

NORTHWESTERN *Banker*

MARCH
1939



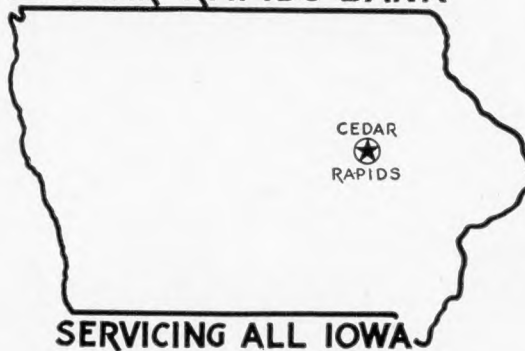
SAMUEL C. WAUGH
Executive Vice President and Trust Officer
First National Bank, Lincoln, Nebraska
President, Trust Division American Bankers Association
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HIGHLIGHTS of the MINNEAPOLIS CONFERENCE

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* * *

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● **This is a reprint of an advertisement of a stock-insurance company directed to the independent business men in plumbing, heating and air conditioning in your city.**

The commercial bank, like the merchant, is a middleman, specializing in the credit field. Its customers and its directors, are chiefly independent business men—representative of the American Business System.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, *President*

NORTHWESTERN *Banker* DES MOINES

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Across the Desk from the Publisher

By Clifford DePuy

The Hopkins Formula

When Harry L. Hopkins, Secretary of Commerce, made his famous speech in Des Moines recently, he gave the country his formula for improving business.

Personally, we hope that it works, and we are anxious to give him our hearty cooperation in putting over most of the points in his program, but we wish that he had made the speech or someone else in authority in the administration had done so four years ago.

To start wooing business now after it has been kicked, cussed, and competed with during all of the Roosevelt administration, will find business men looking a little askance and skeptical at such procedure. They hope it will work, but they also must feel that the drive for recovery instead of reform is being put on now because prosperity in 1940 will help to get votes for the Democratic candidate for President, whoever he may be.

In his Des Moines speech, Secretary Hopkins said, "It is our determination to make every move we know to promote recovery and get people back to work on private jobs. If new jobs are to be provided, the national income must be increased. Lack of business confidence is and has been a hard, stubborn fact."

Correct you are, Mr. Hopkins, when you refer to "the lack of business confidence." If you can restore that, most of our problems will be solved, and we are sure that every banker and business man in America wishes you success in your plans, but in view of the past record of the administration, business is not likely to be over-enthusiastic immediately.

Managing Wild Money

Is it possible to manage wild money?
That is a question which must be answered very shortly if the United States is to work out a sound fiscal policy.

Orval W. Adams, past president of the American Bankers Association, in a recent address in San Francisco, brought up this important question by saying:

"The enormous excessive reserves in banks, increasing almost every week because of deficit financing by sale of government bonds to banks, in my opinion are reaching a dangerous point. The chairman of the Federal Reserve Board evidently is himself seriously concerned for he is about to ask Congress for further monetary control. Let me ask you: Is it possible to manage wild money? Why should not Congress refuse this request and another which has also recently been made—to increase the debt limit of the government beyond the \$45,000,000,000 amount now prevailing? I don't know a better way to start on a return to sanity in fiscal affairs than for Congress to refuse this request.

"The brazen demand made of Congress for authority to increase the public debt limit from \$45,000,000,000 to \$50,000,000,000 at a time when the yearly deficits approximate \$4,000,000,000 and spending is out of hand, without a plan to curtail all unnecessary government expenses and tax over a broadened base, is an affront to the American people. Those who manage the money affairs of this great country have shown that they cannot learn, they will not change; they must be stopped. What we need more than military re-armament is Treasury re-armament. Heaven forbid that this pump-priming fallacy, an admitted colossal failure, be allowed to continue under the pretense of preparing for war."

Of one economic principle we are very sure; namely, that no one gets something for nothing, either in private business or in government business. Debts must eventually be paid, either private or public, and the quicker this nation returns to a sound policy of a balanced budget, the quicker we will be on the road to a sound and permanent recovery. Or, to put it as Mr. Adams does:

"Change the trend of deficit spending through a reduction in government expenditures and a broadening of the tax base—or continue down the trail to the last round-up."

Fifty Cent Basic Charge Most Popular

In a recent survey of service charge practices in banks in clearing house centers the bank management commission of the American Bankers Association found that the most popular type of service charge was the "fifty cent basic charge."

This provides for a basic fee of 50 cents per month on accounts not maintaining an average monthly balance of \$50. The next most popular plan was the flat charge of \$1.00 a month on balances under \$100.

Of the total number replying, or 331 clearing houses, 69 per cent reported that their banks have measured service charge plans in effect, and 67 or 14 per cent, reported the use of flat service charge plans.

Whatever service charge schedule banks may be using, one thing is quite evident—that the public believes that it should pay a fair amount for services rendered by the banks of the country.

Money for Rent

There is more money in the banks of America today to loan or "for rent" than at almost any time in the history of this country.

There is no use at the moment going into all the reasons why this is true, but it is imperative for banks to do everything they can to find new ways of lending this money.

Philip A. Benson, president of the American Bankers Association, in speaking before the regional conference at Minneapolis, said, "The resources of American banks today are at an all-time high as is the strength and efficiency of the banking system.

"Our plan is to discuss ways and means of putting more of the vast resources of banks to work.

"A few years ago approximately 75 per cent of a bank's assets were in commercial loans, and 25 per cent in investments. Today less than 50 per cent are in commercial businesses. There has been a great change in demands of business for bank credit."

At this conference two plans for increasing bank loans were discussed and they included, "Intermediate Credit for Industry" by H. H. Sivright, vice president, Iowa-Des Moines National

Bank and Trust Company, Des Moines, Iowa, and "Installment Credit and Personal Loans," by W. B. Harrison, president, Union National Bank, Wichita, Kansas.

Both of these plans have proven successful and are only examples of how banks today are lending their money at a profit and with success.

Better Public Understanding Needed

Some bankers may think that no further education of the public is needed about banking affairs, simply because we set up the Federal Deposit Insurance Corporation, which protects accounts up to \$5,000, but this is not the case.

Just so long as politicians and radio radicals continue to make business men and bankers out as the black sheep in the marts of trade, just so long will there be need for a better understanding on the part of the public as to the functions performed by banks and bankers.

This idea was presented most forcefully at the A. B. A. Regional Conference by E. L. Pearce, executive vice president of the Union National Bank of Marquette, Michigan, when he said:

"The public and, in this year especially, the politician, too, no matter what his party, must be educated.

"We need a better public understanding of the fundamental principles of business and economics—those principles upon which our whole national life and liberty are founded.

"Throughout our land is being proclaimed a vicious philosophy that would destroy those principles—a philosophy that ennobles improvidence and disparages self-reliance; a philosophy that teaches that all poor are pure and that all wealth is wicked; that the way to prosperity is through reckless spending; and the way out of debt is to borrow money. It is time for the business men, the professional men, and the bankers of America to speak out.

"Let us tell the people of this country what is right with business—they are tired of hearing what is wrong. Let us challenge the implied accusation that all business and banking are steeped in unrighteousness, lest public judgment be rendered against us by default."

The job of carrying on such a program must begin first with bank employes, bank officers and directors, because they are the ones who come in contact with the public.

Better public understanding about banking was never so much needed as now.



RIDE 'EM COWBOY



At the Minneapolis Conference—Reading from left to right: 1—**Fredrick W. Conrad**, assistant cashier Northwestern National Bank, Minneapolis; and **W. H. Brenton**, vice president Northwest Bancorporation, Minneapolis. 2—**Charles E. Watts**, cashier Commercial State Bank, Pocahontas, Iowa; **Frank Kauffman**, president Bankers Trust Company, Des Moines; **C. H. Walsh**, Farmers & Merchants Savings Bank, Burlington,

Iowa; **Charles Carey**, assistant cashier Harris Trust & Savings Bank, Chicago; **Watson E. Vanderploeg**, vice president Harris Trust & Savings Bank, Chicago; and **E. A. Ebersole**, cashier State Central Savings Bank, Keokuk, and president Iowa Bankers Association. 3—**Lester Gibson**, director A. B. A. News Bureau, New York City.

A. B. A. Regional Conference

Highlights of What the Conference Speakers Said Last Month in Minneapolis

BANKERS from eleven middlewestern states came to Minneapolis last month to take part in the second annual Regional Conference of the American Bankers Association. States included were Illinois, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Wisconsin and Wyoming. Registrations totaled 1,120.

The program for the Conference followed much the same procedure as that held in Des Moines a year ago, with sessions held morning, afternoon and evening for the two days. The subjects of the several addresses were carefully chosen, ably presented, and full of excellent information. A number of the talks will appear in full in coming issues of *THE NORTHWESTERN BANKER*. Excerpts from a number of the discussions presented at the Conference are quoted below.

Effective Service in Your Community

By *Philip A. Benson*

*President, Dime Savings Bank, Brooklyn
President, American Bankers Association*

“**S**IGNIFICANT changes have come over the banking business. Fundamental alterations in the habits of business, the adoption of advanced social policies by government and the creation of government sponsored and subsidized agencies to compete with banks have diminished the traditional services of our banks to their communities. These movements have seriously curtailed bank earn-

ing power, and have made it necessary to broaden banking services to the public in order to find new earnings and to maintain their positions as credit institutions. While we may look back fondly on the good old days, we must move steadily in the direction of becoming institutions which serve, not merely the commercial needs, but all the financial needs of our communities.

“There is no occasion for a defeatist attitude. Many of the changes we have witnessed may be permanent changes; and the best way to deal with them is to treat them as permanent. Society has a way of discarding things that no longer serve its needs and adopting new things which serve it better. If we are to cope with the decline of our traditional services and sources of earnings we shall probably have to substitute others. I for one should rather see us embrace lending services formerly not handled by us, or extend existing services, than go on increasing the employment of our deposits in the investment market, if such lending services can be developed within the proper limits of sound banking practice.

“I am still optimistic enough to believe that in the long run the public will prefer to be served by chartered community banks rather than by politically managed governmental lending agencies. And I therefore believe that we owe it to the public as well as to ourselves to search constantly for means of improving the management of our institutions and the enlargement of their usefulness.

“Do not infer from this that I condemn all government lending. We must admit

that some of it met a real need. But it could be curtailed and certainly there is no justification for new agencies. There is no need, either, for the government to use additional funds to create associations that will seek savings in competition with banks.

The charge is still made, though not as frequently as formerly, that we are in some way restricting credit or failing to meet all credit needs and that we thus hamper full recovery. Much of this talk is political and is intended to distract attention from the failure of the so-called managed economy plans.

“We shall probably continue to be faced with the threat of the establishment of a system of federal intermediate credit banks. Regardless of how this threat may be met in the legislative field, the primary place for meeting it is in our own communities, and the first way to meet it is with intelligent and effective service in the community.”

Meeting Public Needs in Banking

By *Frank P. Powers*

*President, Kanabec State Bank,
Mora, Minnesota*

President, Minnesota Bankers Association

“**T**HIS America of ours has undergone many changes in recent years, and we cannot follow exactly the same paths we have in the past. It is my belief that no one can continue to be very successful who simply keeps on do-

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ing things in a certain way because of old established customs. It is necessary that we adopt new methods and new systems to meet the present trends in banking. This, of course, requires a different technique than was applied ten years ago, but we must realize that the old philosophy that we must either go ahead or slip back still holds good.

"One of the most important responsibilities confronting officers, directors and stockholders of banking institutions should be their insistent desire to bring about a better trained personnel within our own institutions. When we have within our banks the majority of our people well trained and educated in the business that they have chosen as their life's work, we have accomplished much in our approach of meeting public needs in banking.

"Every effort should be made to bring the story of banking and its value to our respective communities, to the members of civic organizations, educational, and religious organizations and organized rural groups.

"Accept every opportunity to bring to your town at a community gathering directors of farm cooperative institutions, members of the farm bureau, members of town boards, members of rural school boards and any other organization whose members are interested in the welfare of their communities so that you may have an opportunity to become better acquainted and exemplify to them the desire of your institution to become of greater value.

"Use every effort to bring to the attention of potential borrowers your willingness to take care of the loans in your community if they possibly can be made within your requirements."

Instalment Credit and Personal Loans

By *W. B. Harrison*

*President, Union National Bank
Wichita, Kansas*

"PERSONAL loans on an instalment basis, consumers' goods instalment loans, automobile purchase loans, real

estate development loans, and other loans payable on a monthly basis are bound to be a large part of the banker's opportunity for increased service and revenue. How well we measure up to this opportunity will, in some degree, determine our justification as participants in the great American system of private banking and private enterprise, which is the foundation of our society and government.

"The establishment of a personal loan department in a bank should not be primarily for the purpose of adding revenue to the bank. This should be a secondary, not a primary reason. Unless the department can be based on a need for the service rendered, and operate as an additional service, desired by the patrons of the bank and by the community, I do not think its establishment should be considered. If there is such a need, the service will naturally and inevitably bring a proper reward.

"The rapid growth of personal loan departments is not due entirely to the avalanche of instalment buying which has come over the United States, but instalment buying does contribute greatly to the fostering of personal loans. At first, bankers generally were against instalment credit. Practically all of us figured that the public would be better off to wait until it had cash before it bought and that instalment debt did not contribute to business prosperity. For my own part, I wish to say that I have changed my mind on this proposition. Instalment buying is here to stay and it is a sound economic factor in the complicated industrial system which controls the prosperity or lack of prosperity in this country.

"It would simply be impractical for the masses who work for wages to purchase refrigerators, automobiles, washing machines, radios and other devices that our factories are turning out if they had to save up cash to buy them. They just wouldn't buy and these factories would be reduced to a fraction of their present output, thus throwing many thousands more out of employment.

"Theoretically, cash buying is right, and before our modern industrial era it was the only proper way to buy. The fact is that in the past centuries the masses did not have these modern devices

which contribute to their leisure and happiness and the market for goods was confined mainly to the upper classes which comprise from 10 per cent to 15 per cent of the population.

"Today, the big market is among the masses, and in order for that market to function, our economic and financial system must be adapted to the needs of the masses. Instalment buying is a necessary element in that situation. Bankers should take this into account and should recognize instalment paper as a very large percentage of the paper that is going to be offered to them."

Intermediate Credit for Industry

By *H. H. Sivright*

Vice President

*Iowa-Des Moines National Bank & Trust
Company, Des Moines*

"WE HAVE found the need for intermediate credit on the part of manufacturers, distributors, merchants and processing plants who have been good customers of our bank for years. It has been possible for us to meet these needs in many cases, and in every one of which the credit granted has proved to be of real value to the borrower.

"I would suggest that perhaps many of you who represent banks in smaller centers may find that you can safely provide this type of credit for some of your local enterprises who may be in need of modernization of their places of business, new equipment or machinery, and who may need longer than usual terms for full payment, thus conserving their current working capital.

"We have not gone out and actively solicited this type of loan. All of the loans we have made have been to customers of long standing of our own institutions and in a few cases to customers of bank correspondents where the requirements have been in excess of our correspondent bank's legal loan limit.

"In considering these applications for three and five years credits, many details are essential—audited figures for several years back are necessary. A study of the

At the Minneapolis Conference—Reading from left to right: 1—**Henry Hovey**, president South Omaha Savings Bank, Omaha. 2—**George C. McMahon** and **G. L. McCarthy**, both of New York; and **B. J. Reed**, Chicago, all of Recordak Corpora-

tion. 3—**William Duncan, Jr.**, secretary Minnesota Bankers Association; and **A. B. Lathrop**, vice president First National Bank, St. Paul, and president Minnesota Bankers Association.





At the Minneapolis Conference—Reading from left to right: 1—**Edwin N. Van Horne**, executive vice president American National Bank & Trust Company, Chicago; **C. J. Mortensen**, president Nebraska State Bank, Ord; and **Plin Beebe**, president Bank of Kimball, Kimball, South Dakota. 2—**Boyd Simmons**, assistant cashier Continental Illinois National Bank, Chicago; **John Hirning**, executive vice president Miners & Merchants Savings Bank, Lead, South Dakota; **John Thomson**, cash-

ier Bank of Centerville, South Dakota, and president South Dakota Bankers Association; **W. B. "Bud" Allen**, second vice president Continental Illinois National, Chicago; and **L. W. Buckholz**, Kalman & Company, Minneapolis. 3—**Joe R. Knight**, Continental Illinois National Bank, Chicago; **Prentiss G. Folvag**, cashier Benton County Savings Bank, Norway, Iowa; and **Frank Covert**, assistant cashier Drovers National Bank.

earnings of the period under review, particularly keeping in mind the company's ability to meet the amortized instalments at monthly, semi-annual or annual periods—whichever is decided upon between the customer and the bank. In each case we have had our own accountant from our credit department examine the accounting methods of the business and in some cases had expert advice from those in similar lines of business. A study of the plant itself is made. Particular attention is given to the management of the business, its ability to carry on against any emergency during the period of the loan. In some instances it has been deemed advisable to require insurance on the lives of the partners or on the life of some particular executive in the case of a close corporation with the management built around one outstanding executive.

"In the application for the loan we give particular attention to the purpose of the loan. We ask the customer to furnish a detailed statement as to how the money is to be used. If it is for equipment we ask him to bring into the bank invoices of the concern from which he is purchasing the equipment. If the money is to be used for the improvement of the plant we ask for estimates from the contractor. In setting up the credits it is very necessary to have a complete understanding with the management and in each case an agreement is drawn specifying the total amount of the loan, length of time, interest rate, manner of repayment. In some cases the same rate prevails for the full term of the loan—in others a graduated rate is agreed upon. The amortization of the loan is outlined. Some are on a monthly basis, some quarterly and some on a six months' basis. In all cases loan papers are so drawn that in the event the payment schedule is not adhered to the whole amount of the balance of the loan becomes due and payable at the option of the bank. In some cases we have insisted that we be consulted on dividend policies and the matter of increase in salaries, and that

the bank's permission be obtained before the acquisition of other property or the incurring of any obligation other than those required in the ordinary conduct of the business. We feel we are entitled to periodic statements and earnings reports and the privilege of sending our credit men into the establishment to make investigations when any trend of the business or general conditions justify such procedure.

"The question arises, 'What percentage of a bank's assets may properly be used in this type of loan?' As banks are just getting into these loans I think it is pretty much up to the judgment of each individual bank. I believe it is just as much the province of a bank to make loans and attempt to assist its customers with their problems as to accept their accounts only, and call them your customers. We used to hear a bank spoken of as a conservative bank or a liberal one. I think it behooves all of us in commercial banks to be constructive—to do the best job we can to serve the commercial interests of our city and trade territory."

Real Estate Loans

By **Newton C. Farr**

Regional Vice President

National Association of Real Estate Boards, Chicago

"**R**EAL estate mortgages are still producing a substantially higher net return to the investor than other forms of investment with no greater security. Real estate mortgages are today paying interest at the rate of from 4 per cent to 6 per cent, with a very few select mortgages qualifying at the lower rate. I believe that you will all agree that this is a high yield for investments in today's market.

"Our country will continue to grow and will continue to need the erection of new buildings for housing, industry and commerce. These buildings should be paid

for by private capital. The home owner is very seldom able to save up enough cash to build his home. If he waits until he has acquired sufficient capital he may have lost the desire to build the home. It is necessary that funds be available to finance him in his progress toward home ownership and good citizenship. The building of new factories, stores, office buildings and hotels must be financed, and these funds must come from the public. Our American cities have been built in the past from funds provided by the private investor. They have not waited for loans and grants from our government. You are the representatives of the financial institutions to whom we should look in the future for real estate financing and I urge you to assume this responsibility.

"Real estate men of the United States are prepared to serve those who provide this financing. Use competent real estate management companies in the operation of real estate investments."

Sound Program of Savings Deposits

By **Henry S. Kingman**

President

Farmers & Mechanics Savings Bank
Minneapolis

"**A** SOUND program for offering the services of a savings department must emphasize first of all the need for thrift in the community and must thereafter provide a safe receptacle for public savings accumulated in response to the thrift habit.

"What is true of other businesses is likewise true of individual banks and of the banking business in general, namely, that no business organization stands still. It either progresses or retrogresses, and a bank's failure to attempt to progress is equivalent to surrender to its competitors. A bank's growth need not of necessity involve large dollar deposits; but it should imply increasing public contacts

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resulting from a consistent gain in the number of accounts. Simultaneously the bank may be busy internally improving its securities account, liquidating its real estate, or enlarging its surplus.

"If your bank is to grow in importance in its community, it must have something to sell and must not hesitate to let the public know about it. Your merchandise consists of a thrift service adequate to your local needs, tested and proved in good times and bad, and protected by all the safeguards which can be furnished by a wise policy of diversified and carefully selected investments. These selling points are real and legitimate and are not likely to be matched by your local competitors.

"First, there is the large class of those who have always spent and who have saved but little heretofore. No one knows how great have been the chastening effects of the last few years on these people, but it is quite certain that each day sees a few of them become live prospects for your savings departments. Second, there is the continually oncoming group of young people emerging from schools into business or domestic careers. Third, there are savings accounts now in the hands of competitors, especially in the hands of nonbanking institutions.

"It is a familiar fact that individual savings, when properly invested and safeguarded, have heretofore been the most reliable means of true personal security. It is just as true, although perhaps less apparent to the casual observer, that individual savings are still one of the important means whereby the social system extends its supply of capital wealth. The tiny streams of millions of small savings accounts flow together into a great pool of available capital, prepared to assist in the development of natural resources, the enlargement of productive capacity, and the financing of worthy objectives in so far as social progress requires. To whatever extent that pool may dry up and diminish, following disappearance of the thrift habit among people, to that extent will progress be restricted and living

standards lowered. One prime responsibility of the savings banker is to prevent such an occurrence."

Making Loans in a Country Bank

By E. E. Placek

President, First National Bank
Wahoo, Nebraska

"A FEW years ago we never thought it necessary to require an abstract showing all previous liens and chattel mortgages and unpaid taxes. We now demand such an abstract and we do not make a loan without first ascertaining if the borrower has current and delinquent unpaid personal taxes which are a prior lien on all personal property. If the borrower has unpaid taxes, the loan is increased to cover such unpaid taxes and the bank pays the taxes instead of trusting the borrower to do so.

"With all the governmental agencies it is necessary that the banker keep himself accurately informed on all of their activities and take advantage of every opportunity to increase his profits. We carry a substantial amount of FHA Title I and Title II loans because these loans carry a good rate of interest and in addition thereto, these loans are guaranteed.

"In 1933 when the first corn loans were proposed, all of our city correspondents warned us that it was dangerous to make such loans because the Commodity Credit Corporation had a limited amount of capital. The opinion of the city bankers was so unanimous that we decided that we would make at least \$100,000 of corn loans and before we were through, we made \$580,000 worth of corn loans through the First National Bank alone, and we received 4 per cent interest, bringing us a very nice return. The most amazing thing about those corn loans was the fact that the more loans we made, the more deposits we had, and the more reserve. Afterwards the corn loan was in-

creased from 45c per bushel to 55c per bushel and one of the city banks that warned us against making them wrote us a letter wanting to know if we could send them some corn loans. This year the banks solicited and advertised for corn loans with the interest rate at 2½ per cent. City banks solicited corn loans through country banks, agreeing to carry them at 2 per cent, giving the country bank a ½ per cent margin, or commission.

"This year when the Wheat Crop Insurance was being written some of the country banks did not know what it was all about and some of them still don't know. Saunders county, where our bank is located, had more wheat crop insurance policies than any other county in Nebraska and more than any other county in the United States. The question naturally arises why Saunders county headed the list. One reason was that our bank advised the County Agricultural Committee that we would loan the amount of the premium to every farmer who was unable to pay such a premium and we took an assignment of the policy and also a chattel mortgage and thus we were fully protected. If there was a loss under the policy, we were fully covered and on the other hand, if there was no loss, and a normal crop was produced, we had a chattel mortgage on the crop. We even went further than that. We suggested to the borrower that a separate note be executed for \$2.50 per acre for harvesting the crop but we did not give him the money until he would actually need it for harvesting. If he did not need it, the note would be returned to him. You may properly ask, 'What was the purpose of taking a second note for harvesting expenses?' Well, the reason was simply this. The Federal Land Bank and some insurance companies have the nasty habit of getting a chattel mortgage on the whole crop for delinquent taxes and interest and tying the farmer up so that he cannot repair his binder, purchase twine, or do anything else, so we took an assignment of the policy not only for the

At the Minneapolis Conference—Reading from left to right: 1—Byron Dunn, executive vice president National Bank of Commerce, Lincoln, Nebraska. 2—Charles C. Rieger, vice president Justus F. Lowe Company, Minneapolis; and Lloyd Hanson, cashier American State Bank, Moorhead, Minnesota.

3—C. C. Wattam, secretary North Dakota Bankers Association, Fargo; and C. E. Cunningham, cashier First & Commercial National Bank, Williston, and president North Dakota Bankers Association. 4—Frank R. Warden and E. R. Buckley, vice presidents of the Central National Bank & Trust Co., Des Moines.





At the Minneapolis Conference—Reading from left to right: 1—George L. Mitchell, G. W. McSweeney, Chicago, and John C. Larsen, Madison, Wisconsin, all of the De Luxe Check Printers, Inc. Mr. McSweeney is sales manager of the organization. 2—J. T. Peterson, president State Bank of LeSueur, Minnesota; B. G. Berg, cashier Security State Bank, Kenyon, Minnesota; A. F. Wyer, cashier First National Bank,

Elmore, Minnesota; M. E. Uggen, cashier Peoples State Bank, Wells, Minnesota, and E. O. Lund, president State Bank of Brice-lyn, Minnesota. 3—R. W. Waite, vice president Waterloo Sav-ings Bank, Waterloo; Verne Bartling, assistant cashier First National Bank, Chicago; and Charles W. Wilkins, vice president First National Bank, Austin, Minnesota.

premium advanced, but for \$2.50 per acre for harvesting. We took a jump on the Federal Land Bank and insurance company by having a first mortgage on the crop in addition to the assignment of the policy."

An Investment Program for Banks

By Laurence R. Lunden

Investment Counsel, University of Minnesota, Minneapolis

"THIS discussion does not permit the description of a model system which was developed and installed in a state bank in order to check the cost, efficacy, simplicity, and adaptability of investment files. It is sufficient, however, to say that the system has proved to be workable, and it does not impose an undue hardship on small banks. The files dealing with industrial bonds, to cite one example, are designed to emphasize the points included in the following rules which have been repeatedly suggested for the use of bankers in the selection and supervision of industrial securities:

1. "Securities of industrial companies that are especially vulnerable to depression, or the demand for whose products is elastic should generally be avoided.
2. "To be eligible for investment by banks, industrial bonds should be protected by earnings sufficient to cover fixed charges on the average by at least 2.50 times annually over a five-year period.
3. "To be eligible for investment by banks, industrial bonds should also be protected by a ratio of net working capital to funded debt of at least 100 per cent, in case inventory is of a liquid character; otherwise, this ratio should be correspondingly higher. As a matter of fact,

if the inventory is especially illiquid, it should be excluded from the computation of working capital.

4. "Both earnings and current position should conform to the minimum requirements. Industrial bonds might well be eligible, however, if earnings were temporarily below the minimum, provided the ratio of working capital to funded debt is at least 200 per cent. Contrariwise, if debt service requirements are covered by a substantial margin, a somewhat less strong current position may be permitted.

5. "Complete familiarity with the history, current operations, and future prospects of an industrial company, the bonds of which are under consideration for purchase, is a minimum requirement for bankers.

6. "The ratio of debt to total capitalization should preferably be no greater than thirty-five per cent. Any figure in excess of thirty-five per cent warrants closer investigation into the affairs of the company for the purpose of determining whether debt is really excessive.

7. "The ratio of debt to total capitalization should be supplemented by the ratio of debt to total market value of the company in order to determine the extent to which the owners are trading on their equity. The ratio of debt to total market value of the company should be at least as low as the ratio of debt to total capitalization. If the former is higher than the latter, one should concern himself with discovering the reason for the diminished equity behind the bonds.

8. "The ratio of net operating income to volume of sales should be compared to accepted standards for the industry, and any deviation from those standards should be subject to explanation.

9. "The relationship between net operating income and total volume of sales

should be studied over a period of years and in the light of conditions affecting major items of cost and volume of sales. This will enable one to determine whether the company under consideration has the capacity to offset higher operating costs or declining sales volume, whatever the cause of the narrowing margin."

Agriculture and Banking

By B. E. Groom

Chairman, Agricultural Committee Greater North Dakota Association Fargo

"MY CONCLUSIONS might be summarized as follows:

1. "Direct financing of land purchases need not be considered. That problem is, and will no doubt continue to be, handled by the Federal Land Bank, insurance companies, and by contracts between buyers and sellers on a long-time easy payment basis that eliminates private bank credit.
 2. "Finances for implements and special equipment required for farmers requires little bank credit. Manufacturing concerns have developed credit sales systems that meet legitimate credit needs. Bank credit appears to be solely along the line of discounting dealers' paper, purchase of commercial paper, and occasional deals with select customers.
 3. "In most cases, ample credit is available for livestock feeding, and banks are freely participating in that type of loans. This is financing the industrial phase of the farm business.
 4. "The credit need is for short term seasonal loans for operating the farm business, and for restocking farms with herds and flocks of breeding stock.
- "The problem of developing and han-

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At the Minneapolis Conference—Reading from left to right: 1—**Cornelius Clark**, cashier Farmers State Bank, Winner, South Dakota; **E. W. Jones**, vice president Iowa-Des Moines National Bank & Trust Company, Des Moines; and **Byron McKee**, cashier Museatine Bank & Trust Company, Museatine,

Iowa. 2—A group of Burrroughs representatives, **M. E. Beckley**, **R. E. Jacobson**, **H. A. Lombard**, **J. A. Smith**, **George Ruhl**, **A. R. MacIsaac**, **C. E. Rogers** and **Alice Danielson**. 3—**W. A. Gray**, president First National Bank, Albert Lea, and **Harold Bull**, president National Citizens Bank, Mankato.

dling this last named type of loan is your current farm credit problem. I have nothing further to suggest along the line of the development of this type of credit. After twelve years' experience in directing work along this line, I am unable to see that many major mistakes were made. If we are to repeat these twelve years, I shall outline the development work along very similar lines to those hitherto employed.

"Right now the country is overrun with promoters of all sorts of cooperative undertakings. They are not the old type of "co-op" promoters, whose business was that of selling some commodity, or setting up some enterprise at a fine profit for themselves, who then fade out of the picture, leaving stockholders to pay the bills, and mourn over the wreck. The system is streamlined today, with federal money. The promoters are operating as official representatives of the United States Government. They have little respect or consideration for your business, or that of any good, substantial business customer of yours. In short, you and your good business customers are being put on skids which are greased with your own money.

"Do not infer that I am opposed to all

cooperatives. Far from that. I have membership in some cooperative enterprises, and I know there is a field for cooperative undertakings that are legitimate. At the same time, there is a much larger field for independent effort and independent business institutions.

"The printed page, the radio and many other sources of information, have resulted in a nation-wide consciousness of the problems of farm production, financing, marketing and processing. Advice from all sorts of sources is freely given and nation-wide unrest is the result. Never before have we so badly needed some horse sense and concerted action on the part of bankers, businessmen and level headed farmers. The so-called farm problem hangs over agriculture and every allied business like a bewildering fog at the crossroads.

"Prophets are as thick as grasshoppers, and about as destructive. I firmly believe that the substantial, sound-thinking type of farmer, whose business you want, appreciates your good judgment and assistance in the solution of his problem. We have a common problem over a large area.

"Stay on your job, as they stay on their farms, and find the way to serve them financially in the future as in the past."

FUTURE BANKING AND THE PUBLIC

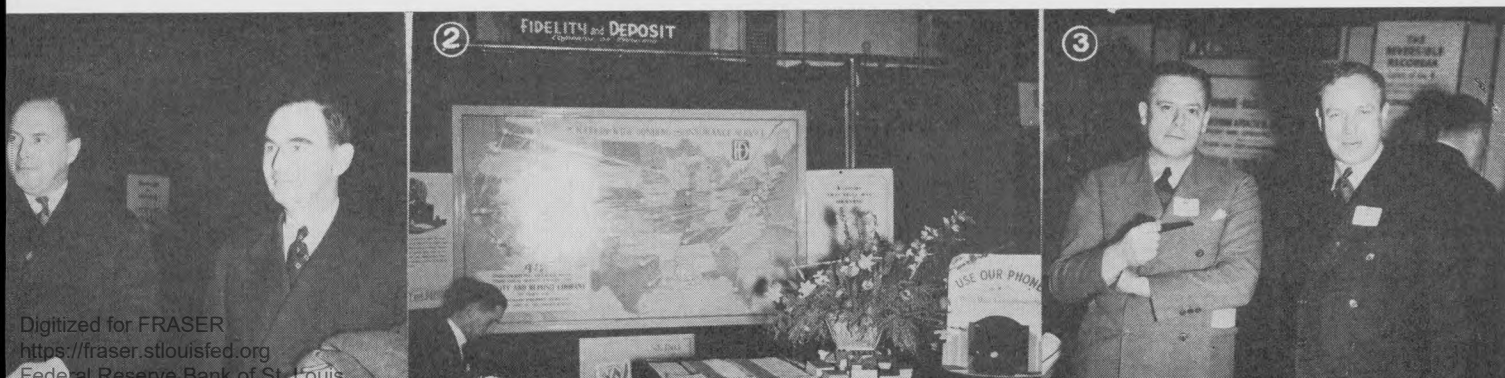
By **S. H. FIFIELD**
Assistant Vice President
The Barnett National Bank
Jacksonville, Florida

I HAVE read with interest the pros and cons published in various financial publications with reference to the question asked—Is there a future for banking? In my opinion there is a future for banking because it is a necessity. I quote a very wise old banker who said: "Banks we will always have; they are a necessity. Whether they can be operated successfully or not under conservative management depends on the laws (Acts of Congress) enacted by Congress."

