloosa, Iowa*

THE safety deposit box department can be important and beneficial to the bank in two ways. First, it can serve as a good source of income, and second, if properly conducted, it can be a means of advertising the sound, careful methods used by the bank in caring for its customers and their transactions. In this manner the public is impressed with the stability of the bank and their confidence is thereby gained. The essence of banking is stability and confidence and no bank is built on a solid foundation without these two fundamentals.

They tell me years ago in country banks, the master key hung on a peg board somewhere in the bank and on the same board the customer might leave the key to his box. When he desired entrance, all that was necessary was to come to the bank, take from the peg board his own and the master key, walk back to the vault and help himself. In some instances they probably did "help themselves" quite literally, because no one checked to see whether he was getting his own box or one belonging to someone else. Usually the banks following this method gave only one key to the customer and this practice has been largely discontinued.

In the smaller towns where practically everyone knows everyone else the advisability and importance of keeping accurate records on safety deposit box entrance has seemed rather superfluous until of late years. While city banks have for quite some time taken measures along this line, it has only been recently that smaller banks have realized the importance of entry slips, properly signed leases and standard receipt form.

Of course, I know more about the progress of our own bank in improving the system in the safety deposit box department, so let us take it for example. Some ten years ago the number of boxes was increased from 850 to 1,450. The practice of allowing the customer to wait on himself or leave his key at the bank had been abandoned some years prior to the enlarging of the department and a girl had been stationed at the

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vault entrance to take care of the customers. It has also been the policy of our bank for quite a number of years to give the customer, upon his renting the box the only two keys in existence that will open the box. We also impress upon them the importance of separating these keys so that in case one is lost they will still have one to gain entrance to their box, and also of the fact that if both keys are lost the box has to be broken into which is rather expensive. The fact of expense usually impresses them more than just telling them of the danger of losing the keys.

We also check very carefully to see that the key presented is the key to his own box and that he does have the right of access. Take for instance, Mr. Smith has a box and his wife also has one, with neither having the right of access to the other's box. When either of them come in the attendant should be very sure they present the key to their own box.

Up until some two years ago no record was kept of the customers going to the boxes, but at that time it was felt by the officers of the bank that entrances were not being supervised closely enough and a check should be had on the customers, not only for our own protection but for their protection as well. Of course, in smaller banks it might be possible for the girl in charge to remember who was to their box, BUT in case of a lawsuit her memory wouldn't go very far in court.

Entry Slips

Several systems were inspected by our officers but the one which seemed to them to be the best was the one chosen and is now used altogether by our bank. Let us go over this system and as we go along I will try and point out how and

why the methods now used are better than the old ones for country banks.

The entry slips which we use have met with very favorable comment by the customers. In fact, we have never seen a customer refuse to sign. These slips have a space for the box number, the signature of the customer, the date, the time and the initials of the clerk entering the vault and getting the box. This gives a very complete record and leaves no room for guess work. The entire transaction is down in black and white and gives a record which may be filed and referred to at any time. At the end of the day these slips are sorted numerically and are then posted on a file, each customer having a separate sheet for his entrances. This way a glance at the sheet tells what days the customers have had access to their boxes.

These entry slips are invaluable in cases where more than one person has the right of access to a box—for instance, a box is rented in the name of "Mr. or Mrs. John Jones, owned jointly and payable to either at any time before the death or after the death of the other," and upon Mrs. Jones coming to the box she claims something is gone. The clerk immediately refers to the card for this customer upon which each entry slip has been checked, finds the date the box was last used, looks up the entry slip of that day, and shows to Mrs. Jones the signature of her husband who had entered the box only a few days before. This immediately absolves the bank from liability and while it may cause a "family row" yet that is between Mr. and Mrs. Jones and need not worry the bank at all!

Joint Control

In case of joint control or guardianships where it is necessary that two or more persons be present to have access to the box, these slips are very important, because they give the signatures of both persons showing that they were present. In smaller towns, as well as larger ones, attorneys and others who are well acquainted with the bank's attendants, feel they can dispense with

CORN *and* OATS

*an important chapter
in the History of
the Northwest*



Pioneer Farmers found the climate and fertile soil of the Northwest ideal for producing corn and oats. By 1850 corn and oats were the most important crops in the Northwest.



Production increased steadily, year after year. In 1920, 420,015,869 bushels of corn were produced in the Northwest. Oats production was 253,403,286 bushels.



Over a Billion Bushels of corn and oats are now produced annually in the Northwest. Corn and oats growers receive approximately \$75,000,000 a year for these two important grains.



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Asst. Cashier

D. E. CROULEY
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NORTHWESTERN NATIONAL BANK AND TRUST COMPANY

Marquette Avenue: Sixth to Seventh Street

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Northwestern Banker September 1938

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He draws on this knowledge when, as your insurance purchasing agent, he buys for you the most efficient coverage at the minimum cost. And he draws again upon experience when claims occur and he acts as your representative.

His business is built on getting you *your* money's worth, in protection and prompt payment.

Insurance that minimizes the agent's function may lessen your protection, your service. Insurance is dollar protection. There are no cut-rate dollars for sale.

Why not let an experienced agent or broker take a look at your business from an insurance point of view? Like a check-up by your family doctor, it can do no harm—may save your business life.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, *President*

legal or formal procedure in gaining entrance to boxes, but if the bank wants to protect itself and be on the safe side, they should trust no one, but make all go through the regular procedure for entrance.

About the time we installed this system we heard of a case where a bank felt one instance alone paid for the entire cost of the system. A certain man, upon going to his box, claimed a \$1,000 government bond was gone. He said he knew the bond was there six months before and that he had not been to the box since that time. His lease read that no one was to go to the box but himself. This bank had only the year before started using the "Entry Slip" system and upon referring to their records they showed him where he had signed for the box some three months before, which was after the date he claimed was the last time he had been to the box. Upon seeing his signature on the slip, he went back to the booth and finally remembered that upon that day he had taken the bond from the box and had sold it, placing the proceeds in a savings account in another bank. After it was all straightened out, he went on his way happy about the whole thing, but if the bank hadn't had proof that he had been to his box it might have been a very long time before he remembered what he had done with the bond, and in the meantime he might have done the bank a great deal of harm in talking about the affair to people who, afterward, might not have been told of his mistake and they, too, would have felt hard toward the bank.

Box Leases

A great many smaller country banks are not very careful about their box leases, that is, in whose name the box it to be carried, if it is to be a box owned jointly or if one of the persons is to act only as a deputy. Of course, a box owned jointly by two or more persons gives each of them the right of access either before or after death of the other, but in case of a deputy his power of entrance ceases at the time of the death of the owner.

Banks can never be too careful about allowing access to the box after the death of one of the owners. If a box is rented as a joint box between two or more persons, then upon the death of one of these, the others have the right of access to the box after his death. Of course, this is contingent upon the requirement of the Treasurer of State that an inventory be taken of all boxes where one of the owners is deceased. This may seem, on first thought, to be a lot of extra work for the bank, but in reality it is a protection, for this reason: The inventory gives a list of exactly what was in the box and should a negotiable instru-

(Turn to page 40, please)

The Meaning and Effect of *Managed Currency*

By **MARCUS NADLER**

*Professor of Finance
New York University*

THE meaning of managed currency was recently clearly demonstrated by the President when on April 14, he presented his new recovery program for business. It contained two of the more important instruments of managed currency—the broadening of the credit base and the creation of new purchasing power through government spending. By lowering the reserve requirements 13 per cent, the board of governors of the Federal Reserve System automatically created 750,000,000 dollars in excess reserve balances. Similarly, when the treasury desterilized \$1,400,000,000 of gold, the credit base was broadened because as soon as these funds are spent reserve balances will be increased by a corresponding amount.

The second part of the program, dealing with additional spending for relief and public works will have to be financed, at least in part, through the sale of bonds. In view of the broadened reserve credit base of the country, a considerable portion of the new bonds will be bought by banks, and this will create new deposits. The control of interest rates, the manipulation of the fiscal affairs of the government, are the principal mainstays of managed currency and have been used by the administration to influence business conditions.

What It Is

Managed currency is not to be confused with a currency system such as the gold or the silver standard. It does not have certain definite rules and no final technique has been developed. Generally speaking, managed currency means the utilization of the monetary fiscal and taxation powers of a government for the purpose of influencing business conditions at home. Managed currency to be effective, requires not merely great control by the government and the central bank over the money market but also a finely knitted money market mechanism, a well co-ordinated banking system and close cooperation between the government, the central bank and the banking and financial institution. Its effectiveness also depends largely upon a certain degree of cooperation between business and the government and between capital and labor. Without these prerequisites the efforts of the government to influence business conditions

through monetary and fiscal means will merely lead to an abnormally low rate of return on gilt-edge bonds, notably of a short-term maturity and to an increase in the public debt.

Money management in all countries where practiced is exercised by the treasury and the central bank acting in unison. The function of regulating external monetary relations has been transferred from the central banks to government bodies created for that purpose. These novel institutions called exchange equalization or stabilization funds have been established with relatively large resources derived either from borrowing or from the "profits" resulting from the revaluation of the gold holdings of the central banks. These "funds" are administered by the treasuries directly or indirectly. The purpose of these "funds" is to insulate the domestic credit structure from economic and financial developments abroad and to free the central bank of the obligation to use its gold stock and discount policy for the protection of the international value of the currency. These "funds" however, have considerable powers over the money market.

Tinkering With the Currency

The general belief prevails that the mainstay of managed currency is the power of the government to change the gold content of the currency or its international value, in order to influence the price level as well as business conditions in general. Although practically all countries in the world have devalued their currencies the changing of the gold content of the currency has so far played but a minor role in currency management. In the United States the results expected from the currency devaluation did not materialize. It is of interest to recall that in a message sent by President Roosevelt on July 2, 1933, to the London Economic Conference, he spoke of "efforts to plan national currencies with the objective of

giving to those currencies a continuing purchasing power which does not greatly vary in terms of the commodities and need of modern civilization." Again in a radio address on October 22, 1933, the President stated that "We shall seek to establish and maintain a dollar which will not change its purchasing and debt-paying power during the succeeding generation." Much less than a generation has elapsed and commodity prices have fluctuated materially and the decline since last September has been precipitous.

In spite of the fact that the devaluation of the dollar yielded poor results the talk of a further devaluation has been revived. Yet since devaluation failed to bring about an increase in prices of commodities in the past it seems unwise to expect that it may work in the future. Furthermore, under present conditions if the United States were to devalue its currency, similar action will be taken by other countries, notably Great Britain; but if the leading currencies of the world are devalued by the same percentage then the effect on commodity prices is of course nil. The only benefit, therefore, from devaluing the dollar further would be to increase the gold profits of the treasury. Under present conditions therefore a further devaluation of the dollar would merely aggravate and intensify the lack of confidence throughout the land. It would have an adverse effect, at least temporarily, on the high grade bonds and would further aggravate the gold problem. Today the annual production amounts to about \$1,400,000,000. Which nations are in a position to absorb it? Tinkering with the currency, or constantly depreciating the dollar is not managed currency. It has not worked in the past, and in all probability will not work in the future if it should be tried.

Low Money Rates

The maintenance of low money rates is at present one of the principal instruments of managed currency. This policy was adopted practically all over the world in the belief that low interest rates are a powerful incentive to create new loans for increased business activity. The policy of low money rates is at the present

(Turn to page 56, please)

Northwestern Banker September 1933

The Month's Market Maneuvers

Prepared for THE NORTHWESTERN BANKER by JAMES H. CLARKE,
Assistant Vice President, American National Bank & Trust Company, Chicago



JAMES H. CLARKE

IN AUGUST the markets were quiet. Volume of trading dried up—million-share days on the stock exchange were few—and price changes unimportant. But despite the “dog days” the stock market may end the month with some small gains. As this is written, before the close on August 26th, the Dow-Jones industrial averages are about 142—they were approximately 141 as the month began. Up to this writing there have been but

five days this month in which the volume of shares traded exceeded one million, and on three of these days the market turned downward. In July there were twenty days of large volume—some exceeding two million shares—and in all these cases gains were recorded. But a quiet August was not unexpected—after the uprush late in June and throughout July, some breath-catching was in order.

DESPITE the limited trading over most of the month, chartists and other market students had the first indication of a setback in the week ended August 13th. Predictions of a market break—at least a correction—have filled Wall and LaSalle Streets for weeks. The good old term “healthy reaction,” was tossed about everywhere in financial circles, and there was pretty general agreement that it was coming. So when stocks broke 1.34 points on Monday, August 8th, and continued soft all week—breaking 3.08 points on Thursday and 2.84 on Friday—there was no question that the reaction had appeared. The market lost 9.46 points during the week—the Dow-Jones industrial averages dropped to 136.21—and, true to form, dire predictions of an even more severe break to come were common.

But with its usual aloofness to such predictions, the market resumed its slow climb on the following Monday. And continued all week. So now it is said that the market has been “backing and filling”—and there is a good chance that this is quite close to the truth. It is probably more nearly accurate, however, to say that the stock market, which has run ahead of business in its gains, is now appraising its position in light of tangible and possible business improvement.

THE business picture itself continues to look somewhat better. Not in the flashy style of the stock market, of course, but in deliberate gains which are holding their ground. The steel industry, for one, is now producing about 42 per cent of capacity—in July it was 35 per cent—in September it will be still higher. Most rampant optimists predict 60 per cent late this year—we repeat—rampant optimists so forecast. Automobile producers will soon be showing new cars, build-

ing construction is improving, carloadings are somewhat better—to mention a few.

THE Federal Reserve Board's index of industrial production was 83 for July, compared with 77 for June, an unexpectedly sharp increase, and the improvement continued into August. Commodities, however, weakened somewhat—principally as a result of the weakness in the grains. As is to be expected, a number of the fundamental points of weakness are still with us—the unemployment and wage problem—the improving but still poor railroad situation—the pressure from Washington—apparently sufficient in themselves to prevent runaway enthusiasm.

AUGUST recorded some price recessions in second grade bonds in reflection of the mid-month weakness in stocks. But government issues and corporate money bonds were firm. About the time this article is printed the Treasury will be announcing its plans for the September financing. So this is the guessing period for the banks and other large buyers of these securities. Will the December maturity be refunded in September? Will new money, perhaps a half a billion, be raised? And will the offering be an addition to our present 2³/₄s of 1958-63, or even longer? These are some of the questions in buyers' minds which the Treasury will answer. The principal question, however, is wholly aside from this one bit of financing—How long will government bond prices remain at current high levels if business improves and bank loans increase? Or if the total debt continues to pile higher?

NEW corporate financing in August was sizable, and for the most part well received. Indianapolis Power and Light Company offered \$37,500,000 of bonds and notes—Toledo Edison \$36,500,000—Phillips Petroleum \$25,000,000 convertibles (to stockholders), and Commonwealth Edison \$33,000,000 of mortgage bonds, plus \$39,000,000 convertible debentures—the latter to stockholders. All of these issues sold quickly—were “out the window” on the offering day—and sold to premiums over the selling prices. A \$25,000,000 Argentine issue was scheduled but postponed—two other offerings during the month were \$32,000,000 of New York Steam and \$10,000,000 of Crucible Steel. In the offering are further substantial bits of financing—\$10,000,000 of Gulf States Utilities, \$30,000,000 of Youngstown Sheet and Tube—to mention a couple.

AS WE near the final quarter of the year, investors will follow earnings with special interest. The first eight months of 1938 were bad—at least on a comparable basis with the two previous years. But the fourth quarter of this year should be better—and this will be compared with a poor fourth quarter in 1937—

the only bad one that year. The rise in the stock market has been largely based on this expectation, plus the hope of a favorable spring. In short, during the next few months business will be called on to justify the market advance. And since 20 per cent of all adults in the country will receive government money in one way or another in the next few months, it is easy to see which way Washington is betting.

FEDERAL INTERMEDIATE CREDIT BANKS

(Continued from page 13)

The 535 production credit associations and the numerous privately capitalized institutions eligible to rediscount with the intermediate credit banks are located in farm communities throughout the United States.

Short-term production notes of farmers, livestock men, or fruit growers are indorsed by the local institution before they go to the Federal intermediate credit bank. There, the notes are individually analyzed from the standpoint of acceptability before being discounted. The banks also require discounting institutions to deposit a certain amount of general collateral, in the form of United States Government obligations or other approved securities, to provide an additional margin of safety.

Self-Supporting

The Federal intermediate credit banks operate on a self-supporting basis, and no part of their costs or expenses of operation are paid by the Government. They derive income from two principal sources: interest on loans and discounts, and interest on securities owned. Their net income, after charging off any losses sustained, providing reserves for assets of doubtful value and for unforeseen contingencies, are available for the payment to the United States of franchise taxes and for the accumulation of a surplus which affords additional protection to investors in debentures of the banks. During the year 1937, the Federal intermediate credit banks created from their net income a reserve for contingencies in the amount of \$1,100,000; paid to the United States Government as a franchise tax the sum of \$741,275; and credited \$3,075,409 to earned surplus account. On June 30, 1938, their earned surplus, reserves for contingencies, and undivided profits aggregated \$14,846,183.

