

NORTHWESTERN *Banker*

APRIL
1968



Annual Bank Investment Review

Pages 35-42



How Banks Can Protect Against Burglaries and Holdups

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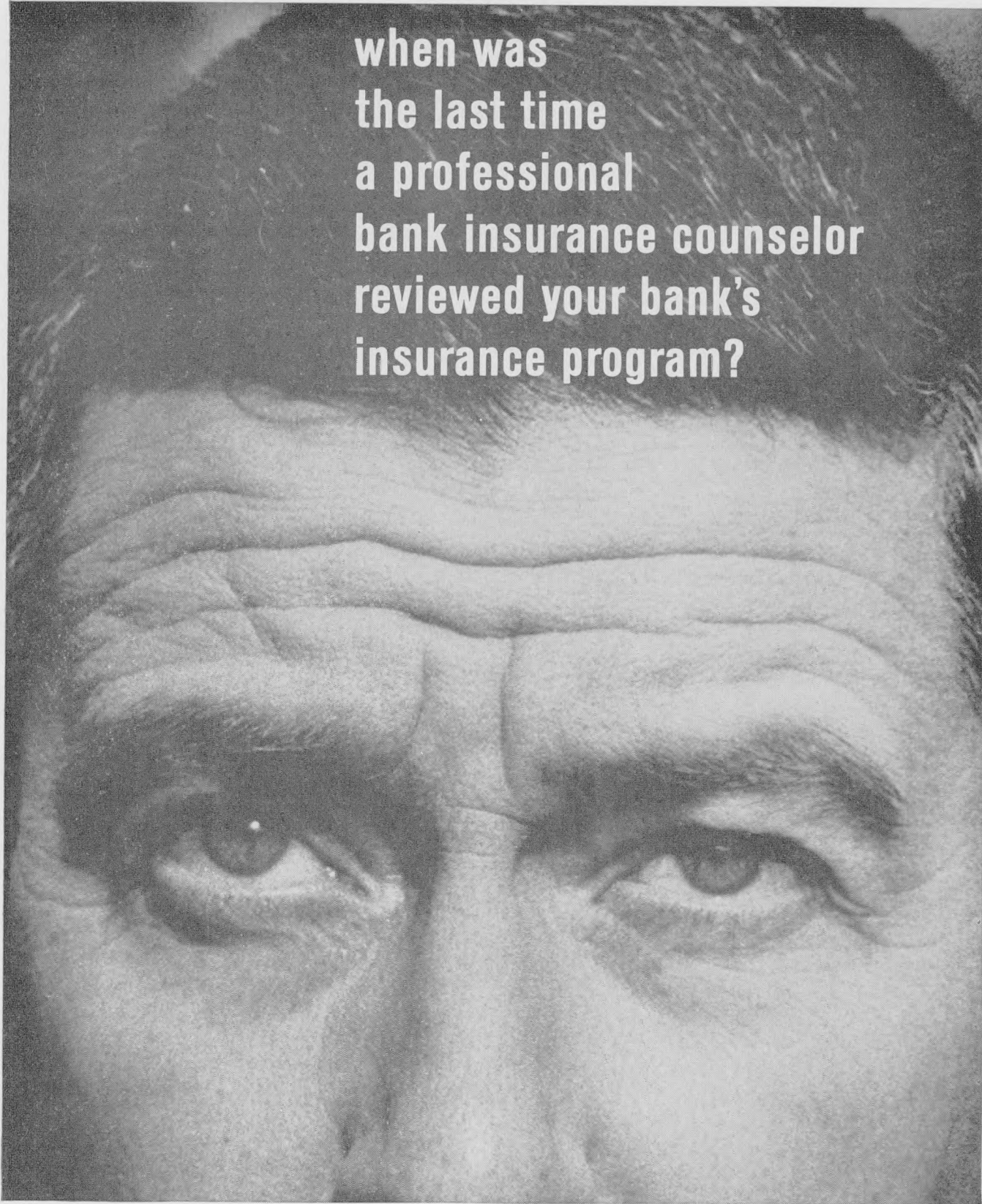
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Northwestern Banker, April, 1968

Heads Midwest Territory

John J. Evans, vice president, has been named head of the mid-western territory of Manufacturers Hanover Trust's national division (New York).

Mr. Evans will supervise the bank's business in 13 states: Idaho, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Wisconsin and Wyoming.



J. J. EVANS

His territorial associates include John F. King, vice president; George R. Bennett, Carl G. Carlson, and Nathaniel S. Howe, Jr., assistant vice presidents; Frederic J. Sears and Russell H. Eichman, Jr., assistant secretaries.

Mr. Evans has been a banker since 1950 when he joined The Hanover Bank's executive training program. He was named an assistant secretary in 1956, and represented the bank in Indiana, Minnesota and Wisconsin.

With the merger of The Hanover and Manufacturers Trust Company in 1961, Mr. Evans continued in the national division, with special responsibility for business in all major cities of Illinois, Indiana and Wisconsin. He was elected an assistant vice president in 1959 and vice president in 1963.

Insured Credit Names Executive Officer

Arthur J. Frentz, president of Insured Credit Services, Inc., Chicago, announces the promotion of Leland C. McCallum to the position of executive vice president.



L. C. McCALLUM

Prior to joining Insured Credit in 1958, Mr. McCallum served for 23 years in the Washington headquarters office of the Federal Housing Administration where, during 1956 and 1957, he was top administrator of the FHA's Title I Property Improvement Program.

Insured Credit Services is the first and largest underwriter of improvement loan insurance for banks, and now has an insured loan volume approaching \$400 million.

NORTHWESTERN Banker

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74th Year

No. 1090

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NORTHWESTERN BANKER

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Federal Reserve Bank of St. Louis

1st National, Chicago, Assigns Gerald Fitzgerald in Iowa

The First National Bank of Chicago has combined the activities of the government and municipal bond departments into the investment department. In line with this reorganization,



G. E. FITZGERALD

the sales section of the investment department has assigned Gerald E. Fitzgerald to the Iowa territory. Mr. Fitzgerald will be responsible for portfolio investments of Iowa customers.

Mr. Fitzgerald, an assistant vice president, has attended both the American Institute of Banking, and the Graduate School of Banking at the University of Wisconsin.

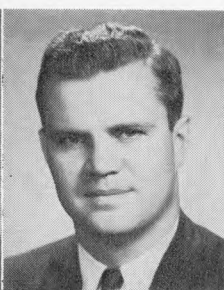
Harris Bank Reassignments

Two realignments within the banking department of the Harris Trust and Savings Bank, Chicago, have been announced.

John A. Sivright, vice president in the national group, has been transferred from Division 2 to Division 6. Mr. Sivright, who will now have responsibility for accounts on the East Coast, formerly handled accounts in Iowa.



W. W. HOWELL



J. A. SIVRIGHT

William W. Howell, assistant vice president in the national group, succeeds Mr. Sivright in Division 2. He was formerly assigned to Division 1 where he had responsibility for accounts in Wisconsin, Minnesota and North and South Dakota. He will continue to hold responsibility for accounts in Minnesota and the Dakotas.

Name New York V.P.s

H. Carnie Lawson and E. Wayne Nordberg have been named vice presidents in the trust and investment division of First National City Bank, New York.

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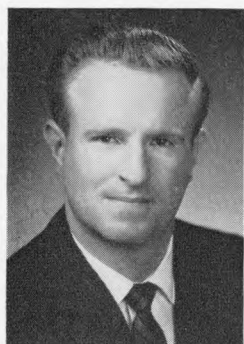
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Ronald M. Sewell
Executive Vice President
Tri-County State Bank
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writes

Please accept my compliments on the June issue of *The Farm Picture*. I especially appreciated the article titled "FOUR KINDS OF NOTES". This article was brief, very informative, and should enable our farmers to better understand our banking requirements.

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Bank Building Sales Up

A REVIEW and forecast of Bank Building and Equipment Corporation sales and profits highlighted the annual stockholders' meeting held recently at the company's headquarters. President and Chief Executive



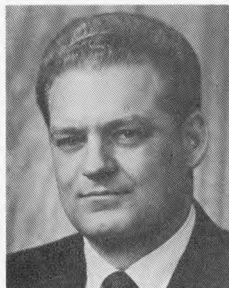
W. F. CANN

Officer William F. Cann explained the factors affecting profits and stated that prospects for 1968 are very encouraging.

Sales for 1967 totaled \$44,200,000, up \$9,000,000 from the previous peak of \$35,000,000 reached in 1964. However, net earnings of \$658,996 were reduced from previous years due to losses incurred on high-rise projects completed in Mobile, Ala., and Tulsa, Okla.

Approximately \$33,000,000 of the \$44,000,000 gross sales figure represents the company's normal type of financial building business.

Forecasting future projects, Mr. Cann said, "We completed fiscal 1967 with a total backlog of work amounting to \$34,000,000. New business secured since the end of our fiscal year amounts to \$7,000,000, bringing our current backlog to \$40,000,000. Our profit picture for this year is promising. We expect to complete about \$28,00,000 in fiscal 1968 based on scheduled completion dates.



J. A. SMITH

Joseph A. Smith has been appointed to the new post of first vice president and to the board of directors. Mr. Smith joins Bank Building from TRW, Inc., where for 12 years he served in the Systems Group in general management and financial capacities.

Worldwide News Service For Mercantile Trust

Mercantile Trust Company N.A., St. Louis, announces the bond department's installation of the new Reuter-Ultronic Report teleprinter, an international news wire service. The only bank in Missouri to have this new service, Mercantile will be receiving more financial and business news of an international and domestic scale, and much quicker than by any previously used wire systems. An event

taking place anywhere in the world which might affect the bond market, will be known to Mercantile and subsequently, its correspondents within minutes of the occurrence.

The Reuter-Ultronic Report has a print-out ratio of 100 words per minute, prints significant facts in red ink, and uses a bell signal to alert the staff when such pertinent news is being transmitted.

\$80 Million Revolving Credit Plan Approved

Leasco Data Processing Equipment Corporation has signed an \$80 million revolving credit with Continental Illinois National Bank and Trust Company, Chicago, which is heading a group of 35 U. S. banks participating in the agreement.

The new credit, believed to be the largest arranged to date for a computer leasing company, brings to \$131.5 million the total credits made available to Leasco through participating banks during the past two years. Under optional provisions of the agreement, the credit may be expanded to \$200 million.

In addition to its role in the computer leasing industry, the Great Neck, Long Island firm has expanded into other data processing service areas, including software and data storage and retrieval.

Head International Subsidiary For Northern Trust

The directors of The Northern Trust International Banking Corporation, Chicago, announced the appointment of Samuel C. Brown as vice president and manager of the new corporation and Werner E. Diehl as second vice president.

Mr. Brown was previously connected with Bank of America's International, and Mr. Diehl with the Chase Manhattan Bank in the international department.

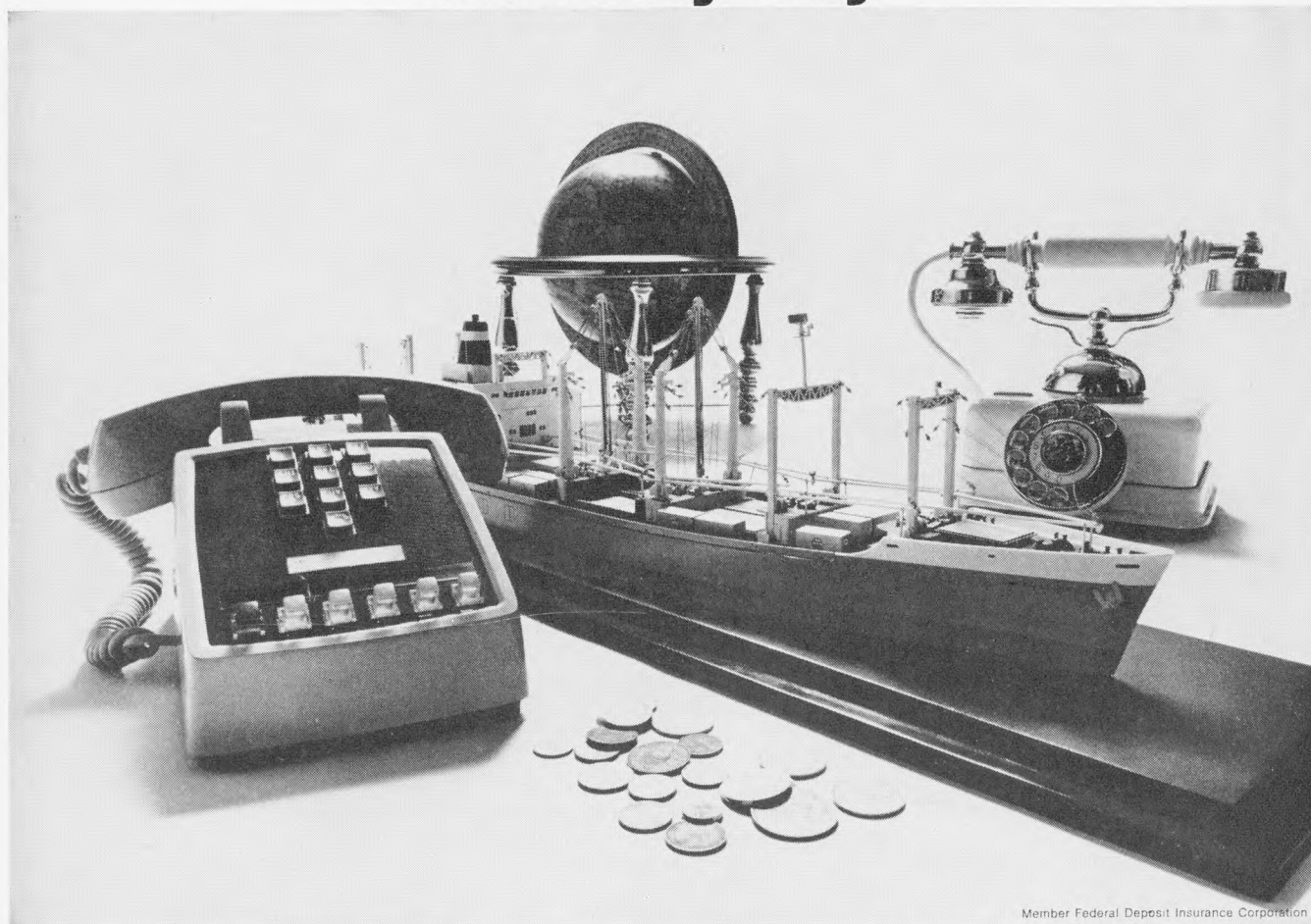
A fully-owned Edge Act subsidiary of The Northern Trust Company, The Northern Trust International Banking Corporation is scheduled to open its offices in July at 90 William Street in New York City.

Wins Phoenix Award

A major civic honor has been bestowed on James E. Patrick, vice chairman of the board of the Valley National Bank of Arizona, Phoenix.

He is the 1968 recipient of the Distinguished Service Citation of the Phoenix chapter, National Conference of Christians and Jews. The presentation.

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Mid-band design is available in Brown Kraft in the following sizes and with denominations printed in designating colors: \$25 Orange, \$50 Light Blue, \$100 Brown, \$200 Black, \$250 Dark Green, \$300 Light Green, \$500 Red, \$1,000 Dark Blue, \$2,000 Orange, \$5,000 Purple, Blanks—(No Denomination), Brown Kraft.

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ABA Recommends Use Of Social Security Numbers

The American Bankers Association announced that it is recommending to its 13,600 member banks the use of social security numbers as the basis of a nationwide personal identification system.

New Senior Officer For First National City, N. Y.

Roy H. Dickerson has been appointed a senior vice president of First National City Bank.

Mr. Dickerson heads the bank's specialized industries division group which includes the computer systems and electronics, equipment leasing, and transportation and aerospace departments.

Mr. Dickerson joined Citibank in 1954 as a trainee and served in the western district of the bank's National Division from 1955 to 1962. He was promoted to vice president in 1962 when he assumed responsibility for the aerospace and electronics department in the Specialized Industries Division.

Start Harris Bank Center

Ground has been broken for the Harris Trust and Savings Bank's new operations center and personal banking facility which will be constructed at the southwest corner of Monroe and Franklin Streets in Chicago.

The 15-story structure—housing the computer-support and computer-oriented operating departments of the bank—is scheduled for completion in the last half of 1969.

Each floor will have approximately 27,000 square feet, for a total of 428,000 square feet in the building. Framework will be of reinforced concrete clad with granite. Windows, which will be bronze tinted, will be set in anodized aluminum frames.

The building will house only employees of the Harris Bank. On the ground floor space will be provided for walk-in and drive-in personal banking facilities.

New Chicago Officers

Four new officers have been elected by the National Boulevard Bank, Chicago, according to Irving Seaman, Jr., chief executive officer.

Miss Avis Dunlap was named administrative assistant in the executive department, Miss Catherine Williams an assistant cashier in the comptrollers department, Alfred J. Fonner was named personnel director in the operations department and Robert T. Kinder an assistant cashier in the investment department.



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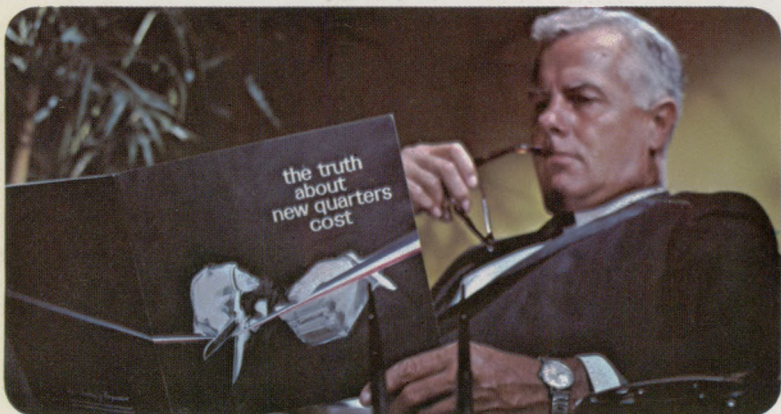
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Name Division Heads For Security First, L. A.

Two major division heads have been appointed by the Security First National Bank, Los Angeles.

Kenneth C. Hawkins, Jr., vice president, will head the bank's national banking department.

Richard J. Flamson III has been placed in charge of the bank's international banking department.

In assuming his new administrative post, Mr. Hawkins will continue to be responsible for the activities of the entertainment industry division, which becomes a division of the national banking department.



K. C. HAWKINS, JR. R. J. FLAMSON III

Mr. Flamson, formerly head of the bank's National Banking Department, joined Security Bank in 1955 and in that same year was named assistant vice president.

Following assignments in both the National and Metropolitan banking departments, he was elected vice president and head of the Installment Loan Division in 1962. In 1965 he was

Community Award



IRVING SEAMAN, JR., chief executive officer of the National Boulevard Bank of Chicago, right, displays the Chairman's Award presented to him by the Better Business Bureau of Metropolitan Chicago for distinguished community service. Mr. Seaman is treasurer and a member of the Bureau's executive committee. Earl Lind, president of the Bureau, admires the plaque.

elected vice president and division administrator, National Banking Department.

Clifford A. Morton and Arthur L. Nelson have been appointed vice presidents with the head office Electronic Data Processing Department.

New High in Crop Hail

Max D. Rutledge, president of Farmers Mutual Hail Insurance Company, Des Moines, reported at the firm's 75th annual meeting that an all-time high of \$440 million of crop hail in-

surance in force was reached in 1967.

Mr. Rutledge also reported that assets were increased to over \$22.2 million.

Premiums written increased from \$23 million to \$27.2 million, an 18 per cent gain for the year. Surplus to policyholders was increased to over \$11.5 million. The company writes crop hail insurance in 10 midwestern states, and is ranked first among all insurance companies in the nation which write this type of insurance coverage.



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Harris Bank Names W.F. Murray

WILLIAM F. MURRAY, the 55-year-old newly-elected president of Harris Trust and Savings Bank, Chicago, has been with the bank since 1934, following graduation from the University of Illinois. As announced earlier, Mr. Murray's election took place at the board of directors' meeting March 13. He succeeds the late A. Newell Rumpf, who died suddenly in February of a heart attack. Kenneth V. Zwiener continues as board chairman and chief executive officer.



W. F. MURRAY

At the same board meeting, Mr. Murray was elected a director, along with James W. Button, vice president in charge of merchandising at Sears, Roebuck & Company.

Mr. Murray started in the bank as a trainee. Upon return from Navy service after World War II, he joined the Harris banking department. From 1951 to 1964 he was a commercial banking officer, administering a loan

division responsible for utility and oil credits and general business in the western United States.

In 1964, he was named group executive of the national banking group and in 1967 became head of the banking department, the depository and credit arm of Illinois' third largest bank and the nation's 25th largest bank.

American Express Expands International Banking

Significant new emphasis on international banking operations was confirmed by American Express Company with the announcement in New York that its principal overseas subsidiary will conduct business under the name of American Express International Banking Corporation.

Commenting on the name change, Howard L. Clark, president, said, "We feel the new name, American Express International Banking Corporation, more accurately reflects what has become the principal business activity of the subsidiary, formerly known as The American Express Company, Incorporated."

The company's annual report for 1967 indicates that on December 31 of

last year American Express International Banking Corporation and its subsidiaries held customers' deposits and credit balances of \$540,473,000, and, at the year's end, administered a loan portfolio of \$322,545,000 in 44 offices in 16 countries outside the United States.