Having been interested in financial advertising and bank public relations work for over twenty-five years and in view of the above statement, I am convinced that we have a greater job ahead of us than any thus far tackled. First, we must hold the grounds already gained by efforts in customer relations activity, i. e., that of having sold our ranking bank officers and the personnel of the bank on their (Turn to page 49, please)

At the Minneapolis Conference—Reading from left to right: 1—**Alden Bagnall**, vice president, and **R. E. Kileen**, of the Live Stock National Bank, Chicago. 2—The Conference display of the Fidelity & Deposit Company of Baltimore, Maryland, in charge of **Carroll F. Herwig**, special agent for the

Company, with headquarters in Minneapolis. 3—**William C. Duffy**, cashier Union Savings Bank, Sioux Falls, South Dakota; and **L. K. Billings**, assistant vice president City National Bank & Trust Company, Chicago.



NEWS AND VIEWS

OF THE BANKING WORLD

By Clifford De Puy

The \$12,000 Trust Company Banquet at the Waldorf-Astoria this year was limited to 1,200 guests at \$10 per plate, who in turn were given a **French lesson free** when they read their menu which was as follows:

MENU

Tortue Verte Des Iles	
Paillettes Dorees	
Celeri	Olives
Amandes Salees	
Truite de Riviere Meuniere	
Concombres Doria	
Intermission of Twenty Minutes	
Filet Mignon Henri IV	
Petits Pois a la Francaise	
Pommes Anna	
Salade Printaniere	
Couronne de Glace Jubile	
Mignardises	
Cafe des Princes	
Cigars	Cigarettes

George O. Everett, president of the Financial Advertisers Association and assistant vice president of the First Citizens Bank and Trust Company of Utica, New York, called a board meeting at the Waldorf-Astoria last month and 24 directors were in attendance. The total membership of the F. A. A. is now 487.

Each director is in charge of a special committee and reported to the board on the work which he has accomplished and which he plans to do for the balance of the year. The annual convention will be held in Toronto, Canada, September 10th to 13th, 1939.

Just to show you how one director (name on request) devotes himself to the study of hieroglyphics, during the board meeting, we are reproducing here the results of his artistic efforts.

P. S. We forgot to mention that **George Everett** will be married in April, so be sure and send him your good wishes.

Samuel C. Waugh is president of the Trust Division of the American Bankers Association and when he isn't playing golf acts as executive vice president and trust officer of the First Trust Company of Lincoln, Nebraska.

His introduction was so short when he presented **Frank J. Hogan**, president of the American Bar Association, that he caught the distinguished barrister off

guard. Mr. Hogan spoke on "Debts, Deficits, and the Bill of Rights," and among other things said, "The time has come, to face the situation squarely. It is too late now to solve the problem solely by retrenchment. Of course, there must be retrenchment, there must be economy, real and continued economy, but there must also be heavy new taxation on a scale probably greater than has ever before been contemplated in this country."

W. J. Pickering, president of Allan-Wales Corporation, returned from Florida last month looking hale, hearty, and sunburned. He was especially happy because his company is having the greatest sales record in its history.

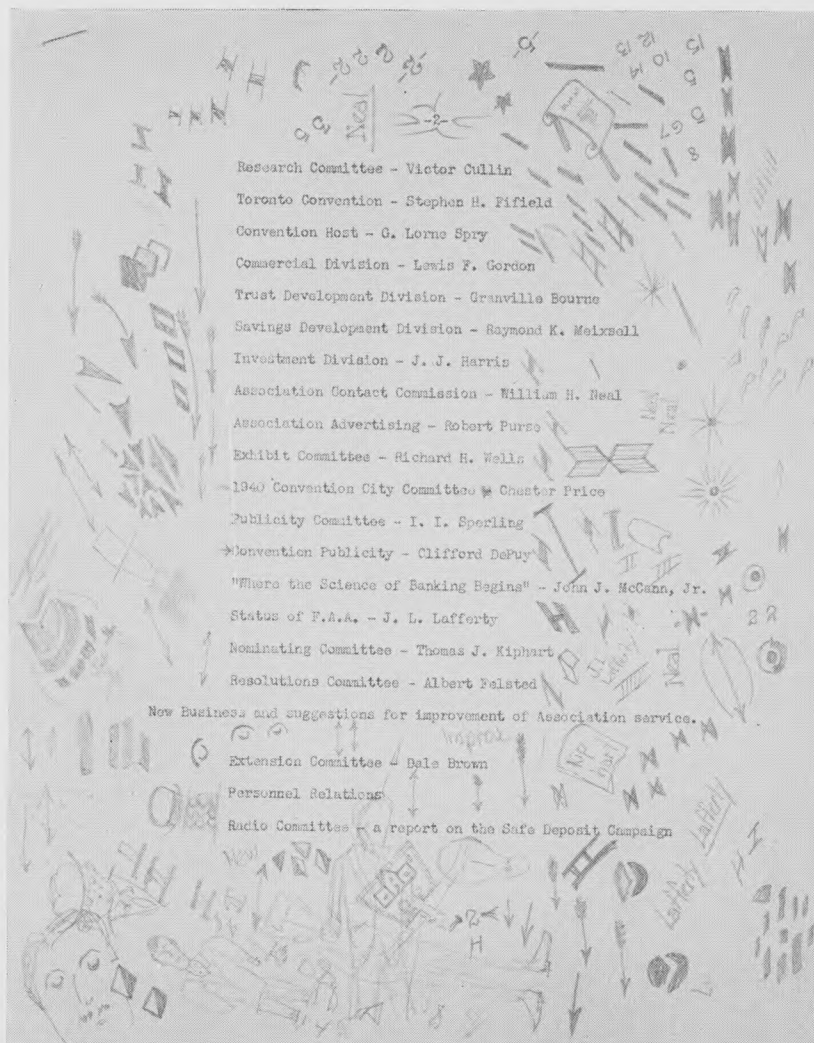
One evening while we were in New York he invited us to be his guest at the

"Glass Hat" for dinner. This interesting rendezvous is located in the Hotel Belmont Plaza. Also included in his guest list were **Mr. and Mrs. George L. Todd** of Rochester, New York. Mr. Todd is vice president of the well-known Todd Manufacturing Company.

During the dinner hour a handsome Hindu palm reader gave us quite a "line" about the lines in our hands. We were interested to notice that all his remarks were favorable and not once did he mention an unfavorable omen. At least that is good psychology.

William Lyon Phelps of Yale University is probably one of the most informed men in America on the theater and modern literature. When he addressed a Town Hall meeting in New York a few Saturdays ago, he kept referring to his audience as, "My children."

To prove that he can tell a snappy story to illustrate his point, he was explaining that the choice of words is very important in literature or conversation, and he told of a little girl who came home and told her mother that she saw a pregnant fireman coming down a ladder on



her way home from school. Her mother criticized her for using such a word and then asked her if she knew what "pregnant" meant, and she said, "Yes mother, it means carrying a child."

In a letter from **George A. Malcolm**, vice president and cashier of the Drovers National Bank of Chicago, he says, "The other night I sat up and read the NORTHWESTERN BANKER from cover to cover. I have always found a lot of most interesting articles in the NORTHWESTERN BANKER, and with the new plastic binding you used on the February issue, I just felt like turning page after page to see what was coming next."

The night we attended the **Fred Waring** broadcast at the N. B. C. studios he devoted his program to the **Boy Scouts of America** and we were interested to notice that all but three members of his organization had at one time been boy scouts themselves.

Leonard Lyons in the *New York Post* was quoted in the *Readers Digest* as saying, "New York's Museum of Natural History has boasted of the countless art-lovers who came to see its wonders. But when a comfort station was erected on a nearby corner, museum attendance fell off 100,000."

C. B. Chambers, president of the First National Bank of Oelwein, tells us that at the regular director's meeting **M. C. Hanson** was elected cashier to take the place of "our loyal worker and great friend, the late **George W. Falk**." **Don C. Witt** was elected assistant cashier and **Harold Zeigler**, manager of the Savings Department.

Referring again to **George Falk**, Mr. Chambers said, "I have known many men, but there are few who have been more loyal to their position than George was, and he will always be remembered by us as one who could be depended on at all times."

It was our impression that "big business" was not superstitious but when you take the elevator in the **RCA** building in New York you will find that there is no **13th floor**. You go from the 12th to the 14th.

Charles P. Fisk, vice president of the General Motors Acceptance Corporation, of New York, told us the night of the Trust Company banquet, that he asked a subway guard, "What do you think of the government program?" He answered, "I think it is cockeyed. Why should I work from six o'clock in the morning till late at night to help support **WPA individuals**, a lot of whom won't work even if they have a chance."

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If you want to have a good laugh see **Victor Moore** and **Sophie Tucker** in "Leave It to Me." Because of a donation to the political party in power, Mr. Moore is appointed ambassador to Moscow but he doesn't want to go to Russia so he puts in most of his time figuring out what he can do to be recalled, and in the process keeps you in good humor most of the time. **Eugene L. Voss**, assistant vice president of the Continental Bank and Trust Company of New York, was our delightful host on this occasion.

Coming out of the NBC studios one night, we noticed at Fiftieth and Broadway a shop which sold small live turtles. These were about the size of a silver dollar and for 60c they put any name you wish on the back of the turtle and ship them for you anywhere in the United States. They will live from two to four days without any food or water.

A. P. Gianninni, who has been having a tough time with the Securities and Exchange Commission, because of false statements which the Commission claims he made regarding the Trans-America Corporation, will have a rest until March 20th when the hearings will be resumed.

In the meantime the Pacific Coast financier who previously was an ardent New Dealer and heavy contributor to President Roosevelt's Campaign Fund, is now "cured and disillusioned" about what is going on in Washington.

The money paid to Mr. Gianninni, according to testimony of **Louis Ferrari**, vice president and general counsel for the Bank of America National Trust and Savings Association, is as follows:

1925...\$	55,159	1932...\$	134,826
1926...	112,567	1933...	132,896
1927...	245,906	1934...	100,596
1928...	680,933	1935...	251,952
1929...	288,277	1936...	65,914
1930...	1,438,557	1937...	58,284
1931...	266,977	1938...	34,000

When you are in New York don't waste any money on "The Boys From Syracuse" which is a modern streamlined version of Shakespeare's play "The Comedy of Errors," because I don't think it would be good even if the boys were from Buffalo.

When Secretary of Commerce **Harry L. Hopkins** made his famous speech in Des Moines, **W. Dale Clark**, president of the Omaha National Bank and a member of the Business Advisory Council of the Department of Commerce, sat at the head table and was one of the guests of honor.

Also, **Averell Harriman**, chairman of the Board of the Union Pacific Railroad,

attended the banquet and responded with a few remarks on the business outlook. Mr. Harriman is also a partner of Brown Brothers Harriman & Company of New York and a director of the Guaranty Trust Company.

B. F. Kauffman, president of the Bankers Trust Company of Des Moines, introduced Mr. Hopkins.

Lamson Brothers and Company, according to **James A. White**, one of the partners, has recently consolidated the firm of Harris, Burroughs and Hicks with their own.

The new firm name will remain **Lamson Brothers and Company** and will include all of the present partners of Lamson Brothers and Company and those listed below of Harris, Burroughs and Hicks:

Warren A. Lamson, Harry H. Lobdell, Edward F. Thompson, George E. Booth, Henry J. Rogers, James A. White, Benjamin L. Harigs, William C. Karlson, Edward L. Hicks, Jr., Albert W. Lindeke, John C. Pitcher, Theodore H. Price, Jr., Malcolm R. McAdoo, Albert C. Fischer.

Ralph W. Moorhead, associate publisher of the NORTHWESTERN BANKER will act as toastmaster at the Nebraska Bankers Association Meeting of Group 3 at Norfolk on Saturday, April 22nd.

Milton F. Barlow, cashier of the National Citizens Bank of Mankato, Minnesota, and president of the American Institute of Banking, in speaking before the Regional Conference at Minneapolis said, "There are 64,000 A. I. B. members in the United States and 44,000 students now attending classes, and during the past 12 months the Institute has had the greatest increase in class enrollments in nine years."

The American Institute of Banking was founded in Minneapolis.

William B. Whitman, assistant secretary of the Manufacturers Trust Company of New York made his first trip to the twin cities when he attended the A. B. A. Regional Conference last month. There are not many other cities in the United States, however, that have not been honored by Bill's handsome countenance and charming personality.

Harold Stonier, executive manager of the American Bankers Association, in speaking before the A. B. A. Regional Meeting in Minneapolis last month, said there are 266,000 people working in the banks of the United States and emphasized that, "We've got to put some fight into these employes to help fight for the continuance of free enterprise and for the preservation of chartered banks."

Extension of Title I, FHA

In Washington

PRESIDENT ROOSEVELT'S recent appointments have created great interest and caused comment in many circles. For business men and investors they merely create a new cause for uncertainty.

Harry Hopkins, apparently eager to make good as Secretary of Commerce, is attempting to sell the Administration to business and end an epoch of guerrilla warfare. Hopkins stated that if the national income is to be increased, business must be allowed to make a profit and that he would do all in his power to see that this is done.

But the appointment of former Representative Thomas R. Amlie to the Interstate Commerce Commission came as a shock not only to business, but to official Washington as well. There are many speculations as to the reason back of the appointment. Some observers believe that it is slowly paving the way for government ownership of railroads while others point out that one man on the committee would not be able to do much in this direction.

Strongly opposed to government ownership stands Philip A. Benson, president of the American Bankers Association. Speaking in New York recently, he asserted that real improvement in the railroad problem may result from cooperation of labor, management and government.

"None of us want to see government ownership and operation of the railroads," he declared.

Stressing the value of the roads to business and national defense, he said that until the situation is clarified the industry will not attract savings and trust funds.

While the Amlie appointment continues to receive strong opposition in the Senate,

By **PAUL F. LAVEZZO**

*Washington Correspondent
The Northwestern Banker*

attention is turned to the coming appointment to fill the vacancy left by Supreme Court Justice Brandeis.

Federal Housing Bill

The House Banking and Currency Committee has been urged by Federal Housing Administrator Stewart McDonald to approve a bill which would double the agency's authorized mortgage insurance, bringing it to \$6,000,000,000.

Testifying in favor of amendments set forth in a bill sponsored by Rep. Henry B. Steagall (D., Ala.), Mr. McDonald, in answer to a question put by Rep. Wright Patman (D., Tex.), stated that he did not believe it wise to extend Title I of the act, under which loans for modernization

are insured. Unless Congress passes a bill extending it, this clause will die with the end of the fiscal year.

"My idea is that it should be dropped," McDonald said. "I don't think the government should lend money to banks to lend at high rates of interest to small home owners."

He added that local banks should take care of this business, arguing that they have had five years to learn it under FHA. McDonald estimated that a loss of \$15,000,000 on \$560,000,000 worth of business will be sustained by FHA under Title I, contrasted to a net loss of \$160,000 on \$1,700,000,000 under Title II.

Major changes advocated by the administrator, in addition to increasing the authorization, would:

1. Remove the limitation which prevents insuring any mortgages on houses after July 1st unless they previously were covered by FHA-insured mortgages or were built later than January 1, 1937.

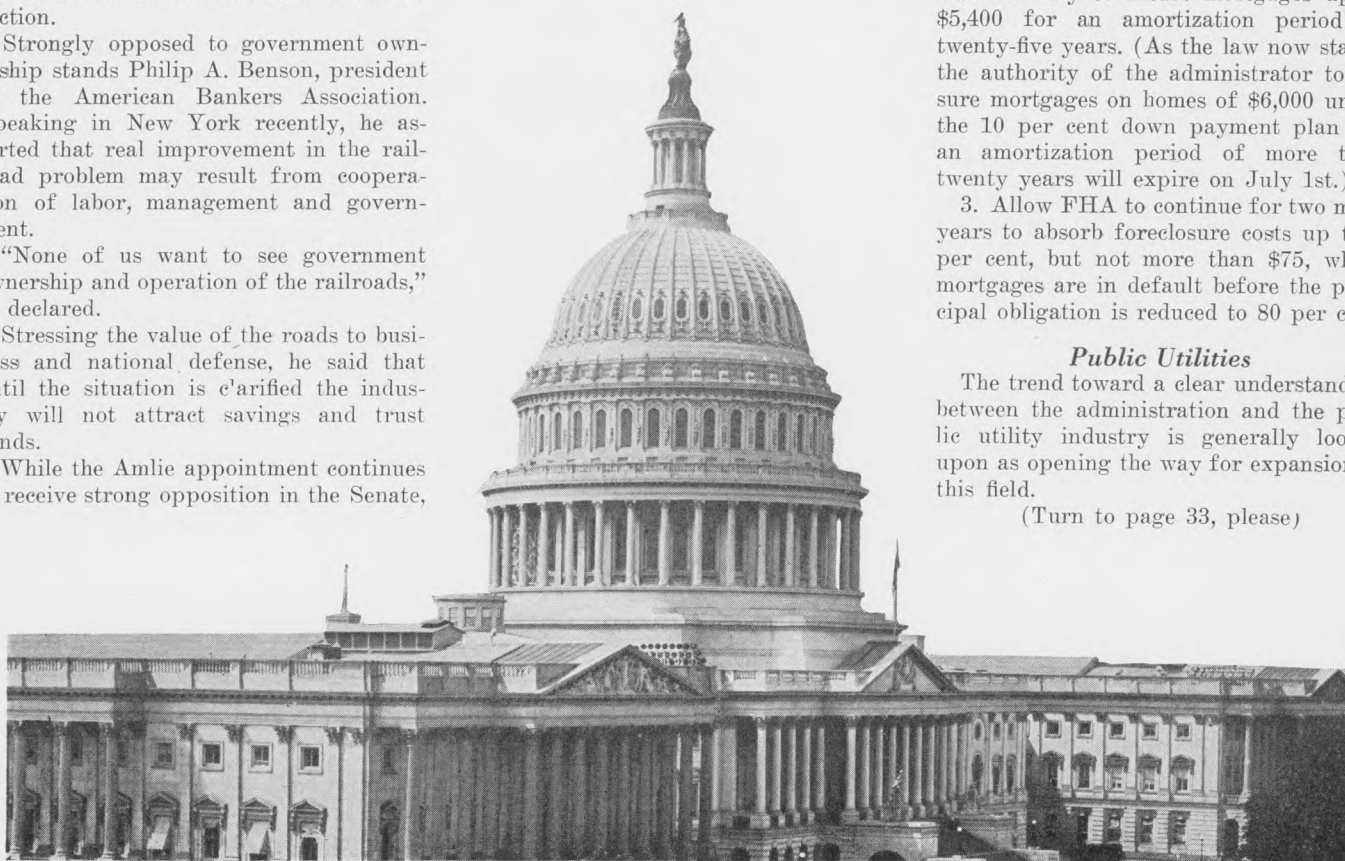
2. Give the administrator permanently the authority to insure mortgages up to \$5,400 for an amortization period of twenty-five years. (As the law now stands the authority of the administrator to insure mortgages on homes of \$6,000 under the 10 per cent down payment plan for an amortization period of more than twenty years will expire on July 1st.)

3. Allow FHA to continue for two more years to absorb foreclosure costs up to 2 per cent, but not more than \$75, where mortgages are in default before the principal obligation is reduced to 80 per cent.

Public Utilities

The trend toward a clear understanding between the administration and the public utility industry is generally looked upon as opening the way for expansion in this field.

(Turn to page 33, please)



Notes of a Traveler

By RALPH MOORHEAD

Associate Publisher
The Northwestern Banker

WHILE I was in the East recently, the resignation of **J. P. Morgan** as a director of the Aetna Insurance Company, brought out some interesting facts concerning the connection of this well-known international banker with that company. His resignation came because Mr. Morgan is now 72 years of age and is gradually getting away from all active business responsibility and he announced that he would not be a director of any company unless he could actively take part in company affairs.

I missed seeing another former Iowa man in New York City, **Sherman Drake**, vice president of the National Surety Corporation, who was out of town on one of his many field tours. The National Surety had an excellent year finishing 1938 with total assets of \$24,187,307, and **President Vincent Cullen** reported that loss ratios and expenses for the year were on a very normal basis.

The Fidelity and Deposit Company of Baltimore did a good job during 1938 with net premiums of \$10,886,137, and net underwriting profit as pointed out by **Sidney C. Doolittle**, advertising manager, was \$2,084,667, the largest in the history of the company. Incidentally, the company had just elected two new directors including **E. T. Foreman**, president of the Foreman Company, Baltimore, and **E. N. Rich**, a Baltimore attorney.

Manhattan Glimpses . . . World's Fair preparations in New York are practically completed. I was disappointed in not being able to get through the fair grounds, but at the time of my arrival in New York, exhibition officials had closed all gates to the grounds since work on the fair was being badly hampered by the thousands of visitors in automobiles who were daily getting a preview of the world's greatest fair, which is expected to entertain 80,000,000 guests in the two years it will doubtless run . . . Broadway theaters have several good shows, most of which are hanging on until World's Fair time this spring, when they expect real business. I enjoyed "**Kiss the Boys Goodbye**," a clever satire by Claire Booth on choosing a star for "**Gone With the Wind**." It is a most enjoyable satire both on the south and

on the motion picture industry . . . Radio City Music Hall with its well-known "**Rockettes**" also gave me a pleasant entertainment with the accompanying picture "**Gunga Din**," which had been running for several weeks straight . . . In the world of sports I enjoyed a professional ice hockey game in Madison Square Garden between the New York Rangers and the New York Americans, and decided that Big Ten football is a tea party by comparison . . .

New York City impresses the visitor as almost a foreign city. One evening on Broadway I witnessed the march of some 10,000 Spanish residents of Manhattan, marching to a meeting to protest the interference of Germany and Italy in Spain. The demonstrators were carrying all sorts of placards and were chanting a phrase "**Hands Off Spain—Hitler and Mussolini**" in unison. The following Sunday afternoon likewise in the Times Square district, I witnessed a tremendous demonstration of marchers walking around a square block in which was located a local New York radio station which had that Sunday refused to carry the usual address of **Father Coughlin**. Both these demonstrations dealing with racial and foreign questions were full of the mob spirit, but were fortunately well handled by the New York police forces. It seemed that there were literally thousands of policemen keeping people moving and preventing disorders, although one is tempted to feel that a few sparks here and there might bring about real violence.

Washington, D. C., is the City of Contrasts. Within ten blocks of the nation's capitol, where billions of dollars of relief money to the poor and unemployed have been poured out in recent years, I encountered more beggars than in any city of recent travels. It all seemed rather confusing.

Likewise in **Washington**, I enjoyed a brief visit with **Cassius C. Dowell**, veteran Des Moines congressman, who was returned to congress last fall in the well-known Republican landslide. I had in mind getting visitors passes to the Senate or House gallery, and Congressman Dowell very graciously arranged this little item for me. I was then dis-

appointed to find that the House recessed early that day and the Senate was not in session at all. It seemed that after the Senate had passed the reduced relief measure, so many hard feelings were brought about that senatorial leaders thought it wise to recess for five or six days, in order to "cool off."

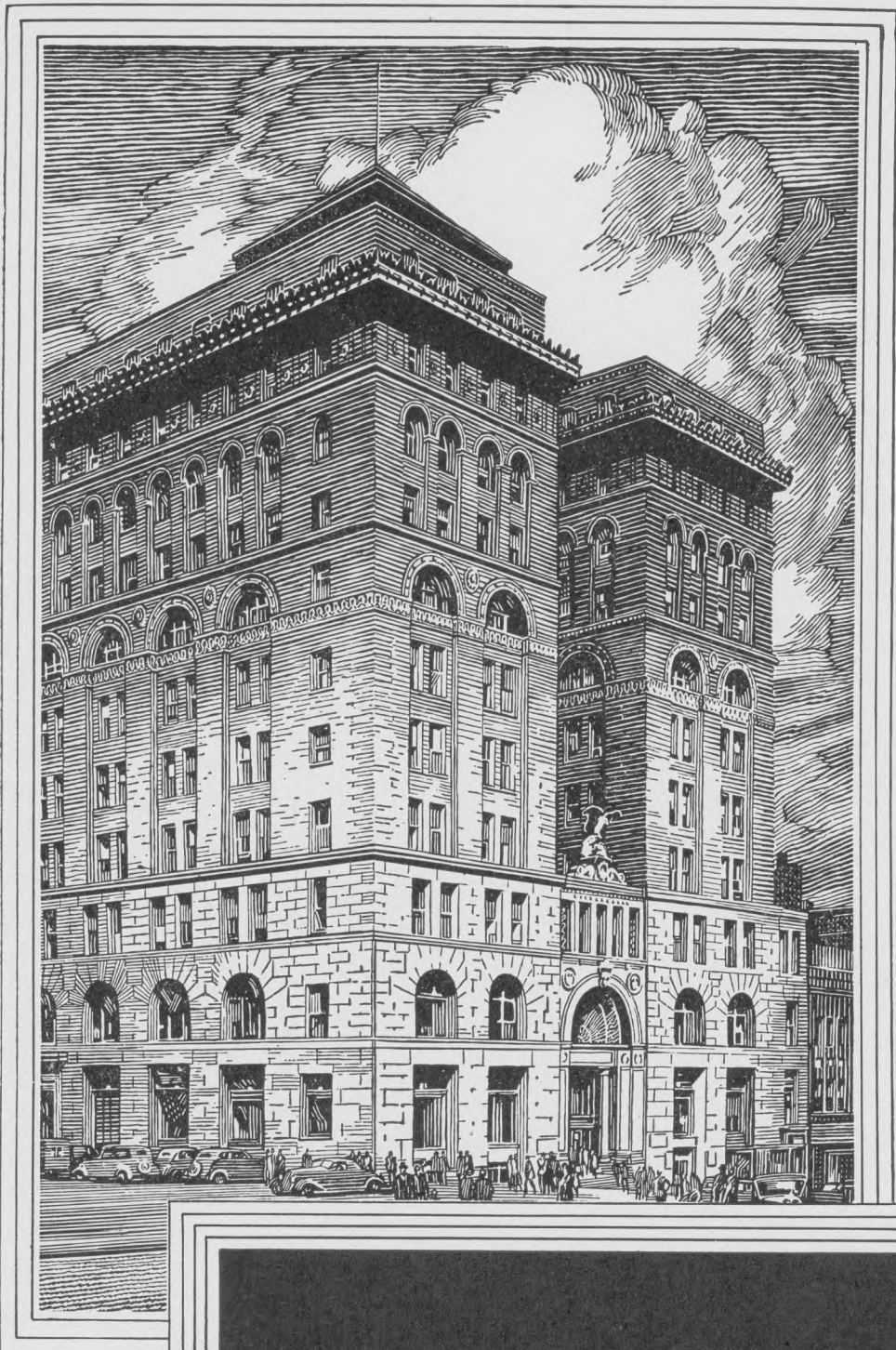
I took the time to look up an old Grinnell classmate, **Clifton Eisele**, in Washington, D. C. Clifton, who comes from Iowa, is president of **Southeastern Industrial Bankers, Inc.** His bank is doing a fine business and has several branches in and near Washington, D. C. It was interesting to reminisce and talk of old Grinnell College classmates, many of whom are located in the capital city.

At the Chase National Bank I had the misfortune to miss seeing **Arthur M. DeBebian**, second vice president, who was suffering from the influenza and also missed **Roland C. Irvine**, vice president, well-known to midwestern bankers. Roland was attending the Texas Group meetings which are held at this time of the year. I enjoyed visiting with Vice President **Earl Gafford**, who is well acquainted among bankers of this area.

I arrived in New York City a day too late to bid bon voyage to a fellow publisher, **Donald H. Clark**, publisher of the *Mid Continent Banker*, the *Local Agent* and *Life Insurance Selling*, of St. Louis. Don, who was a classmate at Grinnell College, had sailed on a cruise to South America. I learned that travel to South America this winter is quite heavy due to unsettled conditions in Europe and so much recent publicity on the advantages of South America.

While in New York I spent a day or two with **Clifford De Puy**, publisher of the *NORTHWESTERN BANKER*, who made a quick trip to New York City to attend the annual director's meeting of the Financial Advertising Association. Clifford spent several busy days with this hard working board of directors and then returned directly to Des Moines after attending the Trust Company banquet at the Waldorf-Astoria. He did, however, see a great many of our banker friends at the Trust Company banquet.

In New York City I enjoyed visiting with **Craig R. Smith**, assistant vice president of the Central Hanover Bank and Trust Company and also **William G. Allen**, assistant vice president, who is well acquainted with bankers throughout the middlewest. Mr. Allen, in particular, commented favorably on the colored frontispice in the February *NORTHWESTERN BANKER*, and also expressed his regret at being unable to attend the Minneapolis A. B. A. Regional Conference.



MEMBER
FEDERAL
DEPOSIT
INSURANCE
CORPORATION

The Omaha National Bank

Northwestern Banker March 1939

Use the Chart on
the opposite page and

Check the "Operating Ratio" of Your Bank

"TIMELY" is the word for the Minneapolis Federal Reserve Bank's 1938 statement on operating ratios of member banks in the Ninth District.

For it already is in the hands of officials of the member banks—less than two months after the close of the year and at a time when 1938 operations are still the subject of serious study, and 1939 plans still may be revised.

To the Minneapolis Federal Reserve Bank, therefore, goes credit for being the first of the reserve banks to compile operating ratio statistics for banks in its district.

Behind these figures lies an interesting story exemplifying the reserve system's efforts to provide the greatest possible service to member banks.

For years prior to 1937 several reserve banks had been getting out operating figures. There was no uniformity, however, some districts studying only restricted groups of banks, others studying all or most of their banks but issuing reports that were impossible of comparison between districts.

Uniform Ratio

Two years ago the reserve bank presidents decided to set up a committee to work out a set of ratios which could be used uniformly in all districts. A minimum set of operating ratio figures was desired that could give some insight on the operations of groups of banks in various deposit groups and enable individual banks to compare their operations with others of their size.

Further, there was a need for accurate statistics for use by educators, students, statisticians, legislators and all the others who for one reason and another desire information on various phases of bank operations.

To Minneapolis Federal's own first vice president, Oliver S. Powell, was assigned the chairmanship of this important committee. Other reserve districts and the Federal Reserve Board in Washington were represented on the committee.

A year ago the result of this committee's work was first made apparent when the

By JAMES M. SUTHERLAND

Staff Correspondent
Minneapolis

various reserve banks published the operating ratio figures.

Not all the reserve banks published the ratio information in the form utilized by the Minneapolis bank. Some were more elaborate, published in pamphlet form. Some contained editorial comment.

But the principal thing was that the statistics they contained were uniform and could be compared with those for other districts.

Minneapolis Federal Reserve Bank issued its first report on operating ratios last April, covering 1937 operations of member banks.

The response was instantaneous and most favorable. For—as the illustration on the opposite page shows—each bank was given, in addition to figures by deposit groups, the same statistics covering its own operations. Thus bank officers, directors and stockholders could see at a glance just how their bank compared with others of like size.

Additional Figures

One other result of the first year's experience is shown in the 1938 report, just issued. It contains three additional groups of figures, included at request of member banks, but not part of report as originally set up by the committee.

These figures cover cash dividends declared, ratio of deposits to capital, and percentage of service charges to total earnings.

Although the 1938 report has been in the hands of member banks less than three weeks, the Minneapolis Federal Reserve Bank already has a huge sheaf of letters from banks commenting favorably on the report and its value to them.

Gleaned from this correspondence at random are the following quotations:

"Very helpful in trying to keep the different items in line."

"Facilitates our work in the matter of comparisons."

"Valuable information to review the past and better chart the future."

"We read the greater part of the figures to our stockholders."

"Hope you continue the good work."

"Boy, is it interesting to compare the figures of our bank with others."

"Clearly shows us our weak spots."

Some of the banks wrote, in asking for additional information about certain specific figures, or for explanations. As far as possible these have been answered.

In some instances, bankers requested advice as to how they could improve their setup as shown by the operating ratios. Obviously, this is a service the Reserve Bank cannot perform.

Officers

One thing that must be remembered about the figures. They do not present statistics that can be considered "ideal" or that should be regarded as objectives toward which all banks must strive. They are simply averages, showing what banks in the various deposit groups now are doing.

Just because a bank's figures are not identical or even close to the ratios shown does not necessarily mean the bank should revise its operations.

For most bankers the above explanation is obviously unnecessary. But a few of the letters received since the 1938 report was issued indicate a tendency by a few bankers to misconstrue the purpose of the operating ratios.

Two other observations concerning the report and the resulting comment of bankers are worth noting.

First, there is a growing desire that next year's report include a statement as to the ratio between commercial and savings (time) deposits.

Second, bankers hope that the style set by the Minneapolis Federal Reserve Bank in its report, particularly since it is the first one issued, may be followed by other reserve districts in issuing their reports. The advantages in such a step, facilitating comparisons between districts, are obvious.