The intermediate credit banks serve as connecting links between investors and financing institutions from which farmers and stockmen borrow funds to finance their seasonal production and marketing operations. Producers' notes from every state in the union come to the Federal intermediate credit banks for discount,

providing a wide diversity of agricultural security and a continuous source of strength in the banks' financing operations.

The total amount of Federal intermediate credit bank loans and discounts outstanding on June 30, 1938, was the largest on record, \$250,900,951; of which \$223,074,860 represented credit extended to 535 production credit associations and other local financing institutions; \$27,807,113, discounts for the 13 banks for co-operatives consisting of loans secured by agricultural commodities; and \$18,978 consisting of loans outstanding to one farmers' cooperative association.

Of the \$223,074,860 of credit outstanding with production credit associations and privately capitalized financial insti-

tutions, \$39,962,695 was on range and breeder cattle, \$8,474,040 on feeder cattle, \$20,057,049 on dairy cattle, \$34,740,722 on sheep, \$12,058,075 on fruits and vegetables, and \$46,504,815 on other crops. The remaining amount of \$61,277,464 consisted for the most part of loans and discounts to finance general farming operations.

Changes

Recent changes in the personnel of Kalman and Company, Minneapolis, consist of the resignation of Sidney H. Henderson, vice president, and the addition to the sales force of George V. Alstrom and Myron F. Leighton.

IOWA MUNICIPAL BONDS

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We are actively interested
in the purchase of any
Iowa Municipal issues.

•
*Current attractive offerings
forwarded on request.*

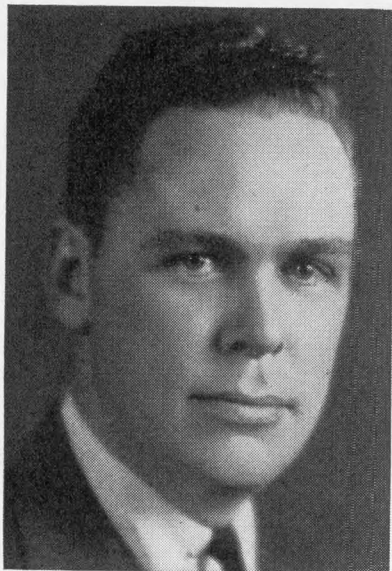
JACKLEY & COMPANY

INVESTMENT SECURITIES

EQUITABLE BUILDING

PHONE 3-5181

DES MOINES



THOS. F. RYAN, III



J. W. MILLER



V. A. DORELL

A New System of Air Transportation

MID-CONTINENT AIRLINES, Inc., was formerly known as Hanford Airlines, and in May, 1936, Thomas Fortune Ryan, III, purchased control of this company. Besides stimulating his new property with substantial additional capital, Mr. Ryan determined to create a complete new system of air transportation, literally "from the ground up." An entirely new executive personnel took over the tremendous job of reorganizing the company on July 1, 1936. For this task, Mr. Ryan sought out and obtained men of long experience and high standing in the aviation industry.

J. W. Miller was selected as vice president and general manager. Mr. Miller became associated with the Guggenheim Brothers in New York in 1919 and when commercial aviation began to bud, he was



One of the Lockheed Electra planes used by Mid-Continent Airlines.

Northwestern Banker September 1938

By **G. D. MURDOCH**
*President, Murdoch, Dearth & White, Inc.
Des Moines
Director, Mid-Continent Airlines, Inc.*

selected to administer the \$5,000,000 Guggenheim funds to promote air transportation. He managed these funds from 1926 to 1930. One of the results of the Guggenheim gifts was the construction of the "model airway" between Los Angeles and San Francisco. This was the forerunner of the government's extensive airway system. In addition, Mr. Miller sponsored airway weather reporting stations, established aeronautical engineering schools in several American universities, and sponsored the Col. Charles A. Lindbergh 1927 American tour which set the country agog. In 1930 Mr. Miller became an executive of Western Air Express and was in charge of that company's operations until 1936 when he became associated with T. F. Ryan, III.

V. A. Dorell was chosen as operations manager. Mr. Dorell brought with him many years of experience as transport pilot and was formerly division superintendent of Pan-American Airways in charge of the territory between Los Angeles and Mexico City. Mr. Dorell is in immediate charge of the training of pilots and conduct of air operations.

The important communication system is under the direction of L. E. Bishop, as safety dispatcher. Mr. Bishop came to

Mid-Continent Airlines from Transcontinental Western Air Express.

The new management at once brought all flying equipment completely up-to-date. Today Mid-Continent Airlines flies the latest type Lockheed Electra ten-passenger bi-motor all-metal transport airplanes.

Communication equipment, likewise, is up-to-the-minute. All ships are equipped with two-way Western Electric radios, with radio compass and the latest device, the radio directional finder.



G. D. MURDOCH

Since the installation of new type radio direction finders on all Hanford aircraft many months ago, the flight and dispatch personnel have undergone intensive training in the operation of the new navigational aids. Subsequent tests proved to the Bureau of Air Commerce that Hanford's expert use of the directional finder method, plus other favorable factors connected with the Tulsa to Kansas City flight, justified approval of a night schedule with mail, passengers and express. It is noteworthy in this connection, and a great compliment to the efficiency of Mid-Continent's pilots, that a number of airlines have applied for the right to fly night schedules by using this equipment over limited lighted airways and that Mid-Continent to date is the only company whose pilots have qualified.

Noteworthy, too, is Mid-Continent's pilot-training program. This is under the direction of Mr. Dorell, who takes nothing for granted. All pilots, new and old, are put through rigorous and comprehensive courses that will make them more efficient and keep them up-to-date in the operation of modern aircraft. The men are thoroughly schooled in dispatch, meteorology, emergency repair, navigation and instrument flight, with particular stress of the latter.

Mid-Continent Airlines now serve the following cities: Tulsa, Kansas City, Omaha and Minneapolis, as well as St. Joseph, Missouri; Sioux City, Iowa; Sioux Falls, Watertown, Huron and Aberdeen, South Dakota; and Bismarck, North Dakota.

On August 23, 1938, Mid-Continent Airlines entered an application to the new Civil Aeronautics Authority for an additional run between Kansas City and Minneapolis, via Des Moines. It is our belief that this line will be granted to Mid-Continent and efforts are now being made to get an early hearing before the Authority.

Air transportation underwent a vital change at the hands of the United States Government last month. The Civil Aeronautics Authority, created by Congress last June, began to function as an independent governing board of all non-military flying, regulating airlines much as the Interstate Commerce Commission regulates railroads. This is the type of regulation which the airlines have been asking for. The avowed purpose of the Act, as expressed by members of the new Authority, is to stabilize the air industry and to assist in its development and growth.

From every source of revenue, such as that from passengers, mail, and express, Mid-Continent Airlines, Inc., has shown a generous increase over previous periods. For the year ending June 30, 1937, 2,612,405 passenger miles were flown, with a gross revenue of \$103,173 for the period, corresponding to only 498,760 passenger

miles flown in 1934 and a corresponding revenue of \$21,258. Mail and express poundage and revenue show a like increase, with 288,227 pounds of mail transported at a revenue of \$303,191 in the year ending June 30, 1937, and 51,740 pounds of express carried in the same period.

It is most interesting to note that last year the Government appropriated funds for the installation of lights, beams, and emergency landing fields between Omaha and Minneapolis, which will permit Mid-Continent Airlines to fly a night schedule all the way from Tulsa to Minneapolis, via Kansas City and Omaha.



Commercial

CREDIT COMPANY

BALTIMORE

CAPITAL AND SURPLUS OVER
\$64,000,000

FOUNDED in 1912, with \$300,000 capital, Commercial Credit Company is today one of the largest institutions of its kind. It operates through more than 4,000 employees in more than 200 offices in the United States and Canada, and is owned by more than 20,000 stockholders.

**BANK
RELATIONS
DEPARTMENT**

SHORT TERM NOTES
available in limited amounts upon request, at current discount rates.

BONDS

Municipal Public Utility Industrial

A.C. ALLYN AND COMPANY

Incorporated

100 West Monroe Street, Chicago—Tel. Franklin 8400
New York Philadelphia Detroit Milwaukee Omaha

COMMERCIAL INVESTMENT TRUST INCORPORATED



COMMERCIAL INVESTMENT TRUST Incorporated, with capital and surplus in excess of \$67,000,000, provides a nation-wide sales finance service through subsidiary companies with a network of branch offices throughout the United States. This service, which consists of purchasing self-liquidating accounts, extends to automobile dealers, household appliance dealers, and to manufacturers and dealers in many lines of industrial, commercial and professional equipment, including the heavy goods industries.

C. I. T. offers its standard notes for short term accommodation in varying amounts from \$1,000 to \$100,000, in maturities from 60 to 270 days and at current discount rates. These notes are payable at any of our 279 depository banks located in principal cities throughout the country.

Latest published financial statement and list of depository banks will be mailed upon request.

ADDRESS

*Treasurer,
Commercial Investment
Trust Incorporated*

1 Park Ave., New York, N. Y.



FRANK R. WARDEN
President

IOWA Investment Bankers Association

Organized 1935



W. GEORGE POTTS
Secretary

ARRANGEMENTS for the annual outing of the Iowa Investment Bankers Association, to be held at the Wakonda Club in Des Moines on Thursday, September 15, are practically completed, according to reports from Winfield Jackley, general chairman of the affair, and his several committee heads.

Golf, tennis and softball seem to head the athletic events, with a number of special events scheduled, including the good old shell game. The several committee members serving under Mr. Jackley are Jim Cummins, entertainment; Art Keyes, golf; Norman Conway, tennis; Fritz Heywood and Dick Rollins, special events; Walter Vieth, shell game; Mike Dearth and Company, sweepstakes; Buzz Gift, entertainment; Harold Klein, softball; Gene McGuire, Northwestern Bunker; and Charley Frye, Bookey Number 9 Tee.

Responses to invitations sent out some time ago indicate that investment bankers from all Iowa cities, and Chicago, Minneapolis, St. Louis and Omaha, will be on hand to make the day another I. I. B. A. successful party.

EFFECTIVE last month, J. C. Enyart changed the title of the Iowa Bond Corporation to J. C. Enyart, Incorporated. No other changes are reported and the present officers continue in the same ca-

capacity, J. C. Enyart, president, and Miss Gladys Lathrop, secretary.

This firm has concentrated in recent years developing an advisory and management service for institutions, individuals and estates. Mr. Enyart has been interested in confining services purely along advisory lines, leaving actual investment activities in the hands of the firm's clients. To further facilitate this method of operation compensation is based on an annual fee determined by the total value of the security account.

MRS. WINFIELD JACKLEY, wife of the president of Jackley & Company, Des Moines, suffered a broken left leg last month when she was thrown as her horse stumbled in soft earth on the bridge path. The leg, broken below the knee, was placed in a cast immediately.

Mr. Jackley advises that his wife is resting as easily as the heavy cast will permit, and that it will be toward October 1 before the cast can be removed.

NEWS AND VIEWS

(Continued from page 12)

beating his brains out at Hell's gate. Now Mr. Jones hands us an apple and says 'Eat! and you shall live'—Don't do it, boys. You'll get indigestion, cramps and a bad, incurable case of anemia."

V. W. BREWER CO. MUNICIPAL BONDS

North Dakota has spent more than one hundred fifty million dollars on its Highway System, and more than nine million dollars for Soldiers' Bonus, without borrowing.

FIRST NAT - SOO LINE BLDG.
MINNEAPOLIS

Robert Lindquist, director of Public Relations of the American National Bank and Trust Company of Chicago, in a recent letter to us said, "I am sure you will be interested in knowing we have had many requests from bankers for copies of our booklet of reprints, 'Letters of a Business Man to His Son', following the article appearing in the July issue of the NORTHWESTERN BANKER, which is just another indication to us of the fine readership interest you have developed through your editorial policy."

E. W. Rossiter, president of the Bank of Hartington, Hartington, Nebraska, answered Jesse Jones about whether their bank was lending money by the following statement which appeared in their local newspaper advertisements: "The Bank of Hartington is lending money. Every application for loan is given careful attention and if it is possible to make the loan within reasonable limits, the applicant knows he will get the accommodation. For example, during the month of June, 513 loans were made. These were personal and installment loans, real estate and chattel mortgage loans, loans to buy equipment of every character required in this territory; loans to buy cars and tractors, feed and livestock, to pay out on city homes and farm homes, to pay taxes and insurance, to pay hospital and doctor bills; loans to telegraph funds to customers, friends or relatives in need 1,500 to 2,000 miles from Hartington. Yes, we make loans for more purposes than the average man can think of. And every bank day presents a new day with new problems. Money provides the answer to most of these problems."

William G. Rabe, vice president of the Manufacturers Trust Company of New York, has sent me a copy of their recent folder which they have sent to their correspondent banks and which is entitled, "Eighteen Months Average Prices of Listed Bonds." These have to be carried in examination reports at the average prices in accordance with the new Federal Bank investment and examination rulings.

This is a very interesting investment service for banks and if you have not received a copy I suggest that you write to Mr. Rabe and I know he will be glad to send you one.

Frank R. Warden, vice president, Central National Bank and Trust Company, of Des Moines, was given a dilapidated, worn-out baby carriage recently by members of his bank so that he can give his new son "a ride."

The bank employes had a sign painted on the side which said, "What! Another Vice President!"

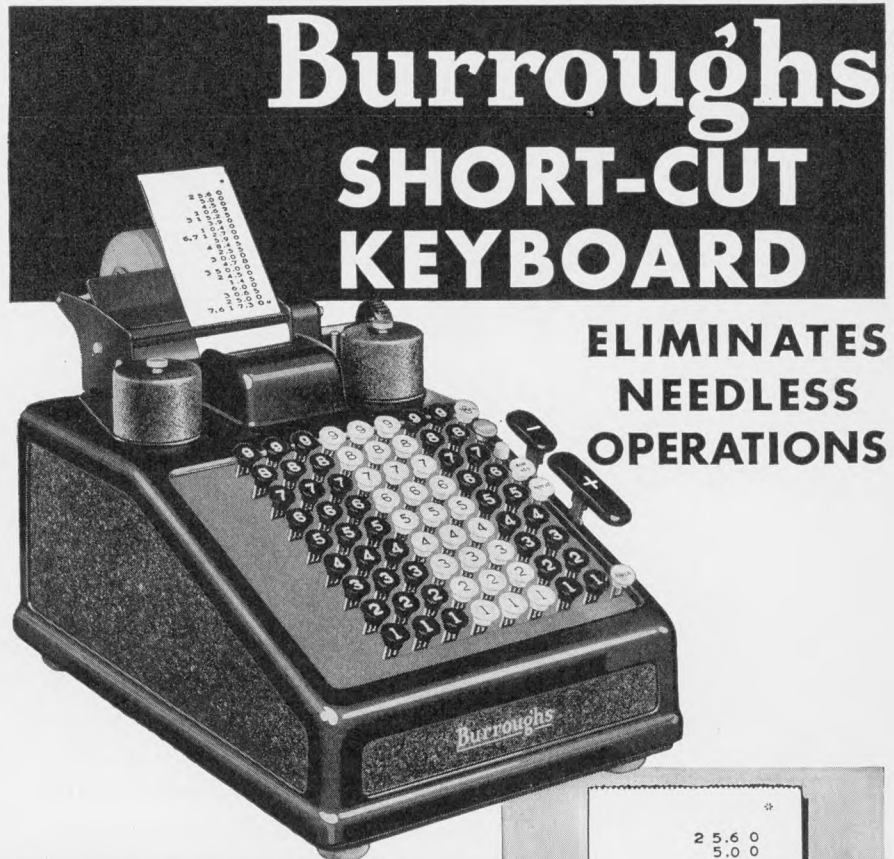
Incidentally, Frank had bet that his first-born would be a girl and he said he was very glad to lose all of his bets in order to have a son.

James Smith Ferebee, whose record of shooting 144 holes of golf in one day has caused a number of other golf marathons, is the 31-year-old vice president of the Barney Johnson Company, Chicago, investment bankers.

Mr. Ferebee took 15 hours to complete his golf record which was played over the four courses of Olympia Fields Golf Club in Chicago. He made a \$15,000 bet that he could shoot 144 holes in one day with-

out taking over 95 for any 18—and he won!

Ray Kauffman, son of **B. F. Kauffman**, president of the Bankers Trust Company, has recently returned from a 37,000-mile trip around the world, which took him three years to complete, and which was made on a 45-foot sailboat. He was accompanied by **Jerry Mefferd**, of Des Moines. Mr. Kauffman said that in many of the South Sea islands they had no economic problems and were not worrying about the stock market because they could pick their food off the trees,



Burroughs SHORT-CUT KEYBOARD

ELIMINATES NEEDLESS OPERATIONS

ALL CIPHERS ARE AUTOMATIC

Only on the Short-Cut Keyboard are ciphers written automatically.