B of A Marketing Officer

Bank of America has named Vice President C. D. (Denny) Pease administrative marketing officer in the San Francisco head office.

Mr. Pease had specialized in marketing research involving all aspects of international banking in Southern California since joining the bank last May. In addition to international activities, he will now be concerned with the bank's 80-plus domestic services.

Before joining Bank of America, the Bloomington, Ill., native was manager of marketing operations for the San Diego Unified Port District for three years. A veteran of 17 years of marketing experience, he previously held key posts with General Electric Company and North American Van Lines.

American Express Names Credit Card Marketing V.P.

Francis M. Beudert has been appointed to the newly-created position of vice president-marketing services of the American Express Company's credit card division, according to an announcement by Howard L. Clark, president.

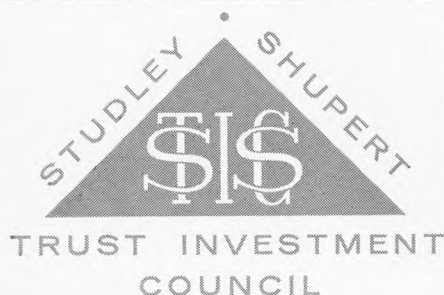
Before joining American Express Credit Card, Mr. Beudert was with Mead Johnson and Company, where he held posts as vice president of sales and vice president of marketing. Since October, 1964, he had served as president of Mead Johnson Nutritionals, one of the company's divisions.

Ozark Net Increases

Ozark Air Lines has released final audited figures for 1967, showing a net income for the year of \$1,341,614, according to Thomas L. Grace, president.

Figures for 1967 show operating revenues of \$35,899,635, and a \$1,751,066 gain on sales of aircraft. Operating expenses for the period were \$35,907,178. These compare to \$30,311,785 in revenues, \$28,932,406 in expenses, and \$904,157 in net income for 1966. Aircraft sales gains in 1966 were \$364,945.

Ozark has been recommended for a non-stop route between St. Louis and Dallas by the Civil Aeronautics Board's Bureau of Operating Rights.



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*Executive Vice President, Chase Manhattan Bank,
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"The changing character of commercial banking promises to make the industry a continuing and exciting growth area for the future."

This is the way you described the future outlook for the banking business in a recent presentation to the Boston Security Analysts Society.

You noted that bank earnings have shown a long-term growth rate of close to 8 per cent annually. What's more the growth in bank earnings has been more stable than over-all corporate profits. Even in periods when corporate profits leveled off or declined, earnings of the nation's commercial banks generally continued to move ahead. You added that major industry trends pointed to even better performance in the years ahead.

Explaining your generally optimistic outlook you said:

"Banking has shifted from a low-volume, high-markup operation to a high-volume, low-markup business. A larger portion of our money comes from time deposits upon which we pay interest. This has trimmed our markup. But this same time money has provided us with much larger resources which we have been able to use to good advantage in higher-yielding loans and other assets.

"As a low-markup business, banking has had to develop a keener cost-consciousness than ever before. With the help of computers, banks are beginning to get a much better focus on the cost and profitability of their services. They are working out new approaches to compensation which, over the long run, should prove more equitable to the customer and more profitable to the banks.

"As a high-volume business, intent on increasing this volume, banking has deepened its penetration of additional markets to broaden the base of its earnings. For example, since 1960, commercial banks have increased their share of the market in installment credit from 39 to 44 per cent. In auto loans, they have moved up from 46 to 58 per cent of the total. They are also making strong inroads into the mortgage loan market."

Your comments should be refreshing to a ma-

jority of the nation's commercial bankers, regardless of the size of their banks.

Dear William B. Camp:

*Comptroller of the Currency
Washington, D. C.*

Speaking before a recent meeting of the Florida Bankers Association, you commented on the subject of branch banking and the increased attention that it has received in the past few years. You stated:

"Much of the discussion of branch banking has been diverted from the basic issues of economy and efficiency because of the fear by many smaller banks that more liberal branching would lead to their extinction, and because of the differences in branching laws among the various states."

You continued by saying, "Nothing in our experience would confirm the fears of smaller banks. Indeed, the record shows that the restriction of branching, where there are market deficiencies, encourages the chartering of new banks, the formation of branching substitutes, and the growth of non-bank financial institutions."

Your term "market deficiency" can be interpreted in a number of ways . . . and independent banks are justified in having some fears about this. Most independents that we know are sympathetic with the needs of the larger city banks to serve their suburban customers. Authorization of parking lot offices in a number of midwestern states is testimony to this.

At the other extreme, you have the Federal Home Loan Bank Board approving the use of mobile units by a Des Moines savings and loan association to serve three surrounding towns (up to 50 miles away) where five banks operate. Any reasonable analysis would show that there was no "market deficiency."

We feel that you are doing a good job in helping to reshape the pattern of public controls so that new avenues for the performance of financial services that banks may safely pursue are held open. In reshaping the pattern, however, we hope that you will thoroughly investigate the "market deficiencies" before placing your stamp of approval on branches.



If you're not making waves you're standing still

At Manufacturers Hanover, we know that banking is one of the most dynamic businesses in the world. And that's the nice, quieting thing about our National Division officers. They're disturbing.

OUR WAVEMAKERS IN THE MID-WESTERN STATES:

George R. Haslam, John J. Evans, John F. King, George R. Bennett, Carl G. Carlson, Nathaniel S. Howe, Jr., Joseph Snyder, Frederic J. Sears, Russell H. Eichman.

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MANUFACTURERS HANOVER TRUST

Member Federal Deposit Insurance Corporation



London isn't so foggy

(when you know the right people)

As far as your customers are concerned, you've got a man in London who's a native. In fact, almost 100 of them.

And you also have two complete, full-service branch banks at your disposal.

But your worldliness doesn't stop in London.

You've got branches in Tokyo and Osaka, representative offices in Brussels, Madrid, Manila, Mexico City, Milan and Zurich. (Please in-

clude Caracas in this list; our office there will open early this year.) An international bank in New York, and, of course, a major bank in Chicago, as well as equity interests in financial institutions in several other countries. (In addition to correspondent connections throughout the world.)

International finance becomes a lot easier, when you know the right people.

And you do. The people at

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Branches: London • Osaka • Tokyo

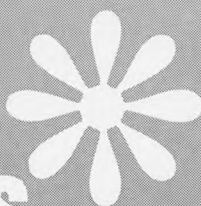
Representative Offices: Brussels • Madrid • Manila • Mexico City • Milan • Zurich

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Northwestern Banker, April, 1968

How we can help you mind your own business



**What we really do is try to
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ARE YOU REJECTING SOME LOAN BUSINESS for lack of acceptable collateral? Marketable inventory covered by our Field Warehouse Receipts can often supply the very security you need.

TAKE A GOOD HARD LOOK at how easy it is to check the precise value of this collateral at all times. Our Univac-tabulated Stock and Value Reports provide daily accounting of all warehouse activities. Inventories are physically checked by our staff a minimum of ten times a year.

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OPERATING OFFICES IN PRINCIPAL CITIES

New Administrative Officer

C. Robert Barton has been elected administrative vice president and chief administrative officer of Old Security Life Insurance Company, Kansas City, according to Paul Hamilton, Jr., president and chief executive officer.



C. R. BARTON

Mr. Barton joined old Security in March, 1967, with 10 years' life insurance experience. Prior to his promotion he was vice president and assistant to the president.

Old Security Life Insurance Company is a subsidiary of Interstate Securities Company. The life company is licensed to do business in 49 states and the District of Columbia. Executive offices are located at 3430 Broadway, Kansas City, Mo.

Named by Banking School

Dr. Lewis E. Davids, the Robert E. Lee Hill professor of bank management at the University of Missouri, Columbia, has been named a member of the 25-man Faculty of the Assemblies of the Foundation of the Southwestern Graduate School of Banking at Southern Methodist University.

Dr. Davids is well known to readers of the *NORTHWESTERN BANKER* for his monthly feature article that has been appearing in this magazine the past year and a half.

The purposes of the assemblies are to increase the understanding of directors of banks as to how they may serve their banks, to indicate ways a director can best serve as a bank representative in the community, to provide better understanding of and respect for bank management's function and to acquaint the director more fully with issues of critical interest to his bank and banking.

Programs of the assemblies have been scheduled at Hot Springs, Ark., in May and Colorado Springs, Colo., in September.

Promoted at New York Bank

Ralph W. Hemminger and Malcolm A. Stevenson have been elected senior vice presidents of Bankers Trust Company, New York. The announcement was made by William H. Moore, chairman of the board.

Mr. Hemminger is in charge of Bankers Trust's employee benefit department, and Mr. Stevenson heads the trust department.

Kodak

Want to get the most out of every roll of microfilm?

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There's more than just film involved when you rely on RECORDAK Microfilm. Of course, you get uniform film quality. You wouldn't expect less from Kodak. But what really makes the difference is what we call "Total Systems Responsibility." Responsibility backed by forty years of microfilm systems experience!

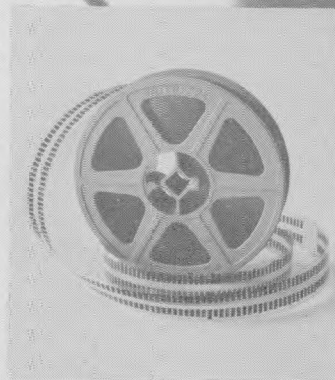
For example, your microfilm is processed by Kodak professionals, using the most up-to-date equipment, techniques, and controls. Then it is quality-control inspected to make sure your RECORDAK Microfilmer is operating efficiently . . . is producing images of consistently high quality. And if not, your Kodak service

specialist takes prompt corrective action.

Recordak systems specialists are also available to assist in analyzing your bank's microfilming operations . . . and to help you achieve maximum efficiency.

But Total Systems Responsibility doesn't stop there. Say your transit letters should ever be lost or destroyed. Kodak will make facsimile prints of missing checks from your microfilm records. At no extra charge!

For more information on Total Systems Responsibility and how it helps your bank, contact: Eastman Kodak Company, Business Systems Markets Division, Dept. O-4 Rochester, N.Y. 14650.



RECORDAK Microfilm Systems by Kodak

Northwestern Banker, April, 1968

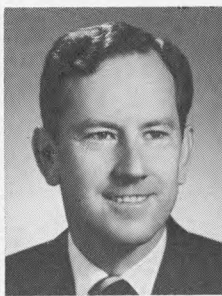
Northern Trust Adds To Farm Department

Recognizing the growing needs and importance of modern agriculture, The Northern Trust Company, Chicago, has recently added two men to its staff of agricultural specialists, bringing the total number of farm men in the banking and trust departments to seven.

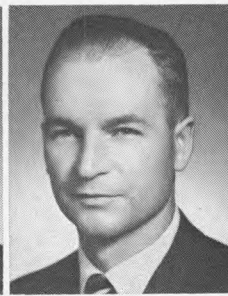
In the Banking Department, Thomas W. Walvoord, who holds a bachelor's degree in animal science from Iowa State University, has joined calling officer Lyle P. Campbell, as-



L. D. MILLER



J. A. SHUTE



L. P. CAMPBELL



T. W. WALVOORD

sistant cashier, who also holds a degree from Iowa State in economics and agriculture.

Although Mr. Walvoord calls primarily in Iowa and Mr. Campbell in Illinois, they are both available for consultation in other geographical areas.

The second agricultural specialist to join The Northern Trust recently is Luther D. Miller, now a farm manager in the Trust Department. Mr. Miller graduated from Purdue University with a degree in animal science and was active in farm management work and the livestock business in Fort Dodge, Iowa, for the past six years. Prior to that, he was livestock superintendent at the Adams ranch in Odebolt, Iowa, for 10 years. (The Adams ranch is the largest singly-owned farm in Iowa with 7,200 acres in a single unit.)

With the addition of Mr. Miller, The Northern Trust's Farm Management staff now numbers five specialists. The division is headed by James A. Shute, second vice president, who holds a Ph.D. in agricultural economics from the University of Minnesota and is a former professor at Purdue University. The three other farm managers all hold degrees in agricultural economics: James M. Conner, assistant secretary, from Purdue University; Allen H. Cummins, assistant secretary, from Purdue University, and Loren A. Backhaus, farm manager, from Iowa State.

Collectively, these men manage over 90,000 acres of farm land in trust and for individual farm management customers. The Northern Trust's Farm Management program features the use of a computer to determine the optional use of resources for particular farm properties in order to maximize farm profits.



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It works day and night building good will and merchandising total services for this financial institution. It attracts constant attention, because it employs the universal appeal of light in action, while delivering accurate time and temperature information.

This extra community service is widely appreciated by all age groups. It is functionally symbolic of the breadth of services offered by this progressive financial institution.

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MARSHALLTOWN,
and DETROIT
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CHICAGO**



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you where you want to go.**

**52 DAILY FLIGHTS
AIR FREIGHT, TOO!**

**Call Your Travel Agent
For Schedules Or Reservations
Or Write Commuter Airlines
5315 W. 63rd, Chicago 60638**

Salute to Women



SALUTE WEEK—Pictured here is Miss Carolyn Delbert, a secretary in Mercantile Tr. Co.'s correspondent banking dept. in St. Louis.

Miss Delbert appeared with Orville R. Goerger, v.p. and dir. of public relations, and Herman Orlick (right), v.p. and cashier, as she greeted the public and distributed free Salute Week souvenirs.

The crowning of Miss Downtown is an annual event during Salute to Women Who Work Week, sponsored by Downtown, St. Louis, Inc.

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SIZE**

BRIGHTER PROFITS

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Look to the Red Shield "brand" for a full line of advertised, merchandised, lender-oriented creditor insurance, including Red Shield Mortgage Insurance and Red Shield Creditor Life Insurance. All packaged for easy sales.

Write the North Central Company nearest you for more information.

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The North Central Companies

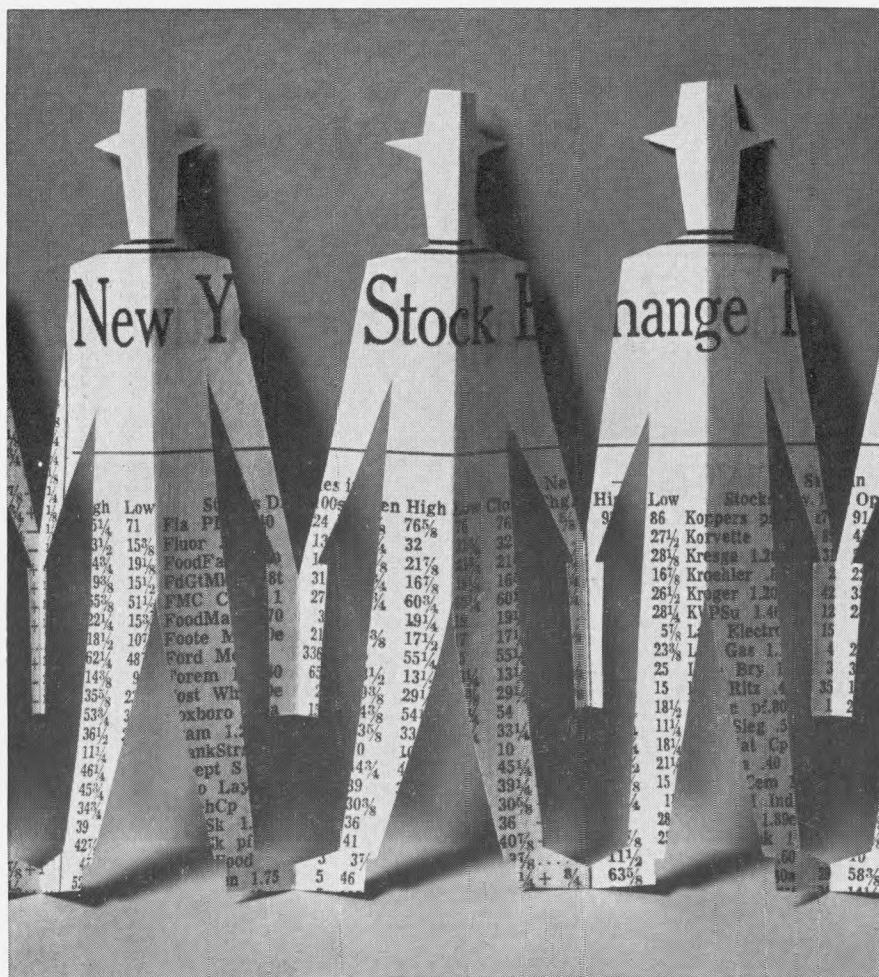
St. Paul, Minnesota

Protection all ways

Maine Fidelity Life, Portland, Me.
North Central Life, St. Paul, Minn.
West Virginia Life, Huntington, W. Va.
Royal Oak Life, Pittsburgh, Pa.

It's all in the packaging.

Northwestern Banker, April, 1968



Lots of portfolio advisors look alike, don't they?

Maybe your circumstances are like everyone else's? We don't think so. Maybe there are stock answers to your investment portfolios? Again, we don't think so. In fact, we're convinced there's no easy way in the investment portfolio business.

We don't believe in look-alike proposals. And we don't come up with look-alike results. For example, one of our correspondent banks increased its net operating earnings by 46.3% the initial year after our in-depth study. We recommended and the bank bought securities at a discount in order to realize capital gains. Our own bank has an impressive average of 4.73% pre-tax investment return over the past eight years, and no losses on securities.

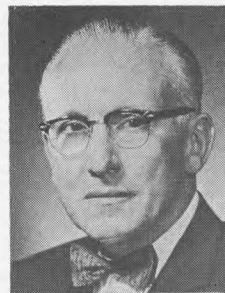
Our recommendations are put together on an individual basis. After a lot of homework. Piece by piece. With important things like earning assets, loans, and other investments carefully scrutinized. Sometimes we recommend extensive adjustments to achieve higher yields. In every case, we end up with a tailor-made proposal applying to your bank's specific needs.

Get the full story of our investment portfolio analysis services. Call Charlie Schoeneberger this week.

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Heller Reports Record Results in 1967

Walter E. Heller & Company reported in Chicago record results for the year ended December 31, 1967, with per common share earnings up 14 per cent, finance volume of 9.3 per cent, and manufacturing volume up 17 per cent.



N. B. SCHREIBER

Norman B. Schreiber, president and chief executive officer, said that after adjustments to reflect a recent acquisition net income was \$12,228,414 vs. \$10,962,383 in 1966. After preferred dividend requirements, earnings per common share were \$1.22 on 8,462,569 shares outstanding as compared with \$1.07 on 8,458,569 shares in 1966, a rise of 14 per cent.

Mr. Schreiber said that the results reflect "substantially larger gains than in recent years" in both finance and manufacturing operations. Volume of finance business handled in 1967 was a record \$2.9 billion vs. \$2.6 billion in 1966, contributing \$8,582,241 to net income vs. \$7,772,813 in the prior year period.

Sales of manufacturing subsidiaries totaled a record \$81,686,408 as compared with \$69,839,914 in 1966, Mr. Schreiber said. Net income from manufacturing was \$3,646,173 vs. \$3,189,570 in 1966. These figures, Mr. Schreiber said, reflect a "pooling of interests" with full 1967 and 1966 results of Art Metal, Inc., a leading office furniture manufacturer acquired in February, 1968. However, Mr. Schreiber pointed out that in the total Heller 1967 per share earnings, adjusted to reflect the pooling of both years, "the gain was due overwhelmingly to internal growth of existing Heller units."

Mr. Schreiber noted that based on 1967 Heller results, and with full confidence in the future, the company's directors last week raised the annual dividend rate by 20 per cent to 60 cents per common share.

He also pointed out that there had been a continuing expansion of international operations in 1967 as the company opened new factoring subsidiaries in Holland and South Africa. In addition, another new subsidiary is about to open in Milan, Italy.

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Bankers tell us that the automation of their demand deposit accounts has solved their biggest paper handling problem. With that out of the way, many feel that their Installment Loan System presents the next big opportunity to automate high volume paper work.

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Without the bank making any additional investment for equipment or rental charges and without having any internal coupon production problems, we can provide complete personalized and encoded Loan Payment Books on a per-order basis. One order or 10,000, we can give you fast, dependable service on these source documents. If you're even the least bit interested in MICR handling of Installment Loans, ask for our brochure. It has full details on this inexpensive, trouble-free conversion program.

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OF YOUR CITY
YOUR CITY, U. S. A.

Loan Payment Book

IMPORTANT: This is an electronic accounting machine record and must accompany each payment.

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PAYMENT	
NO.	DATE DUE
15	JAN 15

DATE _____
CHECK NO. _____
BALANCE _____ CENTS _____
\$ AMOUNT OF PAYMENT _____
\$ NEW BALANCE _____
\$ _____
PAYMENT NO. 15

TELLER STAMP
SEND COUPON ONLY WHEN PAYING BY MAIL. BRING ENTIRE BOOK WHEN PAYING IN PERSON.

REMIT "GROSS AMOUNT" IF PAYMENT IS MADE AFTER 10 DAYS FROM DUE DATE.