"OPERATING RATIOS" OF MEMBER BANKS IN THE NINTH FEDERAL RESERVE DISTRICT FOR THE YEARS 1938 AND 1937

DEPOSIT GROUPS			Under		\$250M-		\$500M-		\$1,000M-		\$2,000M-		\$5,000M-		Over	
	1938	1937	\$250M	\$250M	\$500M	\$500M	\$1,000M	\$1,000M	\$2,000M	\$2,000M	\$5,000M	\$5,000M	\$10,000M	\$10,000M	\$10,000M	\$10,000M
Number of Banks	1938	1937	61	64	119	126	122	119	73	76	56	58	14	15	9	9
	Your Bank															
I. SOURCES OF EARNINGS																
Percentage of Total Current Earnings:																
Interest and discount on loans.....	49.5	49.8	53.1	47.6	44.1	40.1	36.4	33.6	36.9	32.9	37.7	39.3	38.5	41.0
Interest and dividends on securities.....	24.5	25.3	25.7	30.4	35.4	39.5	42.8	45.0	40.6	44.5	38.1	36.8	43.4	40.8
Other current earnings (See Section VII).....	26.0	24.9	21.2	22.0	20.5	20.4	20.8	21.4	22.5	22.6	24.2	23.9	18.1	18.2
Total Current Earnings.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
II. USE OF EARNINGS																
Percentage of Total Current Earnings:																
Salaries and wages.....	35.2	35.4	29.1	28.9	28.4	28.0	29.3	27.7	30.6	29.3	34.7	32.6	32.0	30.1
Interest on deposits.....	15.2	14.8	20.1	20.6	22.7	23.2	22.2	21.3	18.0	20.1	14.2	14.6	12.3	13.3
Other expenses.....	28.9	28.9	25.6	26.3	24.4	25.6	24.6	25.3	26.8	26.7	31.2	29.9	30.5	29.8
Total Current Expenses.....	79.3	79.1	74.8	75.8	75.5	76.8	76.1	74.3	75.4	76.1	80.1	77.1	74.8	73.2
Net Earnings from Current Operations.....	20.7	20.9	25.2	24.2	24.5	23.2	23.9	25.7	24.6	23.9	19.9	22.9	25.2	26.8
Total Current Earnings.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Net Addition to Profits.....	7.2	6.0	10.0	11.4	12.7	11.6	14.6	16.5	10.6	16.2	19.2	15.5	33.6	25.5
III. RATES OF EARNINGS AND LOSSES ON LOANS AND SECURITIES																
Percentage of Total Loans and Discounts:																
Interest and discount on loans.....	7.0	7.0	7.0	6.7	6.4	6.5	5.7	5.8	5.5	5.2	4.6	4.6	5.0	5.5
Net losses (-) or recoveries (+).....9	1.1	.7	.9	.2	.2	.2	.1	.2	0	.2	.4	.5	1.8
Percentage of Securities:																
Interest and dividends.....	3.5	3.6	3.5	3.7	3.4	3.6	3.3	3.4	2.9	3.1	2.6	2.6	2.7	2.7
Profits on securities sold.....5	.5	.6	.6	.7	.7	.7	.5	.6	.6	.8	.4	.7	.4
Net losses (-) or recoveries (+).....8	.3	1.7	.8	1.4	1.1	1.0	.7	1.3	.9	.4	.7	.2	.6
IV. RATES OF EARNINGS ON AVAILABLE FUNDS (Deposits, borrowed money, capital funds)																
Percentage of Total Available Funds:																
Total current earnings.....	5.1	4.8	4.8	4.6	4.3	4.2	3.7	3.8	3.5	3.4	3.0	3.1	2.4	2.6
Net current earnings.....	1.1	1.1	1.3	1.2	1.1	1.0	.9	1.0	.9	.8	.6	.7	.6	.7
Net addition to profits.....4	.3	.5	.6	.6	.5	.6	.7	.3	.6	.6	.5	.8	.7
V. RATES OF EARNINGS ON CAPITAL INVESTMENT (Capital, surplus, undivided profits, reserves)																
Percentage of Total Capital Account:																
Net current earnings.....	5.8	5.8	10.0	9.6	10.2	9.9	9.1	9.9	7.7	8.5	6.2	7.7	6.9	7.6
Net addition to profits.....	2.3	2.0	4.4	4.7	5.0	4.9	5.2	6.4	3.7	5.8	5.8	5.3	9.2	7.2
Cash dividends declared.....9		3.3		2.8		2.6		2.3		2.5		5.1	
VI. RATIO OF DEPOSITS TO CAPITAL																
Dollars of Deposits per dollar of Total Capital Account.....	4.5		7.0		8.4		8.8		9.3		9.3		9.9	
VII. PERCENTAGE SERVICE CHARGES OF TOTAL EARNINGS (excluding banks not reporting any income from service charges.....)																
.....	5.0		3.7		4.0		4.8		5.9		6.1		3.3	

FOOTNOTES: Assets and liability items are averages of amounts shown on all Call Reports during the calendar year. Earnings and expense items are the sum of the two semiannual reports of earnings and dividends. Percentages were computed for each bank, and the percentages for all banks in each size-group were then averaged. The deposit group in which your bank is included is checked thus: ✓

Let Us Not Forget The Purpose of Life Insurance

THERE is a growing feeling among companies that one of the great needs today is to resell our agents and the public on the first and great purpose of life insurance: the replacement of economic values lost by death as opposed to the savings or retirement features currently so popular. The president of a sister company has recently said that the most glorious function of life insurance is to protect against untimely death. I believe that the purpose of life insurance will best be carried out by giving more attention to this fundamental principle, and that criticism of the institution will have little basis if we stick more closely to this cardinal idea. In our company 80 per cent of our insurance is on life forms, and I would be glad to see this proportion increase to 85 per cent, which was the ratio five years ago.

Critics of Life Insurance

A great deal is being said and written about those who seek to tear down the structure of life insurance; who go on the theory that whatever is, is wrong; who assert that the level premium system which has stood the test of generations is inequitable and that policyholders should buy term insurance and divorce themselves from the investment element. Most of these "advisers" have had little or no life insurance experience and are not subject to state regulation, as they are not licensed as agents. They seek selfish profit through a fee based upon a percentage of the cash surrender value of policies owned. Their interest in the prospect ends when he has taken their advice, torn down the fruits of his savings over a period of years, and given them a percentage of these savings. How the owner of the policy invests the balance of his cash surrender value, and how his family fares when he reaches an uninsurable age, is no concern of theirs. These counselors always advise their clients to turn over their policies for analysis without consulting their insurance agent. They disregard the trusteeship freely given without compensation by the insurance companies in the investment of these funds. Their advice is unscientific, unsafe, and given only for their own advantage.

Same Security

Alexander Maclean, vice president of

Northwestern Banker March 1939

By GEO. WILLARD SMITH

President

New England Mutual Life Ins. Co.

"How many of us can appreciate what it means to have life insurance companies pay to the families of America during the depression years, almost ten billions of dollars? The actual amount from 1930 through 1936 was nine billions, four hundred and five millions, a sum which no one of us can properly evaluate. No wonder the American public has confidence in Life Insurance."

the Massachusetts Mutual, has graphically set forth in a recent pamphlet what the policyholder who acts upon their advice must do after surrender to have the same security that he had before surrender. He must invest the cash value immediately at 6 per cent. The interest on the cash value must likewise be invested immediately at 6 per cent. The yearly interest on the interest must likewise be invested immediately at the same rate. Every one of the small investments must be safe beyond question. A single loss might upset the whole plan. Investments must be all tax free, as the premiums paid into life insurance do not produce taxable income. The individual must keep track of all these particular investments so that he may be able to determine how much term insurance he needs year by year. This capital must be readily marketable so that he can obtain cash without loss if an emergency arises. He is burdened with a multitudinous detail of small investments and withdrawals in order to

keep his savings account safe beyond doubt. These are only a few of the points Mr. Maclean mentioned, but they illustrate the responsibility that falls upon the individual in making such a plan workable.

Term insurance has never been a satisfactory form of insurance except for temporary protection. Many fraternal organizations on the term insurance plan have failed because the cost of term insurance increases so rapidly in the higher ages that policyholders are unable to meet these costs.

A Federal agency has undertaken an examination into the affairs of the life insurance companies, together with companies of other types of business. If this examination is fairly and intelligently conducted, it will be constructive, as was the Armstrong investigation.

Public Relations

We hear a great deal about the need of better public relations in our business and we know how important this is because our business is based on the confidence of our policyholders. Many people believe that the solution is a national institutional advertising campaign about life insurance companies to educate the people about its structure, what it accomplishes, and how it operates. Such a procedure would be very difficult. Its value would be theoretical. Life insurance covers many fields. It would be almost an impossible task to find one spokesman for life insurance or one type of advertisement acceptable to all companies. An immediate and more practical help in improving public relations is to have every individual associated with each company, from the newest field recruit to the president, in every letter and contract, carry out the ideal of intelligent insurance service with courtesy and human interest. But this must be supplemented by company literature and premium enclosures, simply yet strongly written, which will make the policyholder understand and appreciate his life insurance estate.

Public Confidence

Public confidence in life insurance is general in every village, town and city in America, and everyone knows that life insurance has had a glorious record of accomplishment. The best illustration of



Forty-Second Annual Financial Statement

AMERICAN MUTUAL LIFE

INSURANCE COMPANY • DES MOINES



A. H. Hoffman, President

Financial Statement as of December 31, 1938

ASSETS		LIABILITIES	
Cash and Government Bonds	\$ 1,267,125.43	Policy Reserve	\$25,947,723.90
State, County and Municipal Bonds	16,748,465.36	Premiums and Interest Paid in Ad-	
First Mortgage Loans	621,826.65	vance	410,483.68
Loans to Policyholders	5,889,322.16	Reserve for Claims Being Paid in	
Home Office Building	162,800.00	Instalments	98,369.53
Real Estate	3,348,075.59	Reserve for Claims Not Yet Ap-	
Interest and Rents Due and Ac-		proved	84,238.39
crued	301,835.46	Reserve for Dividends	218,846.05
Net Premiums in Course of Collec-		All Other Liabilities	109,811.28
tion	138,065.50	Total Surplus for Protection of	
		Policyholders	1,608,043.32
<hr style="width: 50%; margin-left: 0;"/>			
Total Admitted Assets	\$28,477,516.15	To Balance Assets	\$28,477,516.15

Over \$79,000,000.00 Paid to Policyholders and Beneficiaries Since Organization

its effectiveness is in the payment of claims to the families in these communities. How many of us can appreciate what it means to have life insurance companies pay to the families of America during the depression years almost \$10,000,000,000? The actual amount from 1930 through 1936 was \$9,405,000,000, a sum which no one of us can properly evaluate. No wonder the American public has confidence in life insurance.

A New England Institution

When the Columbian National Life Insurance Company of Boston, Massachusetts, was casting about for a slogan which would be appropriately descriptive of its background and character, a number of possibilities were discussed before it was decided that of all the suggestions, just one seemed to fit exactly. The slogan was, "A New England Institution," and today the company is known almost as well by that phrase as by the name under which it was officially incorporated.

Together with the other few Massachusetts companies, the Columbian National has the unique distinction of being chartered in the first state to have specific insurance legislation. Under the far-seeing eye of Elizur Wright, sometimes called the "father of American Life Insurance," a regular insurance department was established with Mr. Wright as its head, and

ever since, Massachusetts insurance law has been the standard for all the other states.

The Columbian National was one of the early companies which received its charter directly by action of the Massachusetts General Court—that is, the state's legislative body. Since then (1902) the procedure of charter has been somewhat altered, and today a life insurance company can be incorporated in Massachusetts provided it has sufficient capital and meets the approval of the Insurance Commissioner.

The location of the Columbian National's home office is at the corner of Franklin and Arch streets. Arch street is one of those famous old Boston thoroughfares which were laid out—according to gossip—by cattle for whom the downtown Boston of today was then a cow pasture. It has been the source of many a chuckle on the part of the company's officers to realize that a prominent life insurance company, dedicated to the principles of purposeful, conservative and strict lines of operation should have grown up on an avenue designed by aimless meanderings.

Changes of any kind are probably slower to occur in New England than in any other section of the United States. In that sense, too, the Columbian National Life Insurance Company is typically "A New England Institution." For 25 years

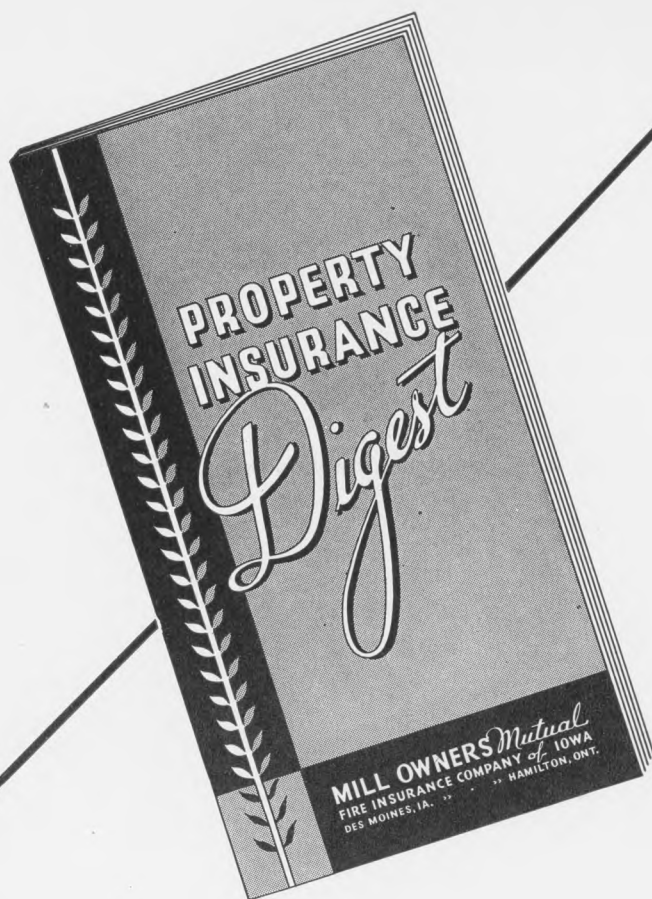
the management of the company was directed by practically the same staff of executive officers. Its president today, Francis P. Sears, is one of its original incorporators, and for 36 years, four Columbian National directors served continuously on its board. Its field organization reflects the same stability and permanence. Over 25 per cent of the company's general agents have served the Columbian National more than 25 years.

Splendid Progress

At the annual meeting of the Farmers Union Life Insurance Company, of Des Moines, Tom White, president, reported splendid progress for the company during the year ending December 31, 1938, the company having shown substantial increases in assets, surplus and insurance in force.

The report showed the company to have assets of \$1,615,745, an increase of 3.3 per cent over the previous year; liabilities were \$1,281,735, an increase of only 2.7 per cent. This gives the company a ratio of assets to liabilities of 126 per cent, which is an unusually high percentage of solvency. Surplus and contingency reserves were \$126,160, an increase of 16.1 per cent. This, added to the capital stock of \$207,850, gives a surplus as to policyholders of \$334,010. The company had cash of \$66,845 and government and

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A BOOKLET FOR BANKERS

Because you are keenly interested in seeing that the proper types of insurance are carried on property which you manage or control, or on which you have made mortgage loans — you'll be more than a little interested in the *Property Insurance Digest*. For here's a handy booklet — brief, yet informative — that explains the more important forms of property insurance with which every property insurance buyer should be familiar in order properly to protect his investment against loss by fire and other allied hazards. If you'd like a copy — without cost or obligation — it's yours for the asking.

MILL OWNERS MUTUAL

FIRE INSURANCE COMPANY OF IOWA

Des Moines, Iowa

Hamilton, Ontario

All Policies Are
Strictly Non-Assessable



Annual Dividends to
Policyholders Since 1875

FIRE . . . WINDSTORM . . . BUSINESS INTERRUPTION . . . ALLIED COVERAGES

Northwestern Banker March 1939

municipal bonds with a market value of \$245,756, giving an excellent ratio of liquid assets to liabilities.

Valuable Guide

A most attractive booklet has come to our attention with the title "Property Insurance Digest," published by the Mill Owners Mutual Fire Insurance Company of Iowa.

Its aim is evidently to give in a brief, yet comprehensive, form a picture of the more important forms of property insurance available for protection.

This should prove a very valuable guide book for all bankers and those interested in properties of all kinds.

It is our understanding that this booklet may be obtained by writing the Mill Owners.

Makes Fine Record

The fifth annual meeting of the Agricultural Mutual Insurance Association was held at its home office in Des Moines, and the following officers and directors were re-elected:

Secretary, Karl L. Wagner, Des Moines; president, L. M. McKim, Nevada; vice president, L. J. Gilmour, Davenport; assistant secretary, H. E. Wagner, Des Moines; treasurer, Rolfe O. Wagner, Ankeny; directors, J. P. Haarup, Storm Lake; George Pavlik, Le Mars; and J. E. Don Carlos, Greenfield.

An evening banquet and program were given in the East Des Moines clubrooms and approximately 200 attended.

Talks given by the president and secretary stressed the facts that the association, now beginning its sixth season, had superseded all its previous records, now showing about a 300 per cent increase in members during the last four years, and that gross assets now approximate \$50,000.

Compared with preceding years, gross assets of the Agricultural Mutual increased 5.3 per cent; surplus increased 14.4 per cent; admitted assets were up 14.4 per cent; number of memberships increased 15 per cent; and the number of agents licensed showed a gain of 26 per cent.

Peerless Casualty Figures

Total admitted assets of the Peerless Casualty Company of New Hampshire are \$1,520,250.25 according to the December 31, 1938, statement of condition, of this company. The Peerless Casualty is a stock company capitalized at \$600,000 and has a surplus of \$450,987.91. Its cash and government bond totals are 2½ times its liability.

The Peerless Casualty Company of New Hampshire which was incorporated in 1901, writes fidelity and surety bonds, liability and casualty insurance. President Walter G. Perry and William F. Perry,

secretary and treasurer, have been executive heads of this company since its organization. The company has paid dividends to stockholders for 25 consecutive years.

In this area, the Peerless Casualty Company is represented by Scarborough & Company, First National Bank Building, Chicago, Managers of Financial Insurance. Scarborough & Company has a record of twenty-five years of insurance service to banks exclusively.

Add Four Directors

The board of the Employers Mutual Casualty Company of Des Moines was increased to 15 members, with the election of four new directors at the annual meeting held at the company's home office.

The new directors added to the board include Frank Kohrs, president of the Kohrs Packing Company of Davenport; H. W. Read, president of the Iowa Valve Company of Oskaloosa; Dr. D. E. Baughman, president of the Fort Dodge Serum

Company, Fort Dodge; and R. L. Wood, treasurer of the Wood Bros. Thresher Company, Des Moines.

John A. Gunn was re-elected president and treasurer of the company; John W. Gunn was re-elected vice president; John F. Hynes, re-elected secretary; and Jessie A. Miller, re-elected general counsel.

Employers Mutual is the largest casualty company in Iowa, President Gunn announced in his annual report. The report showed assets of \$3,612,396 at the



E. B. Rutledge, treasurer of Farmers Mutual Hail, viewing the results of a hail storm in a corn field last year.

HAILSTORMS occur wherever it rains and the wind blows and there are sudden changes of atmosphere. However, they are much more frequent and much more severe in some localities. Here in Iowa the state is generally divided into three zones by the insurance companies, and the zone in the northwestern part of the state carries approximately a 50 per cent higher premium than the southwestern part. The losses in western Nebraska are four times those in the eastern part. So far as is known at the present time the storms are of about equal frequency and severity over Illinois, Indiana, and Ohio.

The problem of the destruction of growing crops by hailstorm became acute when our pioneer forefathers crossed the Allegheny mountains and began to settle in the broad prairies in the Mississippi valley. For about one hundred years thereafter the destruction of the crops by hailstorm was taken as a misfortune which could neither be avoided nor mitigated.

In the spring of 1893 the writer of this article worked over a plan of applying insurance to losses on crops damaged by hail, and on March 4th succeeded in incorporating an association for that pur-

pose. This was on the very day that Grover Cleveland was inaugurated the second time as president of the United States. I immediately met with success and from that time forty-six years ago the association has been under the same management. Before that time there had been a few efforts made to meet this kind of a catastrophe, but the attempts had been a failure and had been almost wholly abandoned.

For quite some time the government weather bureau has been gathering statistics on the destruction wrought by hailstorms, but owing to the experience of the Farmers Mutual Hail Insurance Association more is known about Iowa hailstorms than those of any other state. This does not mean that the storms of this description are more frequent and more destructive than in other states, for this is not true. Minnesota has worse hailstorms than Iowa, as do all states west of Iowa, including Texas and western Canada.

Many people are under the impression that the year 1938 was a year of little hail damage to crops, and this is no doubt because there was no large general storm laying waste mile after mile of fields and causing spectacular conditions. There were, however, many storms of small area where the hail was very heavy, as instanced by the accompanying reproduction of a photograph of E. B. Rutledge, standing in a cornfield soon after it had

been destroyed by a hailstorm, occurring on July 1, 1938. There were many spots in Iowa, Nebraska, the Dakotas, Missouri, Minnesota, Wisconsin, Illinois, Indiana, Ohio, and other states where there were similar scenes. In all of the states above named the hailstorms did damage equal to, or above, the normal year.

Crop damage was not the only harm done by these hailstorms. In some places the roofs of the houses were so badly damaged that new roofs had to be put on and in many other cases they had to be patched. This is becoming a serious matter to home owners, and in frequent instances the siding on the house on the side from which the storm came had to be replaced.

All the regular field crops are easily destroyed by hailstorms, and protection of hybrid seed corn is receiving much attention. Whether corn or small grain is more easily damaged by hail is a mooted question, but fruit, gardens, onions, melons and like crops are more severely injured. Soy beans are somewhat more hazardous than the grain crops, as is cotton. Tobacco is most severely and easily injured by this storm.

Many bankers are requiring that borrowers be protected by hail insurance. Hail insurance is a legitimate, as well as a lucrative business for the banker in the small country town.

Hail Insurance Protects When the Storm Comes

By W. A. RUTLEDGE

*Secretary
Farmers Mutual Hail Insurance Association
Des Moines*

end of the year. During the past year, the report showed the company has gained \$146,533 in surplus after setting aside a special voluntary contingency reserve of \$100,000. Assets increased approximately \$530,000 during the year, and total premium income for 1938 was \$3,227,446.

Hawkeye Casualty Buys Michigan Company

On Saturday, February 25th, at a special meeting of the stockholders, which the United Automobile Insurance Company held at the home office of the company at Grand Rapids, Michigan, with over 90 per cent of the stock represented in person or by proxy, a resolution was unanimously adopted accepting the offer on the part of Hawkeye Casualty Company of Des Moines to purchase the assets and assume the liabilities of United. The matter was submitted to the Michigan Insurance Department, and has been approved by the Michigan Department.

The stockholders of United will receive at their option either \$9.10 per share cash, or one share of Hawkeye stock for each 3 1/10 shares of United stock.

Also, the United home office in Grand Rapids will become the Michigan branch office of Hawkeye Casualty with the same

employees, rates and underwriting procedure to be followed as has been followed in the past year by United.

At the stockholders' meeting it was reported that for the year 1938 the ratio of loss and loss expense incurred to premiums earned for United was 31.8 per cent and the gross premiums written for the year \$178,247.09. United has confined its writings to the state of Michigan, writing full coverage automobile only.

Hawkeye Casualty Company's writings are almost wholly automobile insurance in Iowa. The officers and directors of Hawkeye in making the offer to purchase felt that the acquisition of this desirable volume of additional business in Michigan, together with the two hundred additional agents, many of whom have represented United for almost twenty years, would be a desirable diversification of territory as well as a conservative opportunity for increasing the profits of Hawkeye.

Officers of the Hawkeye Casualty Company are: President, A. R. Nelson; vice president, Herbert L. Stanley; vice president, George Olmsted; secretary and treasurer, Karl L. Crittenden. These men, together with Max Putnam, Allen Whitfield and James K. Miller, Jr., of Des Moines, form the Hawkeye Casualty board of directors, plus the addition of the following new directors: Guy E.

Logan, Des Moines, president, the Standard Chemical Company; Charles J. Adams, Grand Rapids, Michigan, claim manager, Hawkeye Casualty; Leland D. Phelps, attorney, formerly general counsel for the United Automobile; Paul Risher, Perry D. Imhofe and Paul Neal, Jr.

Financial Advertisers Association Welcomes Building and Loan Memberships

At the directors' meeting of the Financial Advertisers Association in New York last month the board of directors voted to extend a cordial invitation to savings, building and loan associations to become members of the F. A. A.

Preston E. Reed is executive vice president of the Association with offices at 231 South La Salle Street, Chicago.

The Financial Advertisers Association is a non-profit organization for the betterment of advertising, publicity, new business methods and public relations.



A Few Financial Figures about the Oldest and Largest Mutual Hail Insurance Association in the World

Forty-six Years Old

Net Cash Assets to Policyholders Above All Liabilities \$1,038,797.08

Total Losses Paid to Date \$13,947,656.12

Carries Hail Insurance on Growing Crops

All Coverage Automobile Insurance

Fire Insurance on Town Dwellings, and Broad Coverage of Wind and Tornado Insurance

Valley Bank Building, Des Moines, Iowa

Northwestern Banker March 1939

Why Bankers and Others

"No Business
Is Exempt Forever
From Dishonesty"

By **FREDERICK W. SELSOR**

*Claim Attorney
The Fidelity & Casualty Company
New York*

IT MIGHT be helpful to begin this discussion by trying to analyze sales resistance and to attempt to learn why the employer does not want the bond. As a claim man, I believe I can state to you with reasonable accuracy, that you will encounter three attitudes or types of mind among employers, and these will be, indifference, belief in "fool-proof" bookkeeping systems, and a blind faith in trusted employes. Perhaps I have mentioned these in the order of their importance.

It would seem that indifference should be the easiest obstacle to overcome where

the indifference is due to failure to realize that dishonesty is a very formidable factor in business life. Much of the indifference is of this kind. These same employers will take the utmost precaution to defend the business from any external factors which may threaten it. They will travel far to attend conventions, study market conditions and engage talent. When adverse legislation is imminent, time and money are no object if that is a threat to the business. In other words, it would seem that business men are keenly alive to external dangers, but many of them are seldom aware of the dishonesty factor and the power of even one man to disrupt the entire business from the inside.

It would appear also that no difficulty should be encountered in proving to the employer that there is no such thing as a "fool-proof" bookkeeping system. It has been said that figures do not lie, but we know from experience that liars can do the figuring and dishonest employes have displayed rare ingenuity in manipulating figures to conceal embezzlements. Of course, it is necessary to make annual aud-

its and to have accounting systems, and no competent employer is without some satisfactory bookkeeping system. But this does not prevent thefts; if it did the problem of dishonesty would have been solved many years ago. We know from experience that the contrary is true.

Blind Faith

When we come to consider the third difficulty, we find that many business men have a blind faith in their employes, especially if they have been engaged in the business for a long period of time. Some even consider that it would be disparaging to the employes to have them bonded. Here again so far as pure argument is concerned, it should be necessary only to state that trusted persons are the only ones who can betray you and that it is a mark of distinction to bond an employe, for it is not every one who can be bonded.

I have mentioned the three difficulties that will be encountered and the usual stock arguments that are given to overcome them. With these thoughts in mind, I wish now to give you facts from the

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DES MOINES, IOWA

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**Forgery and Fidelity
Bonds**

**Automobile Fleet
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Equitable Life Insurance Co.

of Iowa

Iowa's Pioneer Company

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**GRADY V. FORT
General Agent**

Des Moines, Iowa

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and
Forgery Bonds
a Specialty**

Inquiries Invited

**WITMER-KAUFFMAN
EVANS CO.**

**General Insurance
410 Equitable Bldg.
Des Moines**

claim angle, which may add to those you already have and perhaps afford you a little more material to operate in overcoming sales resistance.

Surety companies have paid millions of dollars for losses occasioned by dishonesty. They have dealt with thousands of defaulters. Naturally, this experience has given surety companies opportunity to arrive at some accurate observations concerning the problem of dishonesty.

It is conservatively estimated that each year approximately \$250,000,000 is stolen by dishonest employees. The annual loss occasioned by theft is usually compared to the loss by fire, and sometimes the dishonesty losses exceed the fire losses. Our first observation, based upon years of experience, is that each year large sums of money are taken from various types of business by dishonest employees. This is true notwithstanding the fact that the majority of people are fundamentally honest. If this were not true there could be no surety company.

Countless thousands of employes work day in and day out, many of them pressed for money, and many of them working for small salaries, who are satisfied with whatever progress they are able to make and with the hope that tomorrow may bring better opportunities. At the same time there are large numbers of employes who feel they are not making satisfactory progress, who are impatient and who, for one reason or another, become dishonest. Each year this group brings about the large losses mentioned.

If we took the time to analyze this group, you would see in it men representing every industry, and every type of position. It contains bank presidents, cashiers, bookkeepers, accountants, public officials, office help, and so on. Not only is every position represented, but every type of business will have one or more representatives in this group each year.

No Business Exempt

It has been our observation that no

business is exempt forever from dishonesty. It will be noted also that these men are not confined to one area, for dishonesty is not a matter of geographical location. In this group will be men from every city and state in the Union and various towns throughout the United States. The business man can no more tell whether one or more of his employes will fall within this group than a general can tell which of his soldiers will fall in battle. These factors make dishonesty something to be seriously considered.

The individuals who fall within the dishonesty group can be readily divided into three groups. These are: typical embezzlers, the circumstantial thief, and the dishonest trusted employe. Each of these groups has certain definite characteristics.

I call the first group "typical embezzlers" for claim experience indicates that they began to steal as soon as they were employed or shortly thereafter. I have two observations to pass on to you in reference to this group. The first is that the individuals in this group are "opportunity minded." By that I mean that as soon as they become employed they make a very careful and minute examination of the way the business is conducted, how the audits are made, how petty cash may be handled and whether or not there is some looseness or loophole in the operation of the business which affords an opportunity to steal.

Usually, especially in large businesses, there is some minor defect or loophole which affords the employe this opportunity and he is very quick to exploit it. Perhaps he notices that the auditor fails to do some little thing, or he may observe

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GENERAL AGENTS

for

**Northwestern Fire & Marine Insurance Co.
Minneapolis, Minn.**

**Twin City Fire Insurance Company
Minneapolis, Minn.**

415 Securities Building

DES MOINES

IOWA

1st To Pay HAIL LOSSES at HARVEST TIME

Farmers insured in Agricultural Mutual can and do pay their loans when due, Aug. 1 or Nov. 1, even in the face of hail destruction—because this association pays all losses at Harvest time. Bank production loans to farmers in hundreds of instances are secured against loss by hail through Agricultural Mutual's Modern plan. Bankers and farmers choose Agricultural Mutual—

FIRST—because members receive annually Oat Loss checks on Aug. 1; Corn loss checks on or before Nov. 1.

SECOND—because this mutual offers an easy payment plan, and provides for guaranteed discount as well as payment of losses at Harvest time. Our record speaks for itself—1934, 1935, 1936, 1937, and 1938—all losses paid at Harvest time.

For further information on Hail Insurance—Write

KARL WAGNER, Secretary

ROLFE O. WAGNER, Pres. of Capital City State Bank, Treas.

NOTE: This association has a few territories open for banker insurance agents. Write for information.

**The AGRICULTURAL MUTUAL
INSURANCE ASSOCIATION**

CAPITAL CITY BANK BLDG DES MOINES, IA

"After the Storm the Rainbow"



BANK INSURANCE AGENCIES INVITED

Modern, attractive policies to suit the needs of your customers. Liberal franchises for insurance agencies in banks. Two reasons why you should write for the interesting plan offered by the

**FARMERS
UNION LIFE
Insurance Co.**

Home Office, Des Moines, Iowa

that there is opportunity to steal by manipulating the petty cash. Such opportunities are usually present, and Mr. Typical Thief is quick to seize them and very often is skillful enough to cover the thefts for a long period of time.

When you find an individual who is dishonest to begin with, and who has had training in bookkeeping and auditing, a dangerous combination is born and the power of the employe to discover surface opportunities for thefts is multiplied many times. I mention this example because this individual typifies many within the dishonesty group.

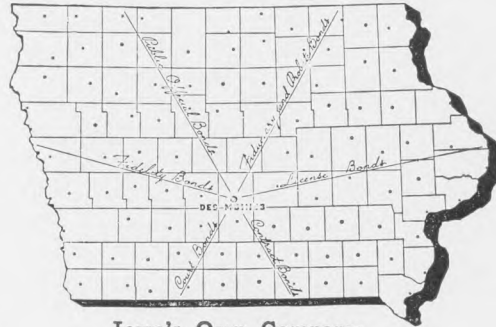
Second Group

The second group of individuals, which is smaller than the first, we designate as "circumstantial thieves." We classify them in this manner for want of a better term. These defaulters are not typical embezzlers, nor do they fall within the class of trusted employes who go wrong. These are the individuals who are usually employed in trusted positions at small salaries and who find it extremely difficult to do many of the things they desire, because of insufficient funds. Sometimes these individuals are prompted to steal because they are impatient with the progress they are making and they seek to take a "short-cut." Dishonesty is the result of such a fatuous choice. Many times these individuals are employed in positions where they are called upon daily to handle large sums of money and while handling such funds may be subject to constant temptation because of the desires and motives that may be playing upon them.