SEVERAL KEYS AT ONE TIME

Only on the Short-Cut Keyboard can two or more keys be depressed at one time.

ENTIRE AMOUNTS IN ONE OPERATION

Only on the Short-Cut Keyboard can an entire amount and the motor bar be depressed together, thus adding the complete amount in one operation.

Call the local Burroughs office for a demonstration of the short-cut method on the Short-Cut Keyboard.

25.60
5.00
4.50
10.57
315.25
3.90
10.40
6,712.70
5.90
48.45
2.55
30.00
4.78
350.00
24.50
1.45
6.00
30.65
25.00
7,617.30*

This tape is a typical example of how thousands of needless operations can be eliminated by the Burroughs short-cut method. The amount 25.60, for instance, was listed and added by depressing the 2, 5 and 6 keys and the motor bar *all in one operation*, instead of writing one figure at a time.

BURROUGHS ADDING MACHINE COMPANY • DETROIT, MICHIGAN

get their fish out of the ocean and had nothing else to worry about. At one place he said they traded soap and undershirts for pearls.

Roswell Magill, acting secretary of the treasury, made public statistics recently showing that the first three years of the Social Security act cost the Federal Treasury \$1,232,558,598 and brought in \$887,946,271 of revenue.

Henry Ittleson, president of the Commercial Investment Trust Corporation, of New York, in a recent statement to the stockholders said, "The inherent soundness and flexibility of our business and its ability to adapt itself to sudden changes in general conditions has again

been convincingly demonstrated in the past twelve months.

"In spite of the business recession, collections have been very satisfactory, past due accounts continue to be small and receivables are in excellent condition."

Commercial Investment Trust Corporation reports combined net earnings of \$7,886,166 for six months ended June 30th, as compared with \$11,573,865 for the first half of 1937.

Undistributed net earnings of National Surety Corporation (a wholly owned subsidiary) for the first six months, amounting to \$1,012,709, are included in the combined net.

L. B. Titus, president of the First National Bank of Holdrege, Nebraska, in a

recent issue of their "First National Journal" published the following story:

"Say, dad, what keeps us from falling off the earth when we are upside down?"

"Why, the law of gravity, of course, my son."

"Well, how did the folks stay on before the law was passed?"

LEGAL DEPARTMENT

(Continued from page 14)

ticular federal statute involved. The one with which we are concerned allows deductions for claims contracted "for an adequate and full consideration in money or money's worth." The payments to the brokerage house came within the provisions of this statute and are, therefore, deductible from Brown's gross estate in computing the Federal Estate Tax due thereon.

QUESTION: A South Dakota banker died, leaving certain real estate. The administrator sold the real estate to his, the administrator's wife. Under the law in that state, as is the case in most others, no administrator may, directly or indirectly, purchase any property of the estate he represents, nor may he be interested in any such sale. Could the sale to the wife be set aside?

YES. The sale of the property by the administrator to his wife was voidable and might be set aside. The community of interest and general circumstances surrounding the matter are such that full effect cannot be given to the statute without such a holding, which, incidentally, is the rule followed almost universally throughout the country.

QUESTION: A Nebraska banker owned a farm in that state that he believed was assessed for real estate taxes in an amount more than it should be. The matter was litigated. The banker introduced testimony to the effect that certain land comparable to his was assessed too low. Was this, in itself, sufficient to require that the banker's assessment be reduced?

NO. Where it appears that land comparable to a complainant's land is assessed too low, such fact, in and of itself, will not warrant a reduction of the assessed valuation of the complainant's land. Farm lands, for the purpose of taxation, should be valued and assessed at their actual cash value, that is, their value in the market in the ordinary course of trade under Nebraska law.

GMAC

GENERAL MOTORS ACCEPTANCE CORPORATION

is engaged primarily in facilitating wholesale distribution and retail sales of the following products of General Motors Corporation and its worldwide affiliates: CADILLAC, LA SALLE, BUICK, OLDSMOBILE, PONTIAC, CHEVROLET automobiles; FRIGIDAIRE appliances for refrigeration and air conditioning; DELCO lighting, power and heating equipment; GMC trucks; BEDFORD, VAUXHALL, OPEL, BLITZ — foreign made automotive vehicles.

The business consists of investments in self-liquidating credits, widely diversified as to region and enterprise, capital employed being in excess of \$80,000,000.

In obtaining short term accommodation, GMAC issues one standard form of note. This obligation it offers to banks and institutions, in convenient maturities and denominations at current discount rates.

GENERAL
MOTORS
INSTALMENT
PLAN

These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK - BRANCHES IN PRINCIPAL CITIES

QUESTION: A North Dakota banker owned a farm in that state. A dispute as to the location of the boundary line between his farm and that of a neighbor arose. The neighbor ignored the banker, placed a fence along the line for which he contended, and used the property up to that line for a number of years. The banker was busy and did not care to litigate the matter but was finally forced to do so. At the trial the neighbor contended that his possession of the disputed property during the years he used it gave him the ownership thereof, however, he admitted that he had not held it for a period long enough to give him title by adverse possession. Should the contentions of the neighbor regarding adverse possession rights prevail?

NO. The fact that the land had not been held in adverse possession long enough to create title in that way was fatal to the neighbor's contentions. Even if the banker had recognized and acquiesced in the boundary line along the fence erected by the neighbor during the time the neighbor used the strip of land involved it would have been necessary that such use be continuous during the period of time necessary to establish title by adverse possession before the neighbor could establish a valid right to the strip on the basis of his use of the property.

QUESTION: The hold-up of a Minnesota state bank by a lone bandit resulted in a shooting affray in which the robber shot and wounded the president while in the bank and the cashier in front of the bank while making his get away. Jordan was arrested and tried for the crime of shooting the president. He was acquitted. Later he was brought to trial for shooting the cashier. At the second trial he contended he should be released because such trial involved placing him, contrary to his constitutional rights, in double jeopardy for the same offense that was the subject of the first trial. Is such contention sound?

NO. It is the identity of the offense, and not the act, which is referred to in the constitutional guaranty against putting a person twice in jeopardy. Where two or more persons are injured in their persons, though it be by a single act, yet, since the consequences affect, separately, each person injured, there is a corresponding number of distinct offenses. It follows that Jordan was not being placed twice in jeopardy for the same offense, as contemplated by the constitution, and that he should not, on that ground, escape the second trial.

PUBLIC ACCEPTANCE

(Continued from page 11)

savings account as a series of entries on a ledger card or a passbook, while the customer's needs give him an entirely different viewpoint.

Trust Service

In selling trust service you may think of competent administration of estates, and conservative, reliable management of investments; whereas the customer wants to buy—for his widow and family—comfort, happiness, and insurance against hardships.

Here are a few rational appeals which may influence the customer in naming

your company as executor or trustee; it is never absent or disabled; is abundantly responsible; is free from prejudice; has experience; has the facilities; reports are regular and exact photostatic copies of the ledger sheets; makes a business of trusteeship; has collective experience and judgment.

Public Acceptance

Simply selling the services of your bank is not enough. Successful "selling" means you must sell your bank in particular, as opposed to other banks. What product has your bank to offer which another bank does not have? Every bank has one tangible product which appeals to certain

FEDERAL DISCOUNT CORPORATION

Dubuque, Iowa

STATEMENT OF CONDITION

June 30, 1938

ASSETS

Cash on Hand and in Banks	\$ 461,759.80
Notes and Discounts	2,323,448.35
Accounts Receivable	2,422.54
Prepaid Interest and Discount	19,995.61
Deferred Expense	36,045.50
Investment Acct. (Commercial Finance Co., Racine)	100,000.00
Repossessions and Company Cars	35,956.54
Furniture and Fixtures	30,375.62
TOTAL	\$3,010,003.96

LIABILITIES

Drafts Outstanding	\$ 84,946.73
Notes Payable	1,606,096.05
Accounts Payable	118.12
Deferred Certificates	30,919.86
Accrued Tax Reserve	11,788.15
Unearned Interest	89,448.70
Reserve for Loss	23,234.48
Preferred Stock	\$925,000.00
Common Stock	172,980.00
Surplus and Undivided Profits	65,471.87
TOTAL	\$3,010,003.96

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale or as a solicitation of an offer to buy these securities. The offering is made only by the Prospectus and only in those states under the laws of which these securities are registered for sale or exempted from such registration. This announcement is published only on behalf of registered dealers in securities in this state.

New Issue

40,000 SHARES

MID-CONTINENT AIRLINES, Inc.

CONVERTIBLE PREFERENCE STOCK

Par Value One Dollar (\$1) Per Share

Price \$2.50 Per Share

Copies of the prospectus may be obtained only from registered dealers in securities in this state and only if these securities are registered under the laws of this state for sale herein.

Murdoch, Dearth & White, Inc.

Des Moines, Iowa

St. Louis, Missouri Davenport, Iowa

George F. Ryan

Boatmen's Bank Building

St. Louis, Missouri

people. That is your location—which offers convenience or accessibility to those in your locality. Today, with banking services so standardized, convenience of location is one of the leading motivating forces which cause people to select your bank.

But convenience of location is a selling appeal only to those people to whom the bank happens to be conveniently located. What about the others? What about the public in general? What does your bank have, not in common with other banks, which every person in town might want to buy? This product—the most important of all—is an absolutely intangible thing. Some call it personality, others call it atmosphere, prestige, position, reputation.

It is something about your bank which makes men and women like it, trust it, come back again and again, whether it be convenient to them or not—it is the most valuable of all assets—public acceptance. Because of it, civic leaders place your officers upon committees having to do with public affairs.

The fact is, the biggest product your bank has to sell is not any one of its individual services, but the whole bank as an institution—and the allegiance of the public to your bank, as an institution, is reflected in good will.

Next President

S. M. Waters, president of the 55-year-old Minneapolis mortgage banking firm of M. R. Waters & Sons, Inc., will be the next president of the Mortgage Bankers Association of America, the organization's nominating committee, headed by James W. Collins of Salt Lake City, Utah, has announced. The nomination was presented to the group's board of governors recently. Nomination by the committee is tantamount to election by the association at the annual convention in Chicago next October.

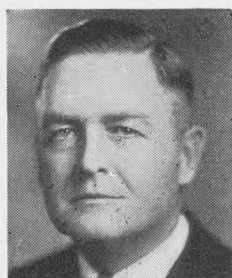
Mr. Waters will succeed A. D. Fraser, president of A. D. Fraser, Inc., of Cleveland, and will assume office during the "Silver Anniversary" celebration marking the twenty-fifth year of the Association's founding.

Mr. Waters was born in Minneapolis, attended the local schools there and later the University of Minnesota law school. He was admitted to the state bar, and later, with his brother, entered the firm of M. R. Waters and Sons, Inc., founded by his father, Murray R. Waters, in 1883. His entire business career has centered in the real estate loan field, first specializing in farm loans exclusively, then both farm and city mortgages and within recent years entirely in urban real estate financing.

Hotel
RADISSON
where life keeps lively

Enjoy the cordial Radisson! Here are all the comforts that make for gracious living. Air-conditioned restaurants. The charming new Lounge Pierre and Chateau Terrace. Earl Sodahl and his orchestra with other smart entertainment
Attractive guest rooms with bath from \$3.00.

IN DOWNTOWN MINNEAPOLIS
R. A. HOOD, GEN. MGR.



R. WARE HALL
President

NEBRASKA Investment Bankers Association

Organized 1920

Jayne Housh, Corresponding Secretary



HARRY F. SMITH
Secretary

THE annual picnic and field day of the Nebraska Investment Bankers Association will be held in Omaha on Tuesday, September 13.

The affair this year will be bigger and better, according to Harry Smith, Association secretary. Under present plans, the festivities will start with a breakfast at the Omaha Athletic Club, followed by golf, lunch, and more golf, at the Country Club. Dinner and the evening entertainment will be held at the Athletic Club in town.

Golfers will be divided into teams of four, all participating in a Calcutta Pool, with prizes for the winning team, as well as a substantial reward for the owner of the first, second, and third team winners. There will also be individual golf prizes, as usual.

The Stock Exchange, which had been discontinued for the past few years, will again form a prominent part of the evening entertainment.

ON A RECENT evening, 25 office associates of James T. Wachob of Wachob, Bender & Company, Omaha municipal bond concern, had the opportunity to see motion pictures which Mr. Wachob took on his recent round-the-world cruise. He returned in May after a four months trip. The pictures were shown at the home of J. C. Rahel, of the firm.

MORE THAN 20 Omaha men have organized a new kind of club, whose purpose is to learn more about earning more on investments. The social side is merely incidental.

Preferring to remain anonymous, they pay in small amounts at each monthly dinner. The money is invested in securities and reports are given from time to time on the status of the investments. Professional and nonprofessional men are included in the group, as well as bankers.

A committee whose membership rotates, does considerable research, delving into the background, present status, earnings and future possibilities of the securities recommended.

THE RECONSTRUCTION Finance Corporation at Washington said recently the fact that the Federal Government owns the bonds of the South Omaha bridge has no bearing on the taxability of that part of the bridge property which is in Iowa.

Addison G. Kistle of Council Bluffs, Iowa attorney for the South Omaha bridge commission, declared ownership of the bonds is not an issue in the attempt of Pottawattamie county to tax the bridge.

MR. AND MRS. LAURENCE M. McCAGUE left the middle of August for a stay of two weeks at Grand Lake, near Estes Park, Colorado. Mr. McCague is treasurer of the National Company of Omaha. At Grand Lake, they joined Mr. and Mrs. Charles D. Saunders, also of Omaha.

BY AGREEMENT of heirs of the late Dana C. Bradford, wealthy Omaha lumberman, approved recently by the district court at Omaha, several trust funds that his will created will not be carried out.

District Judge Dineen found it would be impossible to carry out the trusts without possible destruction of the estate and that to carry them out, regardless, would frustrate Mr. Bradford's intentions.

The lumberman died in 1923. His estate consisted chiefly of a half million dollars' worth of Bradford-Kennedy Lumber Company stock.

The heirs, according to their attorney, have agreed to divide the stock on the following basis: To the widow, now Mrs. Savilla Bradford Pettis, a life interest in 2,450 shares, these to go equally to the children at her death; to each of the three daughters, 612½ shares; to the only son, 712½ shares.

CITY COMPTROLLER Charles Stenicka of Omaha recently forwarded 400 shares of city-owned common stock of the National Lead Company to New York to be sold at \$28 or more per share to provide \$11,200 additional city funds toward the \$375,000 Carter Lake WPA improvement project.

The stock is part of 1,500 shares given by the late Mr. and Mrs. Edward J. Cornish toward Carter Lake park development. Mr. Cornish, one-time Omaha park commissioner, was later president of the National Lead Company. Both he and his wife died recently.

NOTICE WAS given recently by new officials of the Western Newspaper Union that approximately \$107,000 was deposited with a New York bank to pay the semi-annual interest due August 1 on its \$3,650,000 6 per cent bonds. The company's headquarters were moved to the east from Omaha several years ago.

The action on the interest was described by E. W. Julian of Omaha, who remains as vice president in charge of the merchandising department, as evidence that John H. Perry, new president, intends to keep faith with the holders of preferred securities.

In a letter to bondholders accompanying the notice that the August 1 interest would be paid, President Perry wrote: "The court actions which have been started were intended either to injure the credit of the company or to prevent the company from paying its bond interest in August, but the efforts have been in vain."

LAMSON BROS. & Co.

ESTABLISHED 1874

141 W. Jackson Blvd., Chicago
50 Broadway, New York

Our branch offices are equipped to render complete brokerage service in the handling of grain (cash and futures), stocks, bonds, cotton and provisions. Private wires direct to all markets.

BRANCH OFFICES

Des Moines, Iowa	Davenport, Iowa
Dubuque, Iowa	Cedar Rapids, Iowa
Marshalltown, Iowa	Mason City, Iowa
Sioux City, Iowa	Waterloo, Iowa
Storm Lake, Iowa	Iowa Falls, Iowa
Fort Dodge, Iowa	St. Louis, Mo.
Kansas City, Mo.	Lincoln, Neb.
Peoria, Ill.	Omaha, Neb.
Quincy, Ill.	De Kalb, Ill.
Galesburg, Ill.	Gilman, Ill.
Bloomington, Ill.	La Fayette, Ind.
La Salle, Ill.	Frankfort, Ind.
Muskogee, Okla.	Ada, Okla.