GROSS AMOUNT	NET AMOUNT	FOR BANK USE ONLY
52.50	50.00	

ACCOUNT NUMBER 0154321

0000005000



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CITY _____ STATE _____ ZIP _____

Northwestern Banker, April, 1968

FIFTY-SIXTH ANNUAL REPORT

Employers Mutual Companies

DES MOINES

Now Insuring All 5:

Business, Life, Home, Auto, Accident & Sickness

CONDENSED STATEMENT AS OF DECEMBER 31, 1967

ASSETS

Bonds	\$53,058,139.30
No bonds owned by the Company have ever been in default either as to interest or principal.	
Stocks — Market Value	13,410,386.00
Mortgage Loans — FHA Insured	203,240.29
Real Estate — Home and Branch Office Buildings	1,900,369.08
Cash in Banks	5,440,736.22
Premiums Receivable — not past due	5,642,514.74
Interest Accrued and Other Assets	1,922,904.15
TOTAL ADMITTED ASSETS	\$81,578,289.78

RESERVES

Reserve for Claims	\$31,128,733.00
Funds set aside to pay all incurred losses.	
Reserve for Unearned Premiums	24,032,710.20
Funds set aside to return to every policyholder the unearned premium in event of cancellation.	
Reserve for Taxes	2,057,765.02
State and Federal Taxes.	
All Other Reserves	3,683,794.67
Funds set aside to pay all anticipated general expenses incurred but unpaid at year end.	
TOTAL RESERVES	\$60,903,002.89
Guaranty Fund	\$ 750,000.00
Reserve for Contingencies	1,250,000.00
UNASSIGNED SURPLUS	18,675,286.89
	20,675,286.89
	\$81,578,289.78

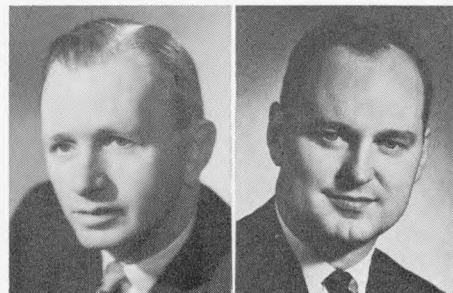
DIRECTORS

ROBB B. KELLEY President and Treasurer
M. J. WILKINSON Executive Vice-President
W. Z. PROCTOR General Counsel
JOHN F. HYNES Honorary Chairman
W. J. HYNES Retired Claims Counsel
E. C. BOOTH Sec.-Treas., Lennox Industries, Marshalltown
W. HAROLD BRENTON Chairman, Brenton Banks, Inc., Des Moines
HJALMAR L. HJERMSTAD Chairman, Citizens Security Mutual Insurance Co., Red Wing, Minn.
JOHN H. KELLEY, M.D. Orthopedic Surgeon Des Moines
WEBSTER M. LEHMANN Farm Manager, Des Moines
GEORGE A. MORRELL Former Director, John Morrell & Co., Ottumwa
CARL MUELHAUPT Retired Chairman, Central Service Co., Des Moines
JOHN D. STODDARD President, Stoddard Development Co., Des Moines
R. W. WEITZ Chairman, Weitz Company, Inc., Des Moines
R. W. WOOD, M.D. Director, Newton National Bank, Newton

Kansas City Executive Change

Three senior management promotions and the election of a new director have been announced by R. Crosby Kemper, Jr., president of the City National Bank and Trust Company, Kansas City.

In the bank's commercial division William J. Bolt, Jr., and Carl H. Schupp, former senior vice presidents, were advanced to executive vice presidents and Byron G. Thompson of the bank's bond department was advanced from vice president to senior vice president.



W. J. BOLT, JR. B. G. THOMPSON

In his new position, Mr. Bolt and Executive Vice President John E. Hoffman will serve as co-chairmen of the bank's loan and credit division. Mr. Schupp will continue as head of the personal banking division and as a member of the loan and credit division. In addition, he will assume the management responsibilities of all bank properties which include the recently acquired Title Building located at Walnut and Tenth Streets. Mr. Thompson will become administrative head of the bond department, succeeding F. Donovan Farrell who will remain with the bank as a consultant. Completing the management change of the bond department Vice President Harold R. Hollister was named director of sales.

Dain, Kalman & Quail Names New York Representatives

James G. Peterson, president of Dain, Kalman & Quail, Incorporated, Minneapolis-based regional investment banking firm, has announced the election of Gerald Petrillo as vice president and director.

Mr. Petrillo will represent DKQ on the floor of the New York Stock Exchange handling specialized transactions for customers of the firm.

A native of New York, he graduated from the New York Institute of Finance and was employed by the New York Stock Exchange for five years. Since 1955, he has been associated with LaBranche and Company, a specialists firm on the floor of the New York Stock Exchange.

EMPLOYERS MUTUAL Casualty Company

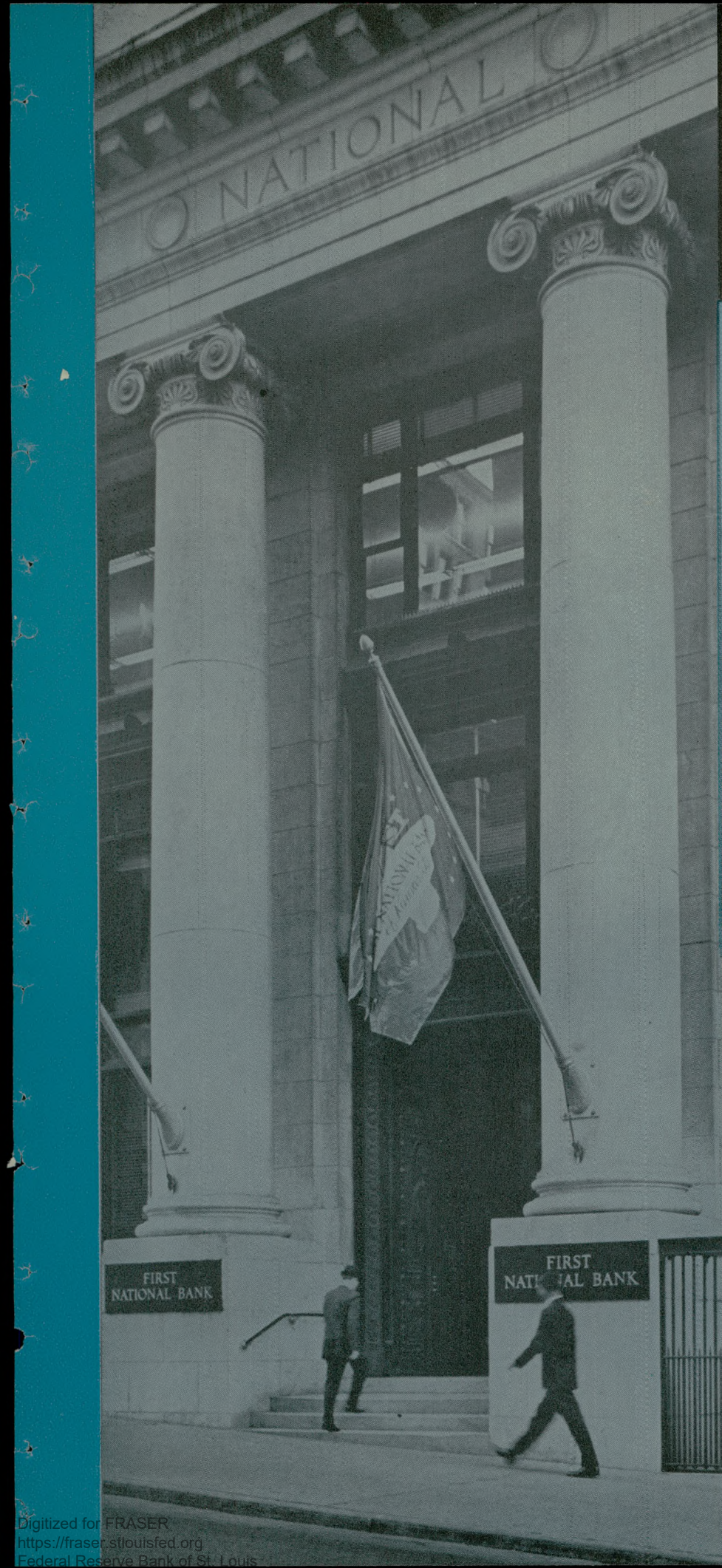
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Second to none in
squeezing the float
from your deposits

Our direct sending operation squeezes float to a minimum. Most of your deposit checks are processed and on their way in less than 12 hours; many in as little as 2 hours; and none stays with us longer than 24 hours... and this happens only when deposits arrive immediately after a deadline.

Service like this is possible because we think it worthwhile to gear our transit department's work forces, computers and transportation handling procedures to your needs. We also think 'round-the-clock, seven days a week processing is part of those needs. Because we feel this way, you can be sure there is no faster collection service anywhere in the nation.

We think it well worth the effort it takes to be *second to none* in squeezing the float from your deposits.

Our correspondents agree. Ask any of them.

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of Kansas City, Missouri

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Independent Bankers Plan Rural Forum In Washington

COUNTRY bankers will gather in Washington, D. C., next month for a two-day forum seeking whether and how rural America can share fairly in an increasingly urban society.

The conference April 22-23 at the Statler Hilton Hotel is sponsored by the 6,600 member Independent Bankers Association of America to focus attention on problems that confront most rural communities and the farmer who is the principal customer of non-urban banks.



P. DU BOIS

Bankers participating in the program from the NORTHWESTERN BANKER area include: Stanley R. Barber, president, Wellman Savings Bank, Wellman, Iowa; Don F. Kirchner, president, Peoples Trust and Savings Bank, Riverside, Iowa; Pat DuBois, president, First State Bank, Sauk Center, Minn.; Stephen Garst, vice president, Iowa Savings Bank, Coon Rapids, Iowa; H. L. Gerhart, Jr., president, First National Bank, Newman Grove, Neb.; V. E. Rossiter, Sr., president, Bank of Hartington, Nebraska, and Russell Hanson, executive vice president, Swift County Bank, Ben-

son, Minn. Mr. DuBois is chairman of the conference.

Noted speakers will be Hon. Orville L. Freeman, secretary of agriculture, and Rep. Wright Patman of Texas, chairman of the House Banking and Currency Committee.

Executive Promotions at Bankers Trust, N. Y.

Chester Baylis, Jr., 59, has been elected executive vice president and a director of Bankers Trust Company, New York. The announcement was made by William H. Moore, chairman of the board.

As head of the banking departments—national, metropolitan, international and banking operations—Mr. Baylis is Bankers Trust's first executive vice president in recent years.

As part of the administrative reorganization, Mr. Moore announced the election of Richard M. Bliss, Joseph R. McLees and Fred J. Leary as senior vice presidents.

Mr. Bliss, the bank's youngest senior vice president at age 38, succeeds Mr. Baylis as head of Bankers International Corporation, Bankers Trust's Edge Act subsidiary.

Mr. McLees will head the metropolitan banking department. Until recently, he was in charge of the New York division in the national banking department of Bankers Trust.

Mr. Leary, who was previously in

charge of the bank's western division, now heads the national banking department.

End Antitrust Suit Through Consent Decree

The Department of Justice and Mercantile Trust Company, NA, St. Louis, Missouri's largest bank, has settled the two and a half year-old antitrust suit against the bank's merger of Security Trust Company.

In a proposal consent decree filed with U. S. District Judge Ray W. Harper one week before trial of the suit was scheduled to open, the \$1 billion-deposit bank agreed to put up \$1.5 million as the initial capital for a new Security Bank and Trust Company, and to refrain from mergers or acquisitions in the St. Louis area for five years.

The combined capital and surplus of Mercantile is \$60 million.

The stock in the proposed new bank would be distributed pro rata to present Mercantile shareholders. However officers and directors of Mercantile are precluded from owning more than one-fourth per cent of the new bank stock.

Mercantile also agreed to provide a board of five "mutually satisfactory" directors and "management personnel and staff" for the new institution. Mercantile agreed to provide a \$500,000 deposit—half demand and half time at 2 per cent—until other deposits of the new bank reach \$5 million.

In addition, the Old Security Trust Company building, which since the merger in July, 1965, has been used as Mercantile's operations center, will be turned over to the new bank.

Mercantile also consented to provide loan participations "if requested" to the new bank at any time within the first three years of its operation.

If the consent decree is accepted by Judge Harper—this is almost a certainty—and the new bank is chartered by state officials, it will be the first time the Justice Department has effected even a partial rebirth of a merged bank following an antitrust challenge to a merger.

Name Interbank Executive

Edward E. Bontems has been elected president of Interbank Card Association. The association provides its charge and credit services for 6,000,000 card holders and 131,000 participating merchants.

Mr. Bontems, a former vice president of United California Bank in Los Angeles, became Interbank's first full-time paid executive.

— 48th Year —

THE CROP HAIL PROTECTION FARMERS PREFER

STATEMENT OF CONDITION At Close of Business December 31, 1967

ASSETS

U. S. Government Bonds	\$2,000,769.38
Other Bonds	1,706,305.74
Stocks	170,610.00
Accrued Interest, etc.	22,180.71
Cash in Banks and Home Office	317,555.73
Total admitted assets	\$4,217,421.56

LIABILITIES

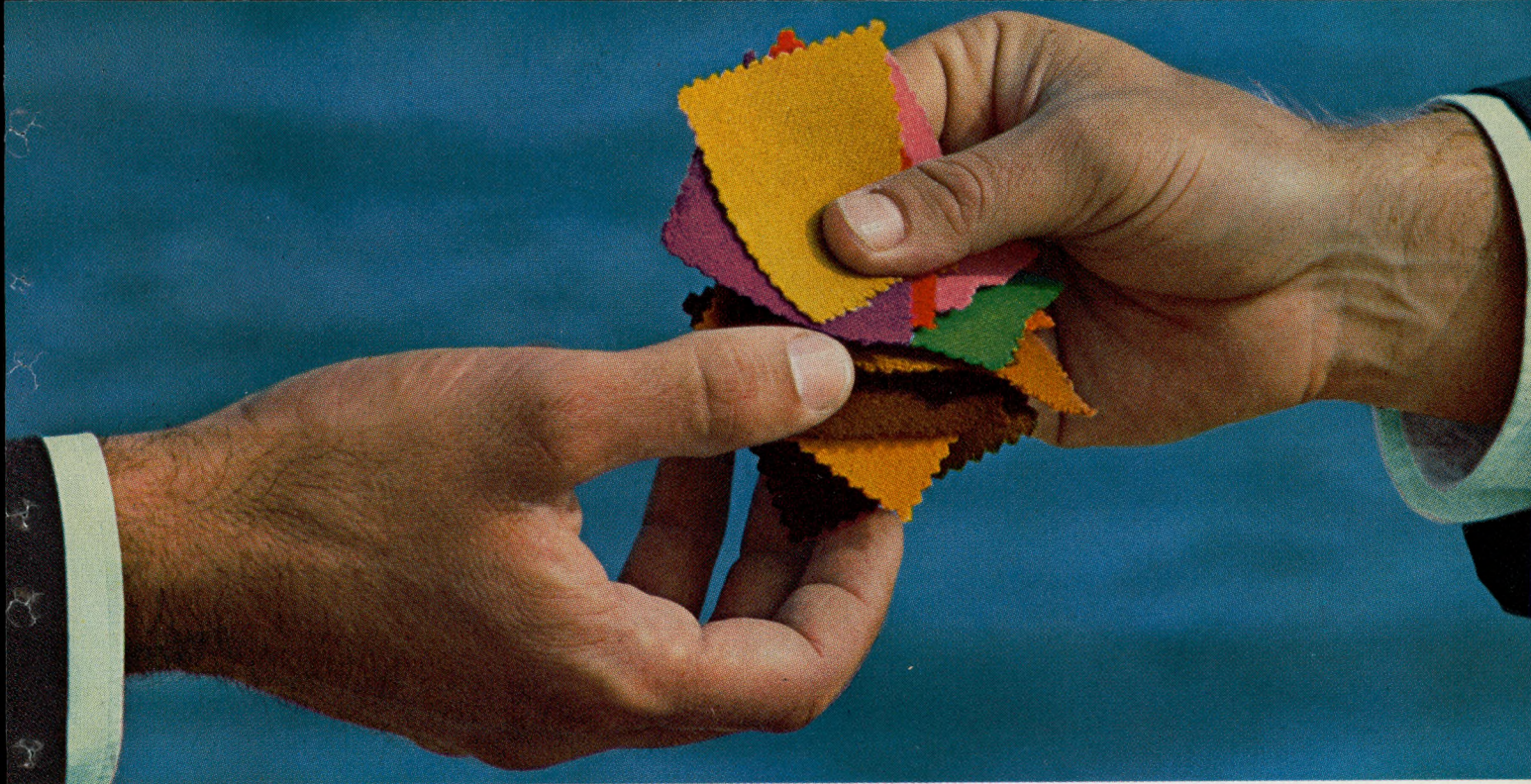
Reserve for Federal & State Taxes	\$ 80,263.26
Other Liabilities	3,188.24
Total Liabilities	\$ 83,451.50
Surplus to Policyholders	\$4,133,970.06
	\$4,217,421.56

Securities carried at \$390,000.00 in above statement are deposited with public authorities as required by law.

SQUARE DEAL INSURANCE COMPANY

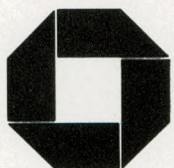
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*By Forest L. Goetsch
Senior Vice-President
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The Investment Outlook

THE volume of funds to be raised in the credit markets in 1968 is projected to reach a record \$96 billion, nearly 12 per cent higher than the \$86 billion estimated for last year, according to "The Investment Outlook for 1968" released last month by Bankers Trust Company, New York. While the amount of new corporate bond issues is expected to be considerably smaller this year than last, the financing demands of the Federal Government sector are seen as soaring to the largest total since World War II.

"The Investment Outlook" is an annual appraisal of the prospects for the credit markets published by the Bankers Trust economics department and was prepared under the direction of Dr. Sally S. Ronk, associate economist. The department is headed by Dr. Roy L. Reiersen, senior vice president and chief economist.

The study projects the gross national product at \$846 billion in 1968, which is 7½ per cent above last year's total. It also assumes no more than a relatively moderate step-up in the military commitment in Southeast Asia, and makes no allowance for the imposition of an income tax surcharge during 1968.

On these assumptions, the aggregate amount of credit to be raised for all purposes except financing the Federal Government and its agencies in 1968 is placed at some \$77 billion, about \$1½ billion less than in 1967. The net volume of funds raised through U. S. Government and agency securities (including participation certificates) is projected at \$19 billion, compared with \$7 billion in 1967. Even if a tax increase should belatedly be enacted, in response to an escalation of military expenditures, the volume of Treasury financing in 1968 will still be huge.

The flow of savings, on the other hand, was exceptionally high last year and is likely to be smaller in 1968. However, since the savings and loan associations, in particular, took steps to build up their liquidity in 1967, the savings institutions this year should be in a position to supply the market with about the same \$37 billion of funds as last year, despite the anticipated slowdown in saving.

Also, other investor groups, including business corporations, are seen as adding substantially more, on balance, to their holdings of credit instruments than in 1967—\$21 billion, as against last year's \$16 billion.

Nevertheless, the Bankers Trust economists point out that, if the credit markets are to continue functioning effectively, it will still be necessary for commercial bank credit under these assumptions to expand by nearly as large an amount as the \$35½ billion of last year. An increase of \$34 billion, they say, would not imply an unduly generous credit policy and appears consistent with a tightening of credit by the Federal Reserve.

Implications for Interest Rates

According to the bank's projections, unless the Federal Reserve permits a greater expansion in commercial bank credit than already assumed, the Federal Government will need to place some \$6 billion of Treasury and agency securities with individuals and other residual investors.

Moreover, since the Treasury issues will be predominantly of short maturities, it is believed reasonable to expect upward pressures in the government securities market and upon money market rates in general.

The expectation of reduced buying of municipals by the commercial banks in 1968 may be interpreted as heralding a continuation of high to rising yields in this sector of the market, states the Bankers Trust report.

In the corporate market, however, the bank economists anticipate a sizable reduction in the volume of new bond offerings, which may well lead to some easing of pressures.

It would not be surprising, they conclude, to see corporate bond yields moving within a fairly level range and possibly even—should some of the market's fears prove to be exaggerated—along a declining trend.

Valley National Promotions

Two administrative appointments in the home office headquarters of the Valley National Bank, Phoenix, have been announced by President Earl L. Bimson.

Tom L. Larsen, assistant vice president, has been assigned to the bank administration division as administrative assistant to the president. His major responsibility will be to coordinate the marketing activities of the bank.

At the same time, J. Daniel Roark has been assigned to the administrative staff of the home office division manager, John Baldwin. An assistant cashier, he moves from the credit analysis department.

Heller reports a record year

	1967	1966	% Change
Earned per common share.....	\$1.22	\$1.07	+14.0%
Finance volume.....	\$2.9 Billion	\$2.6 Billion	+ 9.3%
Net income.....	\$12,228,414	\$10,962,383	+11.5%
Income from finance operations.....	\$ 8,582,241	\$ 7,772,813	+10.4%
Income from manufacturing.....	\$ 3,646,173	\$ 3,189,570	+14.3%

and a 20% increase in the dividend rate

The first quarterly dividend on common stock at the 15 cent rate will be payable on March 31, 1968, to stockholders of record March 15th.