The last group, perhaps the smallest of the three, is composed of trusted employes who betrayed that trust and became thieves. These are individuals who have been employed in positions of trust for many years, and in whom the employer had the utmost confidence. Many times they were identified with civic enterprises in the city and occupied positions of importance aside from their regular employment. When these individuals fall below the line, they not only steal the company's money, but very often wreck the entire community.

Each year this group would be larger but some of them prefer to take their own lives. Again the files in the claim departments of surety companies will disclose to you outstanding examples of individuals who worked for many years as trusted employes and who finally, for one reason or another, became thieves. The largest losses the surety companies know about have been brought about by these trusted individuals, and here again the problem of dishonesty is all the more acute because the disposition to steal cannot be detected and because the employer has no way of knowing what goes on inside of the employe's mind.

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Iowa's Own Company

Adequate Facilities
Prompt Service
Agents Inquiries Solicited

MUTUAL SURETY COMPANY

O F I O W A

Valley Bank Building Des Moines, Iowa

Another Successful Year

**For Iowa's Largest Exclusive
Hail Insurance Association**

These Gains Tell the Story of Growth and Service

	Cash Surplus Dec. 31st	Number of Policyholders
1934	\$ 13,307.93	2,834
1935	58,343.09	5,134
1936	76,450.57	6,759
1937	101,740.82	7,748
1938	154,247.41	8,463

Paid to Iowa Policyholders in 1938
through Losses and Dividends.....\$138,407.29
Net Losses paid since organization.....\$1,902,369.74



In addition to a surplus of \$154,247.41, this association goes even farther to protect policyholders, and carries re-insurance in the amount of \$100,000.00 as added protection in case of excessive losses.

Square Deal protects farmers' crops against hail at actual cost. Its famous Guaranteed Price Per Bushel Policy has revolutionized the hail insurance business in Iowa, and there is still no policy the equal of it. Assessments strictly limited—payable in the fall. Eighteen years of steady growth and successful operation.

**SQUARE DEAL MUTUAL
INSURANCE ASSN.**

C. Fred Morgan, President
Valley Bank Building, Des Moines, Iowa

Northwestern Banker March 1939

These are the observations we have made; these are the facts gleaned from claim experience. These factors remain constant, for each year there is a sizeable loss through theft, brought about by these three classes of employes, and the motives which prompted the theft will be those which I have mentioned. Dishonesty is a real problem, and a very formidable factor to be reckoned with in business life. The only way business can protect itself against it is by fidelity bonds.

From School Teacher To Life Salesman

Grady V. Fort, general agent of the Des Moines agency of the Equitable Life Insurance Company of Iowa, has had an interesting career. At the conclusion of the World War he found the only available occupation open to him was school teaching, and started his teaching career in Nebraska City, Nebraska. Two years later he moved to Shenandoah and was later promoted to the position of principal. Later he resigned his position as principal and went into various promotional activities. Finally, against all the advice of his friends and business men, he entered the life underwriting profession. His work as a salesman was outstanding and after several years of successful underwriting, he was promoted to the position of state supervisor.

Later he became supervisor for the United States and traveled throughout the country directing the sales work of various agencies and directing the training of many recruits.

On September 1, 1937, Mr. Fort left the home office to accept the home office agency of the company. At that time the agency ranked seventeenth in volume among all the company's agencies. At the end of 1937 the production had reached the rank of sixth, but at the end of the year 1938, the agency ranked first of all agencies in production, thereby demonstrating the efficiency of the methods advocated by Mr. Fort.

Good Gain in '38

Iowa's largest exclusive hail insurance association, Square Deal Mutual Insurance Association, continued to make good gains during the past year, according to C. Fred Morgan, president of the association.

This company in business for 17 years writes a popular guaranteed price per bushel policy and were the first to write this policy.

At the recent annual meeting of the association at its offices in the Valley Bank Building, Des Moines, Morgan reported the company had a net surplus of over \$154,000, and since 1934 has grown from an association serving 2,824 farmers to an association now serving 8,463 farmers.

Square Deal reported total income for 1938 amounting to \$288,364.10. Net losses paid since it was organized total \$1,902,-

369.74. As an additional safeguard to policyholders in case of excessive losses, the association has reinsurance in the amount of \$100,000.

Enjoys Good Year

At the annual meeting of the Mutual Surety Company of Iowa held recently in Des Moines, the following officers were elected: president, Russell F. Lundy; vice president, Donald S. Peter; secretary, E. L. Lundy; treasurer, Russell F. Lundy; assistant secretary, E. J. Sathe.

The Mutual Surety Company, which is located in the Valley Bank building, Des Moines, last year showed a 250 per cent increase in net premiums, and its loss ratio was 2.14 per cent of the net premiums. The company operates through local agents exclusively and has established a fine reputation for prompt service to its many Iowa clients. It offers complete facilities for the handling of surety and fidelity bonds.

Annual Meeting

C. P. Rutledge was re-elected president of the Farmers Mutual Hail Insurance Association of Iowa, and W. A. Rutledge was re-elected secretary at the company's annual meeting in Des Moines.

More than 350 officers, directors, and agents of the company attended the meeting and a dinner. E. B. Rutledge was re-elected treasurer of the company and Perry Rutledge was re-elected chairman of the board.

In his annual report, President Rutledge told delegates that the Farmers

MERCHANTS MUTUAL BONDING COMPANY

Incorporated 1933

Home Office
VALLEY BANK BUILDING
Des Moines, Iowa

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This is Iowa's oldest surety company.

A progressive company with experienced, conservative management. We are proud of our hundred and fifty bank agents in Iowa.

To be the exclusive representative of this company is an asset to your bank.

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Write to
E. H. WARNER
Secretary and Manager

HOSPITAL BILLS PAID!

New, low cost policy covers hospital bills for accidents. Needed by everybody. Another reason why banks profit by a connection with this sound, old New England Company.

If interested write


Ralph E. DeMaris, General Agent
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Home Office, Boston, Massachusetts
LIFE ACCIDENT ANNUITIES

POLICYHOLDERS MUTUAL CASUALTY COMPANY

 Legal Reserve—Maximum Service

Home Office: West Liberty, Iowa
Business Office: Des Moines, Iowa

Full Coverage Automobile
Non-Cancellable Accident and Health
Commercial Accident and Health

Agency Inquiries Invited

Credit Life Insurance

For and in the Amount
of Your Loans

Straight Loans
Chattel Loans
FHA Mortgage

Built to Fit Your Need
Very Low Rates

WEBSTER LIFE INSURANCE
COMPANY
DES MOINES, IOWA

Lowest Cost

Our policy provides a maximum assessment of 2½% in Zones One and Two—and 3½% in Zone Three (Western Iowa).

Hawkeye Mutual Hail
Insurance Association
Carver Bldg. Fort Dodge, Iowa

Mutual Hail Association gained \$100,000 in its surplus during 1938, bringing the total surplus to better than \$1,000,000 above reserves. The report also showed that the company paid \$200,000 more in losses to policyholders during 1938 than in 1937. All departments of the company showed an increase in business last year, Rutledge reported.

IN WASHINGTON

(Continued from page 19)

President Roosevelt's reassurance that the government is planning no further competition in the power field and the agreement between the Tennessee Valley Authority and Wendell Wilkie, head of Commonwealth and Southern, for the purchase of the Tennessee Power and Light Company are believed to be moves in the right direction.

David E. Lilienthal, director of TVA, termed the sale agreement a "wise and sensible compromise" which would permit the Authority to devote its entire attention to its public duties in a "wholesome atmosphere of peace and constructive effort."

Another competing private utility was removed from the TVA area when the Memphis Power and Light Company agreed to sell its electric and gas properties to the city and the government power agency.

Meanwhile, the House of Representatives has agreed to a Senate-approved resolution providing an additional \$25,000 for the joint congressional investigation of the TVA and extending the life of the committee until April 1st. The committee conducted hearings at Knoxville and in Washington on an initial appropriation of \$50,000.

The Senate has passed a bill sponsored by Senator Carter Glass (D., Va.), continuing the Reconstruction Finance Corporation until June 30, 1941. The House Banking and Currency Committee has held hearings on a similar bill.

Hearings have also been held in the House on a bill to extend the Export-Import Bank of Washington. The recent loan to China has brought fears to some congressmen's minds that the bank might be used to involve the United States in a foreign war. Senator Robert A. Taft (R., O.), declared that the agency has "become an arm of foreign policy and may be used to finance a foreign war without Congress knowing it." Senator Robert F. Wagner (D., N. Y.) replied that "you can't finance a war on \$125,000,000, the amount of authorized capital stock asked for the bank.

Taxes

The House of Representatives has passed part of President Roosevelt's tax program, the tax on government salaries. The more important part, involving recip-

(Turn to page 56, please)

"YOUR goods shipped via Philadelphia will move steadily" reads an advertisement published by the Port of Philadelphia.

Checks and collection items, no matter what the source or destination, if sent to this Bank move steadily and directly to the place of payment.

Our Transit and Collection Departments are in 24-hour continuous operation.

... THE ...

PHILADELPHIA NATIONAL BANK

ORGANIZED 1803

PHILADELPHIA, PA.

**Capital, Surplus and Undivided Profits
\$40,000,000**

Member of Federal Deposit Insurance Corporation

A Flexible Investment for Larger Income

The development and operation of the "Pittsburgh Plan"

OUT of Pennsylvania over a century ago came the idea of the building and loan association, now so much a permanent part of American finance that the government's own Federal savings and loan associations have copied it in remarkable detail. About the same time, the concept of open-market commercial paper evolved out of the needs of eastern dry goods companies. It, too, became an indispensable adjunct to the American way of accomplishing things financial.

Out of Pennsylvania also came, more recently—in fact, only half a decade ago—the Pittsburgh plan, which further strengthens the century-old idea of commercial paper with underlying *security*. The story of this unique hybrid—since there is "nothing new under the sun," as the philosopher has said—is an interesting one, and in this case all the curious banker needs to lend is an ear in order to pave his way to larger income for his bank, without detracting from safety or liquidity of depositors' funds.

Origin of the Plan

Before prohibition, Pittsburgh was one of the acknowledged whiskey centers and

Prepared by the Staff of
**SECURED COMMERCIAL PAPER
DISTRIBUTORS**
Pittsburgh, Pa.

the financing of the liquor industry enjoyed great prestige there, but when repeal arrived the legal producers of alcoholic beverages (more than a few old-time distillers and rectifiers immediately returned to their previous, interrupted business) were faced with an impasse.

Their problem was twofold. First, distillers primarily were confronted with the question of how they might economically finance the enormous production called for, if the demand for bonded liquor were to be met within the next four or five years. Storing liquor requires delicate financing and most of the former liquor-lenders among bankers had disappeared during the arid era. The old channels were no longer clear; a new generation of bankers, without knowledge of liquor financing, had come into control of the very institutions which had been the mainstays of the liquor industry.

Second, and this difficulty applied especially to rectifiers and wholesalers, then was the problem of financing sales. For instance (to return to Pittsburgh's State) the Liquor Control Board of the Commonwealth of Pennsylvania at the outset bought its inventory on the basis of ninety-day credit. Since this public monopoly was the liquor industry's biggest single customer, buying ten per cent of all sales made, there definitely was a financial nut that needed cracking. The same principle applied to many other large purchasers of alcoholic beverages.

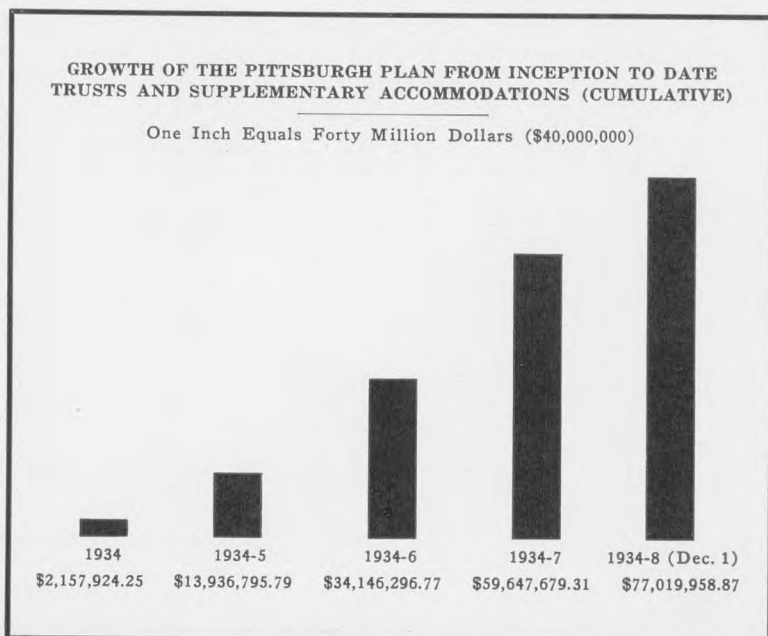
In their search for the way out of this labyrinth, some liquor men approached a group of Pittsburghers who finally were able to solve the tortuous problems involved.

The Pittsburgh Plan was developed to fit a particularly crying need, therefore, and since then has been applied with startling success outside of the liquor industry. For instance, one of its trusts is that of Rock-Ola Manufacturing Corporation, which principally sells electric phonographs on a deferred payment plan.

Factors in the Plan

So much for history. Since that modest beginning, banks and bankers have purchased over sixty-eight million dollars' worth of Pittsburgh Plan paper, and the Plan has also extended supplementary accommodations well in excess of ten million dollars—all notes due repaid one hundred per cent at or before maturity.

The principal attraction of The Pittsburgh Plan is its simplicity, despite this tremendous volume of successful issues. Distillers with valid receipts issued by bonded warehouses may borrow on this inventory, which has a constantly increasing value. So may rectifiers who have, on their books, accounts receivable against sound customers. Thus this problem of the liquor industry has been solved by The Pittsburgh Plan. The potential borrower usually undergoes a testing period outside of trustee loans until knowledge-by-experience has been acquired by the Plan of the borrowers' integrity and soundness. In every case the borrower and the security must pass rigid credit tests.



From this point on, the Plan does not operate as a banker, but simply as an intermediary through which banks and bankers may put their excess funds to work. The security offered is scrutinized by a co-trustee (sometimes called a technical advisor) who is a specialist in the industry represented by the borrower; if it passes his strict requirements, it is placed, together with cash or its equivalent, in the trust for the protection of the purchasers of the Plan's notes.

Security

The composition of this security is at all times more than adequate. For instance, at January 1, 1939, the asset-coverage of collateral plus reserve fund plus redemption fund on the present issuers' notes ranged from one hundred per cent (in the cases of closed trusts) up to as high as 193.67 per cent of the amount issued. These notes have been issued by the following current borrowers: Cummins Distilleries Corporation, Kinsey Distilling Company, Kolmar, Inc., Laird and Company, Rock-Ola Manufacturing Corporation, Seaboard Acceptance Corporation, E. L. Spellman Company, Inc., and Tom Walker, Inc., with several others pending. At January 1, 1939, these firms had outstanding \$4,045,000.00 (face value) of *secured* commercial paper under the Pittsburgh Plan.

These notes are usually referred to as *secured* commercial paper because that is the best description of them. They are representative of commercial paper because they are never issued for terms in excess of nine months, yet they are *secured* by reason of the redemption and reserve funds, plus ample collateral, deposited with the trustees, which have full power to authenticate the notes and liquidate in an emergency. At the present writing these trustees are the Allegheny Trust Company and the Provident Trust Company, both of Pittsburgh, and the City National Bank of Philadelphia.

Distribution

The notes, after their issuance has been carefully checked by these trustees and the co-trustee or technical advisor, are sold only to banks by brokers associated with the Plan. The average per annum discount rate is $3\frac{1}{4}$ per cent; so the typical banker is enabled to buy, at excellent yields, amply protected short-term commercial paper to fit his needs.

This unique Plan consequently makes available to banks—of which approximately nine hundred have purchased in the last five years—a chance to adapt maturities to precisely their own requirements, backed up by a no-loss experience with every note ever issued under The Pittsburgh Plan.

Correction

The attention of our readers is called to an error appearing in the figures of statement of condition of the Iowa-Des Moines National Bank & Trust Company, Des Moines, as of December 31, 1938, appearing on page 69 of the February issue of THE NORTHWESTERN BANKER.

Deposits were published as \$25,145,435, when they were on the above date, "\$38,549,846." Instead of being \$10,358,435, bonds and securities of the institution should have been listed at "\$15,235,331," while cash and due from banks, shown at \$10,280,513, should have read "\$12,738,873."

We regret the error as noted above and are happy to make this correction in the figures of the Iowa-Des Moines Na-

tional Bank & Trust Company, Iowa's largest banking institution.

With American National

Thomas F. Ford, who is widely known among the bankers of this district and throughout the middle west, has become associated with the American National Bank and Trust Company of Chicago. He will serve in the bank's rapidly growing correspondent bank division with Charles C. Kuning and Rosecoe J. Todd, under Edwin N. Van Home, executive vice president.

Mr. Ford, a native Chicagoan, was employed for many years in an official capacity by the Northern Trust Company and later engaged in the investment business.



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.

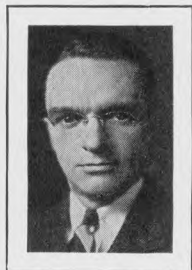


These NOTES are available, in limited amounts, upon request.

EXECUTIVE OFFICE NEW YORK · BRANCHES IN PRINCIPAL CITIES

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

FEBRUARY, 1939, will be recalled—if it be remembered at all—as the month when Washington gently patted business on the head. And business, still suffering from previous pats which were not so soothing, found itself confused and still more confused.

EARLY in the month the Tennessee Valley Authority and the Commonwealth and Southern Corporation, reached an agreement

on the sale of the properties of the Tennessee Electric Power Company—and at a price higher than individual investors thought possible. Public utility securities rallied. Then the President announced—no new taxes for either business or individuals this year. This, despite the fact that the budget presented a few weeks before necessitated new levies. And not to be outdone, Secretary Morgenthau confirmed the President, in addition suggesting that businessmen go ahead with “normal risks”.

These developments in themselves indicated some softening in the Administration's attitude. But there was more to come. Secretary Hopkins made his debut as the champion of business in a Des Moines speech—reform now is pretty well completed after six long years—and at long last business is to be aided. Admittedly some of these developments were rather intangible, and businessmen have heard somewhat similar promises before—especially in years preceding an election. Hence the confusion. But one bad market influence got no worse during the month—the foreign situation—and with the recognition of Franco by England and France, the Spanish civil war moves to a close.

HOW did the stock market interpret February? There were twenty-two trading days in the month—two holidays. During eleven days the markets advanced and in a similar number declined. But advances exceeded declines so that Dow-Jones Industrial Averages moved up from 143.76—the close on January 31st—to 147.30—the close on February 28th. The change, however, was not very decisive—the volume of trading was small—only in two trading days did it exceed one million shares. Some observers find hope in the fact that the market has moved in a narrow range for three weeks—that no heavy liquidation has come into it—and suggest a comparison with the market of early June 1938 before that rise started.

GOVERNMENT bond prices were higher in February—corporate “money bonds” being firm to better. Second grade bonds followed the course of the stock market, which we discussed above. Most of the sharp gain in Government prices followed the announcement of the Treasury that no new money will be raised

in March. In short—the financing will be confined to refunding \$1,294,000,000 of the June 2 $\frac{1}{8}$ s. This announcement came on Monday, the twenty-seventh—U. S. Treasury 2 $\frac{1}{2}$ s of 1950-52 were then selling at 102.10 and quickly rose about 10/32nds. The whole Government market thus reached new highs as the month closed. With excess reserves at \$3,300,000,000, and a plethora of funds in the hands of banks, insurance companies and individuals, the pressure to invest continues to assert itself in our bond markets.

THERE were but two corporate offerings of importance in February. North American Company's \$70,000,000 issue was outstanding—divided into maturity groups of ten, fifteen and twenty years—all issues “went out the window” and quickly sold to premiums over offering prices of one and one-half to two points. The second new issue of the month was \$4,500,000 Central Maine Power 3 $\frac{1}{2}$ s of 1968, which was priced at 102 and sold up at a small premium. As March begins the capital market shows definite signs of reviving after a two months' sleep. Texas Corporation plans to sell \$40,000,000 of twenty-year debenture 3s—and this will be new money—for the development of the company's business here and abroad. Northern States Power Company of Wisconsin is on the list with a proposed issue of \$17,500,000 first mortgage 3 $\frac{1}{2}$ s of 1964—this is refunding. Northern Indiana Public Service Company may do refunding to the extent of \$58,000,000—West Texas Utilities is discussing plans for refunding its \$22,000,000 5s of 1957—National Distillers will offer \$22,500,000 of ten-year convertibles to retire bonds and bank loans.

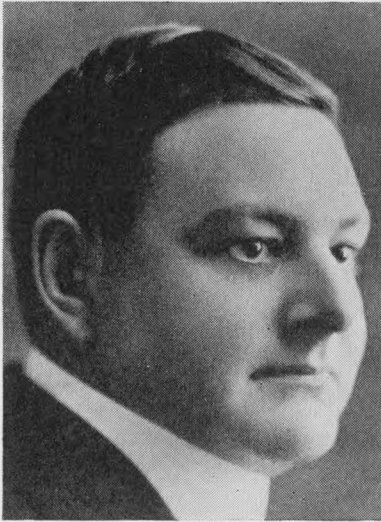
And there apparently will be other issues along too, including \$6,600,000 Community Public Service first 4s of 1964—\$25,000,000 Indiana and Michigan bonds to refund the 5s—a possible refunding of the Commonwealth Edison 4s of 1981 and the sale of \$20,000,000 of debentures—just to mention a few among the many planned. If market conditions are right, March will be a busy month.

FROM a business standpoint activity lessened in February. It seems fair to estimate that the Federal Reserve Index for the month was around 98, as compared with 101 in January and 104 in December. The New York Times' Weekly Index of Business Activity also declined—as did most of the other well recognized indices. The markets for bonds and stocks, however, ignored business and either rose or held firm. It is far too early to interpret this as hopeful—that the markets once again have turned up in advance of business. But it will be well to watch this relationship closely. The markets represent the combined thinking of millions of investors—if they are willing to hang on in spite of bad news then it is worth our while to pay strict attention.

Minneapolis Banker Dies

William L. Mitten, of Minneapolis, who became a vice president of Northwest Bancorporation in January, died March 3rd. Funeral services were March 6th.

He was born June 3, 1889, at Newville, Pennsylvania. In 1908 he joined the



W. L. MITTEN

Minnesota Loan and Trust Company, working in its municipal bond department. In 1930 he was placed in charge of Bancorporation's Investment department. Two sisters survive.

1939 Convention Calendar

- Colorado:** June 16-17, Hotel Colorado, Glenwood Springs.
District of Columbia: June 8-11, The Homestead, Hot Springs, Virginia.
Illinois: May 25-26, Peoria.
Indiana: May 3-4, Indianapolis.
Iowa: June 5-7, Des Moines.
Kansas: May 10-12, Topeka.
Minnesota: June 14-16, St. Paul Hotel, St. Paul.
Missouri: May 8-10, Excelsior Springs.
North Dakota: May 26-27, Grand Forks.
Ohio: Toledo, sometime in May.
Oklahoma: May 4-5, Oklahoma City.
South Dakota: June 2-3, Pierre.
Wisconsin: June 6-7, Milwaukee.

General Conventions

- March 8-10:** Regional A. B. A. Conference, Waldorf Astoria Hotel, New York.
June 19-30: Graduate School of Banking, Rutgers University, New Brunswick, New Jersey.
June 5-9: American Institute of Banking, Pantiland Hotel, Grand Rapids, Michigan.
September 25-28: American Bankers Association, Seattle, Washington.

Trust Division President

(See Cover Photo)

Samuel C. Waugh, executive vice president and trust officer, the First Trust Company, Lincoln, Nebraska, is the new president of the trust division of the American Bankers Association.

Mr. Waugh, who had served as vice president of the division, was born in Nebraska. After attending the University of Nebraska in 1913 he became connected with the First Trust Company of Lincoln, and during the past twenty-five years has received successive promotions until at the present time he heads that institution.

He is a member of the board of trustees at the University of Nebraska Foun-

ation, and he is a life member of the Lincoln Chamber of Commerce and has been an active officer and director in years past. He helped to organize and was first president of the Corporate Fiduciaries Association of Omaha and Lincoln.

Attended Trust Company Conference

The following bankers from the NORTHWESTERN BANKER territory attended the twenty-eighth annual banquet of the Trust Division of the American Bankers Association at the Waldorf-Astoria last month:

Lyman E. Wakefield, president, First National Bank & Tr. Co., Minneapolis;

PEERLESS PAYS!

Fayette County Bank
ST. ELMO, ILLINOIS

Scarborough & Company
First National Bank Building
Chicago, Illinois

Dear Sirs:

We are herewith enclosing signed Proof of Loss for the Peerless Casualty Company covering the two losses we recently sustained.

We acknowledge receipt of your checks in payment of these losses and wish to say that you give prompt action and we do very much appreciate it.

We are now convinced that your recommendation of the Peerless Casualty Company, which we investigated and subsequently ordered a blanket bond through your office, was in every way what you claimed, and we take this occasion to tell you that we are thoroughly satisfied with your service and the company that you represent.

Yours very truly,

FAYETTE COUNTY BANK

Cashier

SCARBOROUGH & CO.

Insurance Counselors to Banks

Managers, Financial Insurance For
PEERLESS CASUALTY COMPANY

Cash and Government Bonds $2\frac{1}{2}$ -Times Liability
THIRTY-FIVE YEARS OF DEPENDABLE INSURANCE

FIRST NATIONAL BANK BUILDING
CHICAGO

Blanket Bonds

All Risk Forgery

Safe Deposit Insurance

Tom K. Smith, president, Boatmen's National Bank, St. Louis; Laurance Armour, president, American Natl. Bank & Tr. Co., Chicago; Edwin N. VanHorne, executive vice president, American Natl. Bank & Tr. Co., Chicago; M. E. Feiwell, vice president, American Natl. Bank & Tr. Co., Chicago; John C. Mechem, vice president, First National Bank, Chicago; Philip L. Ray, president, First Trust Company, St. Paul; Theodore Wold, chairman of board, Northwestern Natl. Bank & Tr. Co., Minneapolis; John E. Blunt, vice president, Continental Illinois Natl. Bank & Tr. Co., Chicago; Howard P. Preston, first vice president, Federal Reserve Bank, Chicago; Hal Y. Lemon,

vice president, National Bank of Detroit, Detroit; Herbert L. Horton, vice president, Iowa-Des Moines National Bank & Trust Co., Des Moines; Clyde H. Doolittle, trust officer, Iowa-Des Moines National Bank & Trust Co., Des Moines; Forrest N. Williams, assistant vice president, The First National Bank, Chicago; Col Gillies, assistant vice president, The First National Bank, Chicago; Dr. W. Lichtenstein, vice president, The First Natl. Bank, Chicago; J. H. C. Templeton, vice president, The First Natl. Bank, Chicago; Oliver A. Bestel, vice president, The First Natl. Bank, Chicago; Roy D. Kereheval, vice president and trust officer, The Boatmen's Natl. Bank,

St. Louis; L. L. McArthur, Jr., vice president, The Northern Trust Co., Chicago; Joseph W. White, trust officer, Mercantile-Commerce Bank & Tr. Co., St. Louis; Frank F. Taylor, vice president, Continental Illinois Natl. Bank & Tr. Co., Chicago; Robert S. Drew, second vice president, Continental Illinois Natl. Bank & Tr. Co., Chicago; Ronald M. Kimball, secretary, Continental Illinois Natl. Bank & Tr. Co., Chicago; Howell W. Kitchell, second vice president, Continental Illinois Natl. Bank & Tr. Co., Chicago; Fred E. Musgrove, vice president, Continental Illinois Natl. Bank & Tr. Co., Chicago; Anthony von Wening, second vice president, Continental Illinois Natl. Bank & Tr. Co., Chicago; Clifford S. Young, vice president, Federal Reserve Bank, Chicago; T. B. Strain, president, Continental National Bank, Lincoln, Nebraska; Victor F. Rotering, vice president, First Natl. Bank & Tr. Co., Minneapolis; L. B. Robbins, vice president, Northern Trust Company, Chicago; Sidney Maestre, president, Mississippi Valley Trust Co., St. Louis; David H. Reimers, president, Livestock National Bank, Chicago; James B. Forgan, vice president, First National Bank, Chicago; Arthur Leonard, vice president, City Natl. Bank & Tr. Co., Chicago; William Hinshaw, trust officer, City Natl. Bank & Tr. Co., Chicago; William Miller, vice president, City Natl. Bank & Tr. Co., Chicago; James S. Kemper, director, City Natl. Bank & Tr. Co., Chicago; Milton R. Stahl, vice president, Mississippi Valley Tr. Co., St. Louis; C. A. Tolin, associate trust officer, Mississippi Valley Tr. Co., St. Louis; Daniel J. Monen, vice president, The Omaha National Bank, Omaha; Frank D. Williams, Hall, Cline & Williams, Lincoln, Nebr.; Don W. Stewart, partner, Stewart, Stewart & Whitworth, Lincoln, Nebr.; Victor Cullin, assistant secretary, Mississippi Valley Tr. Co., St. Louis; J. J. Farrell, secretary, Mercantile Commerce Bank & Tr. Co., St. Louis; Carl H. Zeiss, vice president and general attorney, The Northern Tr. Co., Chicago; William S. Turner, second vice president, The Northern Trust Company, Chicago; Harve H. Page, second vice president, The Northern Trust Company, Chicago; Keith J. Sheckler, vice president, The Northern Trust Company, Chicago; Solomon B. Smith, vice president, The Northern Trust Co., Chicago; Edward B. Smith, second vice president, The Northern Trust Company, Chicago; I. L. Wright, trust officer, Central Natl. Bank & Tr. Co., Des Moines; F. R. Warden, vice president, Central Natl. Bank & Tr. Co., Des Moines; Clarence B. Jennett, vice president, The First National Bank, Chicago; T. H. Beacom, Jr., assistant vice president, The First National Bank, Chicago; Clifford De Puy, publisher, NORTHWESTERN BANKER, Des Moines.

Intelligent Investigation and Constant Review of Investment Portfolio

"Every bank should arrange for facilities adequate to intelligent investigation and constant review of its investment portfolio.

"Those banks not equipped to do their own statistical work and maintain sources of information, should provide for competent and disinterested outside advice. This should include proper investigation before purchase and periodic review of all investment holdings and of investment policy."

From "Statement of Principles and Standards of Investment for Commercial Banks" issued by the American Bankers Association.

MANUFACTURERS TRUST COMPANY, through its Investment Advisory Division, has for a number of years provided banks throughout the country with comprehensive and disinterested guidance in the formulation of investment policies and in the solution of investment problems. An important feature of this service is the periodic review of individual bank portfolios.

Financial institutions throughout the United States are cordially invited to avail themselves of our broad facilities.

MANUFACTURERS TRUST COMPANY

Investment Advisory Division

55 BROAD STREET, NEW YORK

Breaks All Records

According to W. J. Pickering, president of the Allan-Wales Corporation, 515 Madison Avenue, New York, in December, 1938, had the biggest month of any month in 35 years of the company's history. The domestic and foreign sales were both greater than any previous month.



W. J. PICKERING

Allan-Wales machines are now being shipped to more than 40 foreign countries.

In January, 1939, all records were again broken by exceeding December, 1938, by 10 per cent.

This company builds adding machines only. The total foreign business for the entire adding listing machine business covering new machines was minus 32 per cent in 1938 as compared with 1937 and during the same period the Allan-Wales business was 18 per cent *plus*.

R. E. CRUMMER & CO.

MUNICIPAL BONDS



Walter P. Davis,
Manager
Des Moines Office



314 Equitable Bldg.
Des Moines Iowa

New York Conference

A regional conference for commercial and savings bankers will be held on March 8, 9 and 10 at the Waldorf Astoria Hotel, New York, under the auspices of the American Bankers Association in cooperation with the bankers associations

of eleven states and the District of Columbia. Invitations have been mailed to 4,275 commercial banks and 534 savings banks in the east, according to Philip A. Benson, president of the American Bankers Association and president of The Dime Savings Bank of Brooklyn, New York.

BONDS [Municipal Public Utility Industrial

A.C. ALLYN AND COMPANY

Incorporated

100 West Monroe Street, Chicago—Tel. Franklin 8400

New York Milwaukee Omaha

Representatives: Waterloo Des Moines Cedar Rapids

Commercial CREDIT COMPANY

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 186 offices in the United States and Canada, and is owned by more than 20,000 stockholders.

BANK RELATIONS DEPARTMENT

100 E. 42nd Street
New York

SHORT TERM NOTES

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



JOHN J. QUAIL
President
Davenport

Iowa Investment Bankers Association

Organized 1935



ROY W. LERICHE
Secretary
Des Moines

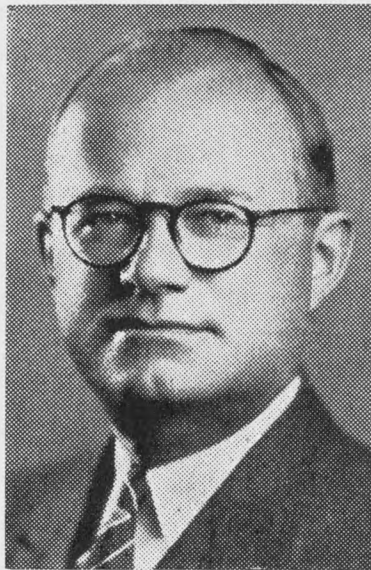
JOHN J. QUAIL, Davenport, vice president of Priester, Quail & Company, and president of the Iowa Investment Bankers Association, has announced the appointment by the association executive committee of Roy W. Leriche as secretary of the organization. Mr. Leriche is associated with Wheelock & Cummins, Inc., Des Moines, and assumes the office held by W. George Potts, who has resigned.