MEMBERS OF LEADING SECURITY
and COMMODITY EXCHANGES

Northwestern Banker September 1938

{ Since }
1856 {

for EIGHTY-TWO years

The business of
BANKS AND BANKERS
has entered our doors



BANKERS know they are always welcome to make this bank their Omaha headquarters. WE INVITE YOU to make us a PERSONAL VISIT and attend the Nebraska Bankers Convention in Omaha, Tuesday and Wednesday, October 11 and 12, 1938

The United States National Bank of Omaha

Capital, Surplus and Reserve, \$2,250,000

Member Federal Deposit Insurance Corporation

NEBRASKA

News



A. J. JORGENSEN
President



WM. B. HUGHES
Secretary

OFFICERS NEBRASKA BANKERS ASSOCIATION

- President.....A. J. Jorgenson
Sidney
- Treasurer.....P. B. Hendricks
Omaha
- Chm. Ex. Council.....J. O. Peck
Creighton
- Secretary.....Wm. B. Hughes
Omaha

New Building

The Broken Bow State Bank moved recently to the southwest corner of the block. The move is a temporary one. The bank building will be remodeled and modernized. It will have a new vault and a tile floor and other improvements. The building is one of the first brick buildings to be constructed in Broken Bow.

er due to the low price. Some growers expect to take advantage of federal loans to hold their crop through local bankers. A wheat field which W. T. Young, Kim-

ball and Banner county farmer and ranchman, considered cutting for straw because it looked so unpromising is yielding 55 bushels to the acre.

Honored

Mr. and Mrs. C. E. Wood were hosts at a dinner party recently honoring J. H. Damme, who has retired as vice president of the Bank of Talmage after more than 50 years as an officer and director of the bank. Mr. Damme began his services September 15, 1885, and retired June 22, 1938.

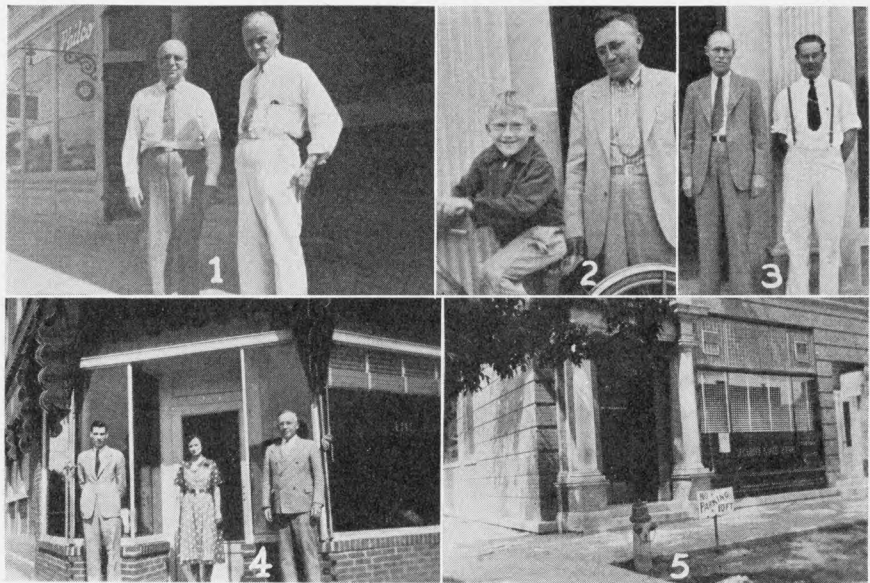
Mr. Damme was presented with a desk pen and holder with an engraved plaque as a compliment of the bank.

Guests were stockholders of the bank; Mr. and Mrs. J. H. Damme, Mr. and Mrs. Theo Damme, Mrs. Anna Frerichs, Herman Arends, Sr., Henry Kohrs, D. E. Wilkie, Wm. J. Ritter, C. L. Osborn, Cecil Asa, Fred Niedermeyer and William Damme.

Wheat

With 461 cars of wheat shipped, the Kimball county wheat movement will reach the million-bushel mark by September 1st.

Local farmers, bankers and elevator operators estimate nearly 40 per cent of this year's crop is being held by the farm-



THE above camera studies were obtained by our representative, Paul Shooll, on a recent visit to Nebraska. Reading from left to right we have: 1—A. E. Haywood, cashier of the Areadia State Bank, an officer for the past 33 years, and H. S. Kingsley, vice president, who has a record of 37 years of service. 2—Young Bob Christiansen and his father, J. I. Christiansen, who has been president of the Seven Valleys State Bank of Callaway for the past ten years. 3—E. R. Logan, cashier of the same institution, and Floyd S. Johnson, also of the Seven Valleys State Bank. 4—J. J. DeLay, assistant cashier of the Bank of Madison; Miss Elizabeth Stephens, teller, and G. C. Benning, cashier. The Bank of Madison is a new institution, recently opened. 5—The building of the Security State Bank at Ansley.

UNITED STATES CHECK BOOK COMPANY
OMAHA, NEBRASKA

« « **BANKERS SUPPLIES** » » »

ON August 6 this Bank "celebrated" its 135th Anniversary.

Credit for this record of achievement belongs quite as much to the loyalty of those we have been privileged to serve as to the soundness of management we have fortunately enjoyed.

And so we have observed the day with no other ceremony than the continued operation of a service that long experience has tempered to meet the most exacting need.

... THE ...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

Capital, Surplus and Undivided Profits
\$39,000,000

Member of Federal Deposit Insurance Corporation

To Germany

Paul Nagel, employed at the Decatur County National Bank, Oberlin, expects to sail from New York September 6th on the S.S. Columbus for Bremen, Germany. After an absence of 12 years he plans to visit his father and sister in Hereford, a brother in Hanover and another brother in Berlin. He plans to leave Oberlin with Dr. and Mrs. F. Wayne Brewster who are also sailing at the same time for Europe. Mr. Nagel will be gone about three months and will spend some time in several European countries.

Directors

Guy L. Clements, Elmwood attorney who is well known in Otoe county, has been made president of the reorganized American Exchange Bank of Elmwood.

Among the list of new directors are Frank and Fred Schulze, well known Unadilla farmers.

With Cones Bank

Harry Schumacher, son of Carl Schumacher, recently began employment in the Cones State Bank of Pierce. Since his graduation with the Osmond high school class of 1938, he has been a part time employe of the Golter Cash Store. He graduated with the title salutatorian, bestowed upon him for his outstanding scholastic ability.

A Record

Recently the Farmers State Bank of Rockville published a notice asking depositors to call for their deposits as that institution was discontinuing business and a cooperative credit bank was being set up to care for the business.

The first two days of the bank's business, fifty accounts were changed to the new bank without one single withdrawal, setting a 100 per cent record and being a record for the state as far as is known.

Meeting

At the meeting of the shareholders of the First State Bank of Randolph reports were read by the president, F. S. Stegge, covering all phases of the bank's business for the past year, a report very complete and satisfactory.

Five directors were elected by the shareholders as follows: F. S. Stegge, E. H. Sutherland, Ralph Bacon, H. L. Peck and J. M. Liewer.

Fine Bank Building for Sale: Bertrand, Nebraska. Population 700. Tri County Irrigation Project. Best town in Nebraska to start a bank. Write Henry Ringstrom, Bertrand, Nebraska.



W. B. "BOB" MILLARD, Jr., vice president of the Omaha National Bank, was a successful Republican candidate for re-election as a member of the board of directors of Omaha's Metropolitan Utilities District at the August primaries. Nomination is tantamount to election.

Mr. Millard, grandson of the late Republican Senator Joseph H. Millard, succeeded C. M. Wilhelm, pioneer Omaha retailer, on the utilities board when the latter resigned in July, 1937. Mr. Wilhelm recommended Mr. Millard's appointment.

BECAUSE of a typographical error, names of two directors of the United States National Bank of Omaha were omitted from the article in the August issue of *THE NORTHWESTERN BANKER*, describing \$60,000 of improvements completed recently by the bank.

The additional directors are Glenn E. Jennings, president of the Wright & Wilhelm Company of Omaha, and H. W. Pierpont, president of the Standard Oil Company of Nebraska, with headquarters in Omaha.

R. F. McLEAN was elected assistant cashier of the Packers National Bank of South Omaha at a recent meeting of the board of directors. Mr. McLean previously had been an auditor of the bank.

CHARLES McCUMSEY, president of the Federal Land Bank of Omaha, said recently that improved crop prospects boosted the sale of Nebraska farms by the Land Bank and Federal Farm Mortgage Corporation to 50 during June, compared with 21 for the same month last year.

Total paid for the 50 farms was \$247,-

500, with an estimated 37 per cent paid in cash before possession. Approximately 75 per cent of the buyers lived on adjoining tracts.

For the bank's territory as a whole, comprising Nebraska, Iowa, South Dakota and Wyoming, June farm sales numbered 128, a 70 per cent increase over June, 1937.

DIRECTORS of the Livestock National Bank of South Omaha recently voted to transfer an additional \$50,000 to the bank's surplus. This action brought total surplus to \$400,000, in addition to the bank's capital of \$450,000.

A dividend of 3 per cent for stockholders was also voted, to be paid in September and January, bringing total dividend payments for the year to 6 per cent.

WHEN D. C. WEST, Nehawka, Nebraska, banker, called at the Omaha Federal Land Bank recently, he exhibited a piece of fuzzy vegetation and remarked: "Our fields are just infested with this thing."

The officials shook their heads in sympathy.

Then a farm-bred young woman stenographer, who had taken a closer look than the officials, spoke up: "Why, that's a corn tassel."

MRS. W. DALE CLARK, wife of the president of the Omaha National Bank, with Miss Jessie Clark and Walter Clark, left early in August for Estes Park, Colorado, where they spent the remainder of the month at The Craggs.

THE OMAHA NATIONAL Bank, as trustee, recently began redemption of about \$40,000 worth of Douglas county employes' scrip, printed last fall.

Enough cash was realized from the judgment fund levy made by the county board to redeem that amount, it was announced by Walter Blixt, county clerk's office auditor.

The scrip was issued to cover county



We Offer Our Patrons

The experience of more than 30 years' successful service to the live stock and agricultural interests of the middle west.

Live Stock National Bank — Omaha

Resources Over \$13,000,000.00

(Member FDIC)

YOUR STATE BANKERS ASSOCIATION
OFFICIAL SAFE, VAULT AND
TIMELOCK EXPERTS
F. E. DAVENPORT & CO.
OMAHA

payrolls from September 1 to the end of 1937. It was secured by judgments obtained against the county. About \$200,000 of the scrip was issued. Only Series "A" and "B" denominations are being redeemed now.

MR. AND MRS. HENRY W. YATES have returned from Dome Lake, Wyoming, where they spent a vacation. Mr. Yates is trust officer of the United States National Bank of Omaha. There is a large Omaha colony at Dome Lake.

EMMETT G. SOLOMON, assistant

trust officer of the First National Bank of Omaha, recently addressed the Omaha Kiwanis Club. He explained the proper method of planning an estate and the best way to conserve its assets. The luncheon was held at Omaha's Fontenelle Hotel.

D. P. HOGAN, former president of the Federal Land Bank of Omaha since its establishment in 1917, recently went to Chicago to attend a five-day meeting of the Republican party's policy committee, of which Dr. Glenn Frank is chairman.

CHARLES D. SAUNDERS of the

First National Bank of Omaha, with his wife and two daughters, Marion and Sue, went to Grand Lake, near Estes Park, Colorado, to spend the month of August.

ACCORDING to the monthly review of the Federal Reserve Bank of Kansas City, Omaha bank debits for June showed an increase of \$8,079,000 over May. The June total was \$133,962,000. The total, however, was about \$20,176,000 lower than June, 1937.

Check Warning

A note of warning to people handling checks to be on the lookout for bogus travelers checks has been issued by the Central National Bank of Columbus.

Recently, a bank official said, hotels, gas stations and merchants generally throughout the country have experienced considerable losses by the passage of these spurious checks. In all cases, the receiver of the check is the loser, and, for this reason, tips on the detection of such checks are passed on to merchants and their employees.

Several months ago, bogus travelers checks appeared bearing the name of the Exchange National Bank, New York City, which is a non-existent institution. Later similar items drawn on the Union National Bank of Pittsburgh appeared. While the Pittsburgh bank is a legitimate institution, it does not issue travelers checks. More recently checks have been circulated drawn on the Continental National Bank of San Francisco, another non-existent institution. Most of the checks are for \$20, although denominations of \$50 and \$100 have also appeared.

SAVINGS INTEREST

(Continued from page 18)

he would be entitled to the interest credited the previous semi-annual interest-paying date.

This method of figuring interest on a quarterly basis and crediting semi-annually is practical for a bank that is on the accrual basis, in that the accrual will be sufficient to meet the interest due and there will be no necessity for carry over; for a bank on a cash basis, in that semi-annually their savings interest requirements can be met with a reasonable degree of accuracy. The figuring of interest and crediting quarterly is not advisable, in that it increases simple compound interest, aside from increasing the overhead in the savings department in the computing of interest and additional entries in savings pass books; it also increases the hazard of paying interest to an individual whose funds have not been on deposit for a six-months period.

I might add that the overhead of sav-

The Right Spot

Nebraska has become famous recently because it is the "White Spot" on the map of the United States as it has so few troublesome taxes.

Nebraska is also the "Bright Spot" because of its Agricultural and Industrial income.

And in Lincoln "The Right Spot" to care for your correspondent requirements is the First National Bank, because hundreds of Nebraska correspondents of this institution have for years been receiving prompt and satisfactory service.

The First National Bank

of Lincoln, Nebraska
(Organized 1871)

H. S. FREEMAN, *Chairman Executive Committee*
GEORGE W. HOLMES, *President*

P. R. EASTERDAY, *Executive Vice President*

W. B. RYONS, *Vice President*

L. C. CHAPIN, *Vice President*

STANLEY MALY, *Vice President*

B. O. CAMPBELL, *Junior Vice President*

E. H. MULLOWNEY, *Junior Vice Pres.*

HOWARD FREEMAN, *Cashier*

DONALD P. EASTERDAY, *Asst. Vice Pres.*

CLIFFORD G. WESTON, *Assistant Cashier*

A. C. GLANDT, *Assistant Cashier*

R. J. BECKER, *Assistant Cashier*

Member Federal Deposit Insurance Corporation

ings deposits in the average bank is about $2\frac{3}{4}$ per cent of total savings on deposit plus rate of interest. The average return on investments is about 4.75 per cent with a trend toward lower averages.

Personally I am an advocate of cost accounting in every department of a bank to determine costs for the purpose of adequate service charges and better supervision. The rate of interest is but one item of cost. Reserves, FDIC insurance, etc., all must be considered in determining the ultimate revenue received from the maintaining of a savings department.

The public and the Government have been constantly chartering our course. We have indeed been fortunate that the public has been too busy trying to dodge other pitfalls and has not taken time to compare savings interest credited by banks advertising the same interest rates. Times are changing. More people are getting "investment-minded" and more individuals are carrying dual accounts in competing banks.

The following rule is suggested for pass book publication covering interest computation: "Interest will be paid on semi-annual interest payment dates, computed quarterly, on the lowest balance in the respective quarters. If the lowest balance in the second quarter is less than the lowest balance in the first quarter, then the second quarter balance shall govern for the full six months period. When an account is closed between interest dates, no interest will be allowed on any balance on deposit during any period since previous interest date. No interest will be paid on any account the lowest balance of which has been less than \$5. No interest will be paid on a fractional part of a dollar."

Hard on His Health

Stopping to pass the time of day with a farmer, a tourist learned that the farmer's father, 90 years old, was still living and working on the farm where he was born.

"Ninety years old, eh?" asked the tourist.

"Yes, father is close on ninety," the farmer replied.

"Is his health good?"

"Tain't much now. He's been complainin' for a few months back."

"What's the matter with him?"

"I dunno. Sometimes I think farmin' don't agree with him."

SELL YOUR BANK

The "Walters" Way
Without Publicity

Qualified, carefully investigated bank
employees furnished free

THE CHARLES E. WALTERS CO.
Omaha, Nebraska



Lincoln Locals

MISS MAY BOE and Miss Olive Seacrist, teachers in the Canton, Ohio, schools who have been guests of Mr. and Mrs. Dan V. Stephens in Fremont and at The Cottonwoods, spent some time in Lincoln where they visited the state capitol and Morrill hall. Miss Boe is a niece of Mrs. Stephens.

Miss Boe's sister, Mrs. George Guthrie of Los Angeles, spent two days at the Stephens home in Fremont recently en route to Ohio. She expects to stop here again on her return to the west coast.

E. H. LUIKART, state judicial receiver of failed banks, has announced additional payments to depositors of the State Bank of Belvidere and the Nebraska State Savings Bank of Wahoo.

A total of 44.24 per cent equaling \$71,167 has been returned to Belvidere depositors with this 3.94 per cent payment of \$6,246. Payment of 3.28 per cent, equal to \$7,292, at Wahoo brought total

payment to 15.28 per cent, equal to \$33,971.

ANNOUNCEMENT has been made of the resignation of John P. Cobb as president of the American Exchange Bank at Elmwood. He has served as head of the bank for the past 30 years and will be succeeded by Guy L. Clements.

THE ANNOUNCEMENT was made at Lincoln by the receivership division of the state banking department that depositors in the failed Farmers State Bank of Albion had received a 10 per cent dividend, amounting to \$10,227. It is the first payment made since the bank was closed.