WALTER E. HELLER & COMPANY and Subsidiaries

Financial Statement as of December 31, 1967

ASSETS

Cash.....	\$ 56,407,515
Receivables.....	\$669,834,327
Less:	
Balances withheld \$127,457,768	
Unearned discounts 19,749,806	
Reserve for losses.. 8,153,843	155,361,417
Net receivables.....	\$514,472,910
Prepays, investments in manufacturing subsidiaries, etc...	37,398,910
	<u>\$608,279,335</u>

LIABILITIES

Short-term notes payable.....	\$244,303,020
Accounts payable, including taxes	51,928,856
Long-term notes payable.....	140,064,000

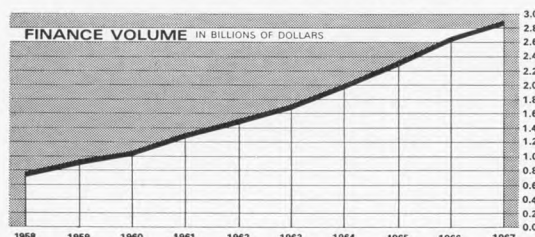
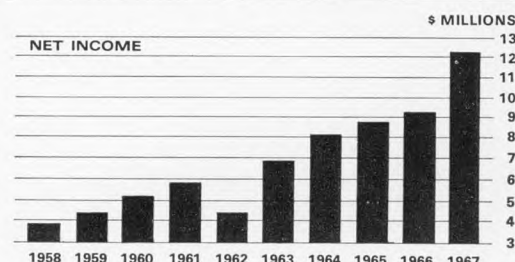
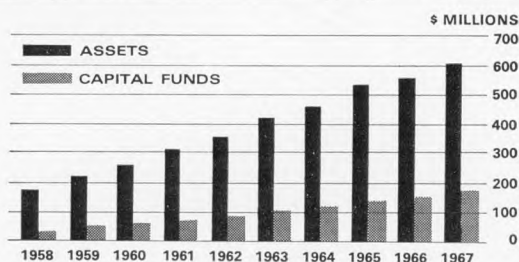
CAPITAL FUNDS

Long-term subordinated notes \$63,792,000	
Capital stock and surplus.....	108,191,459 171,983,459
	<u>\$608,279,335</u>

COMMON STOCK

	1967	1966
Earned per share	1.22	1.07
Dividends per share	.50	.50
Book value per share	7.67	6.84
Number of stockholders	12,279	10,804
Number of shares outstanding	8,462,569	8,458,509

Income and common stock data reflect the acquisition of Art Metal-Knoll Corp. on a "pooling-of-interests" basis.



These charts illustrate the growth of the Company for the past ten years. The year 1967 was most rewarding and significant as earnings and volume of business rose to unprecedented levels and the ground work was completed for the largest acquisition in the Company's history.

A copy of our annual report will be mailed upon request to Mr. Lawrence R. Foerster, Vice President and Treasurer.



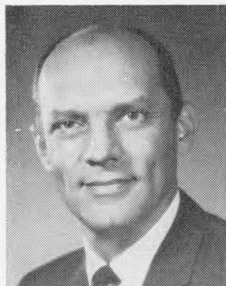
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Bank Administration Institute Nominates Earl L. Bimson

EARL L. BIMSON, president of the Valley National Bank of Phoenix, Ariz., has been nominated to move up from first vice president to president of the Bank Administration Institute for the fiscal year beginning July 1.



E. L. BIMSON

Nomination by the nominations committee of the Institute (formerly NABAC) is tantamount to election, which officially takes place at the annual spring meeting of the board of directors.

Mr. Bimson, the new president, will succeed Edward T. Shipley, comptroller of the Wachovia Bank and Trust Company, Winston-Salem, who will continue as a member of the board of directors for two additional years.

Moving up from second vice president to be the new first vice president will be William B. Carr, executive vice president of the Provident National Bank of Philadelphia.

Named to the second vice president position, and thus traditionally in line to become president in two years, is Charles A. Agemian, executive vice president of the Chase Manhattan Bank, N.A., New York, N. Y. Mr. Agemian is currently in the first year of a two-year term as a director at large.

Commerce Executive Shift

Commerce Trust Company, Kansas City, has announced new assignments for two of its executives and the addition of a new officer.

Charles E. Shewalter, Jr., senior vice president, has been placed in charge of loan administration. Since joining the bank in 1965 from Arthur Andersen and Company, he has served as controller. In June of 1966 he was elected to the office of senior vice president and controller.

Donald J. Reynolds, who has been auditor of the bank, has been named vice president and controller. He joined Commerce Trust in 1965, also coming to the bank from Arthur Andersen and Company.

Leonard Noah has joined the bank as auditor. He received his BBA degree at the University of Kansas City in 1962. He is a member of American Institute of C.P.A.'s, Missouri Society of C.P.A.'s, and Bank Administration Institute. Prior to his joining the bank, he was with Arthur Andersen and Company for seven years as audit manager.

LaSalle Promotions

Three promotions have been announced by the LaSalle National Bank, Chicago.

Gene W. Brandon has been advanced to assistant vice president. He is in charge of the conservator and guardian section of the probate division in the trust department.

Robert C. Ford, who joined the bank in 1964, has been named trust officer. He is a graduate of the University of Alabama law school.

John L. Woolworth, who joined the bank a year ago, has been named a commercial loan officer.

Joins Franklin National; To Travel Midwest

Franklin National Bank, New York, announced the appointment of M. Carlton Hook, Jr., as vice president in the bank's national division. Mrs.



M. C. HOOK, JR.

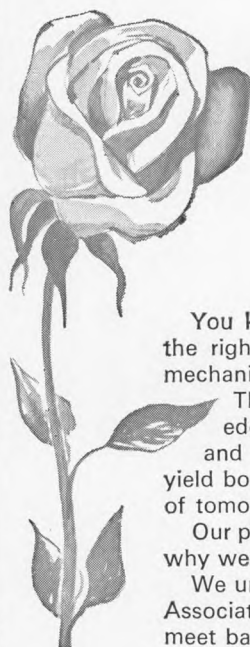
Hook has been assigned to the midwestern-western U. S. territory, and he will have his headquarters at the bank's 410 Madison Avenue office, New York City.

Prior to joining Franklin National, Mr. Hook was vice president in charge of national accounts and correspondent banks at Seattle First National Bank, Seattle, Wash. He had been with that institution since 1953.

Alumnus of Year

Rudolph A. Peterson, president of the Bank of America and a pioneer of large scale installment lending, has been named the University of California's "Alumnus of the Year" for 1967.

The "Alumnus of the Year" award is presented annually by the California Alumni Association to a University alumnus who has distinguished himself, and the University, through his accomplishments and his contributions to the welfare of mankind.



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...or is it?*

You know there is a difference, and so do we. Finding the right bond at the right yield requires more than just mechanical aptitude.

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Director of Agencies



JAMES C. GARBER
Assistant Vice President
Utah-Wyoming-
Montana-Idaho

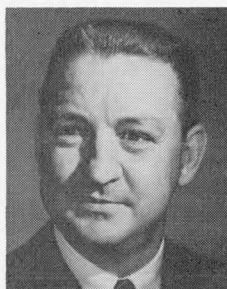
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Annual Bond And Investment Review

Analyzing a Country Bank Portfolio



By **R. L. JOHANNESMAN**
Vice President
Mercantile Trust Company
St. Louis, Missouri

HOW can I increase our bank earnings?" is a frequent question asked by country bankers today. This question has become more of a problem to the country banker in recent years because of the tremendous pressure on earnings, due mainly to the greatly increased cost of money and rising operating costs.

We feel that a country bank can help solve these problems and increase bank earnings by having its investment portfolio analyzed by its city correspondent. I will give some of the philosophy we at Mercantile use in analyzing a country bank portfolio and show why we feel almost any country bank would benefit by having his portfolio analyzed. In our discussion, we will gear our comments to banks in the \$5-\$10 million range; however, most of what we say here would be applicable to smaller banks and to much larger banks.

Investment Services

We have always encouraged country banks to come to us for investment advice, and it is our opinion that

they do not often enough take advantage of the numerous investment services that their city correspondents provide. Most city banks have fine bond departments or at least personnel qualified to analyze a country bank portfolio.

In a small bank the chief executive officer allocates most of his time to loans and to the operations of the bank. He spends the least amount of time on the bank's investment portfolio. The investment portfolio of a country bank, however, is a major portion of its total assets, usually about 40 per cent. We feel that more time and effort should be spent on the management of these investment assets.

We find that most of the country banks have little or no formalized investment policy. The banks that do have an investment policy do not often enough reappraise their investment policy and adapt it to changing economic and market conditions. This should be done just as lending practices are altered and modified to meet

an increasingly complex and growing economy.

Since many of the country bankers seem to lack an all around knowledge of the proper management of an investment portfolio, we encourage them to go to people who specialize in just this particular phase of banking. Most city banks encourage their correspondents to take advantage of an investment portfolio analysis, which is done without a fee and as a correspondent bank service.

Once we have received a request from the country banker to analyze his bank's portfolio, we ask him for the following information: We want to see a copy of his latest statement of condition, as well as his annual earnings report. We need a copy of his portfolio with the date of purchase and amortized cost of investments.

Upon receiving this information, we prepare some statistics such as, comparing his bank with other comparable banks; a profit and loss statement

ANALYZING PORTFOLIO . . .

(Turn to page 48, please)

■ **ABOUT THE AUTHOR**—Gay P. Gervin graduated with honors from Vassar College, where she received an A.B. degree. She was elected to Phi Beta Kappa and also was awarded a Marshall Scholarship by the British Government for graduate study anywhere in the British Commonwealth. She chose to study at Oxford, where she received B.A. and M.A. degrees. She then entered banking in Philadelphia, becoming an investment analyst specializing in bonds for use in bank portfolios, and is now continuing in this investment area at Studley, Shupert & Company, Inc.

THE present period of high interest rates confronts bank portfolio managers with the maximum challenge. There are serious problems that must be overcome if unwanted losses are to be avoided, and yet there also are attractive opportunities inherent in the situation.

Liquidity is apt to be a major concern for many commercial banks during this period even though it did not prove to be a source of difficulty throughout most of 1967, despite the trend toward higher interest rates which became apparent in the second quarter. Witness that banks increased their portfolios of commercial loans and investments at an annual rate in excess of 13 per cent in the first eight months of 1967.

It must be noted, however, that an exceptional combination of circumstances existed and that this was responsible for the absence of any pressure on liquidity. The rise in yields was attributable to a heavy calendar, rather than to a substantial loan demand. It was not accompanied, as is usually the case, by a tightening of credit. Instead, the policy of the Federal Reserve Board remained relatively liberal in response to symptoms of

economic sluggishness and in the vain expectation of more stringent fiscal measures.

The exceptional combination of circumstances was temporary, and was terminated by November, 1967, when the money managers were compelled to adopt a less permissive stance to safeguard the value of the dollar and curb inflationary excesses. This was signalled initially by a rise in the discount rate, heralding a state of affairs more typical of a period of high interest rates.

In the opening weeks of 1968, commercial banks found that funds available for lending and investing were restricted by increased reserve requirements against demand deposits, as well as by open market operations. Moreover, it is anticipated that additional pressure upon liquid resources will arise from increased loan demand and, so long as the statutory restrictions imposed by Regulation Q remain in force, from disintermediation (i.e., the withdrawal of time and savings deposits in pursuit of higher yields elsewhere in the money markets.)

Building Short-Term Resources

At Studley, Shupert & Company, Inc., of Philadelphia, we hold that insofar as liquidity is concerned, the present period of high interest rates will prove or disprove the prudence of a bank portfolio managers' previous policy decisions and that an ounce of prevention is worth a pound of cure. It is our conviction that the only effective method of providing for adequate liquidity in a tight-money period is to build short-term resources during periods of easy credit or of reduced loan demand.

Following the 1966 credit crunch and during the 1967 period of permissive monetary policy, we urged that bank portfolio managers rebuild their secondary reserves. We suggested that maintaining at least one-quarter

of the investment portfolio in one-year obligations was a rough measure of adequate liquidity.

With the prospect of tighter money in the first half of 1968, we continue to advise that emphasis be placed upon developing and maintaining satisfactory secondary reserves defined as governments and agencies due within two years. We further suggest channeling a substantial portion of newly investable funds into these short instruments and avoiding the extension of present holdings if liquidity would be appreciably impaired.

It is our opinion that pursuance of the foregoing course should place a bank in a good position to meet future deposit outflows, as well as to service the borrowing requirements of its community without being confronted with the somewhat sterile alternative of selling better yielding instruments at moderate losses or of facing the even more sterile alternative of disposing of less-productive obligations at substantial losses, possibly in a year in which any loss is inconvenient from a tax and earnings standpoint.

We believe that avoiding unwanted losses more than compensates for any sacrifice of return entailed by conservatism of the sort we suggest. Moreover, this conservatism need not entail any immediate loss of return when the flat yield curve that characterizes a high-interest-rate period makes its appearance, as it now is doing.

Handling Certificates of Deposit

The way in which we recommend that a bank handle one particular kind of deposit—namely, the certificate of deposit—deserves special mention, because it is related to the question of liquidity, as well as to the problem of the cost of money in periods of high yields. The CD has become an increasingly important money-market instrument. It bears a high interest

Bank Portfolio

rate in comparison with savings accounts. Also, it is likely to be held by rate-conscious investors who may withdraw if better yields become available elsewhere. Thus, certificates of deposit are a relatively expensive source of funds in good times and may be volatile in a tight-money period.

We suggest that the difficulties arising from administering CDs can be avoided if the money is put to work in securities with due dates approximating the fixed maturity of the deposit. Thus, cash will be available in a period of rising interest rates to lock in better yields and to cover increased expenses if it becomes necessary to refund the CD at a higher rate or to redeem it if it is not renewed.

We further suggest that it is unwise to match CDs of moderate length with markedly more extended maturities. The assumption that normal cash flow in the form of increased time deposits and loan repayments would take care of any CD attrition was disproved in certain cases in 1966, and it could prove faulty if put to the test in 1968.

Our suggestions will not produce the highest possible return on CD money, but they should enable a bank to cover the cost by a comfortable margin. Obviously, CD funds invested in municipal bonds are now profitable, for the taxable equivalent yields on top-grade obligations come close to 6.5 per cent, even in one-year maturities. There are, however, feasible alternatives for banks not in a position to use additional tax-free income.

Farmers Home Administration notes, which are direct obligations of the federal government, are one worthwhile source of taxable return. A market is made in these instruments, and they are available in a variety of datings. The one-year maturities, now yielding 6 per cent-plus and traditionally priced at a conces-

sion to other like-dated federal agencies, should interest portfolio managers seeking short-term taxable outlets.

Buying High-Yielding Securities

What about the problem of obtaining funds for locking in the historically generous returns on bonds falling outside the reserve range in the present bear market for fixed-income investments? The advantage to be derived from buying such high-yielding securities to stabilize income against future downtrends in yields is one of the principal attractive opportunities offered by a period of high interest rates.

Banks in an especially liquid position have no difficulty capitalizing on a buyers' market. Their excess funds can be put to work on short securities can be extended at little or no loss, to guarantee an enhanced level of income for a number of years hence.

Let us now consider the problem of banks whose liquid position may not be too favorable, as well as of those that hesitate to diminish liquidity at a time when the impact of tighter money is being felt. Such banks have a means of realizing another attractive opportunity inherent in a period of high yields if their tax and earnings position permits them to absorb losses. Loss sales and the subsequent purchase of better-yielding bonds can then be effected entirely outside the reserve range.

Justified Losses

We believe that it behooves every bank for which such a program is feasible to consider its potential benefits. In our opinion, the losses that will be incurred are more than justified if they are accompanied by a corresponding increase in portfolio productivity. A number of Studley, Shupert bank portfolio management clients adopted this philosophy in the

second half of 1967. We are reasonably certain that other of our clients will establish a loss year in 1968 in order to avail themselves of the comparatively high yields that we anticipate in the first half of this year.

We advocate that any program entailing investment outside the reserve range restrict government purchases within a seven-year limit and municipals within a 15-year limit. Observing these bounds should enable a bank to avoid becoming overextended while ensuring a good return for a reasonable period. Any additional lengthening of maturities usually would not be accompanied by an offsetting rise in return.

We do not advise corporates as bank portfolio holdings. We think there are many other obligations with fixed maturities of moderate duration that offer better value. Our recommended selections include municipals within the 15-year range and Farmers Home Administration notes available in one, two, three and 10-year maturities.

Proper timing is essential in taking advantage of a period of high interest rates. It is always difficult to determine when a bank should commit funds outside the one and two-year range, and the problem is complicated at present by the disturbing uncertainties arising from the international situation. Nonetheless, we think that, in the long run, moderately extended bonds bought under current conditions will prove worthwhile inclusions in any list.

To sum up: If a bank is able to take advantage of the existing buyers' market without undermining liquidity, it should enjoy the flexibility to make the most of future conditions. It will have hedged its position against a downtrend in interest rates, and it should not be precluded from benefiting from any further uptrend in yields.—**End.**

Management



By GAY P. GERVIN
Investment Officer
Studley, Shupert & Company, Inc.
Philadelphia, Pennsylvania

Banks Now Large Buyers Of Institutional Bonds



By THOMAS J. KENNY
President
B. C. Ziegler and Company
West Bend, Wisconsin

AMERICA'S churches, hospitals and schools are constantly growing in size and in facilities to keep pace with the nation's population growth and technological advances.

As investment bankers specializing in underwriting church, school and hospital bond issues, our company is particularly aware of and appreciative of the important role commercial banks and trust companies play in our business.

Many of our institutional bond issues are referred to us by our friends in the banking community. In underwriting these issues for institutions throughout the United States, and in selling the bonds nationwide, we are in constant communication with scores of bankers and trust officers.

Expect 1968 a Good Year

From our contacts and observations we anticipate that 1968 will be a year fraught with pitfalls, but nevertheless a good year economically. With the large federal budget, a potential tax increase, and the ever-increasing costs of the Vietnam war, it is hazardous to appear dogmatic at this time. We do venture that the year could see an

upward trend in short-term rates but not too much change in long-term rates.

In recent years institutional bonds have become increasingly popular in financial circles as sound investments for banks, pension funds and insurance companies. They have long been popular with individual investors, but banks are now one of the largest buyers of institutional bonds, placing them in their trust-fund accounts, pension or profit-sharing funds which they administer, and in their own portfolios. For instance, banks have profitably used their "reserve-for-bad-debts" account by investing in institutional bonds.

The accompanying tabulation of the larger institutional bond issues brought out in the first two months of 1968 by B. C. Ziegler and Company indicates the varieties of higher interest-bearing obligations available.

Need for Expansion Evident

The need for expanded facilities for our nation's hospitals, schools and churches is very evident. Our firm has arranged about \$200 million of loans which will be closed in 1968, 1969 and 1970. The needs of these institutions are due mainly to: (a) rap-

idly increasing population, especially in the pre-college and college age groups, (b) the ever-lengthening average lifespan, (c) widening scope of health services, and (d) Medicare and the popular acceptance of health insurance.

The supply of good institutional loans is there and will continue, but it is our hope that demand for institutional bonds will continue at its present pace so that yields will not increase much over present high levels.

During most of 1966 and 1967 the large insurance company and pension fund buyers were pretty well out of our market. However, there are indications now that 1968 will see them back in our market. Naturally, we will first satisfy the demands of our thousands of loyal individual and bank customers who helped us achieve a \$237 million sales volume in the years 1966-67.

Our issues have always been particularly sought after by banks due mainly to the availability of short-term bonds with serial maturities of one to 10 years. B. C. Ziegler and Company pioneered the serial maturity schedule in corporate bond is-



SKETCH of St. Luke's Hospital at Duluth, Minn. This facility is being constructed with \$2,500,000 in AA rated bonds.

sues way back in the 20's. With their enviable safety record, higher yields and serial maturities, institutional bonds have been and will continue to be ideal investments for bank time

money and also for trust accounts.

Interim Paper

Since inaugurating our interim paper department back in 1961 we have seen this vehicle climb from \$21 mil-

lion in sales the first year to \$79 million in 1964. Volume varies according to institutional demands for very short-term construction financing. In 1967 sales of new issues of interim paper totaled \$51 million with an additional \$108 million of renewal paper. About 26 per cent of this volume was placed with banks throughout the country. Banks carry out interim paper notes along with commercial paper under loans and discounts and use it to cover their time deposits. Yields during January of this year ran between 5% and 6 per cent. These notes mature from a few days to six months.

In the years ahead it is logical to assume that in reaching for income greater than that obtainable from conventional corporate bonds and debentures, professional buyers of securities will add more and more institutional bonds to their portfolios. So long as qualitative factors protecting the investor are maintained and the quantity of underwritings continues to increase annually, the buyers and distributors of institutional bonds should enjoy a confident future and the borrowing institutions should continue their sociological benefits to our American way of life.—End.