Mr. Potts, formerly with the Polk-Peterson Corporation, Des Moines, is now in New York where he has become connected with Amott, Baker and Company, Inc., of 150 Broadway, as manager of the corporate securities department of the firm. Mr. Potts has been with Polk-Peterson Corporation for the past five years, and was formerly associated with the First Securities Corporation, also of Des Moines.

Independent Bankers Propose Lathrop

A. L. Lathrop, vice president and a director of the Union Bank & Trust Company, an outstanding unit bank of Los Angeles, has been drafted unanimously by the independent bankers of the Twelfth Federal Reserve District and he has consented to become a candidate for the second vice presidency of the American Bankers Association at the convention to be held in Seattle September 25 to 28, 1939.

Left out of the American Bankers Association picture for the past 20 years bankers of the Pacific coast are beginning to feel that the time has come for one of



A. L. LATHROP

their number to be included in the list of high officials of the nation's major banking organization.

Mr. Lathrop is now serving the A. B. A. as a member of its executive council, its executive committee, trust division; its committee on state legislation; is chairman of the State Legislative Council for

California and at the last notional convention, was chairman of the important resolutions committee.

Since the formation of the Independent Bankers Association of the Twelfth Federal Reserve District, Mr. Lathrop has been a member of the executive council and is now serving his second term in that capacity. He is also a director of the Independent Bankers Association of Southern California.

Joins Staff

Carl W. Lauer has joined the research staff of Woodruff & Company, Inc., investment counselors for banks and insurance companies, in Chicago.

Mr. Lauer will act in the capacity of industrial security analyst. He was formerly affiliated with Lehman Bros. and Winthrop, Mitchell & Company.

Celebrating This Year

C. E. Erickson, president, C. E. Erickson Company, Inc., Des Moines, Iowa, widely known advertising specialty firm, is celebrating the twenty-ninth anniversary of the business he founded at Newton, Iowa, in 1910.

From a small beginning, the Erickson company has consistently grown to a sizable institution occupying, at present, a six story structure, comprising more than 60,000 square feet of floor space, located at 15th and Walnut streets, in Des Moines, Iowa.

In addition to manufacturing a wide



C. E. ERICKSON

variety of more than sixty-five advertising specialties, the Erickson company produces display fixtures and highway advertising signs.

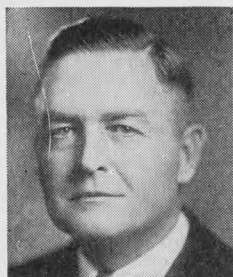
The annual payroll is in excess of \$200,000. Normally, this company employs approximately 150 factory and office workers. In addition to these employees the company maintains a selling force in excess of 150 men located in all parts of the United States.

"Banks, insurance concerns and their agents, together with other financial houses, are valuable customers of our company," Mr. Erickson stated, in a somewhat boastful manner.

V. W. BREWER CO. MUNICIPAL BONDS

The State of North Dakota has sufficient cash in the Real Estate
Bond Sinking Fund to pay the bonds maturing through 1943.

FIRST NAT - SOO LINE BLDG.
MINNEAPOLIS



R. WARE HALL
President
Omaha

Nebraska

Investment Bankers Association

Organized 1920

Jayne Housh, Corresponding Secretary



HARRY F. SMITH
Secretary
Omaha

HARRY SCHECHTEL, former Chicago newsboy, whose spectacular financial rise ended three years ago when he was sentenced to a federal prison from Denver for bucket shop operations, was found guilty by a Denver jury recently of conspiracy to commit forgery in connection with attempted disposal of \$100,000 worth of forged Omaha city bonds.

The verdict carried a possible penalty of ten years in prison.

Schechtel was the last of a ring dealing in the forged bonds, to face trial, all others either having been convicted or pleaded guilty to the charges. Schechtel was granted 15 days to file motion for a new trial.

Mr. and Mrs. A. C. Potter and W. B. Millard, Jr., of Omaha, were in Minneapolis recently as guests of Mr. and Mrs. Lucien Strong. They attended the tennis matches there. Mr. Potter is head of the Burns-Potter investment banking firm and Mr. Millard is vice president of the Omaha National Bank.

Directors of the South Omaha Production Credit Corporation recently re-elected Charles L. Yochum of Ashland, Nebraska, president; J. E. McArdle, Elkhorn, Nebraska, vice president; Everett Spangler, Omaha, secretary.

Woodmen of the World Life Insurance Association has purchased the entire bond issue of \$1,289,000 outstanding on the South Omaha bridge. The bonds were purchased in New York, from the Reconstruction Finance Corporation, with Mor-

ris Mather & Company of New York, acting as agent for the buyer.

The Omaha company paid a small premium. it was said. "We bought the bonds because we thought they were an excellent investment," said T. E. Patterson, vice president of the insurance firm.

The purchase made the insurance company an extensive holder of bridge securities. The company also owns half of the \$2,350,000 in bonds issued by Ak-Sar-Ben to purchase the Douglas street bridge at Omaha from the street car company.

The South Omaha bridge bonds originally were issued by the public works administration and are payable solely from revenues of the bridge. They bear

(Turn to page 48, please)

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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.

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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

COMMERCIAL INVESTMENT TRUST

INCORPORATED



COMMERCIAL INVESTMENT TRUST Incorporated, with capital and surplus in excess of \$57,000,000, 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.

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Commercial Investment
Trust Incorporated*

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

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Available for Bank Investment
Originated and Serviced by

THE NATIONAL COMPANY OF OMAHA

500 First National Bank Building
OMAHA, NEBRASKA

Every day it becomes more evident that live stock is essential to continuing prosperity in this territory.

This market and this bank are organized and equipped to serve banks and live stock interests.



Stock Yards National Bank of South Omaha

Omaha, Nebraska

Member Federal Deposit Insurance Corporation

Group Meetings

Places and dates for the 1939 Nebraska Group meetings have been determined, as follows:

Group Two at Fremont, Saturday, April 22nd.

Group Three at Norfolk, Saturday, April 22nd.

Group Six at Alliance, Monday, May 22nd.

Group Five at Lexington, Tuesday, May 23rd.

Group Four at Hastings, Wednesday, May 24th.

Group One at Lincoln, Thursday, May 25th.

The usual special train will be arranged to make the rounds of the four Group meetings late in May concerning which another announcement will be sent out when the information is ready.

Resigns

Leon J. Petr, who has been with the Clarkson Bank since its organization in May, 1934, first as bookkeeper and later as assistant cashier, resigned from his position last month and is now located at Los Angeles, California. His position was filled by Edward Svik, of Clarkson, who will serve the bank in the capacity of bookkeeper.

In spite of adverse business conditions and of the serious drouth of the last seven years the bank has made a steady progress. Its preferred stock of \$20,000 was retired in full two years ago, 50 per cent of which was taken up by the earnings of the bank and 50 per cent was paid for by the individual stockholders. The bank now has a capital structure of \$50,000 and a dividend of 5 per cent was paid to the stockholders on their common stock for the year 1938; this was a second dividend declared by the directors.

Dawson Is Speaker

Members of the Nebraska Investment Bankers Association are launching a rather new program of sales stimulation for their salesmen. The Association has engaged Fred Dawson, former University of Nebraska football coach, to give a series of four lectures. Dawson's dynamic personality and his football background have prepared him to take the fighting spirit of football and turn it into a personal, motivating force.



E. S. HOLCOMB
President
Broken Bow

Nebraska NEWS



W. M. B. HUGHES
Secretary
Omaha

Committee Meets

Chairman J. V. Webster of the Regional Clearing House Committee has called a meeting for March 7th at Grand Island to which the presidents of the fourteen Regional Clearing Houses in the state are asked to come in order to plan for the future of the regional clearing house movement, and particularly to discuss arrangements for the next series of meetings of these organizations. All other officers of these clearing houses who will come to the conference will be welcome, as will any and every member banker. The meeting will be at the Yancey Hotel at 10:00 o'clock. One regional has already set its date for next meeting, the South Central Nebraska Clearing House Association, on the 29th of March, the place to be announced.

Wins Award

William Cook, assistant cashier of the Beatrice National Bank, recently held the distinction of being the city's first official "most distinguished citizen" for meritorious civic enterprise.

Amid the cheers of fellow members of the Junior Chamber of Commerce Cook was handed a small gold medal, symbolic of his signal award.

Dies in Pierce

James R. Duff, 80, one of Pierce's best known citizens, died recently at his home following a long period of failing health. Born in 1858 at Huntley, Illinois, he came from a distinguished line of Scottish ancestors. In 1880, after teaching school several years, he entered the milk business with his brother at Norfolk. After 25 years in this business he moved here in 1905.

Mr. Duff was associated with several Pierce county banks.

Franklin

At the semiannual meeting of the board of directors of the Franklin State Bank the following officers were elected for the ensuing year: T. R. Blank, president; W. S. Yates, vice president, and chairman of board of directors; P. L. Slocum, executive vice president and cashier; Irene T. Larraway, assistant cashier. Other routine business was disposed with.

Shorter Hours

According to a recent announcement the hours for serving the public have been shortened at the First National Bank, York. The opening hour has been changed to 9:30 a. m. and the closing time is now 3 p. m.

Under the new arrangement the management of the institution hopes to shorten the extra time which it has been necessary for all employes to devote to bookkeeping and accounting.

Dies in Kansas City

Holdrege friends of the family have received word of the death of Roscoe J. Slater, who died at Kansas City after an illness which has extended over the last few months. Mr. Slater was formerly a resident of Phelps county, having been engaged in the banking business at Bertrand. He left that place in 1921, going to Lincoln where he engaged in bank and investments. For the past several months his health failed and he has been at Kansas City undergoing treatment.

Farmers Are Guests

Despite unfavorable weather conditions a group of some 275 of the farmers of the eastern portion of Cass county, were in Plattsmouth recently to enjoy the evening

UNITED STATES CHECK BOOK COMPANY
OMAHA, NEBRASKA
• BANKERS SUPPLIES •



"FLOAT" Minimized

By quick and competent handling
of all Transit Items

Send Us Your Transit and Collection Items

LIVE STOCK NATIONAL BANK
OMAHA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

as the guests of the Plattsmouth State Bank.

This was the second annual dinner given by the bank and proved in every way a fine get-together and one that all of the group will pleasantly remember in the fine social time and the real worthwhile messages of the speakers.

H. A. Schneider, president of the bank, was the presiding chairman.

Buy Stock

Of interest to many Nebraska Citizens is the recent purchase of the Wishart interests in the Citizens Bank of Bennet by members of the Bratt family of that village, giving them full ownership of all stock.

In a reorganization following the purchase, J. H. Bratt, father of Charles H. Bratt, science teacher in Nebraska City high school, was elected president; A. D. Bratt, vice president and cashier; J. H. Bratt, A. D. Bratt, H. C. Bratt and C. C. Coale, directors.

President Dies

George C. Bruning, 57, president of Bruning State Bank for 20 years, died at his home of heart failure. He had been in failing health for the past six months. Surviving are his wife and a son, Paul.

Pawnee City

Stockholders and directors of the Citizens State Bank held their annual meeting in Pawnee City.

A. H. Wherry was reelected as president; F. L. Aikins, vice president; John A. Barr, cashier; Miss Nettie Hanon, assistant cashier. The board of directors was increased by the election of Ross Barr, and A. C. Parli was elected chairman of the board.

Paxton

Peter Eginton, T. M. Halloran and H. C. Hartman were named directors at the annual meeting of the stockholders of the Bank of Paxton. Following the stockholders' meeting, the directors organized, with Pete Eginton being name vice president and J. F. Fleak, cashier.

The only change in the officers of the bank was the selection of Mr. Hartman as a member of the board of directors in place of Raul Heiser.

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

Of Course...it's
HOTEL
FONTENELLE
In
OMAHA




400 ROOMS \$2.50
WITH BATH FROM

Travelers readily agree that the Fontenelle is the superior hotel, thoroughly modernized with every facility for luxury, comfort, and convenience.

3 Restaurants
BLACK MIRROR • COFFEE SHOP
BOMBAY ROOM

Air Conditioned For Year 'Round Comfort.

OMAHA'S WELCOME TO THE WORLD

Kearney

Stockholders and directors of the Fort Kearney State Bank, at their annual meeting, reelected all officers and directors.

Thomas Gas will again serve as president, Paul Kanno as vice president and cashier with Tom Russell and Bob Burman, assistant cashiers.

Elgin

The entire group of officers and directors who served during the past year in the Bank of Elgin were again named to continue their services. Directing the business are J. J. DeLay, president; F. X. Fritz, vice president; George A. Wright, cashier; E. L. Link, assistant cashier; L. E. Jackson and Chas. H. Kelsey. In reviewing business conditions in 1938 at the Bank of Elgin, George Wright, cashier, commented, "Our business shows a substantial gain over a year ago. We enjoyed a 35 per cent increase in 1938 in the number of patrons using our services. With our ability to help this community strengthened, prospects are very bright."

First National Officer

Edward E. Brown, president of the First National Bank of Chicago, announced that John W. Kearns has been elected one of the attorneys and an officer of the First National Bank, effective March 1st. Mr. Kearns has withdrawn as a partner of the firm of Burry, Johnstone, Peters & Dixon, with which firm he has been associated since he began the practice of law.

Board Member

Henry P. Turnbull, senior vice president of the Central Hanover Bank and Trust Company, has been elected a member of the board of trustees of the company.

Mr. Turnbull entered the employ of the Hanover National Bank on August 6, 1900, and at the time of its merger with the Central Union Trust Company in 1929 he was a vice president and director of the company. Since the merger he has continued to serve as a vice president of Central Hanover.

Hotel Wellington

Surprisingly Reasonable Rates
Rooms With Bath
\$2.00—\$2.50

And a Courtesy and Hospitality You
Will Thoroughly Enjoy

Farnam at 18th Street
Omaha



MEMBERS of the executive committee of the **Nebraska Bankers' Association** recently voted unanimously to launch a program to restore livestock in Nebraska.

The committee urged all of the 450 banks in the state to make "full value" loans to farmers for the purchase of brood sows, heifers, ewes and chickens.

The committee also decided to poll its membership on a proposal that a special corporation be formed to pool bank funds for financing livestock rehabilitation in areas where local banks may not have reserve to enter into the program.

Standard Statistics Company index of bank debits for December showed Omaha's index to be the **highest** since October, 1937.

In recent weeks, Omaha clearings and debits have been showing consistent increases over the same period last year.

A new schedule of banking hours was announced recently by the First National,

Omaha National and United States National, Omaha's three big downtown banks. It was to be effective March 6th.

Commercial departments will be open from 9:30 a. m. to 2 p. m. on week days, and from 9:30 to noon on Saturdays. Savings departments will be open from 9:30 until 2, including Saturdays. Safety deposit vaults will be open from 9:30 until 4 on weeks days, from 9:30 to 2 on Saturdays.

Requirements of the new wage-hour law necessitated the new hours.

The old schedule will be continued at the South Omaha banks, and at outlying Omaha suburban banks.

Annual roll call of the nation's largest banks, revealed by *The American Banker*, showed that three Omaha banks and one Lincoln institution rank among the three hundred largest in the nation.

The Omaha National ranks 139th among all United States banks; the First National of Omaha, 218th, and the United

Out-of-Town Banks

Out-of-town banks and bankers will find here complete banking facilities for prompt and economical handling of accounts in Chicago. We would appreciate the opportunity of serving you.

CITY NATIONAL BANK

AND TRUST COMPANY of Chicago

208 SOUTH LASALLE STREET

(Member Federal Deposit Insurance Corporation)

States National, 235th. The First National of Lincoln ranks 279th.

Robert Hall, executive officer of the Bank of Florence, Omaha, suburban institution, is president of the North Omaha Kiwanis Club, whose members journeyed recently to Fort Calhoun, Nebraska, where they entertained and were entertained.

Each Omaha man was host to a Fort Calhoun man at a dinner. Omaha's City Attorney Seymour Smith gave an im-

personation of Bob Burns. Following the dinner, the Omahans were guests of the Fort Calhoun men at the Washington county historical museum. Fort Calhoun is one of the oldest settlements in Nebraska.

T. L. Davis, president of the First National Bank of Omaha, was elected president of the Omaha Clearing House Association recently to succeed **Alvin E. Johnson**, president of the Live Stock National Bank.

Other new officers are **H. M. Bushnell**, president of the United States National Bank, vice president; **William B. Hughes**, re-elected secretary-treasurer.

Members of the clearing house committee are Mr. Bushnell, chairman; Mr. Davis, **W. Dale Clark**, **W. A. Sawtell**, **J. F. Coad**, and Mr. Johnson.

The basis for European dictatorships was laid in ancient history, according to **Dr. Walter Lichtenstein**, vice president of the First National Bank of Chicago, who recently addressed the Omaha chapter, American Institute of Banking, at a dinner.

He spoke on "International Relations," tracing European governmental developments through the centuries. Two hundred attended the dinner, at the Fontenelle Hotel.

Roy Harrup, chairman of the "People's Municipal Bank League" of Omaha, recently began circulating petitions for a charter amendment election in Omaha on a proposal to establish the "Omaha municipal bank." Harrup, veteran worker in "new party" movements, would finance such a bank by having the city issue \$200,000,000 worth of warrants, about 20 times the city's present bonded debt.

The "municipal bank" would use these warrants "for the advance of a like amount of Omaha municipal bank credit to depositors." Profits of the bank, according to his plan, would be used to create a "city general pension fund," out of which nearly anybody could draw \$50 a month.

Victor B. Smith, vice president of the Omaha National Bank, has been re-elected president of the University of Nebraska Foundation. At the annual meeting in Lincoln recently, reports were made of a foundation fund that may total a third of a million dollars.

Ward B. Clarke, 60, Rapid City, South Dakota, banker and former Omahan, was killed recently when his car went off the road and overturned near Las Vegas, Nevada. He was a brother of **Louis S. Clarke** of Omaha. His wife was injured. The couple was en route to California for a vacation. Two sisters also survive. Burial was in Custer, South Dakota.

Henry Karpf, vice president of the Livestock National Bank of South Oma-

1863



1939

A Background to Meet Today's Problems

The accumulated experience of The First National Bank of Chicago covers seventy-five years. During that time the bank has seen the nation pass through many business cycles, each with its succession of complicated economic factors. Each of these phases in turn has created its own special problems.

To meet specifically the requirements of business, the Divisional Organization of The First National Bank was developed in 1905. This distinctive feature brings bankers into immediate contact with officers who are specialists in the requirements of correspondents. The long and valuable experience of the bank thus becomes immediately applicable to the problems of today.

The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

ha, has purchased a 10-room residence of English design in Fairacres, Omaha western suburban area. The Karpfs planned to occupy their new home March 1st.

A secret jury of five chose C. Louis Meyer, manufacturer, as Omaha's best-dressed man of 1939, on the eve of St. Valentine's day. Given honorable mention were **W. B. Millard, Jr.**, vice president of the Omaha National Bank, who has won the crown twice before; **Lawrence Brinker, Walter B. Roberts, A. C. Potter, Karl Herwig, Robert Ellick** and **James Lowman**, investment bankers. Three ladies of fashion, a young man-about-town, and a tailor, composed the jury. Three doctors made the list. Conspicuous by their absence were the attorneys, politicians, utility executives, railroad men, packers and commission men.

James P. Lee, vice president of the Omaha and Council Bluffs Street Railway Company and former Omaha banker, has been elected a member of His Majesty's council of Ak-Sar-Ben.

Mr. and Mrs. W. Dale Clark sojourned recently in New York. They had planned to go to Florida before returning, but illness of Mrs. Clark hastened their return to Omaha. Mr. Clark is president of the Omaha National Bank. Mr. Clark also attended a business advisory council meeting in Washington.

Fifty Years

On March 1st the First National Bank of Elwood celebrated its fiftieth anniversary. On March 1, 1889, E. Shallenberger and associates incorporated the State Bank of Elwood. It carried its state charter until May 1, 1904, when it became a national institution. Four years later the bank built a new building, the one which it occupies at the present time.

G. E. Shallenberger, son of the founder, became associated with the bank in his early years, and was named president in 1923, the year his father died. The First National of Elwood was one of the first banks in Nebraska to open after the bank holiday.

GOING TO THE N. Y. FAIR?

Nebraskan, former N. Y. resident, will drive Nebr. party to World's Fair for transportation. Leave June 1. Address 3256 c/o Northwestern Banker, Des Moines, Iowa.



Lincoln Locals

A NUMBER of consolidations are being urged before the Nebraska legislature. These include merging the insurance department with the banking department; the legislative reference bureau, the legislative council and the legislative clerk into one agency; aeronautics commission with the railway commission; athletic division with the auditor, and state normal board with the university regents.

The estate of Charles Stuart, prominent Lincoln business man and financier, is valued at \$1,085,215.73 for inheritance tax purposes in the report filed in county court. The valuation was as of May 2, 1938, the date of Mr. Stuart's death.

The Stuart holdings centered in Antelope, Boone, Holt, Madison, Platte and Lancaster counties, with \$1,052,845.73 in Lancaster county.

Of this amount, nearly half—\$513,449.64—was shares of common capital

stock in the Stuart Investment company. There were 5,742 shares valued at \$89.42 each. The estate listed also 550 shares of common capital stock in the First National Bank of Lincoln, valued at \$71,500; 388 shares of common capital stock in the First Trust Company of Lincoln, valued at \$49,470; 1,500 shares of common capital stock of the Sidles Company, valued at \$135,000; and 162 shares of the preferred stock of the Realty Syndicate, valued at \$44,029.94.

D. D. Muir, 85, pioneer Nebraska banker, died recently in Lincoln, after a long illness.

Mr. Muir came to Lincoln in 1878 and worked up to the position of cashier of the First National Bank. In the eighties he left Lincoln to become president of a Denver bank, but didn't stay there long, returning to Lincoln to become president of the First National Bank.

**Friendly
and
Constructive
Correspondent Service**

The **CONTINENTAL NATIONAL**
BANK
of
LINCOLN

A SELECT EXCHANGING INSTITUTION

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Northwestern Banker March 1939

Later he was a banker in Worcester, Massachusetts, and Boston.

Legislative Bill 85, by the committee on banking, commerce and insurance, to eliminate the statutory double liability against bank stockholders, has been advanced to enrollment and review for review without opposition. Last fall the people of Nebraska repealed the constitutional liability. Some time ago national bank stockholders were relieved of this burden. The bill provides that repeal of double liability shall become

finally effective September 1, 1940, on deposits withdrawn before that date. It does not interfere in any way with existing claims or judgments based on liability.

Lincoln bank clearings during January were nearly \$600,000 above January of 1938, but showed a \$900,000 drop from December totals. Clearings for January, 1939, totaled \$11,119,521 as compared with \$10,589,515 in January of 1938 and \$12,027,858 in December, 1938.

NEBRASKA INVESTMENT NEWS

(Continued from page 41)

4 per cent interest. A little more than a year and a half ago, they were sold by PWA to the RFC.

Rev. George W. Taft, father of **Gordon D. Taft**, Omaha investment broker, died recently at De Land, Florida. He was a former president of Grand Island, Nebraska, College and also once headed the Northern Baptist Theological Seminary in Chicago.

Edwin J. Hewitt, Federal Land Bank of Omaha accountant, has purchased an Omaha residence which attracted national attention when it was built because of its distinctive design and interior plan.

Charles McCumsey, president of the Omaha Federal Land Bank, was principal speaker at the annual meeting of the First Federal Farm Loan Association at Eagle Grove, Iowa, February 15th.

A crew recently started installing air-conditioning equipment in the Farm Credit building at Omaha. It is expected that the job, on all 12 floors, will be completed before the first hot weather.

Clarence L. Landen, vice president and general manager of the Securities Acceptance Corporation, has been elected president of the board of the Salvation Army at Omaha.

The Laurel, Nebraska City Council recently authorized sale of \$8,500 of city auditorium bonds to **Wachob-Bender** Company of Omaha.

Fiftieth annual meeting of stockholders of the Occidental Building and Loan Association of Omaha was held recently. **S. J. Weekes**, president of the O'Neill, Nebraska, National Bank, was re-elected a director.

An improvement in the mortgage banking situation, particularly because of increased farm mortgage activity and federal housing administration loans on homes, was predicted in Omaha by **S. M. Waters** of Minneapolis, president, and **George H. Patterson**, Chicago, vice president of the Mortgage Bankers' Association of America. They spoke at a dinner in their honor at the Fontenelle Hotel, sponsored by the Nebraska association. **C. W. Mead**, of Omaha, president of the Nebraska group, presided.

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Speed up collections on your live stock items to Sioux City by using the specialized service available at the Live Stock National Bank in Sioux City.

Our fortunate location in the stock yards, plus our detailed knowledge of the live stock business assure you of "stream-lined service".

Use the Live Stock National Bank for your Sioux City business.

OFFICERS

C. L. Fredricksen, President
M. A. Wilson, Vice President and Cashier
W. G. Nelson, Assistant Cashier
W. C. Schenk, Assistant Cashier
L. W. Ross, Assistant Cashier

DIRECTORS

C. R. McKenna, President, Johnson Biscuit Co.
B. L. Sifford, Attorney, Sifford & Wadden
G. F. Silkmitter, Pres., S. C. Stock Yards Co.
C. L. Fredricksen, President
M. A. Wilson, Vice President and Cashier
H. C. Boswell, Secretary-Treasurer, Western Contracting Corporation

LIVE STOCK



NATIONAL BANK

Sioux City, Iowa

"The Bank at the Yards"

Member Federal Deposit Insurance Corporation

Ag Chairman

R. M. DePuy, vice president of the Northwest Security National Bank, Brookings, has been appointed chairman of the agricultural committee of the South Dakota Bankers Association.

Mr. DePuy's appointment was made by John N. Thompson, Centerville, president of the Association.

Remodeled

The Farmers State Bank, Flandreau, has undergone a noticeable change. Metal grills above the marble fronts of the long counter were removed, and in order to give a more finished appearance to the top, glass plates of a dull gray color were installed to constitute a shelf and some measure of protection to papers behind. The altered condition gives a more modern appearance to the institution.

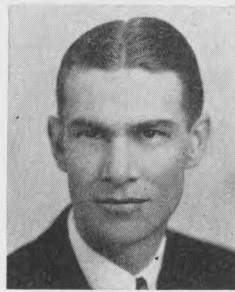
Election

The stockholders of First State Bank, Buffalo, reelected their former directors. The following will continue in their offices: H. W. Clarkson, president; F. M. Clarkson, vice president; J. A. Clarkson, vice president; Thomas L. Seppala, cashier, and Matt R. Hann, assistant cashier. Records of the bank show an increase of about \$50,000 in deposits over the previous year.

Future Banking and the Public

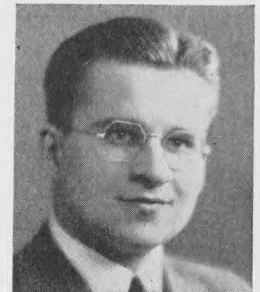
(Continued from page 16)

responsibility to the public as far as rendering service is concerned. Second, if the American banking system is to function in the best interest of the American people all of the time, then they (the American people) must be made to see that they have a responsibility to their banks; and that at the present time one of their responsibilities is to come to the rescue of the banks before the conniving and scheming politicians get absolute control of the National banking system. Should the unscrupulous or the ignorant politician get control of the great reservoirs of money now on deposit in all the banks, it would not be long before the temptation to use it for political purposes would be too great for them to withstand. Already we have had some demonstration of this very thing.



JOHN N. THOMSON
President
Centerville

South Dakota NEWS



GEORGE M. STARRING
Secretary-Treasurer
Huron

Exchange Bank

Arrangements have recently been completed for Canistota to have an exchange bank operated under the auspices of the McCook County National Bank of Salem.

Ward Clark will be in charge of the exchange which will be located in the old National Bank building.

Final Dividend

A fifth and final dividend of 4.75 per cent amounting to \$3,246.98 is being paid to creditors of the closed Fedora State Bank, the South Dakota Banking Department has announced. The bank was closed October 19, 1931, and prior to the final payment disbursed dividends totaling \$17,795.60.

Pioneer Dies

Funeral services were held recently in Belle Fourche for Dave R. Evans, 76, prominent Mason, business man, banker, legislator and honorary life chairman of the Black Hills roundup, who died at his home after a long illness. Mr. Evans came to the Black Hills, locating in Minnesela, now a ghost town, in 1884. He later located in Belle Fourche.

Madison

Directors of the Security Bank & Trust, Madison, have advanced A. D. Parker from vice president to president. He succeeds the recently resigned Carl A. Stensland. James A. Robson is vice president; E. J. Dirksen, cashier; Frank H. Elbert and George L. Scully, assistant cashiers. Other members of the board include Oscar A. Olson and John Ingebreton, of Kenneth, Minnesota.

Beresford

At the annual meeting of the stockholders and officers of the First National Bank, Beresford, J. J. DeLay of Norfolk, Nebraska, was reelected president; A. R. Olsen, vice president; T. A. Peterson, cashier; Sophia Muhlenkort, assistant cashier. Reports showed a healthy increase in business and in profits.

Named Director

Stockholders of the Liberty National Farm Loan Association of Dixon, South Dakota, elected E. O. Blessing of Dallas and Thomas Petry of Dallas to serve on the board of directors for the ensuing year. Edward H. Bohlander is president and J. S. Lunn is secretary-treasurer with offices at Winner. The board also includes Arthur J. Sinclair and Anders Anderson.

Armour

The stockholders of the First National Bank in Armour held its semiannual stockholders meeting.

The following officers were elected for the year 1939: Henry Zeier, president; J. J. Walter, vice president; Chas. Krug, chairman of the board of directors; C. L. Breckenridge, cashier, and Clara Foran, assistant cashier. The board of directors are Chas. Krug, Henry Zeier, George Zeier, J. J. Walter and C. L. Breckenridge.

Custer

At the annual meeting of the stockholders of the Custer County Bank, Custer, the board of directors, consisting of T. W. Delicate, C. E. Perrin, M. A. Willis, A. J. Jones and S. E. Ainslie was reelected for the ensuing year.

Following the meeting of stockholders

UNITED STATES CHECK BOOK COMPANY

OMAHA, NEBRASKA

• BANKERS SUPPLIES •

the directors held their first meeting of the year and chose the following officers: T. W. Delicate, president; A. J. Jones, vice president; C. E. Perrin, cashier; and R. E. Scheinost, assistant cashier.

Iroquois

The stockholders of the Farmers and Merchants Bank, Iroquois, held their annual meeting recently and heard a report on the year's business given by L. A. Hollenbeck.

The following directors were reelected for the coming year: Peter H. Schultz,

H. C. Strub, G. F. Ulrich, J. L. Fisher, F. B. Lynch, L. A. Hollenbeck, M. G. Hollenbeck.

After the stockholders' meeting, the board of directors met and reelected the old officers: Peter H. Schultz, president; H. C. Strub, first vice president; G. F. Ulrich, second vice president; L. A. Hollenbeck, cashier; H. D. Harrington, assistant cashier; Mrs. L. A. Hollenbeck, bookkeeper.

Lake Norden

Dr. L. S. Spencer of Watertown was

elected president of the Lake Norden First National Bank and Trust Company to succeed Joe Salo who disposed of his interests in the institution. Other officers elected include Olga B. Spencer and S. F. Spencer, vice presidents; L. A. Lohr, cashier; and Martin Hanson, assistant cashier.

A change in the controlling interests was affected as Joe Salo and Arnold Gerberding sold their interests to Lohr and Dr. Spencer.

Rapid City

R. E. Driscoll was elected president of the First National Bank of the Black Hills at an annual meeting of stockholders of the institution in its Rapid City office.

Driscoll was elected to head the institution, which has seven offices, by a board of directors of 17 members headed by George V. Ayres, Deadwood, as chairman. Following the election of directors, the board met and chose, in addition to Driscoll as president, the following for the Rapid City office:

C. C. Anderson, executive vice president; W. H. Johnson, vice president; Noel W. Klar, cashier; Warner M. Brown, H. R. Browning, James T. Noble and H. R. Horlocker, assistant cashiers, and Maude C. Nelson, assistant cashier and auditor.

More New Homes

Increase of the limit of mortgages that can be insured by FHA from two billion to three billion dollars was cited in Omaha as a boon to Nebraska new home sales prospects for coming months.

Frank S. Selby, vice president of the National company, which has been making FHA loans at 5 per cent for many months, said extension of the limit would help many Nebraskans become home owners. The public is beginning to realize advantages of the loans and will continue the fast-growing volume of applications, Selby believes.

Prospective home owners are forgetting bugaboos about red tape connected with the loans, Selby said, and have come to understand that the process is simple—the lending institution making the loan in the usual manner, with FHA as a guarantor. Lending institutions, he said, are doing meritorious service in handling FHA details for home applicants.

Director

P. Blair Lee, president of the Western Saving Fund Society of Philadelphia, has been elected a director of the Philadelphia National Bank.

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What is the difference . . .

What is the difference between one bank and another? Perhaps it is mainly a difference of atmosphere. At the American National you will find the atmosphere definitely friendly. That is why officers of our correspondent banks always come in and see us when they are in Chicago.