SECURITIES commission experts have begun the spade work for the anti-trust investigation of \$12,000,000,000 assets of the nation's mutual savings bank. In some respects the study probably will parallel the commission's analysis of the

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\$30,000,000,000 assets of insurance companies and the relation of this huge reservoir of funds to the capital market.

The latter phase of the survey was authorized by congress to determine whether concentration of enormous assets entailed monopolistic practices.

A FINAL payment of 5 per cent was announced by the state banking department to depositors of the failed Farmers Bank of Burwell. The payment of \$5,-682 brought to \$90,918, or 80 per cent, the amount paid out on the bank.

SAFETY DEPOSIT

(Continued from page 22)

ment be lost, or at least not reported in the inventory when the estate is probated, then the burden of responsibility could be placed on the bank by the heirs if they wanted to make the statement that the instrument was in the box, and had disappeared. Thus, the inventory taken by a bank attendant in the presence of the other owners of the box, is a safeguard for the bank.

In cases where a box has been rented in

the name of one person only and this person dies, the bank should be doubly careful in allowing access to this box. No one should be allowed entrance unless he presents the proper papers showing his appointment as administrator of the estate by the court.

Many small banks feel their customers would not like the idea of having to sign every time they have access to their box, but if the system is properly and pleasantly presented to the public no serious objections should come up. They are more likely to welcome the fact that the bank is making an effort to protect their interests.

This brings to mind another phase of the department which should never be overlooked. And that is the attitude and manner in which the person in charge waits on the box customers. Of course, this holds true in every department of a bank but it seems to me it is particularly important in connection with box customers. It depends upon the girl serving the customers whether they go away happy or with a feeling of reluctance to have bothered her at all. And after all, the attitude with which you greet a customer has a great deal to do with the general reputation of the department and also the bank. A pleasant smile and the taking of just a second or two to talk with them—all this creates a friendly atmosphere. It goes a long way. This is particularly true in a small bank and the girl in charge has a better chance to make her customers feel at home in their coming to the department than does the attendant in a larger bank. All this can be done, however, without slacking down on the rules and regulations of a well-ordered safety deposit box department.

CAN YOU TAKE IT?

(Continued from page 15)

can obtain so much valuable instruction for so little money.

Iowa Classes

It is my understanding that group study classes have been attempted in Iowa before, but it took my good friend, "Chuck" Amman, to devote the necessary time to the job to put over a successful class at Grinnell in 1935. He was at that time earning his way through college by working afternoons and evenings at the Grinnell State Bank. Mr. Frazier, president of that bank, could see the benefits to be derived from this type of instruction and cooperated with "Chuck" one hundred per cent in the organization of this class. A number of Des Moines A. I. B. members were invited to Grinnell early in the fall of 1935 and did their bit toward

(Turn to page 47, please)

TIME SAVED IS MONEY

Time saved on the collection of your Sioux City grain, hay and live stock items is money in the pockets of your customers. You effect this saving by using the Live Stock National Bank of Sioux City as your Sioux City correspondent. We suggest you use this dependable shortcut for all your Sioux City transactions.

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Vice President and Cashier
W. G. Nelson, Asst. Cashier
W. C. Schenk, Asst. Cashier
L. W. Ross, Asst. Cashier
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President, Johnson Biscuit Co.
B. L. Sifford
Attorney, Sifford & Wadden
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Vice President and Cashier

LIVE STOCK



NATIONAL BANK

Sioux City, Iowa

"The Bank at the Yards"

Member Federal Deposit Insurance Corporation

\$781,633.79 and the deposits on June 30, 1938, were \$813,962.19, showing a gain of \$32,328.40.

Compared with the deposits of June 30, 1937, which were \$879,523.53, the deposits on June 30, 1938, were \$65,561.34 lower than a year ago.

Resigns

E. J. Morris, who for the past three years has been cashier of the Bank of Lemmon, has resigned his position, effec-

tive October 1. In presenting his resignation to the board of directors of the bank, Mr. Morris stated that business interests in Wisconsin in connection with the estate of his brother, who was recently killed in a boat explosion, made it imperative that he leave for Wisconsin as soon as possible.

Mr. Morris, during his connection with the Bank of Lemmon as cashier, has given efficient and courteous service and has made many friends who will be very sorry to learn of his decision to leave Lemmon.

Reorganized

The Miners and Merchants Savings Bank of Lead has been reorganized with the following stockholders: William Kruse, John Lindholm, Harry O. Searle, R. R. Pullen, Alex Rentto, John Treweek, Edward Swander, Charles A. Swander, Bart Trucano, Amandis Klingler, Louis G. Batinovich, John C. Finola, Ralph Brothers, Wallace Furze, Arvis L. Revell and John Hirning.

At a special directors' meeting the vacancies on the board were filled by the election of William Kruse, Frank Schadel and John Treweek.

Vacation

B. R. Laird recently enjoyed a two weeks vacation from his duties at the bank at Lyndell. He took a trip to the Black Hills and on to Yellowstone Park.

Sioux Falls A. I. B.

The Sioux Falls chapter of the American Institute of Banking, a section of the American Bankers Association, under the leadership of its president, Loren I. Shoop, will open its school year September 14, offering to its members courses in negotiable instruments and corporation finance and investments.

The local chapter has again obtained the services of Roy D. Burns to instruct the law class. A competent instructor will also be secured for the corporation finance and investments course.

One of the local chapter's members, Leo A. Olson, has received national recognition by being appointed to membership on the national departmental conference committee.

National commencement sponsored by the institute and held during the early part of September each year will be participated in by the local chapter.

Deposits Increase

Deposits in South Dakota state banks increased nearly a half million dollars between March 7 and June 30 this year, Superintendent of Banks James Stewart announced in a report comparing the condition of the financial institutions as of those two dates.

The 130 banks reporting on June 30 listed deposits totaling \$31,282,561.46 compared with the \$30,841,395.25 reported by 132 banks on March 7—a gain of \$441,166.21.

The resources of the state banks were increased \$495,038.75 during the period, from \$36,874,509.13 to \$37,369,547.88.

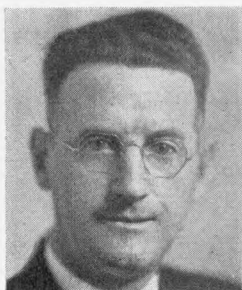
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facilities and cooperation
of all departments
are available
to correspondent banks*

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WILLIAM DUNCAN, Jr.
Secretary

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President Frank P. Powers
Mora
Treasurer G. A. Haven
Chatfield
Vice President A. B. Lathrop
St. Paul
Secretary William Duncan, Jr.
Minneapolis

Correction

On page 44 of the August issue of *THE NORTHWESTERN BANKER* appeared a news item to the effect that P. W. Kenefick had been elected to the presidency of the National Citizens Bank of Mankato.

This item was published in error. Mr. Kenefick has joined the official staff of the National Citizens Bank, in the capacity of vice president and director, and not as president. Harold V. Bull is president of the institution. For the present Mr. Kenefick has retained the presidency of the Murray County State Bank of Slayton. Managing officer at Slayton is now Vice President A. W. Hoodecheck, who was formerly cashier of the First National Bank of Britton, South Dakota.

We are happy to make this correction and give additional information regarding the recent change made by Mr. Kenefick.

Discontinued

The Farmers State, Fosston, was one of four banks discontinued as depositories for postal savings funds by the board of trustees of the Postal Savings System, Washington, in the week ended August 6.

New Building

The Farmers State Bank, Ormsby, has erected a new \$8,200 bank home this summer and had open house for the public on Saturday, August 20. Visitors were invited from 9:00 a. m. to 9:00 p. m.

This single story building is located on a main corner of the village. It was

designed and built by Schmidt and Dyrstad, St. James, who also built the inside fixtures. Structure glass is used as a trim around the front door and east side windows, and the bank name is of white glass on a black background.

Dies in Warren

L. Lamberson, Warren's first banker, pioneer civic and community leader since 1884, died at his home recently, the cause of his demise being attributed to chronic myocarditis.

Locating in Warren in July, 1884, when he established The Bank of Warren, a private institution, Mr. Lamberson played an important part in the community. He continued to operate his banking institution until 1904, when he sold his interests to the State Bank of Warren. Since retiring from active banking business, Mr. Lamberson devoted his time to extensive land interests in the Northwest and also to his investment banking business. He has served as vice president of the Peoples State Bank of Warren since its organization.

At Winona

Officers of the Southeastern Minnesota Bankers Association were re-elected at the association's annual meeting at the Winona Country Club. They are Tollef Sanderson, Harmony, president; R. E. Sprague, Caledonia, vice president; John Ambrosen, Winona, secretary-treasurer, and F. J. Thill, St. Charles; O. E. Burntness, Caledonia, and A. O. Krogen, Chatfield, directors.

William Duncan, Minneapolis, secre-

tary of the Minnesota Bankers Association, was the principal speaker at the dinner session. O. U. Habberstad of Lanesboro, and S. J. Kryzsko spoke on public relations.

About fifty members of the association from Winona, Houston and Fillmore counties attended the dinner meeting, which was preceded by golf in the afternoon.

Wants to Move

The State Bank of Milan has applied to the Minnesota Commerce Commission to move to Madison, changing its name to State Bank of Madison. Hearing was held August 16.

Association

The first annual meeting of the Dairy Region Clearing House Association, composed of banks in Freeborn, Steele and Waseca counties and organized at a recent meeting in Albert Lea, took place recently in Owatonna.

The object of the association, according to President A. A. Sorenson of Oakland, Minnesota, was to promote the general welfare of rural banks, to secure cooperation of members upon matters of mutual interests, and to promote business acquaintanceship and to facilitate discussion of questions regarding financial and commercial usages.

Other temporary officers serving were Paul H. Evans, Owatonna, vice president; George Hovig, New Richland, secretary-treasurer; T. K. Troe, Emmons; E. O. Habberstad of Blooming Prairie, and C. P. Sommerstad of Waseca, directors.

Northwestern Banker September 1938

Duluth A. I. B.

Standing committees for the year of the Duluth chapter, American Institute of Banking, have been named by Earl J. Andree, president.

Other officers, besides Mr. Andree, are John O. Baker, first vice president; Inez M. Campbell, second vice president; Ellen Cudahy, secretary; Joseph Jorgenson, treasurer; Lily Mae Oast, chairman, women's committee; Kenneth Dennis, Elis Hendrickson, and Rose C. Moritz, board of governors. Committees:

Educational—John L. Evans, chairman; John O. Baker, E. B. Bredeson, Alfred Stevens, Elis Hendrickson, Pearl Rustad, Arthur Elowson, Kenneth Dennis, Lillian Mattson and Dorothy Jean Smith.

Athletic—J. H. Saunry, chairman;

Claude Young; Russell Miller, Hilding J. Olson, Melvin Swanson, Russell M. Walters, Baird Hawley, Vern Hanson, Gunnar Rasmussen and W. P. Mahoney.

Forum—Karl H. Thoorsell, chairman; J. Edward Eaton, Arthur Borgeson, Willard Ario, Alfred Stevens, Elis Hendrickson, S. J. Nelson and Folke Young.

Publicity—Rose C. Moritz, chairman; Leone Smith, Lorraine Fleer, Marie E. Hill, Robert Norman, Clarence Eng, Clyde Stube and Elzie M. Johnson.

Public Education—L. O. Anderson, chairman; H. C. Matzke, W. K. Alford, J. C. Buckley and Peter C. Pichetti.

Entertainment—Inez M. Campbell, chairman; Ann Lydon, Roy Haugen, Roy Conley, Cecelia Sikora, Elizabeth Holm, Emil L. Jensen, Madeline McGee, Erl-

ing A. Sande, Roderick McKenzie, Mildred A. Senn, Margaret Lanigan, Gladys C. Greenwood, Harry Olson, Einar Suuronen, Pearl Rustad, John Hammerstrom, Harriet Johnson, Edward Michel, Marjorie McIntyre, Madeline Twerdal, William V. Polski, Jr., Violet Anderson, William Granland and Frank Virant.

Publications—Marie E. Crammer, chairman; Roland Mniece, J. Edward Eaton, Muriel Ames, Laura Kennedy, Etta Kelso, Gladys Greenwood, John Allen, Dorothy Jean Smith, Sarah Turner, Edward Fischer and William Granland.

Public Affairs—Lester Shervey, chairman; R. H. Magie, Erling Sande, Edward M. Erickson, Roy Nygaard, Donald Snyder and George Nelson.

Women's—Lily Mae Oast, chairman; Ann Lydon, Cecelia Sikora, Evelyn Forsyth, Dorrit McGee, Mary Lou Lyons, Jean Miller, Lillian Goodrich, Evelyn Panger, Ruth Brander, Evelyn Eggen, Ruth Lepisto, Virginia Trengove, Margaret Gunderson, Ednae Ross, Violet Anderson and Belle Riddle.

Resigns

The resignation of Claude R. Engelstad, former receiver for the Holland and Woodstock Banks, was announced recently at Hendricks where he has completed the job as receiver for two banks.

Mr. Engelstad planned to leave for his home at Moorhead to assume a position with the International Harvester Company. Margaret Gillespie, who served as his assistant on the work at Holland and Woodstock, as well as Hendricks, is planning to take a position in a similar line of work in Wisconsin.

Dies in Danube

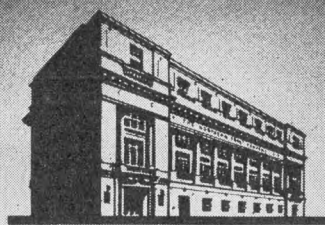
N. T. Knott, 69, prominent citizen of Danube, has died. He was at one time mayor, president of the State Bank and head of a lumber company. He is survived by his widow, two daughters and two sons.

Control Changes

Controlling interest of the State Bank of Wheaton, has changed hands through the sale by Cashier C. G. Leaman to F. A. Siewert and Sam E. Storm of Sacred Heart.

Anniversary

The First National Bank of Fergus Falls observed its sixty-sixth anniversary recently. It was started by Henry C. Page, George B. Wright and James Compton. Elmer E. Adams, president, has held that post 26 years.



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gives added value to
this correspondent service

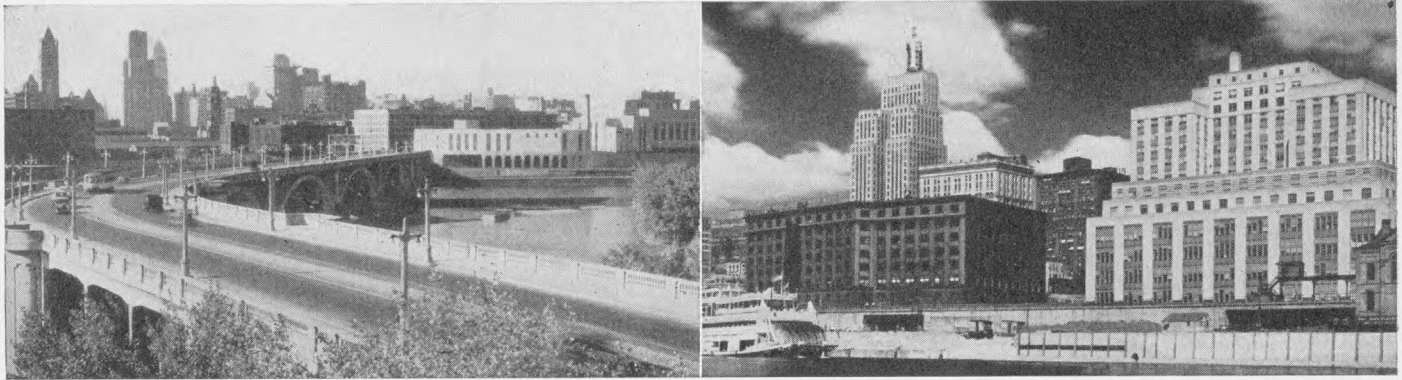
A friendly desire to be helpful is characteristic of the relationship of The Northern Trust Company with its correspondents. This institution is always ready to share the benefits of the banking experience it has acquired through nearly half a century. Sources of banking and business information are gladly made available. And discussions of mutual problems with visiting banker-customers are welcomed.

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TWIN CITY NEWS



DEFINITE answer to the problem of low cost housing has been supplied by the Marquette National Bank, Minneapolis, in an unique demonstration that included the actual building of a home.

Results of the experiment were presented to Minneapolis builders, contractors and real estate men at a dinner given by the bank.

The house, built in St. Louis Park, Minneapolis suburb, was erected for \$3,234. It is a one-bedroom bungalow with garage, and is designed to permit easy enlargement with an actual improvement in the appearance of the house.

As explained at the meeting, the house may be purchased on a 25-year FHA-insured loan of 90 per cent, for \$323 down and monthly payments of \$21.32.

The house was sold, as soon as completed, to a young couple with an income of \$1,400 a year.

Credit for the success of the project goes to Ralph W. Manuel, bank president, and Stanley Bergstrom of the Marquette Institute of Research.