Issuer	Amount	Rating	Rates	Maturities
Sisters of St. Joseph of Carondelet St. Paul, Minn. DOSN	\$4,000,000	AA	6½%	1-1-69 to 7-1-73
Cincinnati Community Hospital Assn. Cincinnati, Ohio FMB	\$1,100,000	A	6¾%	6-1-73
Swedish Hospital Minneapolis, Minn. FMSB	\$2,500,000	AA	6½-6¾%	7-1-69 to 1-1-78
Lutheran Charity Association Jamestown, N. D. FMSB	\$1,200,000	A	6½-7%	7-1-69 to 1-1-78
Griffin Hospital Derby, Connecticut FMSB	\$2,500,000	AA	6¼-7%	8-1-69 to 2-1-78
Cherry Hill Hospital Cherry Hill, N. J. FMSB	\$3,000,000	A	6¼-7%	8-1-69 to 2-1-78
St. Luke's Hospital Duluth, Minnesota FMSB	\$2,500,000	AA	6¼-7%	7-1-70 to 1-1-78

THE bank's bond portfolio is a very proper topic for discussion at any profit seminar. From the standpoint of size, the bond portfolio is generally about a quarter to a half of your entire bank. From the standpoint of earnings the bond portfolio is called upon to provide additional income although we recognize, of course, that the earning function of the portfolio cannot ignore its primary responsibility which is to serve as a secondary reserve.

In the years since World War II, a booming economy has put pressure on the commercial banking system's ability to supply credit, and so time deposits, once spurned, are now sought and at a much higher cost. Thus most commercial banks no longer find it advisable to hold good sized investments in cash and governments while turning away proper demands for credit. Nor do they find it profitable as the cost of their money increases. Loan demand has gotten stronger, and cash is invested somewhat more closely.

The most dramatic changes, however, are within the securities portfolio. During the past five or six years the size of the government portfolio has been just about cut in half to accommodate increases in both the other securities and loan portfolios. As a matter of fact, the most recent averages for member banks and FDIC insured banks discloses a higher percentage invested in other securities than in governments.

In addition, a word of caution. As commercial banks move more heavily into risk assets at the expense of non-risk assets, I certainly acknowledge the power or influence of supervisory authorities. While I do not suggest that we ignore our supervisors, neither do I suggest that banks surrender their individuality to some type of industry-wide rules. I think it reasonable for a bank to establish some targets or goals for itself in this field of asset allocation.

The average bank now has about 30 per cent of its assets invested in the combination of cash and governments. These are the non-risk assets. It also has about 70 per cent of its assets invested in the combination of loans, other securities and miscellaneous assets. These are the risk assets. Whether you employ a goal of a 30-70 per cent split, as in the case of the average, or something less aggressive, is a matter for each individual bank to decide. The setting of a goal, however, does provide you with a predetermined level for the size of your government portfolio and funds avail-

able for investment over and above this predetermined figure can then be directed into higher yielding loans and other securities.

The point that I hoped to have made in this first part of my talk is that most banks are carrying less in the way of governments and more in the way of other securities than was formerly the case. The reason for this switch is simply to achieve an increase in yield.

Other Securities

In the remarks preceding you have heard me use the term, other securities. By definition, this is all securities that are not direct obligations of the United States Treasury. In most banks the other securities account is composed of either U. S. government agency securities or tax-exempt municipal bonds or some combination of both. The division of the other securities account between agencies and municipals should be determined exclusively by the amount of taxable earnings. Those banks that have taxable earnings in excess of \$25,000 and in the 48 per cent tax bracket, should confine their other securities account to tax-exempt municipal bonds since this yield is greater than agencies on an after-tax basis.

Conversely, those banks whose taxable income is consistently less than \$25,000 and in the 22 per cent bracket, should confine their other securities account to U. S. government agency securities since in this tax bracket their yield on an after tax basis exceeds that of municipals. Many banks earn slightly more than \$25,000 and find it appropriate to own both agencies and municipals in their other securities account. This, too, is appropriate so long as the tax-exempt income is income that otherwise would be taxed at the 48 per cent rate. It behooves any bank to ensure that the composition of their other securities account is correct in order to achieve the most yield. As I stated, the primary determinant of this composition is the extent of the bank's taxable income and its tax bracket.

You may have noticed that I have omitted from this discussion of the other securities account any reference to either corporate or church bonds. This is by design, since I am not a fan of either when it comes to bank bond portfolios. While the creditworthiness of either type of security has generally been unquestioned in recent years, I do have some doubt as to the liquidity and marketability of this type of investment instrument. My real purpose in omitting them,

Examining

however, is because their yield is not as great as municipals for banks in the upper tax bracket, and it also is not as great as the yield on loans for banks in the lower tax bracket.

Maturity Schedule

The shape of the maturity schedule also has undergone some change in recent years. A cause, although I am sure it was not originally intended to be one, is the $4\frac{1}{4}$ per cent rate limitation that Congress has placed on new issues of treasury bonds. For most of the past couple of years the treasury has found it necessary to come to the market with new issues of securities in a climate that demanded an interest rate in excess of $4\frac{1}{4}$ per cent and so they have been pretty well limited to new issues of treasury notes instead of bonds.

Heretofore or up until mid-1967 treasury notes have been defined as issues with an original maturity of from one to five years. During 1967, the treasury obtained congressional approval to change the definition of treasury notes to include issues with original maturities of from one to seven years and the 5% of November 15, 1974, that were issued last November 15 were the first new issue of treasury notes brought to market under that new authority. As a result, all treasury issues with a coupon rate in excess of $4\frac{1}{4}$ per cent will mature within five years except, of course, for the one issue just mentioned.

As a result, there has been no need or inclination to extend the maturities in the government portfolio beyond the short and intermediate areas in order to capture a higher yield. In



Your Securities Portfolio

By JOHN D. TURNER
Assistant Vice President
First National Bank
St. Paul, Minnesota

fact, the exact opposite has been the case. During this same period the yield curve on new issues of municipal securities has generally slanted upwards in that a longer maturity has brought a greater reward than a shorter maturity. So from a pure yield standpoint, there has been good reason to extend slightly the maturities to the municipal portfolio. In this manner short governments satisfy the first requirement of the bond portfolio, which is to serve as a secondary reserve for the bank, while longer municipals at higher yields serve to increase the investment income.

Along with almost everyone else I feel that it is next to impossible to establish a broad definition for adequate liquidity that would apply to all banks. To a large degree the adequacy of liquidity depends on the need for it, and this can vary considerably with each bank. Historical records, plus the banker's knowledge of his own deposit make-up, are still the best ingredients for a sound decision in this regard.

I do, however, think it advisable for member banks to consider the availability of not only the discount window, but federal funds as well, in determining their available liquidity. This would be especially true during those periods when the yields on other investments are a good deal better than treasury bills. As we shall see later, non-member banks have just about the same privileges through a correspondent.

Investing Excess Reserves

Let us now turn our attention to a subject which I have chosen to call,

investing your excess reserves. Commercial banks are using this area a lot more as the use of the negotiable certificate of deposit becomes more prevalent. The newness of the CD also has brought on substantial and, as yet, unanswered questions as to the liquidity that this type of deposit requires.

CDs create additional deposits. In some banks, this has simply reduced net borrowed reserves; in other banks, it has created excess reserves. The former simply reduces debt, while the latter must put these reserves to work. Almost everyone will put them to work in either loans—governments, agencies or municipals. Some will invest these funds in accordance with their normal regular investment schedule, and this will usually have the most profitable result. Others will feel that this CD is a demand deposit and in investing the funds will try to achieve the utmost in liquidity. However you decide, there follows several devices by which excess funds may be invested and all of these devices are in the relatively short-term area.

Treasury Bills

The first is treasury bills. They are easily the most marketable, the most liquid and, therefore, they generally command the least rate of return. The next area is somewhat akin to the first and this I call *buying securities with a put*. Here a customer may acquire from us either government, agency or municipal securities with the right to put them back to us at any time and with the

yield established at the time of purchase. We as the seller do not retain a call on these securities but the customer buyer does acquire a put, which permits him to cash the securities at any time without loss. The yields in this type of transaction are generally no better than either the shortest treasury bill or a very short PHA note.

You can see that this type of transaction offers investment opportunities where the investment period is uncertain. You also can probably see that when the investment period is certain, or at least fairly so, then more yield will accompany an outright purchase. In selling securities with a put we would prefer to restrict the amounts to \$50,000 and up.

Trading Federal Funds

The next investment process is available to member banks only, and this is the trading of federal funds. This is the sale by one member bank of immediately available Federal Reserve funds to another member bank on an overnight basis at a negotiated rate. At our bank we stand ready to either buy or sell federal funds from or to correspondent member banks regardless of our own position.

We suggest that federal funds transactions should be at least \$100,000 in size. The reasoning for this is profitability to the customer.

While we stand ready to work with correspondent member banks in federal funds transactions in either direction, I must add that there might be an occasion when we would be unable to either offer or purchase fed funds, such as occurred in the fall of 1966

when funds were very scarce and the rate reached 6 per cent. I also wish to point out that the comptroller of the currency places no limit on the amount of federal funds transactions, but the Federal Reserve System does. We would be happy to comply with either ruling and if you wish to subscribe to the ruling of the Federal Reserve System, then you will want to limit federal funds transactions to 100 per cent of capital and 50 per cent of surplus.

Non-member banks can accomplish much the same thing as federal funds transactions by establishing a borrowing relationship with a correspondent bank when additional reserves are needed and by buying either short-term treasury bills or securities with a put during periods when excess reserves are on hand.

Short-Term Municipals

Another medium for the investment of funds is short-term municipals and PHA's. You will seldom if ever see a new issue of municipal bonds contain a six-month maturity; however, there is a large secondary market for municipals in which many bonds trade and through the passage of time some of these are fairly close to maturity.

PHA's are Public Housing Administration temporary loan notes which are generally issued by a local housing and redevelopment agency. An opinion by the U. S. attorney general makes debt service on these notes an obligation of Congress in the event of default. So they are in effect a tax-exempt obligation of the United States. As such they are AAA rated, and their yield on a taxable equivalent basis is slightly better than treasury bills of a comparable maturity.

On the other hand, the purchase of short-term municipals will generally provide more yield than PHA's, since these bonds need not necessarily be AAA rated. A word of caution here in purchasing short-term municipals. These bonds have most likely been issued sometime ago and, therefore, have a lower coupon rate and are probably selling at a discount. Where a deep discount is involved, you will want to purchase a maturity of at least six months in order to qualify the discount portion for a long term capital gains tax rate of 25 per cent. I also should caution you against attempting to match the maturities in your bond portfolio with what you believe to be the life expectancy of your CD's, since a longer municipal will bring at least 1 per cent more yield than a short-term municipal and an unrealistic approach in this regard could be costly.



"... and now a few words from our sales manager, Mr. Quota, er . . . Mr. Holmes."

All of the investment methods described thus far, with the exception of federal funds, affect the bond portfolio. I am about to discuss some others, however, that are treated as loans.

Commercial Paper

The first of these is commercial paper. This is simply the purchase of an unsecured promissory note of a corporate borrower who generally commands an excellent credit rating. There are prime name borrowers who generally place their paper directly with the purchaser, and there are lesser known names who generally work through a commercial paper broker in the placement of their paper.

The rate on prime name commercial paper will always be less than the prime rate of interest, since this type of company enjoys bank lines of credit at the prime rate of interest. It also will always be higher than the treasury bill rate, since there must be some inducement to attract buyers. Maturities may be specified from as little as three or four days to as long as six or nine months. Commercial paper rates may fluctuate from day to day, and at the moment the rate on prime name paper is from $5\frac{1}{2}$ per cent to 5% per cent. In purchasing commercial paper you are in effect granting a loan and so your own bank's legal lending limit to any one customer would apply.

Early in 1967 when the Federal Reserve Open Market Committee was injecting good sized amounts of excess reserves into the commercial banking system, treasury bill yields dropped below 4 per cent. So at that time we recommended commercial paper at 4% per cent to a good many

of you. Since that time treasury bill yields have advanced and so the investment process just described was reversed.

The fact remains that some banks with low ratios could acquire some commercial paper at the expense of additional treasury bills. Here there is good liquidity by maturity, since these notes generally mature within six months. I hasten to add that their marketability prior to maturity is very limited unless the owner is willing to discount his yield.

Certificates of Interest

The next type of loan that may be acquired is certificates of interest in a pool of commodity credit corporation loans. These certificates may be purchased in any size or amount from the Commodity Credit Corporation in Washington, and they are identical to the CCC loans that many of you in agricultural areas originate. As a matter of fact, this pool of loans is made up of loans that various leaders throughout the country have already surrendered. They have the benefit of the same government guaranty, and the rate may fluctuate either upwards or downwards but generally will stay a little bit ahead of the treasury bill rate.

It is currently 5% per cent. These certificates mature on August 1 of each year. They may be cashed at any time prior to the due date by enclosing them in your cash letter. Our bank gives immediate credit although the funds are actually collected one day later. The owning bank receives all of its principal plus interest for the period of time held. Many of you already own CCC loans that have been made on a direct basis to local farmers; however, in working through the CCC loan pool they then become available to any bank in just about any amount. In addition I should point out that they do not earn interest unless held for at least 10 days.

Government Guaranteed Loans

The last type of loan available for investment purposes are government guaranteed loans originated by the Farmers Home Administration. These loans may be purchased in any amount from the Department of Agriculture in Washington and are accompanied by an insurance endorsement signed by the U. S. Department of Agriculture. In purchasing these loans, there is an initial fixed period of time during which the loans have neither marketability nor liquidity. Following the fixed period, there is

SECURITIES PORTFOLIO . . .

(Turn to page 110, please)

Banks and

/ the Student Loan Program



By LEWIS E. DAVIDS

Hill Professor of
Bank Management
University of Missouri
Columbia, Missouri

In there are a number of *sacred cows* IN OUR current economic scene, which many of us identify with, such as the small farmer, the small businessman, minority groups and students aspiring to higher education—to mention only a few. Politicians find it expedient to support legislation sympathetic to these special interest groups. It is generally not considered politically prudent to publicly oppose loan programs purported to be in the interest of these groups.

The critical phrase is *purported to be* since many of best intended programs have, in the past, fallen far short of their stated worthy social and economic goals.

This columnist is seriously concerned about the direction of the *sacred cow* of the college student loan program and the role of commercial banks in the program. His position differs materially from those of the federal government, the A.B.A., many college administrators and borrowing students as to the means of financing a viable college student loan program.

It is decidedly a minority position, but it is based upon several facts which seem to have been overlooked so far by the previously listed interest groups.

This minority position starts off with one basic premise. It is: **College educated people on the average will individually earn at least \$100,000 more during their working career than non-college educated people.** The \$100,000 is, if anything, a most conservative figure. Ergo: People who

have a life estate or income of over \$100,000 or more than *underprivileged* citizens don't need or require a subsidy through the banks or a federal program. What they need is availability of funds to borrow at realistic rates of interest—not a subsidy.

The second fact is: **Of all investments, dollars spent on education will provide, on the whole, a higher rate of return than funds invested in almost any other area.** Ergo: If one is intelligent enough to aspire to having a college education, one should have enough sense to recognize the preceding logic.

These two facts are the basis for questioning any college loan program requiring a subsidy, whether it be supported by the federal government, the A.B.A., college administrators or students. Attempts to foist on the financial structure a fixed, simple annual interest rate unrelated to the prevailing higher real world interest rates indicate a lack of basic understanding of the workings of the financial market place.

Rigid Rate Structures

In the first place, a *fixed subsidized rate* student loan program simply perpetuates the mistakes of such unsuccessful fixed rate programs as have been governmentally imposed, such as the *peg*, the F.H.A. *points* travesty and the R.E.A. program. We should have learned by now that rigid rate structures are self-destructive. A college education is going to be had by

over half our high school graduates. Should the college man or the non-college man pay?

Under the current student loan government program, the 6 per cent simple annual interest rate ceiling puts the **lender** in an untenable position. Few people or institutions have wanted to discuss or even think about some of the moral, ethical and supervisory implications of such an unrealistic rate and the self-defeating philosophy behind similar subsidy programs.

A 6 per cent simple annual rate of interest is **below** the prime borrowing costs of our best and highest rated borrowers. And they borrow in amounts affording economies of the scale of size. The 6 per cent student loan rate is substantially below what adequately collateralized, secured residential mortgages yield. Is it reasonable, fair and equitable to its stockholders for a bank to divert funds from an optimum investment and loan return to subsidize borrowing college students? Students that do **not need** or are not entitled to such subsidy in view of their higher economic potential over their entire working span.

Students, in fact any borrowers, naturally would prefer to pay a 6 per cent simple annual rate of interest, or less if they could get it. Few who really need the funds would forego borrowing at even double the rate. Twelve or 18 per cent of a simple an-

STUDENT LOAN . . .

(Turn to page 50, please)

Northwestern Banker, April, 1968

How Banks Can Protect Against

MARVIN L. SHAY
Special Agent
Federal Bureau of Investigation
Minneapolis, Minnesota

■ Mr. Shay was a speaker at the recent Bank Management Conference conducted by the Minnesota Bankers Association in Duluth. The balance of the report and pictures from that meeting appear on page .. in this issue.

Mr. Shay gave a brief background of statistics covering bank holdups and burglaries, then devoted more than a half hour to a question and answer period on this subject. A resume of his presentation follows:



CAMERAS are perhaps the most effective equipment against bank robberies today. Police records show that 90-92 per cent of robbery crimes are solved when cameras are in use. From

IN THE brief nine months of 1967, bank robberies and burglaries showed a 60 per cent increase over the entire year of 1966. Also, the amount of loot taken was up over the previous year.

During the same period of 1967, bank robberies alone totaled as much as all of the three- to four-year period just preceding. Burglaries also were on the increase in 1967, occurring at the rate of two or three for each robbery. One day last year in the Twin Cities area there were two daylight robberies within a short time.

Minimum Standards

Q. Would you comment on the bill in Congress that proposes "minimum standards" for bank protection?

A. Hearings are now being held on this bill that would appoint the FDIC to set up such "minimum standards" for insured banks. The biggest problem is trying to decide what constitutes "minimum standards," since this could vary from one bank to the next.

Cameras Are Effective

Q. Do you have any statistics to show that this protective equipment is effective?

A. Yes. Police records show that where banks are equipped with cameras, 90 to 92 per cent of the crimes of robbery are solved. Every bank is not equipped with these cameras and in the St. Paul area last summer, where so many robberies took place, bank officials were discussing with us what could be done. The subject of bank employees came up and whether they could be of more help. Our FBI office set up a school to train bank employees on "What to Do If You Have a Bank Robbery."

This worked well and these training sessions, that lasted for several hours, were then conducted in all parts of the state. We had several objectives:

1. In case of robbery, safety is of first importance—for you and your customers.
2. How to be better witnesses if there is a robbery.
3. How to cut down losses by not having maximum amount of money on hand.
4. How to activate the alarm system.

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Training Results

Later we had five instances where women tellers were robbed on Friday and they had just had the training school on the preceding Wednesday. All five said emphatically the training had been of help and we are inclined to agree, for out of the five robberies we have solved four. There were no cameras installed in these banks. Some had alarm systems, but mainly the apprehension of the criminals was made possible through descriptions provided because these girls were alert.

However, we're in favor of camera equipment because it's a deterrent as much as a detection device. People in the robbery and burglary business tell us they look for the decals on bank windows and doors stating that cameras protect the premises 24 hours a day.

I feel personally that this deterrent effect might run as high as 75 per cent of the effectiveness and 25 per cent detection, because if the criminals know cameras are present and they have a choice, they will pick a bank without a camera. Even with criminals wearing masks, cameras are of value because they pick up other features and descriptive traits that are helpful to law officials.

Camera Use

There are several manufacturers of good cameras and other protective equipment. Some cameras are set up to shoot continuous movie film when the camera is activated during a robbery. A sequence camera is one that shoots pictures at preset intervals throughout the day, or will shoot a series of pictures on demand.

There is widespread knowledge now among the public that protective cameras have provided FBI and local police with leads that have resulted in arrests of the criminals. In one case there was an older woman who had \$300 withdrawn from her savings account. She told the bank she did not make the withdrawal. The bank official remembered the camera and called the woman at home to tell her they could look at the film the next day to see if they could determine who made the withdrawal because the camera would have the pictures synchron-

Holdups, Burglaries



this series of pictures taken during an actual robbery, it is easy to see why photographed crimes are usually solved. Pictures are courtesy of the LeFebure Corporation, Cedar Rapids, Iowa.

ized with that particular time. The woman called him back a while later and said they had discussed this at the dinner table and the film viewing the next day would not be necessary. It turned out their 26-year-old daughter had run into some difficulties and had taken the liberty of making the withdrawal.

In another case, a Twin City bank was robbed. A nearby bank was equipped with cameras and the officer in charge there called our FBI office to tell us he was sure his bank had been "cased" and that we could look at their film to see if it would be of assistance.

Who Commits Crimes?

Over 50 per cent of bank robberies are committed by one man with a gun. There are many other types of bank robberies and robbers. Extortionists and sneak thieves, for example. Many sneak thieves work in pairs, preying on tellers who are careless. If a teller has his money exposed and other conditions are favorable, one man will distract the teller's attention while the other lifts the money. Most of these losses are undiscovered and are checked off as mistakes.

Our FBI men encourage local police when we meet with them to always look banks over carefully each time they go by.

Another thing we always want your tellers to do if at all possible is to save the note that is usually handed them by the robber.

Carelessness can be costly. In one North Dakota bank that was closed to the public for business on Saturdays, several employees were there working on a Saturday. They had left the door unlocked. A man walked in and with the window blinds down and no protective devices he leisurely cleaned out the bank.