AMERICAN NATIONAL BANK AND TRUST COMPANY

of Chicago

LA SALLE STREET AT WASHINGTON

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Northwestern Banker March 1939

H. S. Cole Dies

Colonel Haydn S. Cole, age 77, president of the First National Bank of Hastings since he was first elected in 1914 and previous to that a director of the bank, died recently in St. Paul from a heart ailment. He had been in ill health about 10 days.

Quarterly Meeting

Sixty bankers from Winona, Filmore and Houston counties attended the Southeastern Minnesota Clearing House Association quarterly meeting at Chatfield recently.

Joseph Underleak, president of the First National Bank at Chatfield, who will be 85 years old March 13th, was the principal speaker, giving an interesting talk on early conditions in Winona, Chatfield and this territory. He came to Albert Lea in 1854, and to Chatfield in 1856.

45th Birthday

The State Bank of Brooten recently observed its 45th anniversary. John Bohmer, the president, went to Brooten in 1894 and opened the banking house on February 23rd of that year. He later built a structure which has housed the bank ever since. Serving with Mr. Bohmer as president are W. J. Bohmer, vice president; H. O. Imsdahl, cashier; Edwin Sandvig, assistant cashier; and Elwood Nelson.

More Savings

Rounding out 14 years in business in St. Paul in 1938, the Northern Federal Savings and Loan Association has entered 1939 with a record of more savings in January than in any month in the institution's history, according to Angus J. Cameron, president of the organization.

It was also reported that the association's resources now exceed one-half million dollars and reserves total more than \$11,300.

Final Dividend

A report comes in from Arthur T. Scriver, president of the First National Bank in Cannon Falls, that the trustees of the old Citizens State Bank of Cannon Falls have paid out their final dividend, thereby paying out the trust 100 per cent. Since the "bank holiday" the First National has worked with the three trustees making every effort toward this accomplishment. The First National and the trustees are receiving many congratulations from the depositors and the people of their community. The trustees besides Mr. Scriver are Samuel Kraft, pioneer merchant in Cannon Falls, and Alfred G. Johnson, one of the able farmers in the Spring Garden community.

The First National Bank had a very



FRANK P. POWERS
President
Mora

Minnesota NEWS



WILLIAM DUNCAN, Jr.
Secretary
Minneapolis

satisfactory year and is now glad to be able to put their undivided attention on the real job of banking. Loans have increased during the past year some \$35,000. Farmers are still optimistic, hoping for better dairy and grain prices before spring.

At the annual meeting of the First National the following officers and directors were reelected: Arthur T. Scriver, president; Albert Scriver, vice president; Algot W. Swanson, cashier; E. L. Peters, assistant cashier; and Hiram T. Scriver, director.

Honored Guest

Mr. Carl Erdahl, who has for the past 25 years been assistant cashier of the State Bank of Frost, was the honored guest at a banquet given by his associates at the Folken Cafe, in Frost, early last month.

Annual Meeting

All of the 22 directors of the First Bank Stock Corporation were reelected at the eleventh annual meeting of its stockholders held in Minneapolis. Clive T. Jaffray, president, analyzed the 1938 report of the bank group and cited factors evidencing improved conditions and earning power of the affiliated institutions and forecasting still further gains this year. At the annual meeting of directors, following the stockholders' session, the board declared a semiannual dividend of 25 cents a share, payable April 1st to stockholders of record March 15th. This maintains the dividend rate of 50 cents a year, in effect with First Bank stock for about two years.

Reelected

M. P. Miller was rechosen president of the Ellendale State Bank at its annual meeting.

Elk River

The annual meeting of the stockholders of the Bank of Elk River was held recently at the bank.

All the officers were reelected for the

ensuing year, C. H. Bade, president; A. B. Babeock, vice president; M. C. Tesch, cashier; George Nelson, assistant cashier, and Evelyn Kilmartin, bookkeeper and teller. Additional directors reelected are E. P. Babeock and Theodore Albrecht.

Caledonia

The annual meeting of the officers and stockholders of the Caledonia State Bank was held recently.

Officers reelected are as follows: O. E. Burtness, president; N. C. Koel, vice president; A. M. Eiken, cashier; Wilfred T. Schlitz, assistant cashier. Directors: Emil Gensmer, J. A. Roerkohl, J. P. Schummers, Chas. A. Dorival, A. M. Eiken, O. E. Burtness, N. C. Koel and L. L. Duxbury.

Officers of the bank report that business during the past year met all expectations.

Waterville

The annual meeting of the stockholders of the First National Bank of Waterville was held recently. At this meeting E. Robson was elected president to succeed the late Geo. E. Greene. Mr. Robson has been connected with the bank for the past 30 years, serving as assistant cashier and cashier.

Emil Gregor was reelected as vice president.

Fred A. Drews, who has been assistant cashier for a number of years, was advanced to cashier, and Janice Terrell and Edgar Eggers were made assistant cashiers.

Truman

The annual meeting of the Blue Earth Valley National Bank took place at the banking offices in Winnebago.

The following directors were elected for the ensuing year: G. H. Andrews, I. A. Babeock, H. S. Muir, G. M. Seaberg, and Willis Sonnicksen.

The directors held a meeting immediately following the election and appointed the following officers: H. S.

Northwestern Banker March 1939

Muir, president; G. S. Seaberg, executive vice president; Willis Sonnicksen, vice president; I. A. Babcock, cashier.

President

Leon J. Kaliher, former president of the Union State Bank in Thief River Falls and who left early last year to assume the post of vice president of the First National Bank at Red Wing, was named president of the institution by the board of directors at its annual meeting held recently.

Banker Dies

W. E. Landeene, 70, secretary-manager of the Alexandria Federal Savings and Loan Association, died recently. He was a prominent banker at Elbow Lake for 40 years, and was a Knight Templar and member of the Masonic Shrine. Surviving are his widow, four sons and two daughters.

Heron Lake

Present directors and officers of the First National Bank of Heron Lake were reelected for another year.

The directors are W. H. Jarmuth, Ernest Winzer, Wm. J. Mathias, O. H. Bondhus and J. O. Bondhus. J. O. Bondhus is president and Merrill O. Nelson is assistant cashier. Edwin Maus is book-keeper and Miss Esther Nerge is sten-

keeper and Miss Esther Nerge is sten-

Mora

The annual meeting of the stockholders of the Kanabec State Bank was held with a large majority of the stockholders in attendance.

The usual nineteenth consecutive dividend was declared.

The following directors and officers were elected for the ensuing year: Frank P. Powers, president; K. E. McIlhargey, vice president; R. P. Campbell, cashier; H. R. Ness, assistant cashier.

The stockholders of the State Bank of Mora met in annual session also. All officers were reelected, as follows: C. H. Sommers, president; C. E. Williams, vice president; Chas. T. Peterson, cashier; Wendell Johnson and Mabel Nelson, assistant cashiers.

Le Sueur

Recently the directors of the State Bank of Le Sueur held their regular annual meeting, at which time the organization was formed for another year. The following were elected as officers in the bank: L. E. Felton, chairman of the board and vice president; J. T. Peterson, president, and H. J. Grant, cashier; Misses Hedvig Dahl and Evelyn Nelson, assistant cashiers, and Misses Louise Funk and Kathleen Trainor, bookkeepers and tellers.

Pipestone

All officers and directors were reelected when Pipestone's two banks, the Pipestone National Bank and the First National Bank held their annual meetings.

Both banks had their annual stockholders' meetings for the purpose of electing directors, and a meeting of the directors for each bank was held following the stockholders' meetings.

On Federal Board

Walter W. Smith, president, First National Bank in St. Louis, has been reelected president of the advisory council to the Board of Governors, Federal Reserve System. He was first elected president of the council in 1931, and has been reelected annually.

Membership of the council consists of twelve of the country's leading bankers, one being elected from each of the Federal Reserve districts.

The "Northwestern's" complete facilities include the services of a Bond Department especially equipped to assist correspondent banks in handling investment problems.

This Bond Department buys and sells United States Government, Municipal and State bonds, and executes orders for the purchase and sale of other securities.



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Department of Banks and Bankers

Wm. N. Johnson	F. W. Conrad	D. E. Crouley	L. P. Gisvold
Vice President	Asst. Cashier	Asst. Cashier	Asst. Cashier

NORTHWESTERN NATIONAL BANK AND TRUST COMPANY

Marquette Avenue: 6th to 7th Street
Minneapolis, Minnesota

Member Federal Deposit Insurance Corporation

Twin City NEWS



C. E. JOHNSON, vice president of Empire National Bank and Trust Company, St. Paul, has been elected president of the St. Paul Athletic Club.

In the death of **William P. Kenney**, president of the Great Northern Railroad, First National Bank of St. Paul lost a director.

William S. Given, who recently resigned as vice president of the First National Bank of Aberdeen, South Dakota, has joined the staff of Northwest Bancorporation, with which the Aberdeen bank is affiliated. He will serve as field representative and examiner, with headquarters in Minneapolis. Mr. Given had been in the banking business in South Dakota for 30 years.

Arthur C. Danenbaum, 64, vice president and real estate officer of First Minneapolis Company, affiliated with First National Bank and Trust Company, died last month. He organized the real estate department for the old Minneapolis Trust Company in 1904 and had been with this firm and the First Minneapolis Company ever since. The widow and two sisters survive.

Minnesota's law permitting the state to take over inactive bank balances when 20 years old or more, has been ruled invalid as far as national banks are concerned. The ruling was given by District Judge Carlton McNally in Ramsey county (St. Paul).

E. C. Kibbee was elected to the board of directors of Woodard-Elwood and Company, Minneapolis, at the annual meeting.

Lester Bigelow, active in Twin City

JAMES M. SUTHERLAND

Special Correspondent

investment banking circles for 19 years, now is associated with Thrall West Company, Minneapolis. He helped organize Bigelow Webb and Company seven years ago. In 1930 he was chairman of the Minnesota group, Investment Bankers Association, and in 1936 was president of the Twin City Bond Club.

Directors of **First Bank Stock Corporation** declared a dividend of 25 cents per share at the eleventh annual meeting of stockholders and directors in Minneapolis.

The dividend is payable April 1st to stockholders of record March 15th. It continues the dividend rate in effect for some time.

All 22 directors were re-elected by stockholders, and they in turn re-elected all present officers.

Charles Z. Meyer, comptroller of First National Bank of Chicago and second vice president of the National Association of Bank Auditors and Comptrollers, discussed, "Safeguarding the Bank and the Customer" at a meeting of the Twin City chapter in Minneapolis.

Colonel Haydn Cole, 77, president of the Northwestern Trust Company of St. Paul until its consolidation in 1914 with the First Trust Company, died in St. Paul recently.

The Wagner bill for creation of a billion-dollar mortgage discount bank was attacked by **George H. Patterson**, secretary of the Mortgage Bankers Association of America, in an address before the St. Paul and Minneapolis Mortgage

Bankers Association in St. Paul. He charged such an institution would hold the weapons for causing inflated real estate values but would make the federal government the principal loser if these values collapsed.

Washington's birthday found group one of the **Wisconsin Bankers Association** in its annual Twin City meeting—this year in St. Paul. Attendance approximated 400, including a number of bankers from midwestern states who came a day early to sit in on the group one sessions.

The traditional pre-convention smoker and buffet supper, February 21st, found bankers chatting, relaxing and singing. Program was staged by the St. Paul Clearinghouse Association, under personal direction of **W. L. Boss** of First National and **Guy A. Dailey** of American National Bank.

John G. Maclean, cashier of First National Bank and Trust Company, Minneapolis, has been elected president of the Minneapolis Athletic Club.

M. O. Grangaard, vice president of First National Bank and Trust Company, Minneapolis, has just returned from a business trip to the west coast.

A. I. B. NEWS FROM MINNESOTA

Duluth

Thirty students are taking the bank organization and operation class under the direction of **John L. Evans**, director of education of the Duluth chapter.

Last month members of the Duluth chapter, A. I. B., were entertained at a movie party in the chapter club rooms

Northwestern Banker March 1939

in the First and American National Bank. **Earle Andree**, president of the Duluth chapter, showed pictures taken at the 1938 A. I. B. convention at Louisville, Kentucky. These pictures being in colors depicted the beauty of the south and were very interesting to all the members, and especially to those who attended the convention, bringing back to them in memory the enjoyable time spent in Louisville.

Rose C. Moritz, chairman of the publicity committee, and Mr. Andree also presented movies taken at various winter outings of the local chapter. **Marie Cranmer**, chairman of the publication committee, was hostess at this party. After the movies doughnuts and coffee were served, and all the "Movie-Fan-Donut-Dunking Members" had a pleasant time.

Inez M. Campbell, chairman of the entertainment committee, assisted by the members of the committee entertained the chapter members at a winter outing which was held at the Northland Country Club on February 22nd. The outdoor sports began at two o'clock p. m., which included skiing, tobogganing, snow-shoeing and skating. Rose C. Moritz, and Earle Andree took moving pictures of the colorful scenes at the Coun-

try Club. With the hills of white fluffy snow, the many hued winter outfits worn by the girls, and the action of the members enjoying the various sports, beautiful pictures were obtained.

After dusk a delicious buffet supper was served at the club, which was followed by dancing for the remainder of the evening. About one hundred members attended and all enjoyed the party to the fullest extent.

Rose Moritz, Publicity Chairman.

Minneapolis

On February 16th **Wm. R. Chapman**, president of Minneapolis chapter, flew to Chicago to attend the annual banquet of the institute chapter in that city. He reports that it was a fine meeting and that he enjoyed the opportunity to visit with the many institute people in Chicago.

Eight members of Minneapolis chapter recently appeared on the radio broadcast which is sponsored weekly by Mark Question of the *Minneapolis Journal*. This broadcast takes the form of a "question and answer" program with prizes to the contestants who answer successfully the most questions. At the completion of the regular run of ques-

tions three of the contestants were tied with a perfect score and three others had missed only one question. Of the 51 questions which were asked over the air 20 of them were directly pertaining to banking subjects; the remaining 31 were questions on general news information.

On February 14th Minneapolis chapter held a **Valentine Dance** at the Hotel Radisson's Flame Room and in spite of the below-zero weather there were approximately 250 attended the dance.

The debate section of the chapter has been active again this year, having already held three debates, one with Kansas City lost, and one each with Omaha and Milwaukee won. There is remaining a debate with Chicago on March 4th and one with St. Paul on March 10th.

A. W. Johnson, chairman of the forum committee and first vice president of the chapter, has announced that the next forum meeting of Minneapolis chapter will be held on Wednesday, March 15th. At this meeting Dr. Herbert Heaton, president of economic history at the University of Minnesota, will speak on the topic "The Traveling Umbrella." His talk will relate, of course, to the famous umbrella of Neville Chamberlain and the results of its famous journeys

On February 22nd the public affairs committee under the direction of **Mary Cunningham**, the chapter treasurer, sponsored two different industrial tours. Two sections went through the Munsingwear Company plant and two sections visited the Levin Brothers furniture factory.

The membership of **Minneapolis chapter** has gained somewhat this year but the enrollment has fallen below the standard set in the past few years.

R. C. Rutherford,
Executive Secretary.

To Storm Lake

H. S. Noonan and Walter Bush, national bank examiners, are moving their headquarters from Sioux City to Storm Lake. The U. S. banking department has leased office space for them in the W. F. Park building.

The headquarters for these two special government men has been in Sioux City in the past, but it has been decided that the Storm Lake offices will be a better location for them in this territory.

Hotel RADISSON
where life keeps lively

Enjoy the cordial Radisson! Here are all the comforts that make for gracious living. Air-conditioned bedrooms; air-conditioned restaurants. The smart Lounge Pierre and Chateau Terrace.

Popular orchestras for dinner and supper dancing . . . Attractive guest rooms with bath from \$3.

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

Brief News

M. G. Elliott has been elected director of the Farmers & Merchants State Bank of Berlin to succeed John Southall, who recently passed away. E. R. Shockman has been elected as vice president to succeed John Southall.

E. L. Easton has been elected as director and vice president of the Farmers State Bank of Crosby to succeed C. M. Hanson, who has resigned.

Tena Hill has been elected as director of the Farmers State Bank of Erie to succeed Duncan M. Bissett, who has resigned.

A. O. Lona has been elected as director of the Citizens State Bank of New England to succeed Henry Melaas. A. O. Lona has been elected as cashier and J. F. McEntee, former cashier and vice president, has been elected as president. John C. Chambers, former teller and bookkeeper, has been elected as assistant cashier to succeed A. O. Lona.

John M. Hein has been elected as vice president of the Security State Bank of New Salem to succeed C. W. Wiegman, who has resigned.

P. M. Shefvland has been elected as vice president of the Peoples State Bank of Parshall to succeed W. N. Harris, who has resigned. E. O. Lerberg has been elected a director to succeed W. N. Harris, who has resigned.

Bank of Scranton, Scanton, North Dakota, was closed by its board of directors as of the close of business January 16, 1939.

The First State Bank of Buxton assumed the deposit liability of the State Bank of Reynolds as of the close of business January 28, 1939, and the Reynolds bank went into voluntary liquidation as of that date.

The First International Bank of Landa was closed by its board of directors as of the close of business February 1, 1939.

The First State Bank of Harvey assumed the deposit liability of the State Bank of Heimdal as of the close of business on February 11, 1939, and the Heimdal bank went into voluntary liquidation as of that date.

Buys Building

With the approval of the district court, title to the bank building at the corner of Fourth and DeMers passes to the First National Bank in Grand Forks, which now occupies the premises as banking headquarters.



C. E. CUNNINGHAM
President
Williston

North Dakota NEWS



C. C. WATTAM
Secretary
Fargo

The price paid for the property is \$215,800, which is the amount of the bid made by the bank some time ago.

Titus Dies

Moses Starr Titus of Minto, North Dakota, a long time resident of Walsh county, died recently in Grand Forks. He was 80 years old and had been in failing health for some time.

Mr. Titus was born at Shakopee, Minnesota, October 22, 1858. He came to Grand Forks in the early 80's and was for a time associated with his brother, the late S. S. Titus, in the original First National Bank.

In 1885 he moved to Minto, where he and associates took over the Bank of Forest River, which has since been operated continuously as the Bank of Minto.

Budget

Frank Vogel, manager of the Bank of North Dakota, met with the industrial commission to submit a proposed budget for the bank at the request of the commission in compliance with the "jackpot" law.

The budget asks \$246,632 for the operation of the bank, \$12,500 less than was spent in the 1937-39 biennium, and \$343,316 for the land collection department, the same as the present biennial figure.

Bismarck

F. B. Heath, was reelected president of the Dakota National Bank and Trust Company, Bismarck, and all other officers were returned at the annual meeting of the board of directors following the yearly stockholders' meeting.

Other officers renamed were J. P. Wagner, vice president; A. A. Mayer, cashier; H. E. Baker, assistant cashier, and J. R. Thomas, teller.

Directors reelected for another year were Heath, A. M. Brandt, F. M. Davis, J. E. Davis, J. C. Oberg, Theodore Quarrud, Louis Rubin, J. C. Taylor and R. B. Webb.

Devils Lake

Stockholders of Devils Lake's two

banks reelected all officers at their annual meetings.

Officers of the First National Bank include H. E. Baird, president; R. C. Collinson, cashier; Wendell Haley, assistant cashier; and E. J. Baird, Edna Haley, Wendell Haley, H. E. Baird and R. C. Collinson, directors.

Officers of the Ramsey County National Bank are Blanding Fisher, president; S. K. Fisher, vice president; A. W. Omdahl, cashier; C. L. Hodgson, W. G. Elmslie and F. C. Hoghaug, assistant cashiers; and Blanding Fisher, T. A. Haslam, S. K. Fisher, Clyde Duffy and A. W. Omdahl, directors.

Grand Forks

Dr. R. D. Campbell was named chairman of the board of the First National Bank, Grand Forks, and Fred R. Orth was advanced from vice president to president by the directors, all of whom were retained at the stockholders' meeting.

Other officers elected are M. W. Murray, vice president; Carther Jackson, cashier and trust officer; Harold S. Pond, Martin Lystad, Oscar Norby and A. M. Lommen, assistant cashiers.

All officers and directors of the Red River National were renamed. They are Bjerken, president; F. C. Gustafson, vice president; D. W. Westbee, cashier; A. M. Spence, assistant cashier. Directors are Bjerken, Gustafsson, O. B. Burtness, E. F. Chandler, Henry Holt, J. E. MacLean, J. H. Ruettell, John L. Ryan and Don E. Whitman.

Williston

Confidence that the coming months will see better times for this section was voiced by stockholders of the First and Commercial National Bank, Williston, at their annual meeting.

All former directors and officers were reelected as follows: J. Arthur Cunningham, president; A. F. Windel and Wm. E. Monroe, vice presidents; C. E. Cunningham, cashier, and G. R. Rasmusson, assistant cashier.



AXEL NELSON
President
Sidney

Montana NEWS

IN WASHINGTON

(Continued from page 33)

rocal taxes on federal, state and municipal securities, is being handled separately.

Organized state opposition to the securities tax has led some observers to believe that its chances of becoming law this session are very limited but the administration is determined to fight to end the exemptions.

Roy Blough, treasury tax research director, in rebuttal to arguments against the proposal, told the special Senate committee studying the program that the tax exemption enjoyed by holders of public securities causes increased burdens on lower income groups.

"The net addition in taxes that must be raised falls mostly on the smaller income groups since it has proved necessary to use excise taxes and other consumption taxes to supplement the progressive levies imposed by federal and state governments," Blough pointed out.

He said that some people to whom public securities are otherwise a highly desirable form of investment do not buy them because of low yields.

Appearing before the committee in opposition to the tax, Mayor LaGuardia of New York urged simplification of the nation's tax structure. He asked Congress to give serious thought to the "necessity of reducing the number of tax collecting agencies and eliminating duplication in taxes."

Mr. LaGuardia said the proposal would not produce the revenue anticipated and would create a great deal of damage. He said that New York City is preparing for a big bond issue, and such a tax "will hit us right between the eyes."

Harley L. Lutz, Princeton University professor of public finance, said that the tax would cost more than it would bring in. He estimated that federal taxation of state and local securities would cost states and municipalities at least \$113,000,000 annually in increased costs and that the federal revenue would average only \$95,000,000.

Trust Indentures

Hearings have been held but at this writing no report made by the committee on Senator Barkley's bill providing regulation of trust indentures. The bill provides for approval of the indenture by the Securities and Exchange Commission and prohibits the use of the mails or interstate commerce in the sale of securities unless an application for qualification of the indenture is effective.

Dies in Miles City

Found dead in his room at a Miles City hotel, Elroy Herman Westbrook, 51, president of the Midland National Bank, Billings, is believed to have died from a heart attack. He was found by Louis Hall, a teller at the Midland bank with whom he had gone on a business trip.

Mr. Westbrook left Billings apparently in good health. He had been at the bank regularly and had made no remarks to anyone to indicate that his health was anything but normal, associates said.

Whitefish

C. H. Jennings was reelected president of the First National Bank of Whitefish at the annual meeting. Other officers reelected include L. J. Sissel, vice president; P. C. Lilly, second vice president and cashier, and L. C. Larson, assistant cashier. Attorney Rock D. Frederick is a member of the board of directors along with the above officers.

Stocks Sold

Fred L. Woehner, executor of the estate of Fred A. Woehner, has filed a report and petition in district court asking approval of the sale of 150 shares of the capital stock of the Sunburst State Bank in Shelby for \$32,250. Purchasers were Nat Taylor, Louis B. O'Neill and J. Hugo Aronson.

Lewiston

Following the annual shareholders' meeting of the National Bank of Lewiston, the newly-elected board of directors proceeded to rename A. W. Johnson, president; Harry E. Lay, vice president, and R. S. Baker, cashier, for another term.

At the shareholders' meeting, President Johnson presented a report reflecting continued sound and progressive banking. Following this, the bank directors were elected as follows: Harry E. Lay, Cassius C. Williamson, E. O. Jenkins, A. W. Johnson, and R. S. Baker.

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Great Falls

All officers and directors of Great Falls' three banks were reelected at the annual meetings of the institutions and two new directors were added to the personnel of the Montana Bank & Trust Company.

The new directors elected by the Montana Bank & Trust Company were J. George Graham of Great Falls and F. C. Barribal, vice president and cashier of the Citizens State Bank of Choteau.

Officers who were reelected by the Montana Bank are: Howard H. Stanley, president; C. J. Thronson, vice president; L. R. Fousek, cashier, and George O. Huston, assistant cashier. Members of the board of directors in addition to Graham and Barribal are Stanley, chairman; Ray F. Duggan, Fred L. Woehner, Thronson and Fousek.

Reelected officers of the Great Falls National Bank include Lee M. Ford, president; D. J. Dundas, vice president; R. R. Williams, cashier, and F. E. Bower and L. J. Robin, assistant cashiers. Members of the board are I. W. Church, chairman; L. E. Taylor, F. J. Gies, Fred Birch, Ford, Dundas and Williams.

At the First National Bank, those reelected were E. O. Jenkins, president; E. F. Galt, vice president; L. F. Curry, cashier; A. R. Moore and George L. Straiton, assistant cashiers. Members of the board are Sam Stephenson, chairman; A. E. Wiggin, John E. Dawson, I. B. Armstrong, W. H. Hoover, Jenkins and Galt.

Bozeman

Brooke Hartman was elected a director and a vice president of the Gallatin Trust and Savings Bank as the only change made in the directorates and officials of the three Bozeman banks in their annual stockholders' and subsequent directors' meetings.

At the Security Bank and Trust Company meeting all directors and officers were reelected. The officers are A. G. Berthot, president; E. J. Parkin, vice president; J. D. Street, cashier, and H. C. Gossack, assistant cashier.

IOWA NEWS

By J. A. SARAZEN
Associate Editor

The Farmers and Merchants Savings Bank, Burlington, formed a corporation last fall and purchased the office building in which it has made its home for the last five years. Statement of December 31st shows the bank building is being carried at \$60,500, furniture and fixtures at \$10,000. **H. E. Simon**, cashier, reports an increase in deposits during the past year of over \$250,000 and now total \$2,400,000.

Banks at Keokuk have paid 1 per cent on deposits since July, 1937.

R. J. McCleary, vice president, Security State Bank, Keokuk, is to be complimented on the way his bank is reducing the preferred stock. Original preferred was \$50,000 and this has been reduced to \$26,000. Common stock is \$74,000. Deposits have increased \$120,000 here in the last 12 months.

Checking deposits at the Danville State Bank are \$129,000, time deposits are \$90,000. Two and one-half per cent interest is being paid. Stockholders received a 4 per cent dividend last year and surplus was increased \$2,000.

The Henry County Savings Bank, Mt. Pleasant, had a nice increase in deposits in 1938 of \$170,000 and loans and discounts are up \$100,000. Total deposits are \$1,350,000. Two per cent is paid savings and six month certificate deposits and 2½ per cent on 12 month certificate deposits.

The last call of the National Bank of Burlington lists deposits of over \$2,000,000 and United States Government securities of \$944,000.

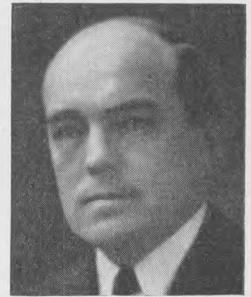
C. E. Kindwall, cashier, Albert City Savings Bank, reports a good year for his bank. Total corn loans made total over \$100,000. Deposits are \$400,000.

The Graettinger State Bank has modernized the tellers' cages and added one new wicket.

The Avoca State Bank joined the Federal Reserve System last August. Deposits here are \$540,000.



E. A. EBERSOLE
President
Keokuk



FRANK WARNER
Secretary
Des Moines

Iowa News

F. J. Lewis, assistant cashier, Harlan National Bank, was recently elected to the board of directors.

B. A. Gronstal, president, Council Bluffs Savings Bank, reports that the past year was a good year for his bank. A 11 per cent dividend was paid to the stockholders and a bonus to the employees.

The Early Savings Bank paid a 10 per cent dividend last year. Deposits increased \$100,000 and are now around \$360,000.

D. H. Dingsley, cashier, Rowley Savings Bank, reports that the past year was the best year his bank has ever had from an earnings standpoint. Deposits have increased and local demand is fine. Fifteen per cent was recently paid on the trust and the balance of \$5,000 will soon be cleaned up.

Deposits at the Oakland Savings Bank are now over \$600,000 which is the high point for the last nine years. The bank paid a regular dividend last year and increased surplus \$3,500. Corn loans made total more than \$160,000.

Ed Dobler, assistant cashier, Westside State Savings Bank, has quit the bank and gone farming. He said work is most simple on his farm—all you do is pull an electric switch to get the work done.

Recent statement of the Blenco State Bank lists demand deposits at \$170,000, time deposits at \$81,800 and public funds of \$45,000. The total capital structure is over \$50,000.

Several signs around the First National Bank, Woodbine, notify customers that the new banking hours are now 9 a. m. to 3 p. m.

The Farmers State Savings Bank, Independence, has added a private office for **E. F. Sorg**, president, at the rear of the building and has enlarged the lobby space several feet by moving the wickets back. Mr. Sorg said his bank made over \$150,000 worth of corn loans and all are being carried in the bank.

A. C. Blanchard, president, State Savings Bank, Council Bluffs, has been spending a few weeks visiting at Dallas and New Orleans.

The First National Bank in Council Bluffs paid a 12 per cent stock dividend on their original \$50,000 common capital stock February 1st and retired a like amount of preferred stock. Preferred is now \$30,000 and common \$70,000. Surplus and profits are \$62,000.

B. O. Beadle, director, Whitney Loan and Trust Company Bank, Atlantic, passed away January 27th at the age of 62.

Deposits at the Atlantic State Bank are now around \$1,500,000 which is a nice gain over a year ago.

J. C. Cave and **W. H. Alter**, of the Home Savings Bank, Persia, recently had a narrow escape when the automobile in which they were riding with two other persons left the road and rolled down a steep embankment rolling over twice.

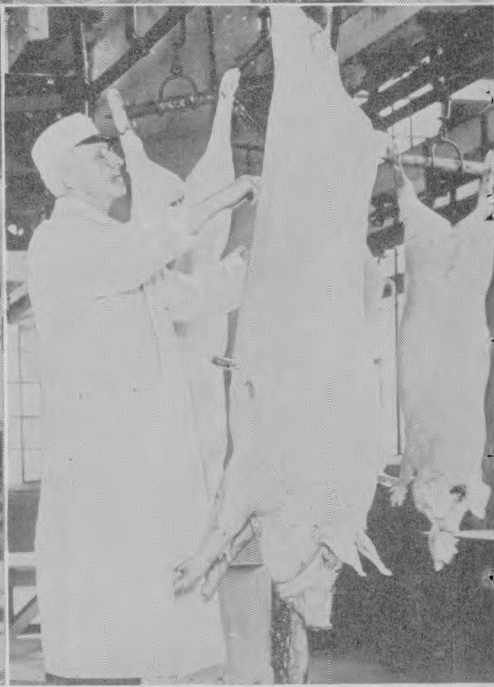
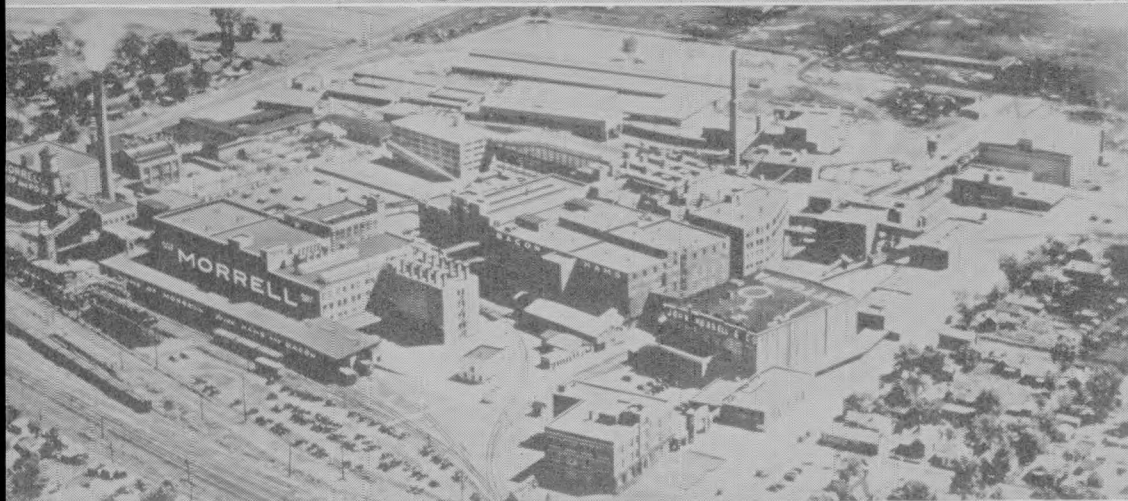
The Merchants National Bank, Cedar

UNITED STATES CHECK BOOK COMPANY

OMAHA, NEBRASKA

• BANKERS SUPPLIES •

Northwestern Banker March 1939



INSTITUTIONS THAT MAKE

Upper Left — The pork cutting floor in the Ottumwa plant. ● *Center* — Group of Morrell Savory Canned Meats, showing prize-winning label designs. ● *Lower Left* — The main Morrell Plant in Ottumwa ● *Lower Right* — Government inspector checking pork carcass.