Contractors at the meeting were reported so enthusiastic over success of the experiment that they are planning to erect a number of similar houses at once—all with a view to meeting the need for good, inexpensive homes that can meet the needs of families in the \$1,500 income bracket.

TOTAL deposits of Minnesota's 487 state banks, one savings bank and five trust companies was \$265,271,034 on June 30, 1938, a decrease of \$2,121,281 from the March 31, 1938, figure, according to a report released by Robert D. Beery, state commissioner of banks. Loans and discounts at the end of the second quarter aggregated \$100,753,322, against \$98,030,383 three months before.

NEW OFFICERS of the Rural Hennepin-Anoka Clearing House Association,

JAMES M. SUTHERLAND

Special Correspondent

named at the annual meeting at Spring Park, Lake Minnetonka, are:

President, P. F. Lindholm, cashier, State Bank of Maple Plain; vice president, W. M. Neumann, assistant cashier, Farmers State Bank, Osseo, and secretary-treasurer, Joseph M. Baylor, cashier, State Bank of Rogers.

A NEW LOAN service, called "Time-credit," is being offered by Midway National Bank, St. Paul. The plan, it is said, reduces financing costs and provides for convenient payments over 12 to 18 months, in some cases longer.

FRANK VROMAN, formerly vice president of Guy A. Nelson Co., Minneapolis, has been elected vice president of Greenman & Cook, Inc., St. Paul investment

firm. He will be in charge of the FHA-insured mortgage department, a field into which the company is expanding.

GAYLORD W. JONES has resigned as manager of the Minneapolis office of E. H. Rollins & Sons, Inc., to join the investment department of Piper, Jaffray & Hopwood, Minneapolis.

P. O. HOLLAND, Northfield, Minn., officer and director of a number of rural banks in Minnesota and North Dakota, was given a birthday luncheon in Minneapolis on the occasion of his sixtieth birthday. The occasion was the regular quarterly meeting of the Lutheran Brotherhood, of which he is vice president. A number of leading northwest bankers and business men attended.

W. HUBERT KENNEDY, vice president of Wells-Dickey Co., Minneapolis,

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● Increased Profits to Companies

—will result from *constructive* readjustment and reclamation of life insurance policies that are "sick" by having become loan-encumbered, gone on an extended or reduced paid-up basis or lapsed without value.

Life companies are invited to investigate our record of twenty years' successful operation in the special conservation field.

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DES MOINES, IOWA

Northwestern Banker September 1938



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INSURANCE AGENCY
NEEDS A
WESTERN MUTUAL
CONTRACT” says**

**this Prominent Iowa Insurance Man and
Former Banker.***

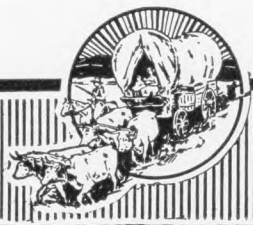
“I’ve found that a good legal reserve, non-assessable mutual fire and auto insurance company such as Western Mutual has been the means of building more business for me. . . . Not only that, it has saved a lot of my clients from going elsewhere for lower cost insurance.”

**We’ll gladly send you this man’s name if
you are interested.*

There’s an insurance trend towards legal reserve, non-assessable mutual insurance. Build your business and save your business, alike, with a Western Mutual contract backed by adequate field supervisory help to help you sell and service. Write Western Mutual today.

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Company**

**1008 HUBBELL BLDG.
DES MOINES, IOWA**



has been named to a special committee of the Investment Bankers Conference to work with the SEC regarding problems in connection with over-the-counter regulation.

APPROXIMATELY 75 Minneapolis and St. Paul investment men attended a meeting in the directors’ room of Northwestern National Bank & Trust Company August 15, at which SEC Commissioner George C. Mathews and Milton Katz of the SEC legal department explained the Maloney over-the-counter amendments to the Securities Act.

C. S. Ashmun of C. S. Ashmun Company, Minneapolis, was chairman of the committee which arranged the meeting and presided at the session. Assisting him on the local committee were: Lester Bigelow, J. M. Dain, Lester B. Elwood, Charles A. Fuller, Robert L. John, W. Hubert Kennedy, Justus F. Lowe, Norman Nelson, all of Minneapolis, and Almon A. Greenman, Wendell P. Harper, William Mannheimer, Charles R. Park and B. A. Turner, St. Paul.

The gist of Commissioner Mathews’ talk was that the SEC wants to work closely with the dealers, with the dealers doing much of their own regulating through associations.

A SEMI-ANNUAL dividend of 25 cents a share, payable October 1 to stockholders of record September 20, has been voted by directors of First Bank Stock Corporation. This is the same dividend rate as was in effect in 1937. It will total \$740,500 to approximately 16,500 stockholders.

Meet in Hutchinson

A meeting of bankers from six counties gathered in Hutchinson recently for the first annual meeting of the Minnesota Valley Clearing House Association. The association is composed of banker members from Carver, Scott, Sibley, Nicollet, LeSueur and McLeod counties.

Over fifty bankers attended the meeting, a number coming for an afternoon of golf at the Hutchinson golf course. At 6:45 p. m., Hotel Jorgensen was the scene of a banquet, presided over by Edw. J. Huber of Shakopee, president of the association.

Speakers at the banquet included A. B. Lathrop of St. Paul, vice president of the Minnesota Bankers Association, who spoke briefly, directing his talk along channels of interest to the group.

Bankers Day

Bankers from all parts of Minnesota gathered in Mankato to celebrate a “Bankers’ Day” gathering, sponsored by the Blue Earth Valley Clearing House Association, headed by Richard L. Myers, Good Thunder.

Minnesota News

Climaxing a day of entertainment, more than 300 bankers and their guests attended a banquet at the Saulpaugh Hotel in the evening.

Featuring the banquet, which was broadcast over a state-wide radio hookup, were addresses by Frank P. Powers, Mora, president of the Minnesota Bankers Association, and Milton F. Barlow, Mankato, president of the American Institute of Banking.

Stressing cooperation between bankers and those in need of credit, Mr. Powers attacked statements of government officials that there is a lack of banking cooperation in taking care of credit needs.

Mr. Barlow's address was concerned with explaining the functions of the institute of which he is president. Stating the purpose of the institute to be the opening of facilities for bankers to study their own profession, Barlow declared that the Minnesota membership in the organization was slightly higher than the national average. The institute aims to "brush away the cobwebs" from the mystery of the banking profession, Barlow stated, and remove many of the misconceptions which breed suspicion of the banking profession in the public's mind.

Other speakers at the banquet included William Duncan, Minneapolis, secretary of the Minnesota Bankers Association, and O. S. Powers, vice president of the Federal Reserve Bank at Minneapolis.

Cashier

K. O. Sattre of Evansville arrived in Blue Earth recently to take over his duties as cashier of the Blue Earth State Bank. Mr. Sattre was appointed to the position several weeks ago and severed his connections with an Evansville bank in February to take the cashier's appointment.

Annual Meeting

The thirty-ninth annual meeting of the stockholders of the State Bank of Frost was held there recently. The following were re-elected directors: H. J. Frundt, T. H. Gullord, John J. Nelson, Clifford Kittlesen, and Iver B. Satre. All the present officers were re-elected at the director's meeting that followed.

1938 Conventions

American Bankers Association—Houston, Texas, November 14-17.

Financial Advertisers Association—Fort Worth, Texas, October 31-November 2, 3.

Nebraska—Omaha, October 11 and 12, Paxton Hotel.

CAN YOU TAKE IT?

(Continued from page 40)

helping out with this organization. "Chuck" liked to write letters. In fact, he admitted he liked to write letters, and, believe it or not, this—may we say eccentricity—played a large part in putting the Grinnell class over, as there was no end to the correspondence necessary this first year, it being the only attempt in many years to establish a class of this kind in Iowa. After considerable discussion the class decided to take up the subject of Bank Organization and Operation—which, by the way, should be the first subject attempted by any group—Mr. Frazier consented to act as instructor for the class, and as a result some sixteen students finished with flying colors in the spring of 1936. The following fall they again organized and studied Commercial Law and again in 1937, teaching Negotiable Instruments. A considerable number of the members of this class are officers and employes in the Newton banks and journey over to Grinnell once each week to attend class. In fact, I understand

(Turn to page 60, please)

F. A. A. Convention

The On-to-Fort Worth committee and the publicity committee of the F. A. A. Convention, consisting of J. Lewell Laferty, assistant vice president of the Fort Worth National Bank, Reed Sass of the Fort Worth National Bank, and Victor LeMay, have arranged in cooperation with the Fort Worth Clearing House Association and the Fort Worth Chamber

of Commerce, a reception that will be a memorable introduction to that state which is described by the Chamber of Commerce as occupying all of the continent of North America except a small part set aside for the United States and Canada.

William H. Neal, vice president of the Wachovia Bank and Trust Company of Winston-Salem, North Carolina, and president of the Financial Advertisers Association, has already said that because of the western atmosphere of friendliness and hospitality which matches even the southern, the F. A. A. Convention this year will certainly be known as the F. A. A. "round-up."

A post-convention trip to Mexico City at very special rates has been arranged, which provides for a delightful ten-day Mexican excursion at the conclusion of the convention.

With the American Bankers Association convention in Houston a little later, it would seem that a good many bankers will visit the great southwest and Mexico this fall. En route to the convention, stopovers and excursions have been arranged at Longview, Texas, for a trip through the largest and most productive oil field in the world under the auspices of the Longview Chamber of Commerce and the banks of that city, who will entertain visitors at breakfast and on the sightseeing tour through the oil fields.

"Some fellows are queer, aren't they? I know one that never kissed his wife for five years, but shot another fellow that did."



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CITY NATIONAL BANK

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Northwestern Banker September 1938

NORTH DAKOTA

News



C. E. CUNNINGHAM
President



C. C. WATTAM
Secretary

OFFICERS NORTH DAKOTA BANKERS ASSOCIATION

President.....C. E. Cunningham
Williston Treasurer.....H. M. Weydall
Killdeer
Vice President.....Fred Scott
Fargo Secretary.....C. C. Wattam
Fargo

Brief News

THE SECRETARY of State has filed an amendment to the Articles of Association of the Bank of Webster, decreasing the number of directors from five to three.

THE FIRST STATE Bank of Zap has changed its corporate name and location to Bank of Beulah, Beulah, North Dakota, and is now operating at Beulah.

PERMISSION has been granted to the following banks to establish and operate paying and receiving stations at the following points, and Certificates of Authority for such stations have been issued by the State Banking Board: Farmers Security Bank of Washburn, Turtle Lake; Bank of Beulah, Zap.

E. J. WATSON has been elected president of The Bank of Rhame to succeed C. J. Phelan, who recently passed away. C. Hestekin has been elected as director to fill the vacancy caused by the death of C. J. Phelan.

Accident Death

John Southall, 70, a prominent Berlin banker, died recently from injuries suffered in an auto accident.

Mr. Southall was injured as his car, entering the highway, was struck by an auto driven by Orville E. Anderson of Starkweather, North Dakota. Anderson was not injured.

Mr. Southall was a member of the Maple River Masonic Lodge at Edgeley. He was born at Belle Plaine, Iowa, on March 31, 1868.

Decline

With a few exceptions volume of bank debits in North Dakota in July were lower than in the same month a year ago,

Northwestern Banker September 1938

as reported by the Minneapolis Federal Reserve Board. Following are the figures for selected northwestern cities, in thousands of dollars:

North Dakota:

	July, 1938	July, 1937
Bismarek	\$12,186	\$17,015
Devils Lake	1,229	1,452
Dickinson	1,028	1,080
Fargo	16,963	19,717
Grafton	1,031	716
Grand Forks	5,333	4,926
Jamestown	1,536	1,866
Lisbon	246	288
Mandan	800	787
Minot	3,771	4,443
Valley City	901	929
Wahpeton	933	873
Williston	1,434	1,680

Conference

Executives of seven banks in the First Bank Stock Corporation and operating in northeastern North Dakota, attended a business conference in Langdon recently and were entertained at a chicken dinner and social session at the Langdon Country Club by the Northwestern Bank.

Those who were present, besides A. O. Aune of the host bank were F. A. Foley of Rolla, H. R. Rendahl of Cando, K. D. Bennett of Park River, C. W. Clow and R. W. Blain of Cavalier, A. G. Bjerken of Grand Forks and Claude M. Jones of East Grand Forks, Minnesota.

To Fargo

Henry Melaas, who for 25 years has been engaged in the banking business at New England, has resigned as president of the First National Bank there and is moving to Fargo, where he will have charge of sales and service work for the St. Paul Federal Land Bank in this territory. Mrs. Melaas and their three sons,

Paul, Robert and George, will join Mr. Melaas about September 1.

New Building

Construction of a brick building, 30x90, two stories and basement, to be the new home of the Bank of Southwest Fargo, is under construction in Southwest Fargo village. The building is the property of Mrs. Delia Burrell of Fargo, president of the bank. The bank will occupy the ground floor and basement. There will be office space and two apartments on the second floor. Officials of the institution which now occupies rented quarters expect to move late this year. W. F. Kurke of Fargo is the architect. Organized at Horace, North Dakota, as the Burrell State Bank, it was moved to Southwest Fargo in April, 1937.

Convention

As this September issue of THE NORTHWESTERN BANKER goes into the mail, the Independent Bankers Association are holding their ninth annual convention in St. Paul, with headquarters at the Lowry Hotel. Speakers for the occasion include Adam Lefor, state bank examiner for North Dakota; Oral Jones, president of the Texas Bankers Association; A. P. Drummond, president of the Unit Bankers of West Florida; W. J. Bryan, Third National Bank, Nashville, Tennessee; Thurman Arnold, assistant United States attorney general; and Leo T. Crowley, chairman FDIC, Washington.

Highlights of the convention will appear in the October issue of THE NORTHWESTERN BANKER.

Curious: "I wish I could find out how many relatives I have."

Cynic: "Why that's the easiest thing in the world—just buy a summer cottage."

"Extremely Helpful to Me"

"I do not want to overlook this opportunity of telling you and your associates of the high regard I hold for the **Northwestern Banker** and your entire organization.

"I have known you and have read your publication while I was in the country banking business, again while I was actively connected with banking in Des Moines, and since I have been here in Minneapolis. I have found the **Northwestern Banker** to be extremely helpful to me in each of these three positions."*

**Quoted from the original letter by a Vice President of a bank whose name will be furnished upon request.*



AXEL NELSON
President

MONTANA NEWS

OFFICERS MONTANA BANKERS ASSOCIATION

President.....Axel Nelson Sidney	Second Vice President.....R. D. Mountain Shelby
First Vice President.....O. M. Jorgenson Billings	Secretary-Treasurer.....Ethel W. Walker Helena

Biggest Since 1928

The Montana wheat crop this year is the biggest since 1928 and one of the largest in the history of agriculture in the state, the federal bureau of agricultural economics has reported. The bureau estimated the crop this year at 75,620,000 bushels.

A record production of sugar beets amounting to 975,000 tons and above-average crops of feed grains, potatoes, hay and apples also were listed in the bureau's report.

"The acreage of 12 principal crops for harvest in 1938," the bureau said, "will exceed that of last year by 51 per cent, due chiefly to the small loss of acreage expected this year compared with the heavy drouth losses of 1937. The expected year compares with 4,833,000 acres in total of 7,267,000 acres for harvest this 1937 and the average of 6,451,000 acres for the preceding 10 years. Wheat will make up about 64 per cent of this year's harvested area and promises to occupy its pre-drouth position as the most important contributor to the state's agricultural income this year."

Praise Crops

Chas. E. Ritten, well known member of the firm of Louis N. Ritten Company, brokers of Minneapolis, was in Lewiston last month together with his father, Louis N. Ritten. The two men have spent two weeks in the state visiting various sections and they were loud in their praise of Montana's bumper crop this year and were exceptionally gratified at the crop conditions in the Judith basin. The Ritten company was fortunate in receiving the first ear of wheat to come from this year's crop in Montana, the earload being from near Hysham.

Mr. Ritten and his father left for Yellowstone Park, going in over the Cooke City highway, and will then return to their home in Minneapolis.

Committee Member

Walter T. Ballard, trust officer of the Metals Bank and Trust Company, Butte, is a member of the general conference

Northwestern Banker September 1938

committee for Montana of the trust division of the American Bankers Association. The sixteenth regional trust conference for the Pacific Coast and Rocky Mountain states will be held in San Francisco on October 19, 20 and 21.

Helena Clearing

Helena bank clearings, which have been declining since February on a month-by-month comparative basis with last year, continued to drop during July, a report prepared by the Helena Clearing House Association showed.

Clearings for July this year totaled \$10,842,686 as compared with \$12,441,357 for July, 1937.

For the first seven months of the year total clearings are \$67,607,497 as compared with \$75,368,485 a year ago.

RFC Office

As a result of conferences with Reconstruction Finance Corporation officials, Senator James E. Murray of Montana succeeded in securing re-establishment of the Helena loan agency. This is of vital importance to Montana as it will expedite the handling of wheat loans as well as all other business handled through the RFC.