Deterrents

Q. What are the greatest deterrents to robberies and burglaries?

A. I would say:

1. Proper protective devices.
2. Proper detection and apprehension.
3. Big penalties.



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One problem we have is with the news media. A bank robbery makes big news headlines, while the sentencing gets small news. In one case we apprehended a bank robber who tried to lock four people in the vault. We got him in Toronto with the aid of the Canadian Mounted Police. This man was wanted in two states for murder. After we got him, the papers were hardly interested in running any story. News emphasis on capture and punishment, we think, is a great deterrent for it makes others consider the consequences.

Guns Not Advised

Q. How do you feel about guns in the bank?

A. We advise against it unless the person with the gun is an expert, which is unlikely. These men (robbers) can so often be unpredictable, due to narcotics, false courage, etc., which will stimulate their nervous reflexes.

Many of the bank alarms into police headquarters or other localities are silent just for this purpose—so the robber won't get excited.

Some of these criminals try to destroy the cameras, but in many cases we are able to recover the film and are still able to develop it and apprehend the men involved.

In one such case, the robber walked right up to the camera, looked into the lens then thumbed his nose and shot the camera. We got the film and the robber. In another case, the camera was thrown off a bridge into the water. We were alerted by people who saw this and again the film was recovered and used for apprehension.

Chances of Being Robbed

G. What are the chances of a bank being robbed in 1968 compared to 1967?

A. This depends, in my opinion, on whether you are with or without camera equipment.

In 1967, the increased incidence of bank robberies was higher than it was for service stations. Bank robberies constitute the highest rate of crime of violence our office has to handle.

And yet, professional burglars and robbers tell us that most banks are not as well protected as supermarkets.

Cost of Protection

Q. What is the typical protection cost for a \$5 million bank?

A. It's difficult to reply without seeing the bank involved. One camera installation, available on the market, comes in a rented package installed and maintained for about \$30 to \$40 per month. The purchase price is about \$1,100 or \$1,200 and you have the maintenance.

This brings up the subject of other alarm systems. We find that so many of them are so old they are rusted out and are valueless. Maintenance of these protective devices is highly important.

What Robbers Don't Like

In connection with bank protection, professional burglars and robbers have told us these are the things they don't like:

1. Armed guards. This presents a gamble, which most avoid in favor of a bank without armed guards.

2. Uniformed guards. This is another psychological deterrent.

3. Semi-circular teller windows. Other customers can see much easier what is going on at the next window.

4. Balconies, especially those with glass.

5. One-way mirrors. They never know who is on the other side.

6. Lights. One apprehended burglar said he has seen many farms better lighted than banks.

7. Exposed vault. Burglars dislike having vaults visible to the street when there are no drapes to cover their activity.

8. Towns with a night police force.

One reason why many burglaries are difficult to solve is that good burglars clean up after themselves and their crimes are highly difficult to solve.

As protection against these after-hours prowlers, what some bankers are doing is to install audio equipment with a line run directly into their home or the police station. These devices can hear everything in the bank after hours—a person walking, drawers opened, just about any noise. The only problem is that some forget to turn it on. So now this equipment has a time device that will turn it on automatically at a preset time. If the banker hears any noise he can call the police from his home without the burglar suspecting he has been detected.—**End.**

PICTURES taken by a camera located at the front of the bank during the same holdup give another view of the robbery. Picture at left shows woman in foreground being held hostage by

an unpictured gunman as armed robber makes his way down the row of teller windows. Picture at right shows scene in the bank as robbers flee.



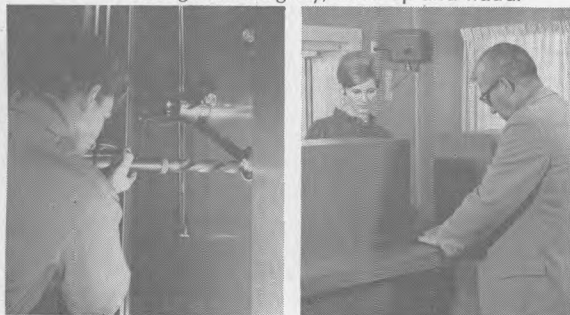
Northwestern Banker, April, 1968



Improved Protection...

with the electronic certainty of
LeFebure Alarm Systems

Protection against burglary, hold-up and fraud.



Bank crimes have tripled in the past ten years and are still on the increase. Improve your protection now against burglary, hold-up and fraud, with a LeFebure Alarm System. Both manual and semi-automatic systems will accept all components you need ... silent hold-up alarms, burglar alarms, cameras, and triggering devices. A nationwide emergency maintenance service is available on a 24-hour basis. ☐ Your LeFebure man can recommend an alarm system specifically designed to improve your operation. Talk to him, soon. *LeFebure Corporation, Cedar Rapids, Iowa 52406.*



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ALARM SYSTEMS . . . JUST A FEW OF THE 3900 WAYS LEFEBURE CAN IMPROVE YOUR OPERATION.

Analyzing a Portfolio

(Continued from page 35)

of securities; average maturity and per cent of securities due each year; and determine the risk asset ratio. We like to have more than one person analyze the portfolio because there is a great advantage to several different viewpoints on how this should be handled.

After we have come to some conclusions, we like to meet with the banker personally. We think there are a lot of pertinent questions that should be asked the banker before an accurate appraisal can be given. We ask about the deposit structure—how volatile are these deposits, when are peak deposit periods and about future deposit growth. We ask about the bank's loans, the demand at present and what can be expected in the future. We also discuss the bank's present tax picture as to whether or not the bank is in the 22 to 48 per cent bracket. We also like to know something about the general economic condition of the bank's trade area. We feel that all these questions are important and that we have to first look at the bank as a whole, before we can attempt to answer any questions about the investment portfolio.

Liquidity

In developing this material and examining the portfolio itself, we always look at the portfolio with three basic principles in mind—liquidity, capital adequacy and profitability. We feel that the problem of liquidity merits first consideration by the bankers and that the concept of liquidity should never be overlooked in determining an over-all loan or investment policy.

The banker must always be prepared to meet deposit withdrawals as well as take care of the legitimate loan requests of his customers. He should, therefore, have in his portfolio an adequate amount of relatively short-term securities where the risk of market fluctuation is nominal. Since every bank is different, it is difficult to give any hard and fast rule, however, we feel that in most cases if a bank keeps 10 per cent of its assets in one-year securities, this should be adequate to provide for the normal liquidity needs of a bank.

Capital Adequacy

In determining the capital adequacy of a bank, we look to see how the depositors are protected against any loss. We must also view this from the stockholders' viewpoint so that the capital earns and pays an adequate return to its owners.

After the liquidity needs are met, and the demand for loans have been satisfied, we then decide how much of the bank's assets can be placed in investments on a risk-free basis or on a risk basis. Risk-free assets are considered to be all cash, government securities, government guaranteed loans and short-term governmental agencies. Risk assets would be considered as everything else, but mainly all loans and municipal bonds.



"... and one egg salad—
over the counter."

The risk asset ratio is a measure of the amount of capital in relation to the total amount of risk assets. The average risk asset ratio of country banks has been changing in recent years, but the old rule of thumb was a risk asset ratio of 6 to 1 was satisfactory. However, in the last few years, a risk asset ratio of 7.5 to 1 is far more common and accepted. We would subscribe to this latter ratio, but we feel that the higher the risk asset ratio, the greater degree of liquidity should be maintained.

Income

Having considered the general liquidity needs of the bank and the capital adequacy, we would then turn our attention to the income aspect of the portfolio. We feel that the portfolio manager should never subordinate the need for liquidity or the capital adequacy of the bank to the amount of income that is produced by the portfolio. Basically the return received on a bond is measured to a great degree by the amount of risk taken. The greater the risk taken, the greater the return expected. The risk in any bond is twofold and is considered both from

a credit standpoint and a market standpoint. The portfolio manager must look not only at the present, but to the future as well in appraising the expected income from his portfolio. He must never lose sight of the net tax-free return on his investments, since taxes play such an important role in running a bank today.

Recommendations

In our overall analysis, we strive to keep the three basic principles of liquidity, capital adequacy, and income in balance. We find that when any one of these is greatly out of balance with the others it can only lead to trouble for the bank.

There are numerous recommendations that can be made, whereby the income from the portfolio can be increased. The most usual are to lengthen the average maturity of the government bonds, buy other instrumentalities in place of having so many government bonds, shift more assets from riskless to risk assets and take profits and losses for tax purposes. There are times when recommendations do not lead directly to an increase in income; however, the portfolio might benefit greatly due to the improved condition of portfolio.

It only takes a very small percentage increase of after-tax income within the portfolio to make an appreciable after-tax increase in the bank's net earnings. As an example, the chart shows the per cent of assets and earnings of Federal Reserve Banks in the \$5-\$10 million category for the year 1966. While this was for banks in the Eighth Federal Reserve District, it would probably be basically the same for other Federal Reserve Districts.

1966
\$5 million to
\$10 million banks

U. S. Government

Securities	26.0%
Other Securities	13.9%
Loans	43.1%
Cash	15.6%
Real Estate Assets	1.3%
Other Assets	0.1%

100.0

Net Income After Taxes... 0.78

From the chart you see that the average bank has 39.9 per cent of its assets in its investment portfolio. If you had a \$10 million bank, it would mean the bank would have approximately \$4,000,000 in securities. A 1/10 of 1 per cent increase in after-tax income would be \$4,000. Since the

ANALYZING PORTFOLIO . . .

(Turn to page 116, please)



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"Yes . . . we're here to help you get what you want." Bob Wissler, Vice President; Alan Braga, Assistant Vice President; John Hunt, Assistant Vice President; John Johnson, Assistant Vice President.

Northwestern Banker, April, 1968

Student Loan Program

(Continued from page 43)

nual rate of interest has not prevented people from buying automobiles or using revolving credit. College students, among others, today pay such rates. Why not for higher education, which is a much better investment?

One of the unanticipated side benefits of recent *truth in lending* legislation is likely to be a realization on the part of borrowers that rates of 12 to 18 per cent are commonplace and, in fact, are freely determined market rates predicated upon lenders' costs and selection between profit opportunities. It is likely that the current market unreasonability of a 6 per cent simple annual rate of interest for personal student educational loans will be recognized with time, but it will have been at a **social** cost to banks and students beyond the interest rate differentials.

Urged To Join Program

Many bankers have had their arms twisted to join the student loan program. This was done through their trade associations, by college administrators and by politicians, who threatened implicitly that if bankers did not make the loans, other financial intermediaries would be able to get their foot into the banking doors or, even worse, the government would make loans directly. These are less

significant problems than building into the structure subsidy for every special interest group.

Many banks felt it was incumbent upon their public image to support the *loss leader* college loan programs. Some bankers sincerely believe that *seed* loans made to college students below-costs to the bank will, in time, result in more permanent relations and, subsequently, profitable accommodations.

Students and bankers tell me that there is a tendency for the 6 per cent student loans that are made by the bankers to be tied to their evaluation of related activity. In the real world, this is what would and should be expected. That is, a low 6 per cent student loan will be made **if** the profitability of the student's family account or business association justifies the bank in making the accommodation loan. To some naive *do gooders* such a type of decision making is somehow tainted. It should, however, be recognized as the logical working of the market. Incidentally, it makes for prudent banking.

The effect is simply that those that have less need are able to obtain below market rate loans. Those that do not have a profitable associated account to absorb the *loss* of student loan find some of the banks reluctant

to make the loan. Ergo: The purported goal of the program is not achieved.

The proposal supported by the A.B.A., that a \$35 per loan processing payment by the federal government to the banks would encourage banks to make more student loans, seems to be a blatant invitation to such vocal opponents of banking as Representative Patman to charge that a "give away" by the federal government to the "Wall Street monopolist bankers" has been effected.

If a 6 per cent simple annual rate of interest can be justified for loans to college students (they number today about half the graduates of high schools, and the proportion is increasing), why not similar loans to disadvantaged minority groups, to those over 65 years of age, to those suffering from a physical or mental disability, to small farmers, to small businessmen, to women, to native Indians, to people in Appalachia, to veterans, to widows, to those in areas declared disaster areas, to those interested in urban renewal, to those interested in reducing smog, in sewage disposal, in parks, in highways, the fine arts, exploration of space—the list could be expanded ad nauseam.

Conclusion

The writer is truly sympathetic with individuals and groups which are identified with financing the costs of higher education. This is especially true for those who do not have the sufficient savings to do so without recourse to borrowing. He also knows that the more special interest groups, though worthy, are given a subsidy, the more difficult it is to achieve a defensible rationalization for the total economy.

The Federal Reserve System very early in its history learned a basic truth which is applicable to this topic. It is: "Quantitative controls are more workable and effective than qualitative controls." In effect, the current approach to student loan guarantee programs is qualitative and likely to have the same historical experience as other qualitative programs. A wise society learns from the mistakes of the past.—**End.**

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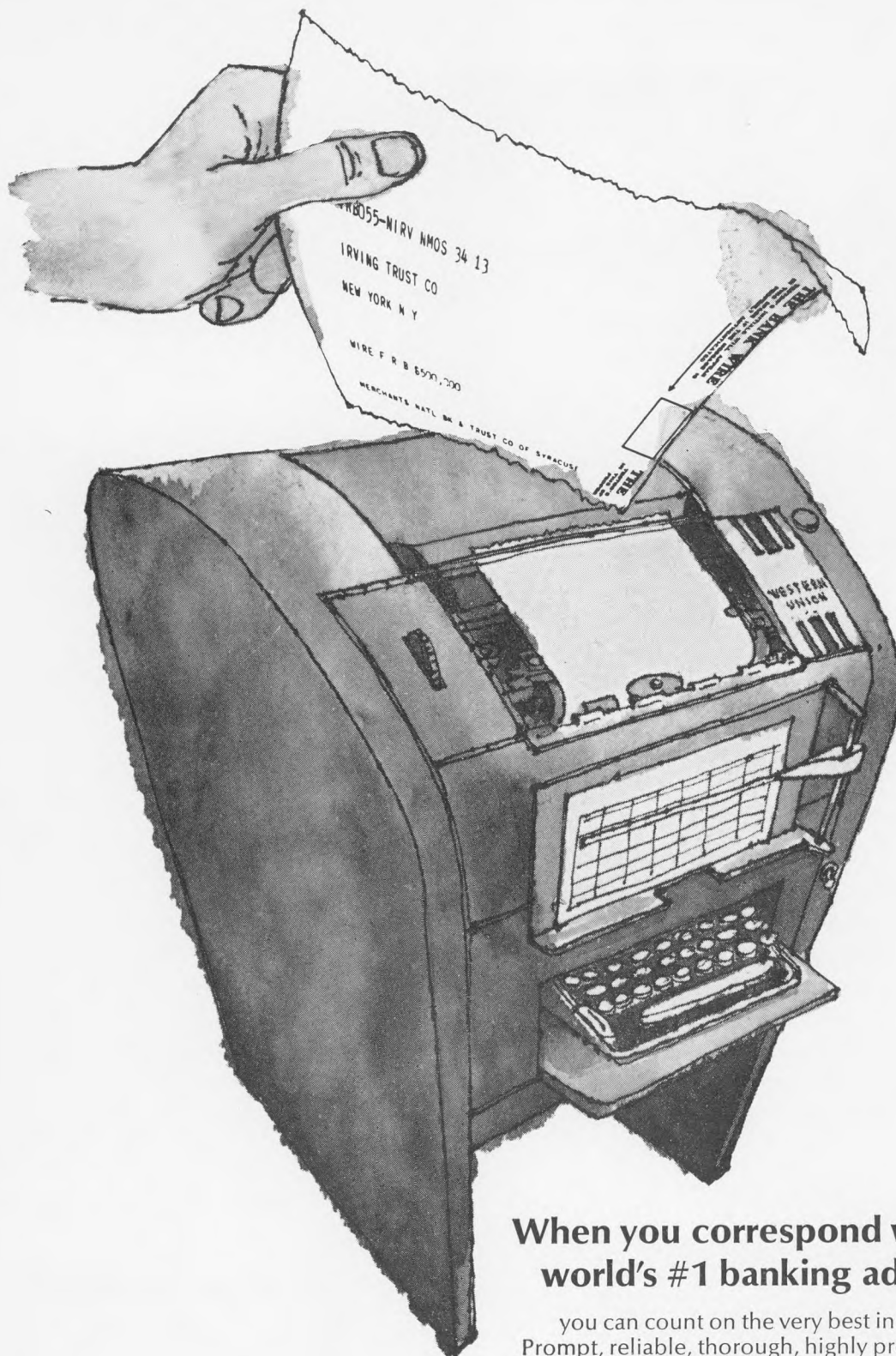
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Northwestern Banker, April, 1968



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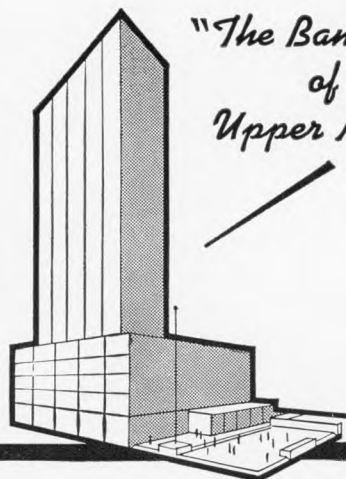
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Veteran Dick Weyrauch, with his 24 years as a First of Minneapolis correspondent bank specialist, is considered a "right hand man" by many bankers in southern Minnesota and northern Iowa. He works in close harmony with Herb Olson, a seasoned member of the bank's Investment Department, who knows the bond market from a correspondent's point of view. Together, they are helping old friends and making new ones daily, covering every need of banks and bankers in their territory. Call them or any of their Correspondent Banks and Investments teammates at any time—612—334-4141.

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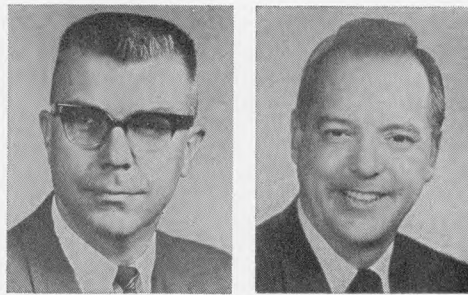


*"The Bankers' Bank
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Minnesota NEWS

P. W. GANDRUD President Benson

K. A. WALES Exec. Secretary Minneapolis



Redwood Falls Building Opens

APPROXIMATELY 3,500 people toured the new colonial-type State Bank of Redwood Falls recently during the last in a scheduled series of three grand openings at the bank, according to Gene Sipe, bank president.

The most recent opening, held on March 2, was for the general public. Over 300 area businessmen and their wives visited the new bank and attended a buffet at the Redwood Country Club on February 20. A similar open house was held February 27 for 30 area bankers and bank representatives.

The building, designed by Dykins-Handford, Inc., Minneapolis architects, is authentic Georgian, measuring 70 by 58 feet with two portico entrances, a drive-up teller's window, an after-hour depository and a parking lot.

Exterior of the bank is of traditional red brick and white wood trim, with a roof-top copper-covered cupola, front and bank collanaded porches, fan light windows and traditional iron hanging lamps.

Interior of the building features red carpeting, green and off-white walls, damask draped windows and a fireplace in the customer waiting area. Located in the main banking room are six tellers' windows, three private offices, a separate posting room, offi-

cers' space for four desks, two booths, sit-down desks in the safe deposit area and bank and customer vaults.

Men's and women's lounges, an employees' general lounge, storage space and the Redwood County Historical Society Museum are located on the lower level of the building.

Royal Builders of Redwood Falls were general contractors.

Named Program Director

Gerald L. Dreier has been named director of the automotive dealer program at Olmsted County Bank in Rochester.

Mr. Dreier is a native of the Minneapolis-St. Paul area. Following his 1957 graduation from Macalester College, St. Paul, he joined the staff of First National Bank of Minneapolis, where he spent eight years working in the bank's installment lending department. In 1966, he accepted the position of finance and insurance manager at Village Chevrolet in Wayzata and was later named sales manager.

Retires After 42 Years

Irene Crosby, assistant vice president of the Citizens State Bank of Brainerd, has retired after 42 years of service with that bank. She started in banking at the Citizens State in 1921, was elected assistant cashier in

1934 and assistant vice president in 1961.

Mrs. Crosby and her husband left on March 23 for a month's vacation in Hawaii.

Okays Bank Bids

The state banking commissioner has approved the expenditure of funds for the proposed Lakefield Farmers State Bank building and low bids will be accepted soon, according to B. W. Rue, bank president.

Bids totaling \$100,703 were opened recently. The local J.O.M. Schlottach Construction Company was low bidder for the general contract.

Receives Jaycees Award

Harold L. Smith, who retired from the presidency of the First National Bank of Luverne on February 15, has received the annual "Outstanding Boss" award from the Luverne Jaycees. Mr. Smith had been president of the bank for 15 years at his retirement and had been in the banking business for 51 years.

Capital Stock Increases

The Banking Division of the Minnesota Department of Commerce has announced the following capital stock increases by stock dividend:

Annandale State Bank, Annandale —from \$50,000 to \$100,000.

Badger State Bank, Badger —from \$35,000 to \$52,500.

Northwestern Bank of Commerce, Duluth—from \$432,500 to \$500,000.

First State Bank of Gilman, Inc., Gilman—from \$50,000 to \$75,000.

Hardwick State Bank, Hardwick—from \$25,000 to \$50,000.

Hayfield State Bank, Hayfield —from \$30,000 to \$90,000.