BANKERS

6th and Locust Streets

OUTGROWTH of a quest for good hogs

Appreciation of good meats, is a heritage of Britain. For generations, pride in their steaks, mutton chops, hams and bacon has been a tradition in English meat shops.

As provisioners supplying the finest British trade, John Morrell & Co. in Liverpool was naturally on the lookout for dependable sources of top quality meats. Midway in the nineteenth century, when the western hemisphere gained increasing importance in meat-production, the Morrells decided to establish their own offices in America.

Paradoxically, the origin of the house of Morrell was in fruits, rather than meats. In 1827, with the profit on a boat-load of oranges, George Morrell established a fruit stall. His fruit business expanded to include provisions, then meat-curing. He took his sons into partnership. Later, direction passed to a son, John Morrell.

Morrell's first American office was established at New York in 1865. Meat-packing operations were started at London, Ontario, in 1868. Three years later, a Chicago plant was opened; and in 1877 — still seeking better-fed hogs to produce superior hams and bacon — Morrell selected Ottumwa, Iowa, as location for another plant.

The Ottumwa plant grew so rapidly that, by 1888, American operations were centered there. By 1909, Morrell headquarters moved from Liverpool to Ottumwa. The finger-tip outpost of thirty years before, became the nerve center of a world-wide business.

An outstanding figure in this impressive development is Thomas D. Foster. Grandson of the founder, Foster came to New York when American offices were opened. In 1872, he was placed in charge of American operations, a responsibility which he carried until his death in 1915.

Since 1909, John Morrell & Co. has acquired two more plants — one at Sioux

Falls, S. D., built in 1909; one at Topeka, Kans., purchased in 1931. Today, Morrell is the largest U. S. meat-packing organization not headquartered in Chicago. Annual business is approximately \$100,000,000. In every year except two since 1900, the company has earned a profit. After 112 years, direct descendants of the founder still head the business.

Morrell products are highly diversified. Fresh and cured meats are distributed through sixteen American branches and many foreign offices. The smartly-designed blue label of Morrell canned-meat specialties stands for quality the world over. In barely five years, Morrell Red Heart Dog Food has become a national leader.

Recent operating figures show annual expenditure of approximately \$60,000,000 for livestock, of which about half goes to Iowa farmers. Of Morrell's 6,000 employees, over 2,500 work in Iowa.

Both in the extent of its contribution to Iowa agricultural and industrial income, and in the merit of its comprehensive line of products, John Morrell & Co. has justly earned a place among the "Institutions That Make Iowa."

Just as John Morrell & Co. blazed new trails in developing a superior provision service, so has the Bankers Trust Company persistently worked toward the development of superior financial service — planned especially for Iowa business and correspondent-bank accounts.

A steadily increasing number of Iowa banks rely on the Bankers Trust to handle their business in Des Moines. Among these banks is the Union Bank and Trust Company of Ottumwa, one of the important banks serving John Morrell & Co.

IOWA



TRUST COMPANY

Member Federal Deposit Insurance Corporation

Des Moines

Rapids, is opening a personal loan department on the third floor of their building. This new department will be in charge of **Stanley Mohrbacker**.

E. A. Ebersole, cashier, State Central Savings Bank, Keokuk, is building a fine new home.

Burlington banks reduced interest rates the first of the year to $1\frac{1}{2}$ per cent on certificate deposits and 1 per cent on savings.

The Davis County Savings Bank,

Bloomfield, has had a phenomenal growth in deposits since 1933. Deposits were then \$177,500 and they now are over \$875,000.

Walter Light, vice president, First Bank and Trust Company, Ottumwa, returned March 1st from a month's vacation in California.

The First National Bank, Fairfield, pays 1 per cent interest on savings and six months certificate deposits and $1\frac{1}{2}$ per cent on 12 months certificate deposits. Deposits have increased \$150,-

000 in the last year and loans and discounts are up \$100,000.

The First National Bank, Eldon, is enjoying a steady increase in deposits and loans and discounts. A 10 per cent dividend was paid to stockholders last year. The interest rate paid here is 2 per cent.

Demand deposits at the Iowa State Bank, Fairfield, are \$670,000 and time of \$266,000. Two per cent interest is being paid on savings and six months certificate deposits and $2\frac{1}{2}$ per cent on 12 months certificate deposits.

V. Z. Breneman, cashier, Farmers State Bank, New London, among many other Iowa bankers, was confined to his home with the flu the later part of February. The bank was being ably managed by **R. C. Eckey**, assistant cashier.

The bank at Wever reduced interest rates last fall from $2\frac{1}{2}$ per cent to 2 per cent.

Fort Madison banks are paying 2 per cent on deposits.

An official of the Sheaffer Pen Company, Fort Madison, reports that last January was the second best January in the history of his company and was only exceeded by January, 1929.

Deposits at the Citizens State Bank, Donnellson, are \$750,000 which is the highest ever.

Waterloo banks recently made a reduction in interest rates and are now paying $1\frac{1}{2}$ per cent on deposits up to \$2,500 and 1 per cent thereafter.

In Des Moines

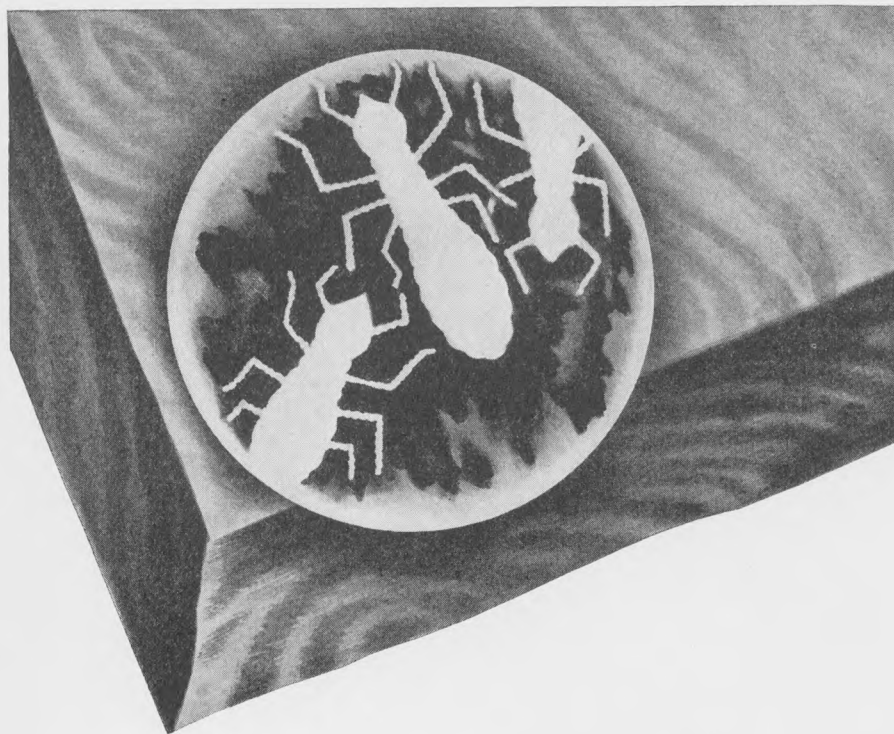
Sydney Gustafson, son of Mr. and Mrs. R. J. Gustafson of Odebolt, has recently been employed by the University State Bank in Des Moines.

Mr. Gustafson is a graduate of the Odebolt high school. He received his business training at the American Institute of Business in Des Moines.

Official Changes

A number of changes in officers of the Washington State Bank have been made recently, due to the resignation of Vice President Moore, who is now located in Danville, Illinois.

John F. Foster, formerly president, is now chairman of the board, and G. N. Barelay, a director, has been named president. Lee Holland, formerly cashier, is now vice president of the bank, and Frank L. Kos has been advanced from assistant



Temptation and opportunity combined may, in time, wreck an employee's character as termites wreck a building. Outwardly, the man and the building are intact. Inwardly, they are destroyed. A bank or business relying on such a man is due for losses—unless it carries adequate fidelity coverage in a sound, trustworthy company like the F&D...9500 agents ... offices in 48 cities.



FIDELITY, SURETY AND BANKERS BLANKET BONDS
BURGLARY, ROBBERY, FORGERY AND GLASS INSURANCE

FIDELITY and DEPOSIT
COMPANY OF MARYLAND, BALTIMORE

Northwestern Banker March 1939

Iowa News

cashier to cashier. Charles M. Barelay has come into the bank as assistant cashier.

Lee Holland has been made a member of the board of directors, filling the place left vacant by the resignation of Mr. Moore.

County Meeting

Woodbury County Bankers Association met in Sioux City at a 6:30 dinner.

There were thirty-nine present representing fifteen banks.

J. R. Capps, cashier of the Central National Bank and Trust Company, Des Moines, addressed the group on the Federal Wage and Hour Bill.

C. O. McLarn, cashier of the Climbing Hill Savings Bank, Climbing Hill, is president, and Henry W. Bush, assistant cashier of the Farmers Savings Bank, Pierson, is secretary.

Entertains

H. N. Reints, cashier of the Iowa State Bank of Clarksville, entertained a group of bank officials of Butler county institutions at his home in Clarksville. Fifteen men were present to enjoy a delightful 6:30 dinner and a pleasant evening of fellowship together.

Those present included George DeBuhr, Kesley; Vern Gearhart, Aplington; Sam Patterson, Austinville; Steve and James Barlow, Dumont; O. L. Whitlatch and F. C. Voights, Allison; O. A. Bailey and Oliver Jungling, Parkersburg; D. C. Ellis and C. C. Cave, Greene; H. Bochman, Aredale; M. Remmers, Plainfield; Fred Seitz and the host of Clarksville.

Patton Dies

Funeral services were held recently in Laurel for Merle C. Patton, 52, banker, who died in St. Thomas hospital in Marshalltown. Mr. Patton had been ill for a few days with influenza and pneumonia developed.

Opens Office

The Laurens State Bank is starting an office at Havelock. The old First National Bank building there is being remodelled on the interior and redecorated and complete banking outfit of fixtures are being installed. Walter B. Dale of Rock Rapids will have charge of the office.

Honor Ebersole

Members of the Lee County Bankers Association, to the number of forty, gathered in Keokuk for dinner, honoring E. A. Ebersole, president of the Iowa Bankers Association. The association officers were also re-elected for the coming year and are James W. Huiskamp, Jr., of

Keokuk, president, and Milton Lehning of Fort Madison, secretary-treasurer.

There were bankers and employes present from Keokuk, Fort Madison, Donnellson and Wever banks.

Reserve Member

Announcement was made recently by the Federal Reserve Bank of Chicago that the Union Bank & Trust Company of Strawberry Point had been admitted as a member of the Federal Reserve System.

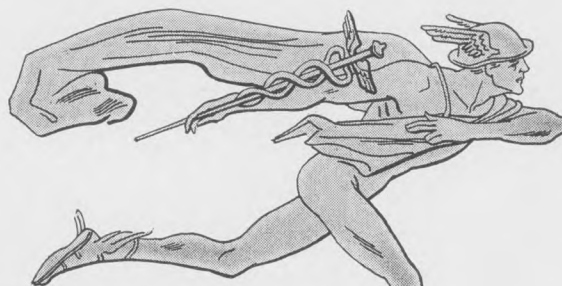
With Spencer Bank

Claire A. Thomas of Spencer has ac-

cepted a position as teller in the Clay County National Bank. He formerly was employed at the Central National Bank and Trust Company of Des Moines.

Charles City Meeting

The Charles City Clearing House Association, co-operating with officers of the Iowa State Bankers Association and Organization of Officers of County Bankers Associations, sponsored a meeting of bankers from Chickasaw, Floyd, Howard and Mitchell counties recently. The three local banks served as hosts at the gathering which was one of a series of inter-



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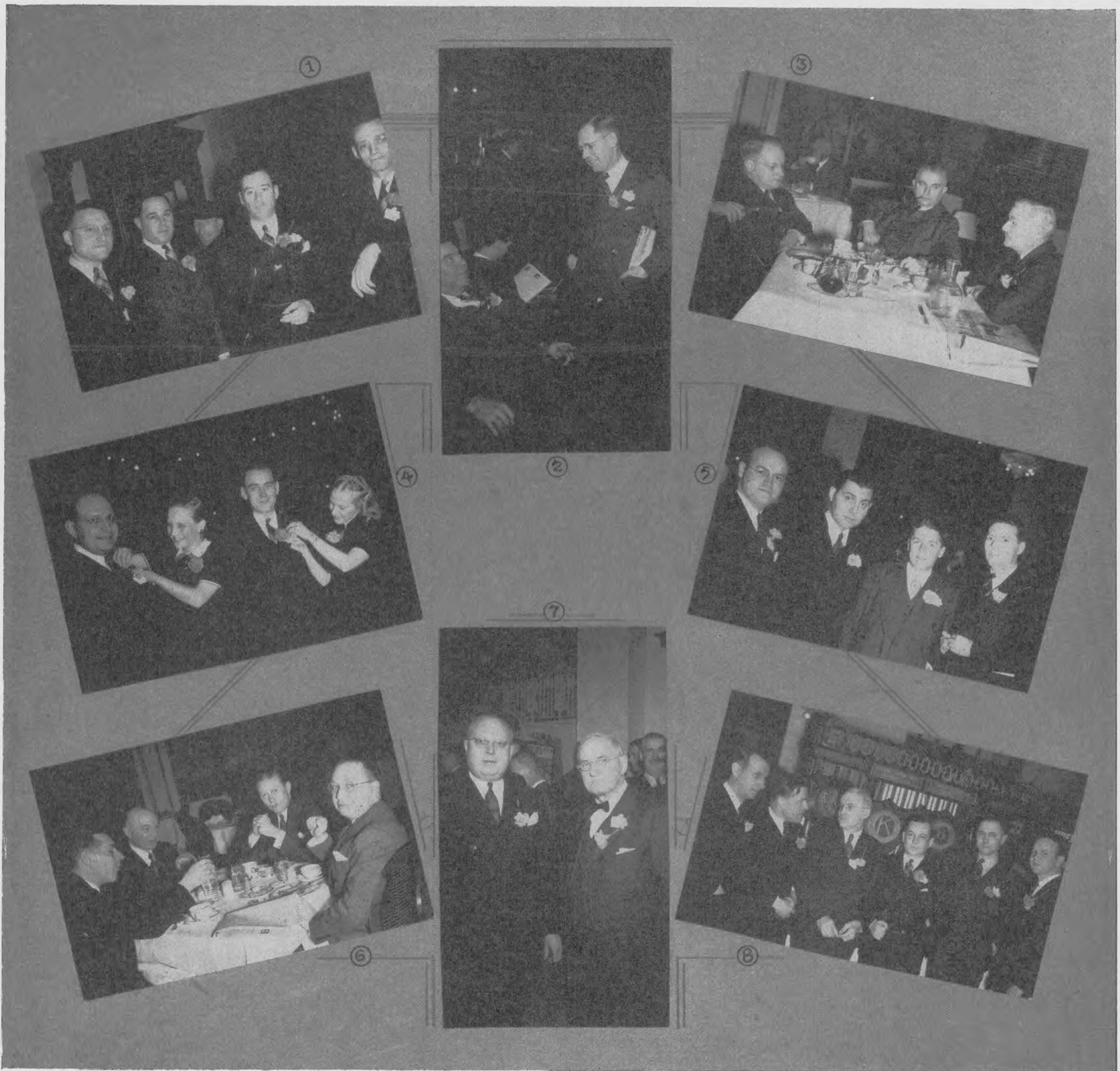
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Northwestern Banker March 1939



At the Group Eleven Meeting in Burlington

Reading from left to right: 1—**Julian Frost**, vice president Clarke County State Bank, Osceola; **William B. Whitman**, assistant secretary Manufacturers Trust Company, New York; **Frank Fuchs**, assistant cashier First National Bank, St. Louis; and **Ray Scott**, Commerce Trust Company, Kansas City. 2—**Elmer Shipman**, vice president State Bank of Wapello; and **Arthur Donhowe**, vice president Central National Bank & Trust Company, Des Moines. 3—**C. M. Nelson**, vice president and cashier Northern Trust Company, Chicago; **Lawrence A. Kempf**, assistant cashier Northern Trust; and **Dave Bates**, Iowa superintendent of banking. 4—**K. A. Coates**, cashier Peoples Savings Bank, Crawfordville; **Harriet Bringer**, W. D. Hanna Company, Burlington; **John Beyer**, Shaw, McDermott & Sparks, Davenport; and **Eleanor Friedel**, W. D. Hanna Company. 5—**Fred Cummins**, Drivers National Bank, Chicago; **W. E. Resseguie**, Continental

Illinois National Bank & Trust Company, Chicago; **Ward MacFadden** and **R. H. Kube**, Scarborough & Company, Chicago. 6—**Bruce Townsend**, vice president City National Bank, Clinton; **R. O. Byerrum**, executive vice president First Trust & Savings Bank, Davenport; **Gene Voss**, assistant vice president Continental Bank & Trust Company, New York; and **Charles Carey**, assistant cashier Harris Trust & Savings Bank, Chicago. 7—**Verne Bartling**, assistant cashier First National Bank, Chicago; and **G. W. Mattern**, president Citizens State Bank, Donnellson. 8—**William Zunkel**, cashier Decatur County State Bank, Leon; **H. O. Lovett**, vice president First National Bank, Fairfield; **C. E. Baylor**, president First Trust & Union Savings Bank, Sigourney; **Everett Griffith**, assistant vice president Iowa-Des Moines National Bank & Trust Company, Des Moines; **R. K. McGee**, cashier Clarke County State Bank, Osceola; **Robert Garlock**, assistant cashier Decatur County State Bank, Leon.

Iowa News

county meetings being held throughout the state for bankers.

Speakers included Frank Warner, Des Moines, secretary of Iowa Bankers Association; R. L. Bunce, Des Moines, deputy superintendent of banks; S. R. Torgeson, Lake Mills, president of Organization of Officers of County Bankers Associations. Others outside the four counties were V. W. Johnson, Cedar Falls, president of the Union Bank and Trust Company, and Douglas G. Swale, Mason City, assistant cashier of the First National Bank.

Philo Clark Dies

Paul Philo Clark, 82, former Iowa banker, died recently in Des Moines.

Mr. Clark, member of a widely known banking family, had been engaged in that business at Red Oak, Iowa, for many years.

Mr. Clark was born at Williston, Virginia, and before coming to Des Moines last December, had lived in Washington, D. C.

County President

Irwin Mosher, cashier of the West Liberty State Bank, was elected president of the Muscatine County Bankers Association at the annual dinner meeting held in Muscatine. He succeeds Glen Downing of Muscatine who headed the organization during the past year.

Other officers named by the group were: W. F. Siemers of the Muscatine Bank and Trust Company, vice president; Harold Nicolaus of the Wilton Savings Bank, secretary; and L. D. Krueger of the Central State Bank, treasurer.

New in Nevada

The State Bank and Trust Company, Nevada, which has been in the course of organization for some time, has filed its articles of incorporation and announces, through its officers, its readiness to open for business in the former First National Bank building.

The board of directors and officers of the institution consist of John Hattery, president; E. A. Fawcett, vice president; H. T. Fawcett, cashier; G. E. Everett, Glen Davis, C. E. Markland.

Jefferson Meeting

An inter-county group meeting of bank officers was held at Jefferson last month. Sac, Audubon, Calhoun, Greene, Dallas and Carroll counties were represented. This is one of a series held throughout the state.

Principal talks were given by Frank Warner of Des Moines, secretary of the Iowa Bankers' Association, F. Van Erde-

wyk of Breda, and R. A. Neary of Seranton, together with several others.

Those attending from Carroll included R. M. Moehn, Francis Maher, Dr. R. H. Lott, George Hess, George Werdel, C. E. Reynolds. J. E. Wilson of Lanesboro also attended.

Red Oak Meeting

Sixty representatives from fifty-four banks in Mills, Fremont, Page, Taylor, Cass, Adams and Montgomery counties attended the "Dutch Treat" dinner and meeting held in Red Oak.

E. C. Fishbaugh, Shenandoah, spoke

on state bank legislation; Frank Warner, Des Moines, on the wage and hour law; Lehman Plummer, Des Moines, installment financing; R. L. Bunce, Des Moines, federal banking legislation, and Everett Griffith, Des Moines, rural bank investments.

With FDIC

H. B. Jacobson has resigned his position as assistant cashier of the Story County State Bank, Zearing, and has accepted a position as bank examiner with the federal government and will work under the Federal Insurance Corporation.



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J. P. HAINER
Executive Vice President

J. R. GRAINING
Assistant Cashier
E. A. JOHNSON
Assistant Cashier
J. T. GRANT
Assistant Cashier

FRITZ FRITZSON, Vice President & Cashier

Member Federal Deposit Insurance Corporation

For New Bank

Organization plans for a new bank to serve Dow City and vicinity are now underway. Ten members have been appointed by the Dow City Commercial Club to solicit sale of stock. They follow: Joseph R. Smith, chairman; Albert Schlitz, Andrew Jackson, Jay Dwine, Lloyd Coleman, George Scott, Oliver Cook, William Cross, J. Leo Ahart and Charles J. Smith.

Cullen Heads Group 11

V. P. CULLEN, Burlington, executive vice president of the National Bank of Burlington, was elected chairman of Group 11, Iowa Bankers Association, in annual meeting on February 22nd. H. Lee Huston, of the Columbus Junction State Bank, was elected secretary. They will serve for two years.

Members of the nominating committee

were Wesley Swiler, Burlington, chairman; Frank Crone, Washington, Iowa, and Thomas Dyer, Wever, Iowa.

The report of the resolutions committee, composed of H. B. Hammer, vice president of the State Bank at Wapello, chairman; R. J. McCleary, vice president of the Security State Bank at Keokuk; and H. O. Lovett, vice president of the Fairfield First National Bank, was adopted as read.

The bankers went on record as opposed "to any transfer of our state banking department whereby its defense of the present unit and dual banking system may be weakened or its policies may be affected by political considerations." Other resolutions are:

"We oppose further expansion of postal savings or other governmental sponsored bank competition.

"We oppose compulsory membership in the Federal Reserve System.

"We oppose further centralization by the government of the credit resources.

"We commend the superintendent of banking and his department for their constructive efforts toward effecting a better banking system for Iowa.

"We commend the Iowa Bankers Association for continued service to Iowa banks and we especially commend our secretary, Frank Warner, for his untiring and efficient work in our behalf.

"We commend the Governor of Iowa and the Forty-eighth Assembly for their policy of economy in state government.

"We urge continued caution in bank investments.

"We appreciate the honor of having in this group the president of the Iowa Bankers Association, Ed Ebersole of Keokuk.

"We thank the Burlington banks, W. D. Hanna & Company, officers of this group and the management of the Burlington Hotel for so splendidly providing for our entertainment and comfort."

IOWA A. I. B. NEWS

Des Moines

For some time there has been a considerable demand for a good practical course in Business Letter Writing. With this thought in mind, the educational committee contacted Thos. F. Dunn of Drake University to teach the use of correct and effective English in the writing of business letters. This course started February 8th and will last for ten classes.

People around Des Moines are com-

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Iowa News

plaining about the maple syrup that is running down Fifth Avenue these days. This is all due to the slashing of pins hit by bowling balls, which occurs every Thursday afternoon. With the season a little more than half over, it now appears that six of the twelve teams which form the league are still in the running for first place. This close race makes competition very keen. At the present time Iowa-Des Moines National Bank and Trust Company Mortgage Department is leading the race, being pursued by the boys from the other side of the river representing the Capital City State Bank.

Individual leadership changes like the wind, but at present it's **Frank Tamse** and **Gilbert Phillips** leading the league by a nose. **Art Erickson** from Bankers Trust has a fine series to his credit and is leading the league in that division. A great game this bowling, at least we all think so, and win, lose or draw we all have a swell time.

Members of the Des Moines chapter swung out to their annual Valentine Dance to the strains of Jimmy Stewart's Swing Band. The Uptown Dance Studio, where the dance was held, was filled with laughter and merrymaking as those present danced the Lambeth Walk led by that likable young lawyer, **James Stewart**. Novelty dances were features of the evening and furnished much amusement to all; the prizes awarded to the lucky ones more than repaid them for venturing out on such a cold wintry night.

Hazel Reinholtz, Reporter.

Fort Dodge

The Fort Dodge group consists of twenty-four members drawn from the two local banks, The State Bank and The Fort Dodge National Bank, and from Farmers Savings Bank, Vincent, Burnside Savings Bank, Burnside, Lehigh Office of Burnside Savings Bank, Lehigh, and First National Bank, Dayton. The instructor is a prominent Fort Dodge attorney, **Dwight G. Rider**. The class meets regularly every Thursday and no sessions have been missed. Only one meeting has been postponed and that to allow Mr. Rider to attend the Governor's Inaugural Ball.

Class attendance is practically 100 per cent with the exceptions of **Ed Weiss** and **Steve Manchester** of The State Bank who were called to help settle the Swift & Company labor difficulty last October at Sioux City. As members of the National Guard their duty to their country came first. At present **Gus Rasch** of the Fort Dodge National is absent because of illness but

we look forward to his speedy recovery and hope that he will be back with us soon.

Larry Erritt has resigned his position with the Fort Dodge National Bank and accepted a position with the Davenport Ice & Coal Company, Davenport. Sorry to lose you, Larry. Success in your new venture!

Helen K. Collins, Reporter.

Grinnell

The Grinnell Group Study Class was

again reorganized this past fall, taking up the subject of Economics I. This is the fourth year in successful operation, and on completion of this year's work, many of the members will be eligible for the pre-standard certificate issued by the national office of the American Institute of Banking.

The instructor this year is Professor **Joseph Charlton**, head of the economics department of Grinnell College. Joe has been giving us some good work this winter.

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Frederick M. Morrison, *President*
Winfield W. Scott, *Vice President*
J. R. Astley, *Cashier*
E. P. Kautzky, *Asst. Cashier*

Hugh C. McCleery, cashier of the Grinnell State Bank, accompanied by his wife spent their vacation this year on a trip into the southland. Hugh, president of the Grinnell Group Study Class, reported a very enjoyable vacation.

Helen C. Hargrave, member of the Grinnell Group Study Classes for 1935-36-37 of the Grinnell State Bank, was made the new assistant cashier of that bank at the annual meeting held in January. You deserve this promotion, Helen, and we know your many friends were glad to hear about it.

W. N. Shellenbarger, cashier of the Hartwick State Bank, and a former member and president of the Iowa City Group Study Class when he was assistant cashier of the Lone Tree Savings Bank, joined the Grinnell Class. Shelly travels about forty miles each Thursday evening to attend classes and over some roads which are not the best gravel.

C. W. Fowler, Jr., Reporter.

Keokuk

The Keokuk Group Study Class experienced their first A. I. B. exam recently, being a quiz over the first four chapters of Banking I. Everybody seemed to have a worry as the time drew near, little black books everywhere and much last minute cramming. But it wasn't so bad. In the class of nineteen students—ten men and nine women—(including the wife of a vice president of one of the banks, who has had no banking experience whatever) there was no grade under 90!

The Keokuk reporter strayed to Quincy, Illinois not long ago, as the guest of **Miss Ethel Groves**, assistant cashier of the Broadway Bank of Quincy and the fellow A. I. B.-er, and attended a debate between the St. Louis Chapter of the A. I. B. and the Quincy Chapter. The affair was most interesting and enjoyable, attended by about eighty persons, among them many of the A. I. B. members from the Hannibal, Missouri branch.

The subject for debate was: "Resolved: That the United States Should Adopt a Substantially Increased Armament Program," and was won by the St. Louis team, who had the affirmative side of the question, but the Quincy debaters were by no means easily defeated, as they presented an amazingly good argument on the negative side of a much-

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Iowa News

discussed present-day question. The president of the St. Louis Chapter, **Dewey Shea**, was one of the members of the St. Louis team.

The debate was preceded by a dinner for the members of both teams and their wives and officers of the Quincy Chapter, and a buffet luncheon was served to all present following the debate, at which time everybody got to know everybody else, and it was indeed a very pleasant occasion, with A. I. B. friendliness much in evidence, and we liked Quincy's hospitality. We here in Keokuk feel especially close to the Quincy Chapter anyway—the natural link being our teacher, **Mr. Prall**, instructor at the Gem City Business College at Quincy, who also teaches the Quincy Chapter of A. I. B. We hear tell of them considerably and I dare say they hear about us, ever and anon.

Helen J. Kollmyer, Reporter.

Marshalltown

The Marshall County Group Study Class have just completed their second written test, grades running unusually high. Mr. Hancock reports the grades were from 86 to 99. When asked why a grade of 100 was not given he stated that he believed on an essay type test that there was very little likelihood of a perfect paper. However, he was much pleased with the results of the test. Mr. Hancock is an instructor in the public schools of Marshalltown, having received his Master's Degree from the University of Iowa, Iowa City.

The Marshall county group study class is a new group in the American Institute of Banking. This group was organized last fall and is comprised of bankers from Marshalltown, Melbourne, Green Mountain, Grundy Center, Zearing, and Union with a total enrollment of 18. The president of the class and the secretary are planning to enlarge the class next year by taking in some of the towns east of Marshalltown. The group meets every Wednesday at the Central Iowa Business College, which, incidentally, is donated to the use of the class by Mr. Hunt, president of the business college. Every fourth Wednesday the group journeys to Grundy Center for the meeting as there are four from the two banks there in the class and thus divid-

ing the traveling expense among the group.

The success in the organization of the Marshall county group study class goes largely to **Dutton Stahl**, associate councilman for Iowa. Mr. Stahl made a trip or two to Marshalltown aiding in a very satisfactory manner in the organization of this group. Mr. Stahl is assistant trust officer in the Iowa-Des Moines National Bank.

The class elected **John G. Bartine**, Fidelity Savings Bank, Marshalltown, as president and **Perry J. Everett**, Commercial State Bank, Marshalltown, as secretary-treasurer. Of course, being a new group, it was necessary that they

start with the course "Bank Organization and Operation." After several months of study the class finds that, as a whole, it did not know as much about bank organization as was supposed by many. There is some discussion at present regarding the class for next year, which in all probability will be Economics I.

Perry J. Everett, Reporter.

Nevada

Professor William Schrampher, instructor of the Story county group study class, received a "blessed event" last December. This reporter notices he paces back and forth in front of the class with greater ease than he did before the stork arrived. Perhaps he re-



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ceives more practice walking at home since the new arrival.

H. B. Jacobson and **Ralph Bean**, who are both members of the Story county group, have taken the examination for assistant examiners of the F.D.I.C. Mr. Jacobson has received his appointment and expects to take up his new work very soon.

T. E. LaVelle of the College Savings Bank in Ames and **F. G. King** of the Nevada National Bank, Nevada, who are both members of the group study class, have been elected vice president and secretary-treasurer respectively of

the Story County Bankers Association for 1939.

G. Roger Alley of the Ames Trust & Savings Bank, Ames, and a member of the Story county group study class, discussed A. I. B. group study class work at the inter-county group meeting in Newton recently.

Professor William Schampher presented a talk on the aims and purposes of the group study class at the annual meeting of the Story County Bankers Association.

J. L. Henry, Reporter.

Ogden

Our instructor, **L. R. (Rusty) Johnson**, had a birthday last month. The class, in appreciation of the fine work he has been doing for them presented him with a gift.

The class has been tendered an invitation by one of its members, **Art Herman**, of the Citizens National Bank of Boone, to hold a meeting in the near future at his cabin located along the Des Moines River near the Ledges State Park. Plans are now in progress for this meeting.

After study hour the members of the class have enjoyed several sessions of table tennis, thanks to the Citizens National Bank which has furnished these facilities. We are all hoping that **Good of Ogden** will be able to get some prac-

tice in the near future so that he can make the games with his opponents more interesting.

We are indebted to the **Boone State Bank & Trust Co.** for our meeting place again this year.

R. J. Nachazel, Reporter.

Webster City

The Hamilton county group study class with a membership of eighteen, representing the following towns, Webster City, Williams, Randall and Stratford, came to order recently for the nineteenth consecutive time. Class attendance has been very regular this year due to the exceptionally fine weather we are enjoying.

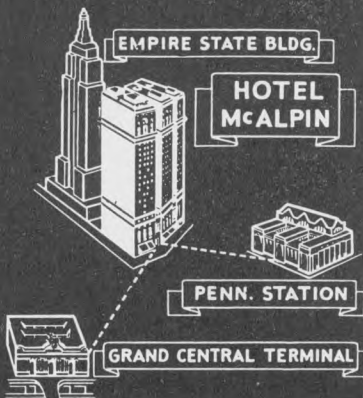
Our instructor, **E. P. Prince**, is back from a two weeks vacation in Florida—how we envy him! **Whitley Hemingway** did a splendid job of substituting as instructor during Mr. Prince's absence.

Another of our fellow students, **Melvin Johnson**, has also been taking a well-deserved vacation in the south. We are looking forward to your return, Mr. Johnson, as your presence is missed by all.

We were given our second test a few weeks ago and were very proud to hear that everyone received a passing grade. Here's hoping we keep up the good work.

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DES MOINES, IOWA

Savings Bank of Williams has recently finished remodeling, following the example set by the First State Bank and the Farmers National Bank of Webster City. The remodeling has made a wonderful improvement in all three banks.

Billy F. Vance, Reporter.

Federal Home Loan Bank Clinic Held in St. Louis

The twelve permanent Federal Home Loan Banks, comprising the Federal Home Loan Bank System, when in need of money to advance to the thrift and home financing institutions members of the banks, do from time to time float consolidated bank debentures and there are now outstanding \$90,000,000 in such debentures—\$41,500,000 at 1 per cent due July 1, 1939, \$25,000,000 at 2 per cent due December 1, 1940, and \$23,500,000 at 2 per cent due April 1, 1943.