Heretofore much delay and inconvenience because all loans had to be submitted through Minneapolis. With re-establishment of the Helena office, all Montana business will be handled direct with Washington.

Great Falls Clearings

Bank clearings in Great Falls for July compiled by the Great Falls Clearing House Association, totaled \$3,057,600. This compares with \$3,134,592 in June and with \$3,417,768 in July, 1937.

Group Seven

J. W. Fry, cashier of the Yellowstone Bank of Laurel, was elected vice president of Group 7, Montana Bankers Association, at the group's twenty-seventh annual meeting. R. H. Elliott, assistant cashier at the Commercial Bank in Bozeman, was elected president, and J. D. Street, cashier of the Security Bank,

Bozeman, was elected secretary-treasurer.

New member of the executive committee is Alva A. Lamb of Big Timber, was succeeded as president by Elliott.

Committee chairmen are as follows: Agriculture, L. C. Bergen, Bozeman; educational, Gene Woods, Forsyth; uniform practices, O. M. Jorgenson, Billings; legislative, J. W. Corwin, Laurel; nominating, B. M. Harris, Laurel.

County key bankers for the Montana Bankers Association are W. H. Reilley, Big Horn; James F. O'Donnell, Carbon; L. D. Moretz, Gallatin; L. P. Kelly, Park; Dan Lranb, Rosebud; R. L. Deeba, Stillwater; E. L. Frang, Sweet Grass; R. A. Sharp, Treasure; Frank Saver, Yellowstone.

Clearings

Bank clearings through the Billings financial institutions totaled \$2,970,536.88 during June, establishing the highest mark for the month here in the last 18 years and ending a two-month lag in the volume of clearings.

Not since 1920, when clearings amounted to \$5,408,734.2, has the amount for June been so high.

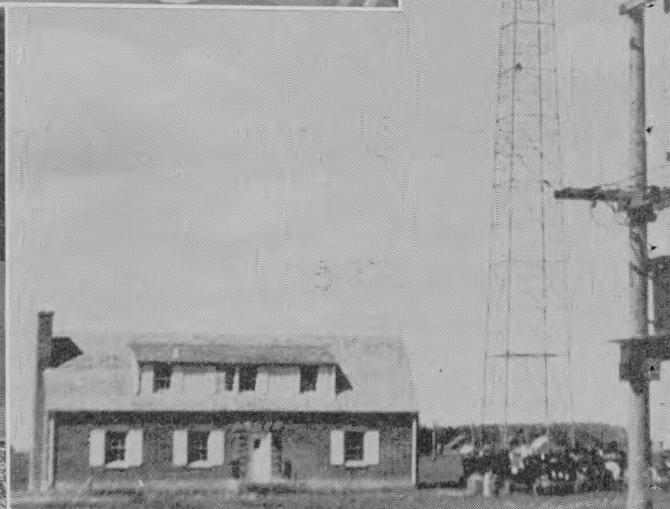
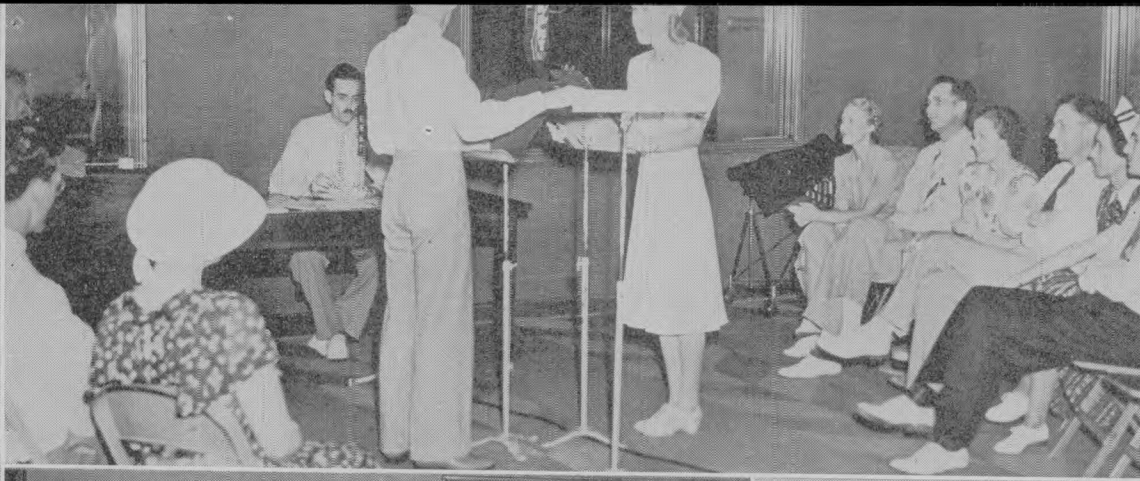
Building in the city hit a slower pace as \$57,250 in permits was issued by the city engineer's office for the month as compared to \$83,018 for May. June, 1938, however, surpassed June, 1937, when \$53,750 worth of building was started, but fell short of June, 1936, when permits totaling \$62,185 were issued.

Bank clearings for the first six months of 1938 amounted to \$15,861,496.70 to be only slightly lower than the \$15,955,442.33 figure set for the first six months of 1937. June clearings were considerably above the amount for the month previous when \$2,767,960.28 passed through the local banks.

A motorist had an accident with his car. He limped painfully to a telephone booth and called up the nearest garage.

"Hello," he said, "I've turned turtle. Can you do anything for me?"

"I'm afraid not," came the reply. "You've got the wrong number. What you want is the zoo."



INSTITUTIONS THAT MAKE

Left—Transmitter and antenna tower that serve both of the Des Moines stations of the Iowa Broadcasting Company, located a few miles north of Des Moines. ● *Top Center*—Action in Studio A at KRNT-KSO, Des Moines. An audience participation program in progress. *Upper Right*—Transmitter and tower of Station WMT, Cedar Rapids and Waterloo. The transmitter is a few miles from Cedar Rapids. *Center*—The fruits of a radio contest—thousands of bottle crowns sent in by radio listeners. ● *Lower Right*—Gardner Cowles, Jr., president of the Iowa Broadcasting Company, head of the board of strategy which has planned the course of the company.

BANKERS

6th and Locust Streets

BROADENING Iowa's Radio Horizon

Radio's headline features are carried to American listeners over four great coast-to-coast networks. To hear and enjoy programs on three of them — Columbia, NBC Blue, and Mutual — most Iowa listeners depend on stations of the Iowa Network — WMT, Cedar Rapids-Waterloo; KSO, Des Moines; KRNT, Des Moines.

In span of time, the story of the Iowa Network is brief. But in achievement, it is monumental.

Prior to 1931, few Iowa stations could do an adequate job for listeners — or advertisers. Most stations were local, low in power, operating part-time. WMT at Waterloo, carried but a fraction of the Columbia programs. KSO was at Clarinda. KRNT was as yet unborn.

The Iowa Broadcasting Company, a subsidiary of the Des Moines Register-Tribune, entered the picture in November, 1931, determined to develop facilities that would bring to Iowa listeners many programs previously difficult or impossible to receive. This plan was realized through a series of strategic moves:

Station KSO was purchased, brought to Des Moines and affiliated with the NBC Blue Network. Daytime power was ultimately increased from 100 to 2500 watts.

Station KRNT was created by moving Station KWCR from Cedar Rapids to Des Moines, and making it a basic station of the Columbia Network. Daytime power was ultimately increased from 100 to 5000 watts.

Station WMT was purchased, moved to a point where it could serve both Waterloo and Cedar Rapids, and also all eastern and central Iowa. The station joined the NBC

Blue Network. Daytime power was ultimately increased from 500 to 5000 watts.

The Company has squarely met the increased program-responsibility created by increased power. Locally-originated programs have been greatly improved. More chain-programs than ever before have been provided for Iowa listeners. Mutual Network service was added to KSO and WMT. The three stations also form the Iowa Network for transmission of special features.

Greater power and improved programs have produced a healthy growth in commercial broadcasts. Today, annual sales of time are approximately 10 times greater than sales in 1930 by the stations which later became the Iowa Network.

Greatly increased income has been returned many-fold to Iowa listeners through features hitherto unavailable. By fulfilling its plan for comprehensive radio-service to the state, the Iowa Broadcasting Company has earned its place as one of the "Institutions that Make Iowa."

When the Iowa Broadcasting Company was launched in 1931, the company's account was placed with Bankers Trust Company in Des Moines. During the intervening years of amazing radio expansion, the Bankers Trust Company has continued to serve the Iowa Broadcasting Company as faithfully as Iowa Broadcasting has in turn served the people of Iowa.

Bankers Trust Company, through its experience in serving correspondent banks, also has been able to broaden the scope of banking service for an increasing number of Iowa banks.

IOWA



TRUST COMPANY

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Des Moines

terests control the State Bank at Sheffield, of which Rockwell would be an office in case favorable consideration follows the investigation.

Two Offices

Effective August 15, offices were opened in both St. Charles and Orient by the Farmers and Merchants State Bank of Winterset.

Prior to opening these offices the Farmers and Merchants State Bank raised its capital stock from \$50,000 to \$80,000 and

eliminated all preferred stock owned by the RFC. All of the bank's stock is now common stock and is owned by 90 local stockholders. Also, in order to open offices it was necessary for the bank to transfer from a National to a State charter.

Four new directors have been added to the bank's board, making a total of nine men on the board. The new directors are R. R. Gillespie, Earlham; Dr. I. K. Sayre, St. Charles; E. J. Carlyle, Orient; and Harry C. King, Winterset. Other directors are E. E. Drake, J. A. Ramsey, F. P.

Hartsook, I. N. Eivins and N. E. Kelley.

H. A. Mueller, cashier in the former J. F. Johnston Bank in St. Charles, has been selected to manage that office, while J. F. Kingery, formerly an officer of the Orient bank, will head the Orient office.

New Cashier

Announcement has been made by the board of directors of the Farmers Trust and Savings Bank of Spencer, that Harry W. Campbell of Lincoln, Nebraska, will succeed George W. Guyan as cashier of the bank. Guyan resigned recently in order to enter other business lines.

Mr. Campbell obtained his first banking experience in his father's bank at Elgin, Nebraska, where he worked in his early youth. For the past ten years he has been associated with the State Banking Department of the state of Nebraska.

Vacation

Mrs. Erwin Maybohm, assistant cashier, in charge of the Preston office of the Farmers Savings Bank, recently took a two weeks' vacation. Mr. White took care of the local office during her absence.

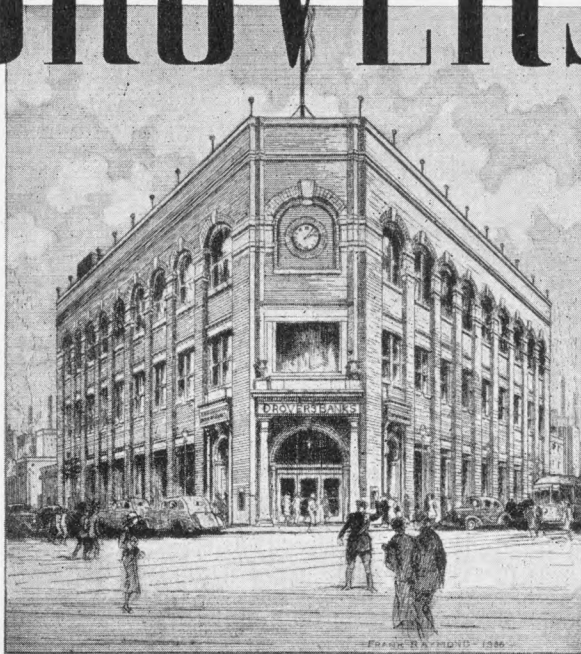
Son Born

A son was born to Mr. and Mrs. Paul Shane of Waukee recently. The little son is getting along nicely, but the mother has been in a critical condition. It was necessary to make five blood transfusions and as a final effort to save Mrs. Shane's life, a major operation was performed. At last report Mrs. Shane is improving. Mr. Shane is manager of the Brenton Bank of Waukee.

Promoted

At the regular directors' meeting of the American National Bank, Arlington, Fred E. Breckner was promoted from teller to the position of assistant cashier. There was no other change among the officers. Mr. Breckner has been with the bank almost three years.

DROVERS



Selecting a Chicago Correspondent

Iowa Bankers who have used our correspondent facilities for many long years invariably say that they appreciate the responsible and genuine personal attention which their accounts always receive here. If you are interested in establishing a similar close, friendly connection for your bank in Chicago, we cordially invite your inquiry.

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New Officer

September 1 the personnel of the Mon-damin Savings Bank changed, as Ralph R. Mills of Sloan succeeded Mr. Killeen. Over four years ago Mr. Killeen took a temporary position in the bank.

To Remodel

The Schleswig Bank building, housing the Farmers State Bank, will undergo extensive remodeling beginning September 1. During the time of construction, the banking quarters will be moved to the Town Hall, formerly the Commercial Bank building, where their business will be conducted. The A. Moorman & Company, of Minneapolis, will have the contract for the preparation of plans and the construction work.

Milo Office

William Buxton, Sr., president of the Peoples Trust and Savings Bank, Indian-ola, announced that his bank would open an office in the defunct Citizens Bank of Milo some time this fall.

Mr. Buxton said that one of his banking staff will be placed in charge there.

Injured

Kirk Paulson, assistant cashier of the Chatsworth Savings Bank, his mother, Mrs. Louise Paulson of Akron, and Lavere Green of Ireton were patients at the Hawarden hospital where they were being treated for injuries received in an automobile accident. Mrs. Paulson suffered a broken leg, Kirk Paulson a fractured knee cap and Mr. Green sustained several fractured ribs.

Bank Condition

Loans and discounts of 542 Iowa state banks, savings banks and trust companies increased \$6,047,687.17 during the year ending June 30, 1938, a consolidated statement prepared by D. W. Bates, state superintendent of banking, showed.

Bates' consolidated statement showing the condition of the 542 banks as of June 30 placed the banks' total resources and

liabilities at \$418,430,191.30. This, the superintendent said, was a decrease of \$5,653,288.87 as compared with their total resources and liabilities June 30, 1937.

The statement showed that the banks decreased their holdings of United States securities by \$5,693,848.53 during the year and their holdings of securities guaranteed by the United States Government by \$5,484,720.72.

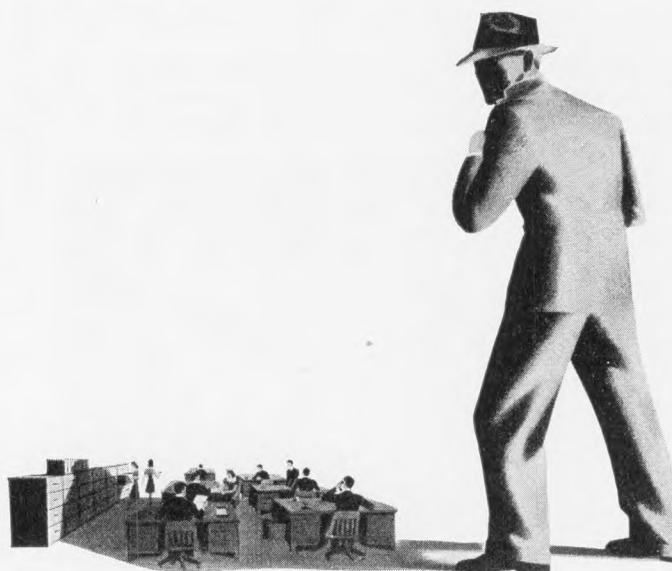
Most of the decrease in the liability column was made up of a drop of \$7,317,780.02 in amounts due depositors.

Picnic

The annual pistol match for members of the vigilantes of the Scott County Bankers Association featured the association picnic held at the Turner Camp near Buffalo recently. Approximately 100 attended.

W. C. Thiering of New Liberty, was first in the all-events, with Elmer Jens of Davenport taking second, and J. W. Hesse of Donahue, third.

Prize winners in the three events were: Slow fire—Chris Petersen, Dixon; A.



When the shadow of dishonesty falls upon one of your commercial borrowers, the soundness of your loan may be threatened. Moral: insist that such borrowers carry adequate Fidelity Bonds on their key officials and employees.



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Klindt, Long Grove, and H. D. Fahrenkrug, Donahue.

Time fire—J. W. Hess, Elmer Jens and E. J. Ehlers, Dixon.

Rapid fire—W. C. Thiering, William Goettsch, Donahue, and T. F. Ruhberg, Princeton.

A picnic lunch was served at noon.

Heads Committee

C. S. Rye, vice president and cashier of the Manly State Bank, was reappointed chairman of the Agricultural Committee of the Iowa Bankers Association at a recent meeting of the committee. The group met at Iowa State College at Ames upon

invitation of R. K. Bliss, director of the Extension department of the college.

Remodeling

The First National Bank, Glidden, is making some improvements on their building by removing the old iron grill work which formerly topped the marble counters. This will be replaced by a lighter top on the oak casings and will add much to the improved appearance and the light in the main room.