State Bank of Redwood Falls, Redwood Falls—from \$75,000 to \$100,000.

First State Bank of White Bear Lake, White Bear Lake—from \$150,000 to \$300,000.

The Edina State Bank, Edina, has increased its capital stock from \$200,000 to \$220,000 by a sale of new stock.

Retires as Director

Long-time Red Wing banker, Paul Wintervold, a director of the Red Wing National Bank, was honored recently at a dinner party marking his retirement from the bank's board of directors.

Mr. Wintervold joined the bank while still in high school in 1916. In 1936, he was elected assistant cashier and was named vice president and cashier in 1948. He was elected director in 1953. He retired from the bank in 1964,

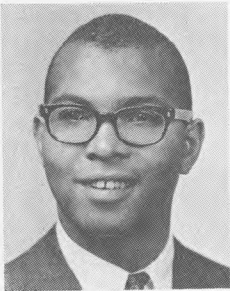


NEW HOME of State Bank of Redwood Falls, Minnesota.

Twin City News



CORNELL L. MOORE, who has been regional counsel for the regional administrator of national banks of the U. S. Treasury Department since 1966, has joined the Northwestern National Bank of Minneapolis as assistant vice president in the legal division. Previously he had been associated with the



C. L. MOORE

Crocker-Citizens National Bank of San Francisco and the office of the Comptroller of the Currency in Washington, D. C.

* * *

Carl Fritzner of the Northwestern National Bank of Minneapolis Lake Street Office has won first place in the 42nd annual national public speaking contest for the A. P. Giannini Educational Endowment Prizes held by the

Minneapolis Chapter of the American Institute of Banking.

Speaking on the subject of "Determining Management Development Requirements," Mr. Fritzner won a cash prize of \$30 and an expense-paid trip to Sioux City, Iowa, to represent the Minneapolis Chapter in the District 10 American Institute of Banking contest.

Dick Thomas of the Federal Reserve Bank won second place and \$20, while **Bob Hunt** of Farmers and Mechanics Savings Bank was awarded third prize.

* * *

Services were held recently for **Mrs. Shirley S. Ford** who died in Great Falls, Mont. Mrs. Ford, a long-time resident of Minneapolis, was the wife of **Shirley S. Ford**, the ninth president of the Northwestern National Bank. Mr. Ford died in 1945.

* * *

The **First Security State Bank of St. Paul** has doubled its capital from \$400,000 to \$800,000 by declaring a 100

per cent stock dividend. Surplus has been increased to \$600,000 and undivided profits to \$375,000.

* * *



G. MARICK

Gerald Marick has been elected assistant credit manager of the Marquette National Bank. He is a graduate of the Wisconsin State University of Eau Claire and joined Marquette in 1966 as a credit trainee.

* * *

Two new directors have been named to the board of Northwestern Bancorporation. They are **Robert J. Christianson**, partner in the Faegre and Benson Minneapolis law firm, and **Milton F. Coonan**, president of Gibbs-Cook Equipment Company of Des Moines, Iowa.

Mr. Christianson has been with

Woman Executive on Hastings Board

THE election of Mrs. E. C. Hoffman as the ninth member of the board of directors of Northwestern National Bank, Hastings, Minn., brings to that bank's board one of the most able women executives in the midwest.



Mrs. Hoffman has been president of The Smead Manufacturing Company of Hastings since her husband's death in 1955. The Smead Company is one of the world's foremost producers of filing supplies, filing systems and stationery products for business and the home. Since assuming the presidency of the company, Mrs. Hoffman has led the company in a successful expansion program that included building new manufacturing plants in Hastings and Logan, Ohio; purchase of another company in Los Angeles, Calif.; establishing and expanding warehouse facilities in Chicago, Ill., and Wayne, N. J., and introduction of a number of new filing systems for business, industry, institutions and government.

A spokesman for the bank said the board of directors was expanded to nine members because Northwestern National of Hastings has enjoyed a substantial growth amounting to 50 per cent in the past five years, keeping pace with the growth and prosperity of Hastings and surrounding area.

Reception



GEORGE H. DIXON, new president of the First National Bank of Minneapolis, is guest of honor at an informal reception in the bank cafeteria. Mr. Dixon is shown in foreground receiving staff members' congratulations, along with **Gordon Murray**, now chairman of the board, and **Charlotte Kryduba** of the bank's advertising staff.

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Asst. Vice President

Northwestern Banker, April, 1968

Faegre and Benson and predecessor firms since 1934. He is a graduate of the University of Minnesota College of Law, is a member of the American, Minnesota and Hennepin County Bar Associations, a director of Title Insurance Company of Minnesota and Butter Kernel Products, Inc., both of Minneapolis, and the Red Wing Shoe Company of Red Wing, Minn.

Mr. Coonan has been owner and president of the Gibbs-Cook Equipment Company since 1949. He is a director of the Iowa-Des Moines National Bank and of the Iowa Power and Light Company, and is a member of the advisory board of Mercy Hospital, all of Des Moines.

Names Farm Advisory Board

APPPOINTMENT of a nine-man advisory board for the Nicollet County Bank at St. Peter has been announced by Sam Gault, president of the bank. Purpose of the farm advisory board is to provide farmers in the area an opportunity to work together in studying and improving farm management with resulting increased profits for the farmer.

In announcing the new service, Mr. Gault said, "Farming is an integral part of the Nicollet County Bank and also the entire community. Since farming is changing at an accelerated rate, the bank has set up this service

to fill the needs that this dynamic industry requires."

The advisory board will direct the Nicollet County Bank's agricultural policy other than loans and deposits. All nine men are prominent, successful farm owners. Several have received farm leadership awards.

The first action taken by the newly-formed group was to sponsor a seminar February 22 on "Futures Trading in Livestock and Grain." This topic was discussed by Al Donahue, secretary of the Minneapolis Grain Exchange. The meeting was the first of a series of three scheduled on this topic.

Mr. Donahue indicated to bank officials his surprise at the eagerness of the 40 farmer registrants to learn how they can hedge safely in the futures market. He said it was an important indicator to find that farmers, who are historically the biggest speculators, would want to hedge their grain.

The meeting was restricted to 40, said Mr. Gault, so the maximum could be learned by each registrant.

"The advisory board also has recommended," reports Mr. Gault, "that since labor is a key problem to farmers in the spring and fall work that a list be prepared of retired farmers and farm boys in town that would want to work. This list will appear in our monthly farm news letter. The board is functioning very well and is a bigger success than anticipated."

Report Lists State Bank Ratios

IN HIS analysis of 1967 year-end call reports of Minnesota state commercial banks, M. L. Rye, commissioner of banks, shows that commercial loans and discounts in all these banks represent 52.13 per cent of total deposits.

Total deposits at year-end in Minnesota's state banks were \$2,494,953,872. The makeup of these deposits was (with cents deleted):

Demand\$ 818,751,210
Time 1,425,059,991

U. S. Govt.....	16,374,733
State and Political	
Subdivisions	202,458,851
Dep. of Banks.....	9,161,185
Other Dep.	23,147,899
TOTAL.....	\$2,494,953,872

Mr. Rye's analysis listed average ratios related to risk assets, total assets and total deposits. The complete comparison chart he released shows these figures:

	Percentages Reflected		
	To Total Risk Assets	To Total Assets	To Total Deposits
Total Risk Assets			
Total Assets			
Total Deposits			
Total Capital Accounts...	11.14	7.33	8.01
Add Reserve for Losses			
on Loans	1.01	.67	.73
Add Reserve for Losses			
on Bonds07	.05	.05
	219,437,141.82	12.22	8.05
			8.79
Conventional Loans and			
Discounts	72.47	47.71	52.13

Mankato Bank Changes Name

George W. Sugden, president of the National Citizens Bank of Mankato, reports that effective April 1, 1968, the bank will officially change its name to the Northwestern National Bank of Mankato.



G. W. SUGDEN

Mr. Sugden stated that since the doors of the bank were first opened in 1872, it has been a bank of community service . . . growing with Mankato, helping Mankato grow.

Five years ago the bank moved to a new location and a new building. Now, five years later and with a 50 per cent growth in deposits, it is time for another change. A change in the name of the bank to one that properly



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NEW SIGN at Mankato.

and adequately identifies it with respect to this part of the country and the role the bank serves for the people of Mankato in the area known as the *Northwest*.

Mr. Sugden also added that it is important that people identify the bank's affiliation with the Northwest Bancorporation, an affiliation that enables the bank to offer financial services which are found at no other institution in the Mankato area.

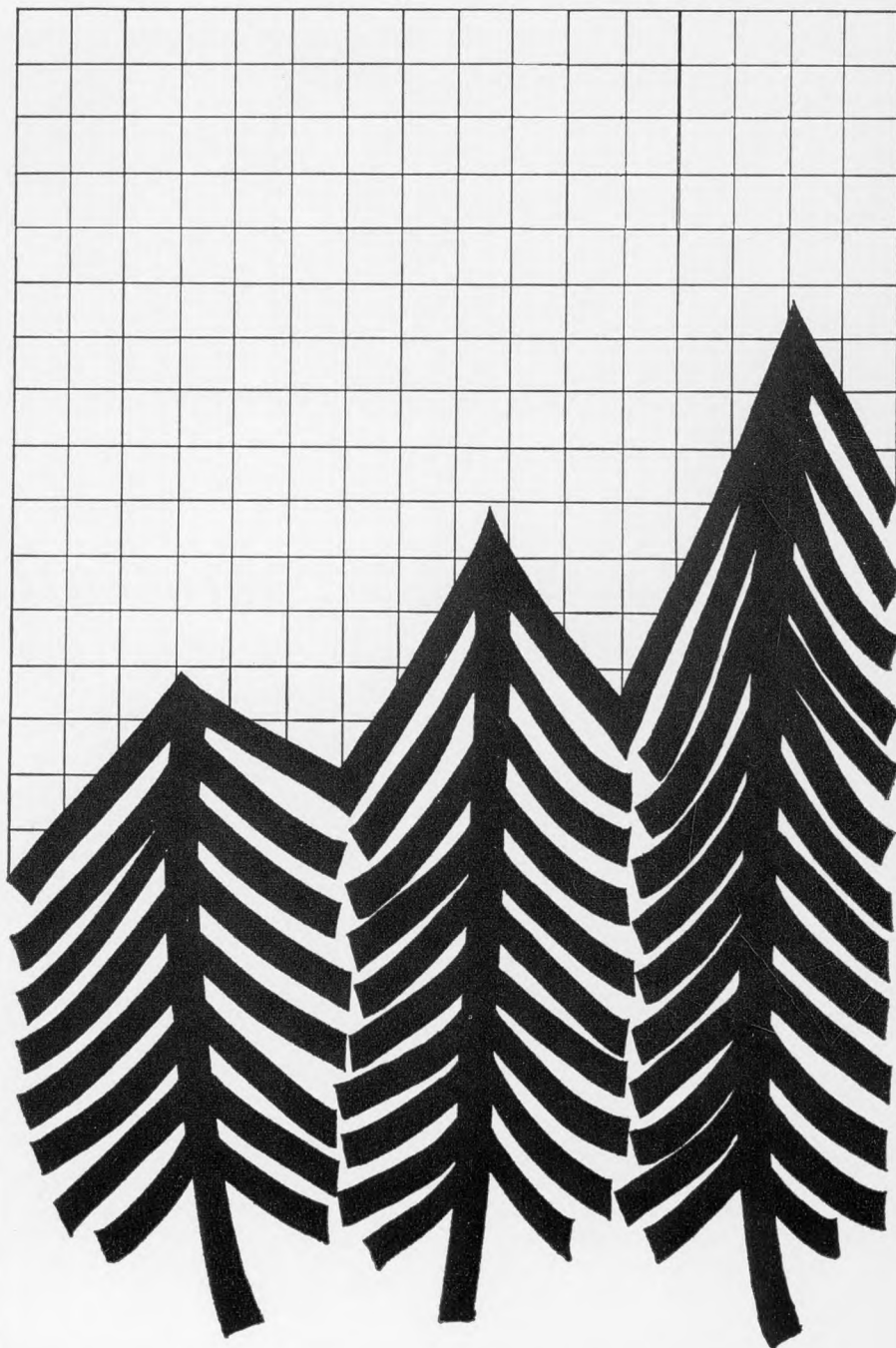
To commemorate the day, many exciting features for customers are being planned by the public relations department headed up by Ev Ohrt, vice president in charge of advertising and marketing.

Publishes Bank History

Doniver A. Lund, professional historian, professor of history and chairman of the history department at Gustavus Adolphus College, St. Peter, has recently completed a book entitled "A History of the First National Bank of St. Peter, Minnesota."

The manuscript was compiled at the request of the St. Peter's bank and later published, according to Sheldon Abrahamson, president of the bank, "so the entire community could benefit from the account. . . ."

The book not only deals with the history of the St. Peter's bank, but also takes into account the ups and downs of the economic life of the entire town. It also contains interesting illustrations and photographs of important figures in the bank's history.



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Northwestern Banker, April, 1968



L to R—Paul Gandrud, pres. of the MBA and pres., Swift County Bank, Benson; John P. Knutson, chmn. of the Conference and sr. v.p., Midland Natl., Mpls.; Matthew Hale, ABA general counsel, Washington, D. C., and Bill Kirchner, pres., Richfield B&T, Richfield; John Turner, a.v.p., bond dept., 1st Natl., St. Paul; Mrs. and Mr. A. J. Roszak, pres., Valley Natl., St. Paul; Mrs. Robert M. Hammerstrom; John Raymond, a.v.p., bond dept., 1st Natl., St. Paul, and Mr. Hammerstrom, a.v.p., Northern City Natl., Duluth.

Legislation, Holdups, Automation Highlight Management Meeting

By BEN HALLER, JR.
Editor

IN HIS address at the recent Minnesota Bankers Association Eighth Bank Management Conference in Duluth, Matthew Hale, general counsel for the American Bankers Association, revealed that the Federal Communications Commission now wants to get into bank regulation because banks are using long distance telephone lines in some types of computer operations.

Mr. Hale said ABA was to file its brief within the week after his appearance at the Minnesota meeting, stating its position that this is a special banking function in the already highly regulated banking field, and FCC supervision should be directed to control of telephone and telegraph utilities, radio and TV.

Mr. Hale also reviewed "Current Federal Banking Legislation and Litigation" for the approximately 300 bankers and wives attending the conference.

John P. Knutson, chairman of the MBA Bank Management Committee, presided at the meeting. Mr. Knutson is senior vice president of Midland National Bank, Minneapolis. A welcome to the bankers and wives was extended by Paul W. Gandrud, president of the MBA and president, Swift County Bank, Benson.

Marvin L. "Tony" Shay, special agent for the FBI in Minneapolis, talked for a short time about "Bank Protective Equipment, Robbery and Burglary Prevention," then conducted an interesting question and answer session that extended more than a half hour. Because of the im-

portance of Mr. Shay's subject at this time when bank crimes are on the rise, his remarks and suggestions are contained in a special article elsewhere in this issue.

Reviews Consumer Code

William G. Kirchner, a Minnesota State Senator and president of Richfield Bank & Trust Company, Richfield, reviewed details of the proposed Consumer Credit Code that is being drawn up by national committees from various fields. It is currently in draft number six, which will be used as is, or amended, for drafting as a bill to be presented at the next session of the Minnesota legislature. He said draft number seven will soon be printed and distributed widely.

Mr. Kirchner pointed out that the



AT MICROPHONE is O. E. Anderson, exec. mgr., Ohio Bankers Assn., and seated at left is Jerry Choromanski, v.p. of the MBA and pres., Chrystal State, Chrystal.

Code, was written by a committee composed primarily of men with academic backgrounds, would make it possible for almost anyone to get into the loan business, without the necessity of showing need or convenience. Also, usury would practically be out the window, based on the assumption that competition will beat rates down. A committee of 26 bankers and bank attorneys has since worked on subsequent drafts for three years, fighting to at least have the "need" element inserted in the wording.

Mr. Kirchner stated regarding "time sales differential" that under the Truth in Lending Law, interest must be declared as annual simple interest. In Minnesota and some other states this could contravene the state usury law and bring this kind of lending to a halt. To correct the situation would require a constitutional change and the Minnesota Bankers Association could then find itself allied with all the fringe groups and others advocating passage of a Code which would eliminate usury from the statutes.

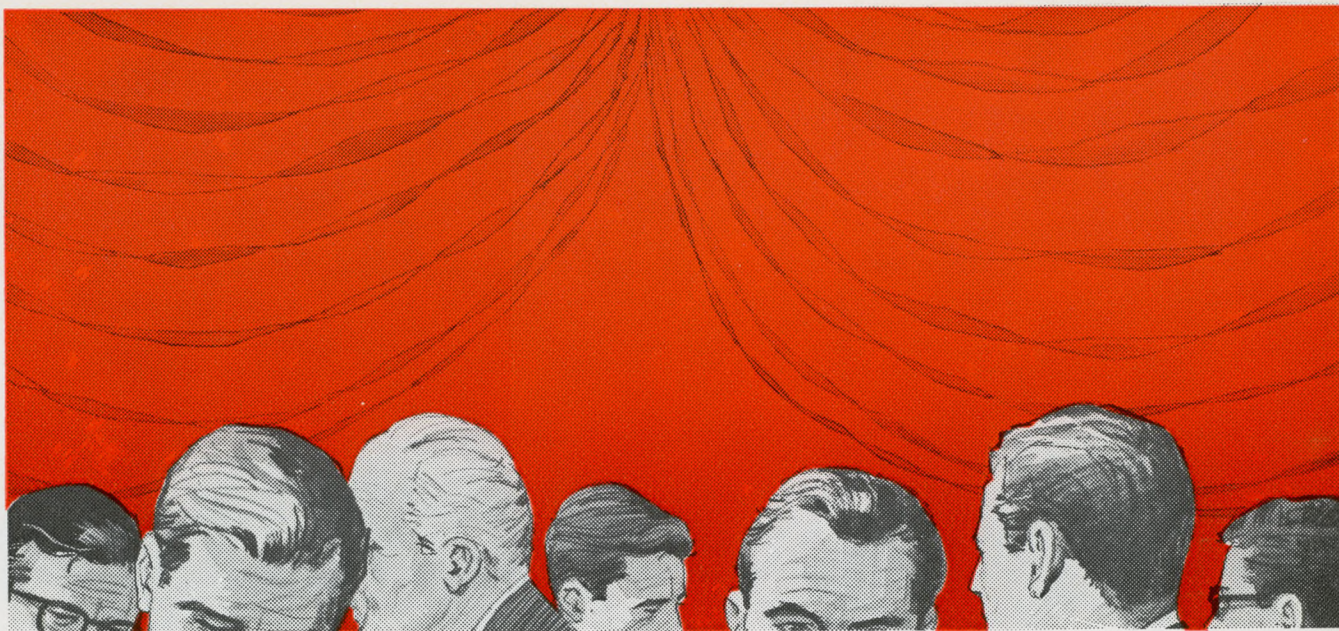
He said, "We will have to search deep on this one to see where it will lead and determine if this is something with which we can or should live."

He noted that one section of the Code directs that if "balloon" payments are used, the lender is obligated to carry the "balloon" at the end of the payment period without interest.

Mr. Kirchner said the goal of the Consumer Credit Code is to stop unscrupulous and unreasonable practices. Since "you can't throw out the pan with the dirty dishwater," he concluded, "bankers must work hard to achieve the right kind of amendments. When you stand up and oppose the consumer you are the target of much criticism."

Urges Initiative

O. E. Anderson, executive manager



We hope to see more of you at the conventions coming up

We'll look for you at the South Dakota Bankers Convention in Sioux Falls May 2-4. As a matter of fact, we'll be following the convention trail throughout our district this summer. Somewhere along the way we'll catch some time to visit with you and to renew acquaintances. And you never know, somewhere along the way you might just see that Marquette could be the bank to turn to for that "better kind" of correspondent service.

Carl Pohlad, President

Correspondent Bank Department

R. W. (Bill) Crouley, Senior Vice President

Otto H. Preus, Vice President

Avery Fick, Assistant Vice President

Stewart Stotesbery, Correspondent Bank Officer

W. J. (Bill) Addington, Correspondent Bank Officer

Len Erickson, Credit Officer

Computer Department

Lorne Newhouse, Representative



SEVENTH AT MARQUETTE, MINNEAPOLIS, MINNESOTA/333-5411
Member Federal Deposit Insurance Corporation

Northwestern Banker, April, 1968



L to R—John Fix, a.e., Northern Trust, Chicago; **John J. Henry**, v.p. & cash., Northwestern B&T, St. Cloud; **Alex Christie**, div. asst., bond dept., Northern Trust, Chicago, and **John E. Kenefick**, v.p., Northwestern State, Sauk Rapids. **Don H. Johnson**, a.v.p., American Natl. B&T, St. Paul, and **Sy Foss**, v.p., Citizens State, Brainerd. **Al Highum**, corresp. dept. repr., 1st Natl., Mpls.; **W. M. Lambert**, sr. v.p., and **Ronald R. Findlay**, exec. v.p., Winona Natl. & Sav. Bk., and **Dick Weyrauch**, v.p., 1st Natl., Mpls.

of the Ohio Bankers Association, addressed the noon luncheon on the topic, "How to Choose Your Own Rut." He challenged his audience of bankers to take the initiative in such highly important matters as management succession, automation, civic planning and involvement, selling of services and developing new services and techniques that will equip banking to stay ahead of competition.