These debentures are the joint and several liability of the twelve Federal Home Loan Banks and are exempt both as to principal and interest from all taxation except surtaxes, gift, estate and inheritance taxes.

The issues, when offered, met with an overwhelming response from the financiers and dealers throughout the country and were many times oversubscribed. Commercial banks and dealers have shown considerable interest in these debentures and Everett Smith, financial representa-

tive of the Federal Home Loan Banks, with headquarters at 31 Nassau Street, New York City, has personally contacted in many cities representatives of commercial banks and agents so interested, explaining the Federal Home Loan Bank system and that which stands behind these debentures. Such contacts indicated to Mr. Smith a lack of knowledge and understanding, to a certain extent, of the Federal Home Loan Bank system and a desire on the part of bankers and dealers interested in debentures to learn more about the system.

Accordingly, to meet this need and for the purpose of further popularizing debentures by acquainting purchasers—actual and prospective—with the soundness of the security which underlies them, the Federal Home Loan Bank of Des Moines, represented by its president, Robert J. Richardson, met with Everett Smith at the Federal Reserve Bank in St. Louis early last month. Wm. McChesney Martin, president of the Federal Reserve Bank, generously made available his beautiful board room for this purpose and twenty-eight representatives of local banks attended and a clinic was held upon the literal working of a Federal Home Loan Bank.

Mr. Richardson explained in detail the workings of the Federal Home Loan Bank of Des Moines, beginning with qualification for membership of eligible institutions, reviewing of periodical reports, re-

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Northwestern Banker March 1939

quired, method of fixing lines of credit, making loans, examinations, supervision, including bank rating analysis of a member institution, examiners' reports, and the reviewing of many other exhibits. An actual individual case was taken from start to finish, from the time it made application for membership and how its busi-

ness was handled with the bank and the bank's with it.

Mr. Richardson stated the twelve Federal Home Loan Banks are a permanent reserve credit system established in 1932 for home financing institutions which qualify for membership. The Federal Home Loan Banks are to the thrift and

home financing institutions of the country what the Federal Reserve System is largely to its membership.

Membership in the Federal Home Loan Banks is composed of Federal savings and loan associations (Federally chartered and supervised), state-chartered building and loan associations, insurance companies and savings banks. Each member institution must own stock in its regional bank to the amount of at least 1 per cent of the aggregate of the unpaid principal of the member's home mortgage loans, but not less than \$500.

The United States Treasury has subscribed and paid in on the capital stock of the banks \$124,741,000. Other funds, in addition to debenture issues, come from purchase of stock by members. Each bank must carry to a reserve account semi-annually 20 per cent of its net earnings, until this reserve equals its paid-in capital, and thereafter 5 per cent must be set up. All reserves of all the banks are invested in direct or guaranteed obligations of the United States.

All present were impressed with the record and phenomenal growth of the Federal Home Loan Bank system during the more or less brief time it has been in evidence, as evidenced by the following picture as of December 31, 1938.

Advances outstanding total \$198,842,438, an increase of \$2,617,501 compared with June 30, 1938. Of this sum, \$45,239,652 represents short term loans which are due and payable within a period of one year. The remainder represents long term loans maturing over a ten-year period, on which installments approximating \$17,338,407 are due within twelve months. The total of loans advanced by the twelve banks since the beginning of operations on October 15, 1932, to December 31, 1938, amount to \$487,141,873, of which \$288,299,435, or 59 per cent, has been repaid. As of December 31, 1938, 11 members of the banks were in liquidation, which members owed the banks a total amount of \$500,838 secured by collateral of an estimated value of \$611,741 and by additional collateral of \$76,800, representing the investment by such members in the stock of the banks. The banks anticipate no loss on the advances to members in liquidation. Of the total amount of the outstanding advances on December 31, 1938, to members not in liquidation, only loans amounting to \$18,475 with interest of \$142 were delinquent in excess of 30 days.

Net income for the year 1938 amounted to \$4,779,896, of which \$1,218,000 was allocated to reserves. Dividends aggregating \$2,405,622 were declared by the banks during the year 1938, resulting in an increase of \$1,156,274 during the year in undivided profits.

Minnesota Federal

SAVINGS AND LOAN ASSOCIATION

Savings and Loan Building—Saint Paul, Minnesota

Largest Federal Savings and Loan Association in the Northwest

FINANCIAL STATEMENT

As of February 28, 1939

RESOURCES	LIABILITIES
First Mortgage Loans..\$11,772,895.98	Savings and Investment Accounts\$10,050,234.91
Loans secured by Pledge of Accounts 10,848.68	Advances from Federal Home Loan Bank.... 2,550,000.00
Home Purchase Contracts 576,519.21	Mortgage Loans in Process 316,127.22
Federal Home Loan Bank Stock 275,000.00	Reserves and Undivided Profits
Office Building, Furniture and Fixtures.... 186,725.12	Contingent Res. Fund\$90,000.00
Real Estate Owned.... 184,352.01	Fed. Ins. Res. Fund 35,921.56
Other Resources 9,712.92	Special Reserves 51,002.41
Cash on Hand and in Banks 192,215.82	Undivid. Profits 44,213.96
Total Resources\$13,208,269.74	Total 221,137.93
	Miscellaneous Liabilities 15,977.17
	Net Earnings from January 1, 1939..... 54,792.51
	Total Liabilities\$13,208,269.74

INVESTMENT INQUIRIES INVITED

A SAFE, PROFITABLE INVESTMENT FOR SURPLUS FUNDS



For sixteen years, this \$8,000,000.00 association has financed the buying and building of homes in the twin cities of St. Paul and Minneapolis. Today, its sound financial condition, its government charter and supervision, its ample reserves and experienced management make its shares a safe and profitable investment for the funds of insurance companies, business and social organizations, and individuals alike. We will gladly submit our statement to anyone interested.

TWIN CITY FEDERAL SAVINGS & LOAN ASS'N
EIGHTH & MARQUETTE . . . MINNEAPOLIS

New Problems to Meet In Real Estate and Mortgage Lending

AMONG bankers and mortgage lenders there is more interest and concern about methods of appraising real estate today than ever before. Why should that be? After all, property has been security for loans and the value of that property has been appraised for many years gone by. Foreclosures have taken place and properties which secured loans have been acquired. As a matter of fact, foreclosures were considered one of the risks of mortgage lending. Also, property which was acquired was managed and disposed of, mostly without loss. What conditions changed which have made those interested in real estate or mortgage loans more appraisal conscious than ever before?

To work backwards in finding the conditions which exist today, there is more real estate owned by institutions and the government than ever before in the financial history. For one thing, this means that there is less land in possession of private individuals. When millions of residential units and farms were being acquired by the Home Owners' Loan Corporation and the farm relief agencies, many appraisals were made. During this process of transferring ownership of property to the government agencies, banks and mortgage lending institutions became conscious of the appraisal processes which were being developed. It was a logical step for them to analyze the real estate which was left in the portfolios of their institutions. Some loan managers and heads of newly formed real estate departments were shocked to discover how little they knew about the physical security which was behind loans still on their books and about property already acquired. Thorough reappraisals were the only answer to determine management and liquidation policies which would both be sound and which would most benefit the institutions involved.

Small Return

The appraisals made of real estate owned by lending institutions first revealed that there was a very small return being earned on the book value of these properties. Further analysis was necessary to figure out how the liquidation of these low-earning or loss-producing assets could be accomplished. Further, it was necessary to see how prospective owners

By
FRANKLIN HARDINGE, Jr.

*Secretary
Society of Residential Appraisers
Chicago*

could be justified in purchasing this property which the banks and lending institutions did not want. It was in the further analysis of property owned that there was discovered factors influencing value such as the amenities which a home owner would pay for, yet which a renter would not, and what expenses in the management of residential property an institution would have to bear which would be non-



FRANKLIN HARDINGE, JR.

existent should an owner occupy the same house. This type of analysis was necessary, moreover, in order to further reveal the justification for new loans to be made on new or existing property.

There were many banks which made a firm resolution never to return to the mortgage loan field for investment of their funds after the trouble of the early thirties. There were many managers of other types of mortgage lending institutions whose confidence was badly shaken

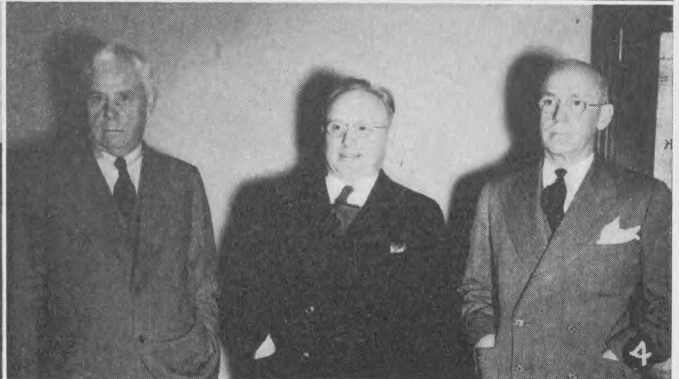
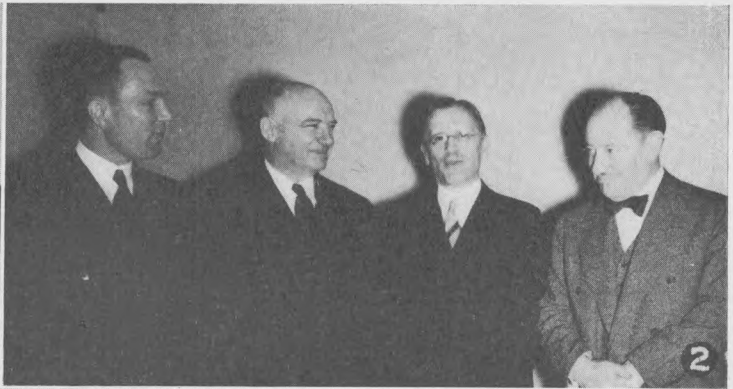
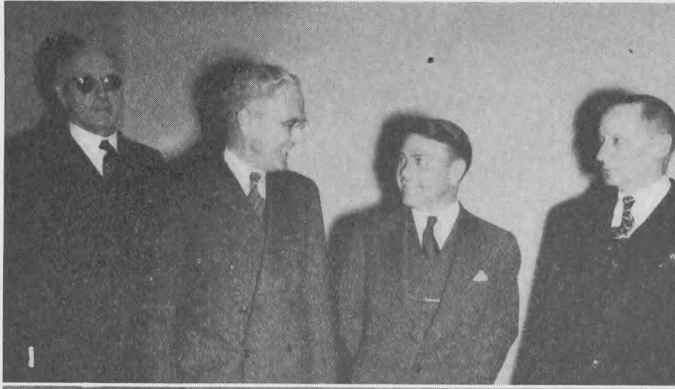
in this type of investment. After all, there was an excellent opportunity to have the weaknesses of past lending policies revealed in a study of the ten billion dollars of loans which were in a distressed condition. What was more startling than past experience was the proposals for new loans to be made at higher percentages of the value of real estate than was ever before known.

As a result of the experience learned with past lending practices and policies, the dangers of the straight first and amortizing second mortgage system were revealed. Studies made have shown conclusively that costs of mortgage financing in the twenties were approximately 20 per cent to 35 per cent more than they are today. Further, a practical study of the amounts loaned under first and second mortgages revealed that the total very nearly approximated, if not actually exceeded, the higher percentage loans being encouraged and made today.

Past Experience

The 75 per cent, 80 per cent and 90 per cent loans possible under existing mortgage plans drew more attention to the value of the security to which these percentages were applied. If past foreclosure experience had not early shown up the meaningless efforts of past so-called appraising, a study of how appraisals were to be made to fit into the new lending practices did this very thing. It was not hard to find where too much reliance had been placed on sales prices of real estate in determining the value upon which loans were made in the twenties. Therefore, the conclusion was reached that not all real estate salesmen are good appraisers. As a matter of fact, their alternating over-optimism and over-pessimism are influences to avoid in making appraisals today. However, the importance of sales prices in arriving at conclusions about value still is obvious to loan managers who are all preparing to meet current conditions in the mortgage lending market.

Examples were legion as to the difficulties banks and lending institutions had encountered by making mortgage loans because "Jones was good for that amount of money." In this instance no consideration was given to the underlying security and no thought was given to the possibility
(Turn to page 75, please)



Hold Meeting in Des Moines—The executive committee of the Federal Home Loan Bank of Des Moines came to Iowa's Capital City recently, to hold their quarterly meeting in conjunction with the annual stockholders' meeting of the organization. Pictured above are members of the executive committee who attended, and reading from left to right they are: 1—**Fred E. Hodgson**, secretary Fergus Falls Savings and Loan Association, Fergus Falls, Minnesota; **H. H. Bennett**, secretary Perpetual Savings and Loan Association, Cedar Rapids, Iowa; **Robert L. Hill**, Alumni Recorder, University of Missouri, Columbia; and **John D. Gray**, secretary Fidelity Savings and Loan Association, Valley City, North Dakota. 2—**Everett Smith**, financial representative, Federal Home Loan Banks;

bins, chairman of the board, Cedar Rapids; **Fred W. Catlett**, member of the board, Federal Home Loan Banks, Washington, D. C.; and **Robert J. Richardson**, president Federal Home Loan Bank, Des Moines. 3—**A. F. Leonhardt**, secretary Economy Savings and Loan Association, St. Louis; **William E. West**, secretary Standard Federal Savings and Loan Association, Kansas City; **John Newbury**, secretary Home Building and Loan Association, Jefferson City, Missouri; and **Louis H. Kelley**, secretary Hennepin Federal Savings and Loan Association, Minneapolis. 4—**E. J. Russell**, vice chairman, St. Louis; **L. A. Boyles**, secretary Yankton Building and Loan Association, Yankton, South Dakota; and **E. A. Purdy**, vice president Wells-Dickey Company, Minneapolis.

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and LOAN
ASS'N**

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All investments insured up to \$5,000
by an instrumentality of the U. S.
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Dependable

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For

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(Current Dividend Rate)


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HEADACHES?**

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and other expenses. The principal of
each account is insured up to \$5,000 by
a U. S. Government Agency. Current
Dividends 4% semi-annually. Assets over
\$750,000. Write for full particulars.



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OF DES MOINES**

216 8th Street Phone 4-5324

"To Know Each Other Better IS Better for Business"

WHILE John F. Scott, energetic president of the Minnesota Federal Savings and Loan Association, of Saint Paul, Minnesota, does not impress one as being a "dreamer", he may have had his visionary moments when, as the very young general counsel of the Federal Land Bank of Saint Paul, he occupied a desk back in 1922 in the very building which today houses his thirteen million dollar savings and loan association.

This imposing stone edifice, built in 1908 by the First National Bank of Saint Paul, was completely remodeled and modernized since its recent purchase by the Minnesota Federal, and stands today as a noteworthy example of the part this organization has played in the progress of the city of Saint Paul since its inception in 1922. Mr. Scott has been president since that time, and two others of the original board of directors are still serving in that capacity, J. C. Enright, president of the Old Fashioned Millers, Inc., and Thos. E. Good, president of the Saint Paul Union Stockyards Company, of South Saint Paul.

Mr. Scott feels that the cordial employer-employee relationship existing in his organization has contributed much toward the progress the association has made. In the remodeling of the building a large part of the basement was converted into recreation quarters for the employees in

the form of a river cruiser christened the "S. S. Minnesota Federal." The side-walls of the main room—or deck—consist of large photo-murals of the Mississippi river at Saint Paul, which, with the construction of the remainder in true nautical manner, creates a most convincing illusion that one is really aboard ship. The largest photo-mural is 32 feet long and 8 feet high and represents an enlargement of 2,304 times of an original negative 8 x 10 inches in size. The "steel" sides of the ship are made of a composition material, with large brass-headed tacks simulating the rivets. With the application of three coats of white paint the effect is startlingly accurate. As the entire building is air-conditioned by its own 310 feet artesian well, the hum of the motors in the basement operating the circulatory fans adds to the illusion and the air current keeps in continuous motion the flags of the International Code. Novel lighting effects cans transform the main, or promenade, deck to a "Moonlight on the Mississippi" scene which is most entrancing.

The captain's cabin, which is fore, is the library, paneled in redwood and furnished up to the nautical minute with red maple. Even the sloping floor suggests a ship. Here may be found all up to date reading matter pertaining to savings and loan.

The crew's mess, which is aft, is where



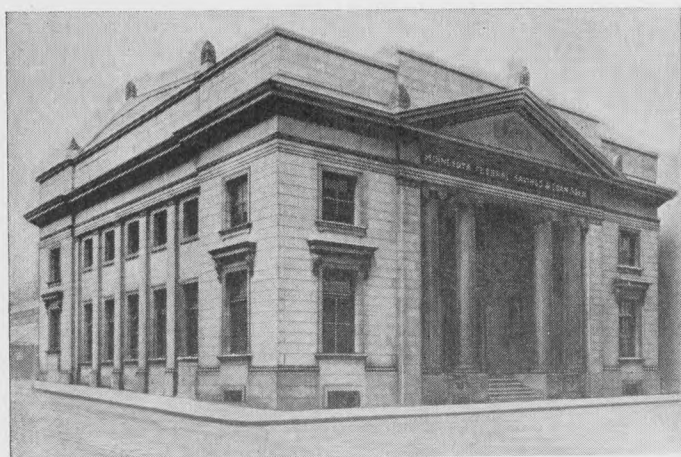
JOHN F. SCOTT

the "crew" of the good ship gather each day to enjoy their noonday lunch (packed up at home), coffee being brewed in the galley adjoining, which is completely equipped with electric stove and ice box, dishes, silver and linen.

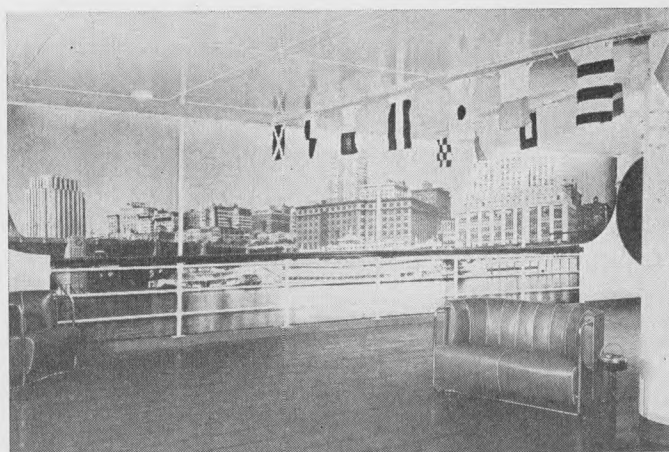
Locker, shower and rest rooms also located on the basement level, have been provided to complete a most convenient and comfortable whole.

"Upstairs" on the second floor is located the beautiful women's lounge, designed for the comfort and convenience of women customers and their friends. Here one may meet her friends, check her parcels, powder her nose, make either Saint Paul or Minneapolis telephone calls without charge, or write her personal notes on attractive letter paper furnished by the association.

The entrance to the women's lounge



The home of the Minnesota Federal Savings and Loan Association, in St. Paul



This is the promenade deck of the S. S. MINNESOTA FEDERAL, looking toward the port side. In the background can be seen the large photo-mural mentioned in the accompanying article.

Northwestern Banker March 1939

reminds you of the porch at home—low swinging outdoor lantern, rug at the entrance, an inviting door, and you enter a dream of a reception room, in a cool misty blue and warm white; rust drapes brighten the windows on even the grayest days, and the Minnesota Federal's gold eagle peers from its perch on the chandelier. Off the reception room is the powder room, silver and blue, with carrara glass walls. Seven steps, with gracefully curving balustrade, lead down to the lounge proper. This room presents a quiet retreat from the busy street below. The

knotty pine walls have a satiny finish through two coatings of wax. The twisted chenille carpeting is Bermuda sand color; glazed chintz draperies in flower design on a dark brown background hang straight from the high windows, the chintz being used also to upholster the wing-back chair near the red brick fireplace, where a brightly glowing fire creates an atmosphere of cheer and welcome. Blond wood occasional chairs are covered in a striped satin, and a charmingly appointed desk, also in blond wood, and attractive floor lamps, complete the picture. A gracious

hostess welcomes all women guests to this restful room, and here are held the Minnesota Federal's radio broadcasts on Mondays, Wednesdays and Fridays, with an opportunity afforded guests of the association to personally meet and chat with the artists who appear on these programs.

Walnut paneling makes a pleasing contrast with the Italian marble walls on the main floor. Up-to-date posting machines and silent typewriters add to the comfort and convenience of the employes and facilitate the handling of the volume of business which has favored this association.

"We know our investment in the purchase and remodeling of this new home will pay big dividends through the years in loyalty, enthusiasm, camaraderie and efficiency of our personnel," writes John F. Scott, president of the association. "Further, the recreational facilities provide a means for social entertainment of customers and their wives (such as contractors, realtors and architects) after business hours, and are also available for social purposes for responsible civic organizations, many of which have already made use of them during the four months which we have occupied the building. The only limit upon their effective use is the ingenuity of the executive management. To know each other better is better for business."

Reports Continued Gain

When James M. Camp called to order the 1939 annual shareholders' meeting of the United States Federal Savings & Loan Association, as secretary and manager, it was the fifth consecutive year he had a wholesome gain in the affairs of the company to report. The United Federal Savings and Loan was one of the very first of such organizations to be established in the United States. In less than five years since inception, first mortgage monthly amortized loans in its portfolio have risen to \$683,000, and surplus has exceeded \$20,000.

"The United Federal Savings and Loan Association," Mr. Camp told his shareholders, "not only has enjoyed phenomenal development, but today stands in a better position than ever for expansion. For example, during the past year many of our larger Des Moines casualty insurance companies have invested funds in the United Federal Savings and Loan, and banks, too, are investing the funds of small trust accounts in our certificates. I predict we will become the depository for many thousands of dollars more of these funds during the next year."

Indicative of this trend of investment in federal savings and loan institutions is the fact that the United Federal Savings & Loan issued over \$30,000 worth of certificates to new shareholders the first twenty days of January this year.

CONVENIENT CONSTRUCTIVE EXPERIENCED FRIENDLY SERVICE

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SAVINGS AND LOAN
ASSOCIATION**

Assets over \$1,000,000.00

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Member of the
FEDERAL HOME LOAN BANK SYSTEM

511 7th Street
DES MOINES, IOWA



Insurance Companies

Partnerships
Individuals
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Investors of This Association

Insist on

Insured Safety

GATE CITY

Building & Loan Association

518 N. P. Ave.

FARGO NO. DAKOTA

Member Federal Home Loan Bank System

A SECURITY FOR EXACTING INVESTORS

Some of the leading business executives and some of the foremost corporations in the United States have placed part of their own funds in shares of the Hennepin Federal Savings and Loan Association.

Our motive is two-fold:

1. Safety—Every investor's holding in a Federal Savings and loan Association are fully insured up to \$5,000.
2. Public Service—Funds so invested are loaned mainly for the building and improvement of homes, leading to the employment of labor and the purchase of materials, thus creating business activity from which everyone benefits.

We will be glad to give you further information on the ways in which this Association protects your savings and serves the interests of this community.

Write for information

**HENNEPIN FEDERAL SAVINGS and LOAN
ASSOCIATION of MINNEAPOLIS**
408 Second Ave. S.

Mr. Camp further pointed out that one type loan, (small first mortgage, not to run too long, and with monthly payments of interest and principal set-up to meet the earning capacity of the borrower, and based on very low appraisal), was the main contributing reason for the fact his company has 347 amortized loans, with the average unpaid balance per loan being less than \$2,000.

"This fact," stated Mr. Camp, "equals the Federal insurance of accounts in the

rapid establishment of public confidence in our association and gives added safety to our investors. Mortgages which we made four years ago and still in our files have been reduced 28 per cent. The average of all current loans, including those



JAMES M. CAMP

made as of today, have been reduced 15 per cent. As you know, each account up to \$5,000 is insured by an agency of the Federal government. Certainly these facts are an inducement that will attract additional trust funds to United Federal Savings and Loan Certificates. Particularly, since our shares have never failed to pay less than 4 per cent semiannual dividends."

NEW PROBLEMS IN MORTGAGE LENDING

(Continued from page 71)

that Jones' financial affairs might change in the near future. Loans are, therefore, not to be made today without an adequate analysis of both the physical security and the moral risk of Jones.

On the other side of the blacker picture of the past were the causes for loss on mortgage loans made with no consideration for Jones' moral risk and with consideration being given only to the cost of building Jones' home. The bids or estimates of architects and contractors who considered only the brick and mortar being used in the house, with no reference to the economic and social soundness of the house as related to its surroundings, cost many a lending institution more money than it cares to disclose. Present appraisals, therefore, give consideration to reproduction costs as the upper limit of value, but recognize that cost and value are not synonymous.

Federal Home Loan Bank of Des Moines

DES MOINES, IOWA

Statement of Condition
January 31, 1939

RESOURCES

Advances to Members	\$15,317,288.80
U. S. Treasury Bonds	2,874,468.58
Home Owners Loan Corp. Bonds	24,000.00
Interest Receivable	
Accrued	69,889.70
Deferred Charges	25,157.28
Cash	2,046,054.12
	<u>\$20,356,858.48</u>

LIABILITIES

Government Stock Subscription	\$ 7,394,900.00
Members' Stock Subscription	2,127,700.00
Participation-Consolidated Bank Debentures	9,500,000.00
Deposits	842,750.00
Interest Payable Accrued	43,008.54
Deferred Credit	11,562.52
Surplus:	
Reserve	\$235,382.28
Undivided Profits	201,555.14
	<u>436,937.42</u>
	<u>\$20,356,858.48</u>

Security Means Everything

This long established institution furnishes you a good investment for your savings.

It helps you to make *your home* come first, by arranging a low-cost, long-term budget payment plan for the financing of said home.

DES MOINES BUILDING-LOAN & SAVINGS ASSOCIATION

411 6th Ave. 4-8303

ELMER E. MILLER HUBERT E. JAMES
Pres. and Sec. Asst. Sec.

Member Federal Home Loan Bank System

WIRE US COLLECT

and we will be pleased to send you our latest Financial Statement



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Fourth and Cedar Streets
SAINT PAUL, MINNESOTA
Established 1924

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BEN FRANKLIN FEDERAL SAVINGS AND LOAN ASS'N.

92 E. 4th St. St. Paul, Minn.



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4% on Savings

Paid Semi-annually

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522 Grand Ave. Des Moines



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WHY YOU WILL LIKE THIS SAVINGS PLAN—

1. Liberal Earnings
2. High Safety Margin
3. Friendly Service

STATE BUILDING LOAN AND SAVINGS ASSOCIATION

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Northwestern Banker March 1939

1939 - Our 50th Anniversary Year

There must
be a reason
for fifty years
continued growth
through Good
times and Bad.

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1939 - Our 50th Anniversary Year

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of
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big US and little
YOU.

YES--when it is as
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news and pictures
in their newspaper.

May we prove it?

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Serving Iowa Business Since 1907

New Problems

Having determined what was *not* going to be done when appraising the security of loans to be made today, new problems were encountered by appraisers seeking to adapt themselves to newly found conditions. In order to consider not only the present value of property but also the future trend of the property and its surrounding district, some factors which previously seemed to have no bearing on the value of the individual home were discovered to be most important. The appraiser who seeks to render his opinion of value on property today without giving some consideration to the present demand or the probable future demand for the type of property is not doing his job and he may get his employer into trouble.

Closely related to the way population is growing is the way in which population is shifting from one section of the country to the other and from farm to city and from city to city of varying sizes. He will have to give consideration to the effect on his city of the decrease or possible increase of immigrants. In some sections of his city he might find an excess of vacancies because the accommodations which are of the lowest type will be inhabited only by those who first come to this country and will not be inhabited by first generation foreign people. He will have to examine the trends which show that cities of certain size are growing or are declining in population so as to determine which trend his own city is experiencing.

So the appraiser has started by studying national statistics and found that his research has carried him back to his own city and to some very practical conclusions which definitely influence his estimate of value determined for his employer who is to make loans on property within his city.

There are two professional appraisal organizations which are attempting to help the appraisers throughout the nation to do a better job. A great many banks, building and loan associations and insurance companies are actively supporting these two organizations because of the very practical benefits which will come

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Phone 3-5156

Colonial Finance Company

□

C. C. BROOKS, Jr., President

O. L. WYNKOOP, Sec.-Treas.

□

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IOWA

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INVESTMENT SERVICE
INDIVIDUAL, INSTITUTIONAL
AND ESTATE ACCOUNTS

PERSONAL INTERVIEWS
SOLICITED

Insurance Exchange Bldg.
DES MOINES, IOWA

from their activities. There have been changes and there will continue to be changes in the real estate and mortgage lending field as our country comes out of its frontier stage into its maturity. Each

individual has a better chance of being informed about these changes if he pools his efforts in these appraisal societies with many others who have the same practical interest in these changes.

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IN THE DIRECTORS ROOM



Some Dog

A man was strolling down the street, holding a large dog by a leash, when he met a friend. The conversation soon turned to the merits of the dog.

"Yes," said the owner, "that dog could detect a bird a mile away."

"Indeed!" said the friend who noticed the animal sniffing nervously. "That dog acts as if a bird were under his nose, and there isn't a bird near."

The owner looked perplexed. Seeing another man near him, he approached him and asked, "Pardon me, but have you a bird in your pocket?"

"No," answered the man.

After a few minutes the dog's owner said, "Excuse me, but what's your name?"

"Partridge."

"Ah," said the owner to his friend, "that explains it."

The Pedestrian

I gaze across the street so wide; I start, I dart, I squirm, I glide; I take my chances, oh, so slim—I trust to eye and nerve and limb.

I scoot to right, I gallop through; I'm here and there, I'm lost to view. My life, I know, hangs in the toss—another plunge—I am across!

Oh, give me pity, if you can—I'm just a poor pedestrian.

Glad You Came

"I don't often eat such a dinner as I've had today," complimented the important guest.

"We don't either," rejoined the small son of the host.

Correct Dress Essential

1st Student: "I failed in my history examination."

2nd Student: "But I thought you had all the answers written on your cuff."

1st Student: "So I had, but by mistake I put on my geography shirt."

Service

The owner of a midget car drove to a filling station and asked for a pint of gasoline and two ounces of oil.

"Right," said the attendant. "And would you like me to sneeze in the tires?"

Northwestern Banker March 1939

Moon Won

Sambo had joined a debating society, and the day after his first meeting he was being questioned by a group of his friends.

"What was de subject of de debate, Sambo?"

"De subject were 'What is de most benefit to mankind, de sun or de moon?' " replied Sambo.

"And which side did you take?"

"De moon's," said Sambo. "I argued dat de sun shines by day when we doan' need de light, but de moon shines by night when dat light mos' certainly am needed. An' they couldn't answer dat, sah!"

Deep Impression

Doctor: "Why do you have BF7652 tattooed on your back?"

Patient: "That's not tattooed, doctor. That's where my wife ran into me with the car when I was opening the garage doors."

Cured

McTavish had never had the reputation of being an early bird and things became so bad that the foreman reprimanded him. A few days later, noticing a considerable improvement, he complimented Mac on his changed ways.

"Aye," retorted the latter, "I've got a parrot now."

"But what has a parrot got to do with it. Didn't I advise you to get an alarm clock?"

"I bought one," admitted McTavish, "but after a morning or two I got used to it and then it failed to wake me, so I just got a parrot and now when I go to bed I hang the alarm over its cage. When it rings it awakens the parrot, and what the parrot says would awaken anybody."

Said He, Sharply

Ed: "While we're sitting in the moonlight, I'd like to ask you—"

Co-ed: "Yes, dear."

Ed: "If you couldn't move over, I'm sitting on a nail."

Union Activity

Jones (calling Smith over telephone): "Can't you come over tonight?"

Smith (answering Jones): "I can't, I'm washing my B. V. D.'s."

Just here the operator accommodatingly remarked: "I'm ringing them."

In Doubt

Traffic Copper: "Hey, you! Is that your car?"

Sorrowful-Looking Motorist: "Well, officer, since you ask me, considering the fact that I still have fifty payments to make, owe three repair bills, have not settled for two new tires and don't know when I will be able to, I really don't think it is."

Certainly Not

Motorist: "But, officer, you can't arrest me, I come from one of the best families in North Carolina."

Cop: "That's all right, buddy, I'm not arresting you for breeding purposes."

Nothing But Holes!

Women are seeking

The great open spaces,

Blouses with eyelets

And sheerest of laces,

Stockings of mesh,

A sandal that shows

Through punctured partitions

Sections of toes.

It goes very hard

On sensitive souls

To step out attired

In nothing but holes.

Strong Measures

"So you say the water that you get here at the fraternity house is unsafe?"

"Yeah."

"Well, tell me, what precautions do you take against it?"

"First we filter it."

"Yes."

"Then we boil it."

"Yes."

"Then we boil it."

"Then we add chemicals to it."

"Yes."

"And then we drink beer."

To Be Read Softly

They apparently had not met for some time. They were sitting in the twilight together listening to the languorous roll of the sea below.

"And you say that last week you were in town where I live?" she asked softly.

"Uh-huh."

"And you thought of me, John?"

"Yep," replied John. "I said to myself, 'Why, I remember—this is where what's-her-name lives!'"



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