The main portion of the room will be covered with the new wood preparation now so popular as an interior finish. Other

rooms will be painted and otherwise improved.

County Meeting

Nearly fifty members of the Clayton County Bankers Association met in Garber recently. Henry C. Schnepf, cashier of the Farmers Savings Bank of Garber presided as president.

Officers for the ensuing year are Ernest Nicholson, cashier First State Bank of McGregor, president; R. L. Jipson, cashier, Central State Bank and Trust Company, of Elkader, vice president; E. J. Johnson, manager Marquette branch, First State Bank of McGregor, secretary-treasurer.



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President

J. P. HAINER
Executive Vice President

FRITZ FRITZSON, Vice President & Cashier

J. R. GRANING
Assistant Cashier
E. A. JOHNSON
Assistant Cashier
J. T. GRANT
Auditor

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MANAGED CURRENCY

(Continued from page 23)

time firmly entrenched in the minds of all money managers in this country, in England and in other countries. It is not fully realized that artificially maintained low interest rates and the effect which they had on yields of high grade bonds are in a sense a capital income tax affecting the purchasing power of individuals and institutions deriving their income from fixed income-bearing securities. The huge increase in the public debt also made a reduction in interest rates necessary—otherwise the debt service would have absorbed a much larger portion of the revenues of the treasury. In this case, too, the treasury profited at the expense of the holders of its obligations. It is also assumed by the money managers that since the cost of credit and of long term loans has been greatly reduced, a larger amount will become available for wages.

The adoption of low money rates as a means of influencing business conditions is of course not a new policy, but it has never been tried consistently for such a long period and practically never before were interest rates forced down to the level prevailing at the present time. In countries where the government enjoyed the confidence of the business community and where there were no major conflicts between capital and labor, and the low money rate policy and the other elements

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of managed currency had at least in part the desired effects on the national economy. In the United States on the other hand, thus far, the low money rate policy has merely depressed the yield on high grade bonds, notably those of the government and of political subdivisions, and forced short term money rates to unprecedented low levels, but without any material result in the demand for bank credit. It may seriously be questioned whether low money rates can have such a decisive effect on business conditions and on commodity prices as is maintained by advocates of managed currency. After all, the cost of money is only one element in the cost structure and if other costs rise, low money rates will not cause expansion with borrowed money.

It is generally assumed that the present low money rate policy is only a passing phase and that sooner or later interest rates in the United States will rise. A careful analysis, however, indicates that this may not be so for quite some time to come. Low money rates are at present of the utmost importance to the government. Confronted with the task of refunding billions of dollars of obligations maturing within a few years and of raising new money to meet the new recovery program the treasury is anxious to prevent money rates from going up. Since the public debt is already very large, it is important that the debt service should not be increased through higher interest rates. Furthermore, as more and more mortgages are insured by the Federal Housing Administration the indirect debt of the government is also increasing, and if the government yields to the demand that railroad obligations also be refunded with the aid of government credit, the indirect debt will rise even higher. Gradually, vested interests are being created in low money rates. The treasury has already refunded all its obligations which could be refunded. A number of municipalities and states have also refunded their obligations and many corporations with high credit standing, have converted their obligations into securities bearing a lower coupon rate and in all probability this process will continue. Since bonds of the government, its political subdivisions and of corporations with high credit ratings are bought to a large extent by financial institutions, a sudden upward change in interest rates would have an adverse effect on these institutions. This would be harmful both to the government

as well as to the country as a whole and it is not considered by the money managers as desirable.

Fiscal Instruments

Managed currency in its broader aspect embraces also the fiscal and taxation policies of the government. Even orthodox economists have accepted the theory that in times of a general economic depression the government should incur budgetary deficits as a deliberate fiscal policy in order to stimulate business recovery. It is argued that in a period of business

recession when the volume of loans and deposits of the banks declines, the government should create new purchasing power in the form of bank deposits through the sale of bonds to the banks for financing the deficits. In order, however, to make it possible for the banks to absorb the newly issued government securities it is necessary first to increase the volume of reserve balances and to broaden the money market. The principle of a sound managed currency, however, dictates that as business conditions improve, the deficit of the government should be



Let's Chat

ABOUT THIS BUSINESS OF BEING 70 YEARS OLD

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Northwestern Banker September 1938

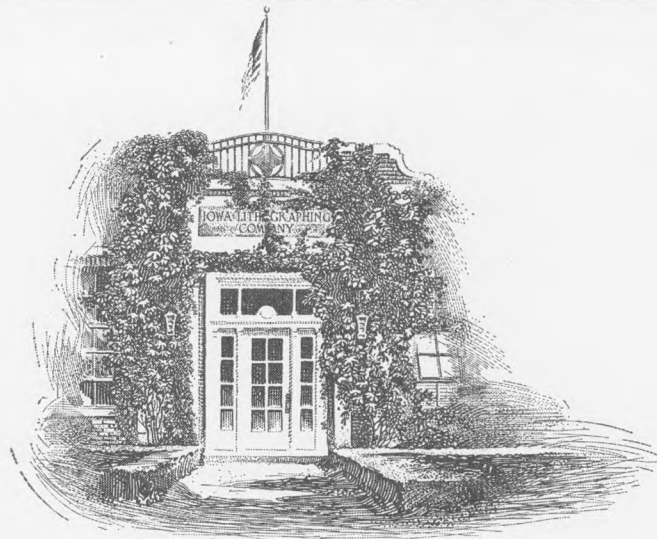
YOUR STATE BANKERS ASSOCIATION
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OMAHA



THE streamlined, free-wheeling buggy pictured above in the office of Frank Warden, vice president of the Central National Bank & Trust Company, Des Moines, was presented to him last month by his fellow workers in the bank upon the arrival of a son, Frank Clark Warden, at the Iowa Methodist Hospital. The person very much in the background, now, is the proud father, who appears to be getting some first-hand information about a very important piece of infant wearing apparel.

reduced, and later eliminated entirely. As business continues to improve, a surplus should be accumulated to reduce maturing obligations. If the matured obligations are held by the banks, this of course reduces deposits and thereby offsets those created through new commercial loans. Unfortunately in the United States the principles of managed currency were followed only as far as unbalancing the budget was concerned, and little effort was made to balance the budget when economic conditions in the country improved.

Taxation was also directed at giving the government greater control over the money and capital markets as well as over business. The undistributed corporate profits tax, now materially amended, was based on the assumption that it is the duty of the government to regulate the flow of capital. Briefly summarized the philosophy behind this tax was that funds accumulated by corporations are used primarily to enlarge plant and equipment and thereby to create producers' goods. However, if this surplus was paid to the government in the form of taxes or to the stockholders in the form of dividends, it would flow primarily into the channels of consumption. This was considered desirable since the productive capacity of the



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Des Moines, Iowa

country is great while an increase in consumption was considered as more necessary. However, the plan overlooked the fact that increased employment could not take place until a revival in producers' goods was witnessed. The amendment effected by the Revenue Act of 1938 recognized and removed these fallacies.

The social security taxes, and particularly that section providing for the accumulation of a huge old-age pension fund also contain an element of managed currency. So long as the government budget remains unbalanced, these funds are used to meet the deficit and 3 per cent bonds are set aside as part of the old age reserve. Once the budget is balanced, however, the government can use the revenues from social security taxes as an instrument of credit control. For example, if a sharp increase in business activity should set in, accompanied by an increase in volume of deposits, caused by commercial loans, the government can use the revenues derived from social security taxes to retire bonds. This of course would tend to reduce deposits.

Future of Managed Currency

Is managed currency in its broader aspect, here to stay, or is it merely an expediency device that will soon be substituted by some form of the gold standard? The answer to this question does not depend upon the preferences of the individual governments but rather upon the political and economic situation of the world. If political conditions should remain as they are today with might prevailing over international treaties and justice and if the trend towards economic self-sufficiency should continue, then the basis for the gold standard which is international in character, is lacking and a return to that standard would be inadvisable. Even if the international political situation should improve, it would be necessary to reduce the price of gold in order to bring the present existing volume of the monetary stock of gold as well as the huge annual output under proper control. Desirable as such a development is, I am afraid that it will not take place. I see no lasting change for the better in the political situation in the world even though the difficulties of the leading countries may be ironed out temporarily. I see no change in the trend towards economic self-sufficiency;—on the contrary an intensification is to be expected in spite of the reciprocal tariff agreements of the United States. Much as I would like to see the world return to sanity and to a sound currency basis, I fear that this will not be the case in the immediate future and that managed currency is here to stay for quite some time.

Will Managed Currency Succeed?

Before answering this question it is necessary to analyze the results achieved so far. As contrasted with other countries, where it was at least partially successful, managed currency in the United States did not produce the results desired by the currency managers. This is due primarily to the fact that managed currency was introduced in a period during which Congress was enacting numerous reform measures which altered materially the relationship between government and business as well as between labor and management. In addition numerous laws were passed regulating the security markets,

the public utilities and other phases of economic activity. It is not the purpose of this paper to analyze the merits and demerits of the various reforms. The fact remains that the introduction of managed currency coincided with these drastic changes which in themselves exercised a considerable influence on business conditions in the country.

In the purely fiscal and monetary field too the United States was not as successful as were other countries. While the deficits during the fiscal years 1932-33, 1933-34, 1934-35 could be justified and while the policy of the government of creating new deposits through the sale of its



"... guideposts to the future"

Many facts are gathered here about situations current in business which, taken together, form guideposts to the future. Our banker friends are invited to drop in when next in town—if only for a friendly chat. Maybe, in addition, they'll pick up facts that will help them chart tomorrow's objectives.

LAURANCE ARMOUR
President

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Northwestern Banker September 1938

bonds to banks was sound, it was also the duty of the government to curtail its expenditures during the period when business conditions were improving. Instead, however, the deficits of the government during the period of improved business were large. The inability of the government to balance its budget in years when business conditions were good, the serious conflicts between capital and labor in the early part of 1937, the injection of between \$1,500,000,000 and \$1,800,000,000 of Veteran Bonus money and the demand for rearmament materials all over Europe led to a scramble for commodities induced largely by fear of inflationary price rises. The moment, however, these elements spent their force the inevitable decline in business activity set in in the United States. A contributory cause of the reversal of the business trend was the rapid change of the policy of the Board of Governors of the Federal Reserve System. This is particularly true of the rapidity with which it raised reserve requirements and reduced substantially excess reserve balances of the member banks. The efforts of these measures were felt primarily in the high-grade bond market which declined rapidly during March of 1937 and

exercised an adverse influence on the capital market.

The Board apparently believed that the money market blanks would readjust their cash position through the sale of short-term obligations and retain their long-term bonds. Instead, however, the banks sold bonds in preference to short-term obligations. This indicated the important change that has taken place in the money market and that the government bond market is performing the function previously performed by the short-term money market, a development which is bound to play an important role in the future.

Economic conditions in the United States are at present in a state of flux. Some of the reform measures introduced during the past few years such as the Undistributed Profits tax which was adopted primarily as a measure of credit and capital control, have already been modified. It is reasonable to assume that before long a number of the other reform measures will be changed in order to eliminate inequities and to permit business to forge ahead. It is also certain that sooner or later better relations between government and business will have to be established. On the one hand business must recognize that the government is stronger than any group of business, and on the other hand the government must realize that under our democratic system, unless it enjoys the confidence of business its best efforts to bring about a self-sustaining recovery must fail. Labor too must become cognizant of the fact that while higher wages and shorter working hours are generally desirable and tend toward a higher standard of living, they can be maintained permanently only by greater productivity of labor. To increase the cost of production without increasing productivity leads to higher prices, leaving the position of the wage earner practically unchanged. The readjustment of the cost of production in certain lines of business activity is today perhaps of greater importance than the new spending program of the government.

In fact it is fair to say that as long as these maladjustments do exist, a self-sustained recovery cannot be achieved.

CAN YOU TAKE IT?

(Continued from page 47)

that one member of this class must travel 45 miles each way, to and from Grinnell, and seldom ever misses a class.

In 1936 Amman was made associate councilman of the A. I. B. for the State of Iowa, and through his untiring efforts group study classes were organized in Ames, Boone, Iowa City and Mason City, making five groups in the state in 1936.

Eight Groups

In 1937, we again continued our organization program, with the result that all five of the 1936 groups continued their classes and Fort Dodge, Webster City and Belle Plaine all came into the fold, making a total of eight groups, representing 38 cities and towns, and strange as it may seem, the mortality rate has been very small—less than 2 per cent according to the information which I have received thus far.

Permit me to express my sincere appreciation of the splendid assistance and willing effort put forth by my three able



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assistants in this organization work, Roger Alley, assistant cashier of the Ames Trust and Savings Bank, W. N. (Shelly) Sheltenberger, cashier of the Hartwick State Bank, and also Al. Halsor, auditor of the First National Bank of Mason City, as well as Frank Warner, secretary of the I. B. A., *The Northwestern Banker*, and a number of others who aided me so nobly, or else it would have been impossible to have completed this undertaking and accomplished such satisfactory results in the 1937-'38 instruction year.

Perhaps you may think that I have dwelt upon the history of this work in Iowa at undue length, but I have a singular motive in this, i. e., that what Ames, Boone, Belle Plaine, Grinnell, Iowa City, Mason City, Fort Dodge and Webster City have done—you can also do in your own community.

Can you take it?—Of course you can.

I can't believe that we are becoming a nation of "softies"; that we lack ambition or that we are not interested in this great profession of ours—62,600 members of the American Institute of Banking won't permit me to think this. What I do think is this, that many of our bankers in the smaller towns and communities have never heard of the Group Study Plan, others have heard of it, but have had no idea of the details of organization, the number required to commence a class or the courses of instruction offered. If you are interested, you may address your inquiries and correspondence to Correspondence Chapter, Incorporated, 22 E. 40th Street, New York City, and you will receive a prompt reply, or any time you are in Des Moines and want to discuss the proposition with me, I will be most glad to have you call on me at the bank, or better yet, make inquiry of some of the bankers in the Iowa cities and towns who have had group study classes the past years.

Regardless of our age or of our position the future still holds much for us. Things really worth while seldom ever come easy.

A small boy was late for Sunday school, and his teacher asked the cause.

"I was going fishing, but my daddy wouldn't let me," the boy said.

"You're lucky to have a fine father like that," said the teacher, "and I suppose he explained to you why you should not go fishing on Sunday."

"Yes, ma'am," replied the boy. "He said there wasn't enough bait for both of us."

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Municipally Owned Gas Plants for Small Cities and Large Towns

IN THE August issue of THE NORTHWESTERN BANKER, a general description of the advancement of the utilization of liquefied petroleum gas for domestic use was published. Commenting further on the progress of the gas utility recently placed in operation at Emmetsburg, Iowa, George P. McCarthy, who has been in charge of design, construction, and operation of the project, said:

"The enthusiastic customer reception given this new service is ahead of our anticipation. With the plant in operation less than 30 days practically enough of the required load to assure successful operation has been put in service and additional applications are being received daily. This customer response is due only to one fact—a superior service at a lower cost.

"As a result of the conservative schedule both for customer rates and bond amortization, the utility is assured of sufficient income to meet the principal and interest requirements, and prior to the first principal payment a substantial reserve fund should be accumulated. The reason for this is apparent when the cost of this type of city gas utility and which shows the city a good profit is compared with com-

petitive service.

"The following rate comparison will illustrate the advantages to the consumer:

City	Gas at rates established at	Bottle Gas at 150 KWH per 100 lbs.	Electricity at 1st 2c for all over
Emmetsburg	\$9.00 per		

Small Consumer—
using 1500 cu. ft. of city gas per month would pay for equivalent heat units— \$2.80 \$3.35 \$6.15

Average Consumer—
using 2000 cu. ft. of city gas per month would pay for equivalent heat units— 3.45 4.45 7.70

Large Family—
consumer using 2500 cu. ft. of city gas per month would pay for equivalent heat units— 3.90 5.56 9.25

"With these facts to offer and with an intelligent presentation of the superior advantage of central gas service, the customer response is assured.

"The unanimous cooperation of the mayor, city council, city clerk and city attorney and citizens of Emmetsburg, Iowa, which has made this project successful, is gratefully acknowledged."

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Now, his bank's safe deposit income has increased, its percentage of loans is well above average, the townspeople are using his travel department instead of going to the nearby city, and an unusual number of desirable F. H. A. loans are coming in. The bank has been advertising for ten months, dating from its membership in the F. A. A.

As this banker puts it, "We thought be-

cause we had no local competition we didn't have to advertise. Now we know that our competition is ignorance, disinterest and very human procrastination. We're going after them—hard; and it is paying us to do it."

You will see that man in late October at the Fort Worth Convention, and you will see the officers of hundreds of other banks, large and small, that are making profits out of a public relations program. Can we tell you about this convention, and what F. A. A. membership will mean to your bank? Write for information.

PRESTON E. REED, *Executive Vice-President*

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