He gave several examples of reports available now from data processing and why older bankers who have not already done so should learn how this new tool can work for them. "The computer," he stated, "is one of the most amazing tools ever put in the hands of bankers, but unless it is used right it can be very costly to a smaller bank."

Mr. Anderson noted that electronic data processing is only one way to adjust to the "Seven League Boots" of scientific advances. He pointed out credit cards, handling customers' obligations on EDP, factoring, leasing, mobile branches, underwriting of municipal securities and the common investment pool for trusts.

"What will it take to serve these customers of tomorrow?" he asked.

"New approaches to financing methods.

"New and improved training techniques.

"Need for education beyond the present banking schools. This need is growing each year as attendance

swells at specialized banking conferences.

Are we willing to recognize that we must play a part as leaders in rebuilding our decaying downtown areas? No other industry or business has done the job banking has done to provide modern facilities in which to do business.

"Mediocrity is O.K. if you want it, but while you're enjoying it, your competitor bank will provide the service. And, if all banks in your area hang back, some other financial system will provide the service the public needs and wants."

Commission Study Report

Carter Golembe, president of Carter H. Golembe Associates consulting firm in Washington, D. C., gave a report on the current study of the Minnesota Commerce Commission and its three departments of banking, insurance and securities. Mr. Golembe was retained by the MBA legislative subcommittee to assist it in this study.

He outlined two developments nationwide: 1. The great desire to modernize state government and streamline it. 2. Modernization of state banking laws and departments.

These two objectives sometimes create conflicts, he noted, such as the case in Minnesota where this type of bill would have a finance commissioner, combining the banking, securities and insurance departments in one unit under a super commissioner. The

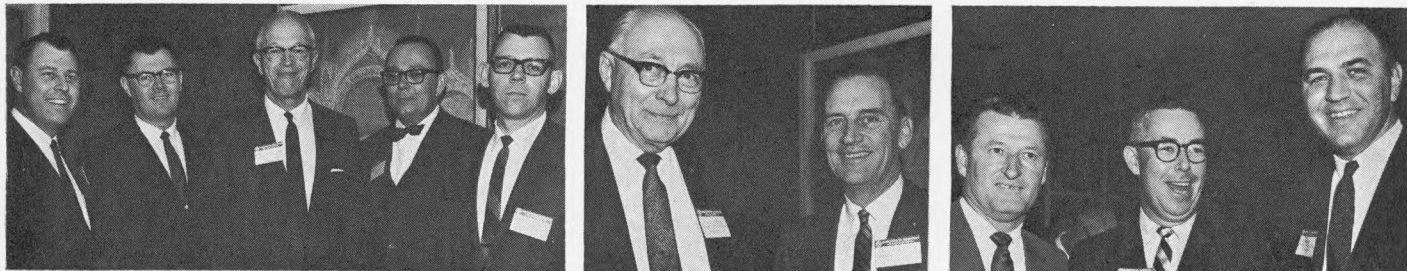
effect would be to downgrade the stature and authority of the individual commissions. He said he did not believe this was the real intent of the bill.

To reconcile the two viewpoints—achieve streamlining, yet maintain the importance and independence of certain departments—is the objective of the MBA study committee. Presently, the Minnesota Commerce Commission exists basically in name only, for the controlling statute calls it a department but gives it no staff or authority except in one area—approval of applications by the three commissioners seated together. At that time they act as a commission, but when they leave the room there is really no commission as such.

The MBA committee suggests building on the present structure by emphasizing the importance of a commissioner of banking to Minnesota, the need for proper supervision, and a following list of about 10 recommendations.

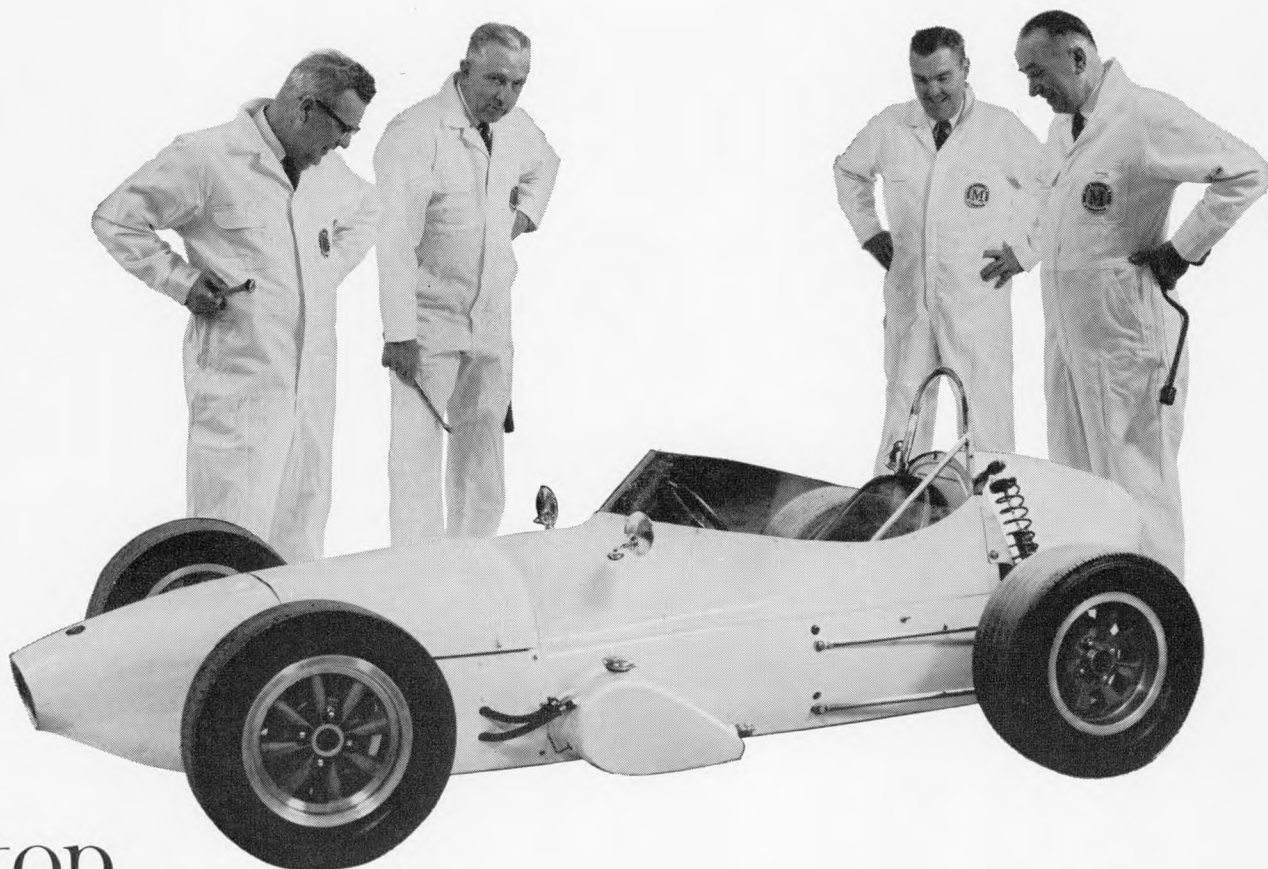
These contain the proposal for a Commerce Commission chairman to be appointed on a co-terminous basis with and by the governor, with the term of each commissioner remaining at six years. An executive secretary would be appointed to serve at the will of the three commissioners, acting in concert, to coordinate activities. This appointee could well be designated the hearing examiner.

The bankers of the state would be



L to R—John R. Oltmanns, a.v.p., 1st American Natl., Duluth; **Norman J. Sampson**, v.p., State Bk. of Virginia; **Walter L. Fredrickson**, v.p., 1st American, Duluth; **Warren B. Kregness**, pres., State Bank of Tower, and **Orville H. Olson**, cash., Blackduck State Bk. **Leo A. Nikolai**, exec. v.p., Klein Natl., Madison, and **Henry Snyder**, a.v.p., 1st Natl., St. Paul. **R. W. White**, pres., 1st Natl., Coleraine; **Pat Colbert**, v.p., Natl. City Bk., Mpls., and **Ed. Kalafat**, a.v.p., 1st Natl., Mpls.

Northwestern Banker, April, 1968



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Midland National Bank
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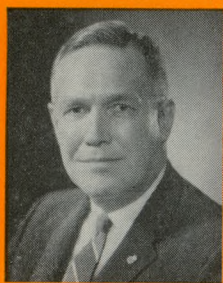
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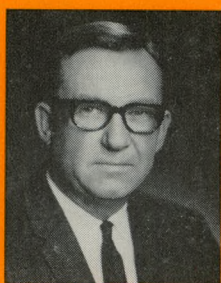
Northwestern Banker, April, 1968

During the convention friends at The

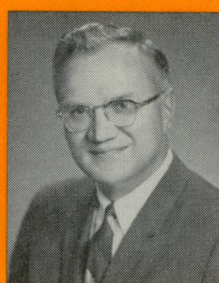
...the rest of us will be on



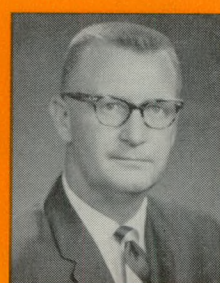
MORRIS MILLER



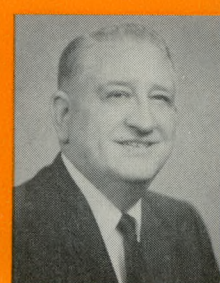
JACK SHONSEY



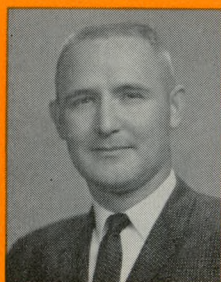
HOWARD JOHNSON



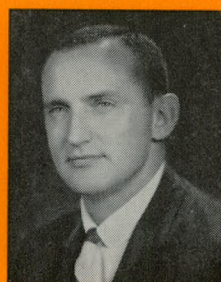
BOB JOHNSON



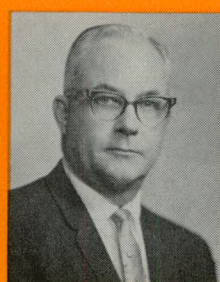
HERB ECHTERMAYER



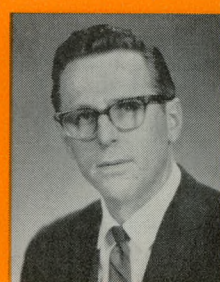
DAVE JOHNSON



FLOYD FOREMAN



ANDY HARRIS

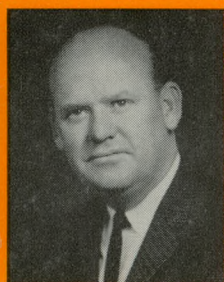


TOM GREEN

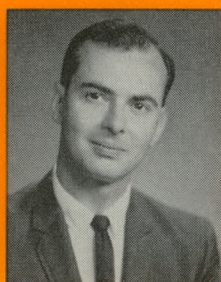
Won't you make a point to drop in for a little

you'll have only 582 *Omaha National Bank*

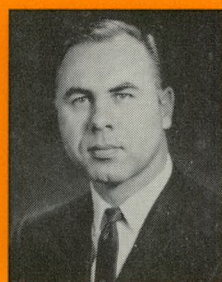
hand with you in Lincoln



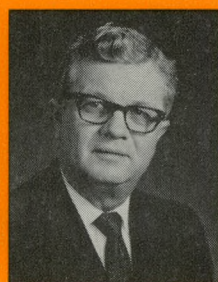
FRED DOUGLAS



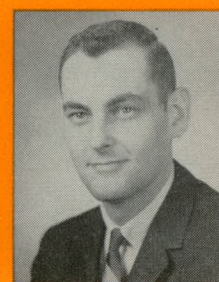
JOHN MARCELL



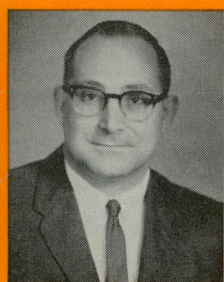
DEL OLSON



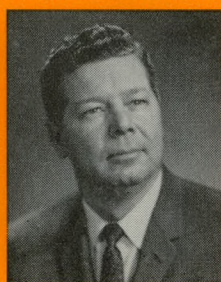
JACK BABCOCK



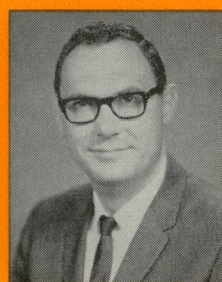
LOU NARKE



MARV ROHN



BOB LARSEN

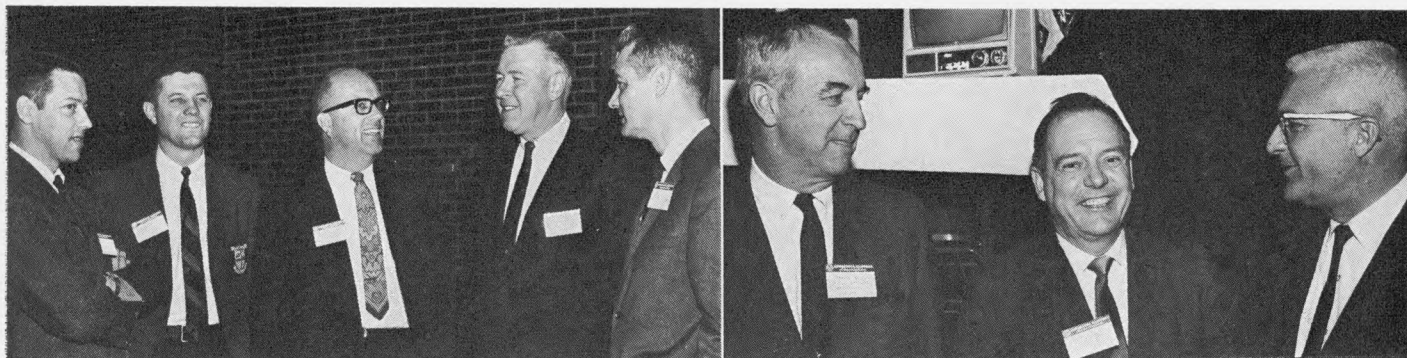


JOHN MITTEN



MERRILL JOHNSON

hospitality in the Lancaster Room, Hotel Cornhusker



L to R—Dr. Kennes Huntley, prof. of finance, Mankato State College, Mankato; **Floyd Stewart**, corr. bk. off., Northwestern Natl. Mpls.; **George W. Sugden**, pres., Natl. Citizens Bk. (renamed Northwestern Natl. as of April 1), Mankato; **W. D. Schroeder**, cash., Farmers State, Mountain Lake, and **Bob Lloyd**, v.p. & cash., Heron Lake State Bk. **Fred Lewis**, chmn., Northwestern Bank of Commerce, Duluth; **Kenneth Wales**, exec. secy., Minn. Bkrs. Assn., and **C. R. Duroe**, pres., State Bank of Jeffers.

giving up their present automatic chairmanship of the Commerce Commission.

Other recommendations include authority to consolidate activities within the Commission. For example, using all examiners from all three departments on one big job. The chairman, as the governor's representative, could veto such action.

The executive secretary could employ hearing examiners, and any recommendations on applications at hearings would ultimately be acted on by the three commissioners in session.

Salaries of the three commissioners would be substantially increased, with the chairman's salary highest.

There would be an annual report, rather than the present biennial report, and commissioners would be required to comment if any changes or legislation are needed, or to so state if none are recommended and why. This would impose a responsibility on the commissioners to continually examine their departmental operations and functions for possible improvement.

Fees paid would be restructured to completely underwrite the budget of the Commerce Commission.

The MBA committee, Mr. Golembe pointed out, is taking the approach that such legislation should improve the strength of each commissioner's office and duties to one of more re-

sponsiveness, rather than downgrade these three departments.

Automation Panel

Donald L. Smith, vice president, Liberty State Bank, St. Paul, moderated a panel discussion on "Automation in Minnesota Banking."

Don Guimont, vice president, Gambles Continental State Bank, St. Paul, talked about the operational and managerial advantages to a smaller bank of converting to EDP.

Clarence W. Rosen, assistant vice president, Wayzata State Bank, went over his bank's experiences and decisions that were encountered when considering whether to automate.

Parnell Sanford, president of the Detroit State Bank, Detroit Lakes, gave "Customer Reaction from Management's Viewpoint."

The concluding speaker was **Tennyson Guyer**, nationally known inspirational speaker, consultant and Ohio State Senator.

The entire Conference was held in Duluth's beautiful new Civic Arena-Auditorium located on the harbor front of Duluth Bay, with its spectacular view overlooking Lake Superior.

About 70 persons rode in two special cars on the train from the Twin City area to and from Duluth. Two chartered buses came from other areas.

A highlight of the social activities was the outstanding evening entertainment presented by the Duluth Boys Chorus. These youngsters range in age from about 10 to 15 and their well-paced vocal presentations reflected their rigorous training, discipline and the high quality of the talent that exists throughout the more than 30 members.—**End.**

Bank Director Dies

Gordon T. Kruse, 50, partner in the firm of Kruse-Gross Furriers and a director of the First Edina National Bank (not the Edina State Bank, as incorrectly reported in the March NORTHWESTERN BANKER), died recently while vacationing in Lauderdale-by-the-Sea, Fla.

FDIC Minnesota Report

Deposits of all insured banks in Minnesota were 14 per cent higher at the 1967 year-end than at the end of 1966, according to the Federal Deposit Insurance Corporation. Deposits in Minnesota's 719 insured banks were \$7.35 billion, compared to \$6.46 billion the year before. Time deposits increased by 18 per cent, while demand deposits increased 9.2 per cent.

Total loans in these Minnesota banks rose 14 per cent in 1967, while investments increased 17 per cent in Minnesota insured banks.



L to R—A. Dan Fiala, treas. of the MBA and pres., Ogilvie State; **Mrs. Fiala**; **Mrs. Myron Ellingson**, Kenyon, and **R. W. Crouley**, sr. v.p., Marquette Natl., Mpls. **Mrs. Del Wasser**, American State, Watertown; **Roy West**, a.v.p., American Natl. B&T, Chicago, and **Mrs. Frank McCarthy**, Glen Lake State Bk., Minnetonka. **H. Richard Schutte**, pres., Green Lake State, Spicer, and **Marvin L. Rye**, Minnesota commissioner of banks, St. Paul.

Northwestern Banker, April, 1968



Sure, we go to the big cities... but we also go to other places where no other airline flies. Even where we're the exclusive airline, you'd never know it by the way we spoil you. We plan schedules for your convenience... give you the best service. And that goes for all of the 59 Mid-America cities Ozark serves.

—  —

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 A I R L I N E S

Northwestern Banker, April, 1968

See You at the South Dakota Bankers Convention



MAY 2-3-4

SHERATON-CATARACT HOTEL, SIOUX FALLS, S.D.



CURT LOVRE
President



IVAN STEEN
Vice President



JOHN KRASTINS
Assistant Vice President



JACK GERKEN
Assistant Vice President



NORTHWESTERN NATIONAL BANK

**IN SIOUX FALLS: DOWNTOWN, COLONIAL & STOCKYARDS;
BROOKINGS, CHAMBERLAIN, HURON, DELL RAPIDS, GREGORY
AND MADISON.**



W. W. PAILING



R. F. PETSCHOW



C. A. LOVRE



R. W. TERWILLIGER



SEN. MUNDT

South Dakota Bankers Association 76th Annual Convention

Ramada Inn, May 2-4, 1968

FEATURING several prominent speakers and a wide array of entertainment for convention guests, the 76th Annual Convention of the South Dakota Bankers Association will open at the Ramada Inn in Sioux Falls on Thursday, May 2, and will continue through Saturday, May 4.

Association President Walter W. Pailing, executive vice president of National Bank of South Dakota, Rapid City, will preside at the business sessions. Serving with him during the past year have been these officers: R. F. Petschow, president of the Corn Exchange Bank, Elkton, first vice president, and Curtis Lovre, president of Northwestern National Bank, Sioux Falls, second vice president.

J. S. Holdhusen, president of the Ipswich State Bank, Ipswich, is immediate past president. Roy W. Terwilliger is executive secretary-treasurer, with offices at Huron.

The annual golf tournament to be held at Minnehaha Country Club will begin the three-day convention on Thursday, May 2. The same afternoon, the annual bowling tournament will be held, with trophies being presented by the NORTHWESTERN BANKER and the SDBA. The President's Reception will top off the day's activities at the Country Club.

Special entertainment has been arranged for the ladies. The official convention banquet to be held at the Sioux Falls Arena will round out the events of Friday, May 3, and the convention will close at noon on Saturday.

The complete program follows:

Thursday, May 2

A.M.

8:00 Annual Golf Tournament—Minnehaha Country Club. Twosomes and foursomes tee off after 8:00 and not later than noon, with all golfers in the tournament finished and off the greens by 2:00 p.m. Special Senior Division trophy for those age 55 and over.

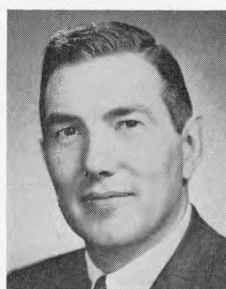
9:00-11:30 Ladies' Get-Together Brunch—Balcony overlooking the Lobby at the Ramada Inn.

P.M.

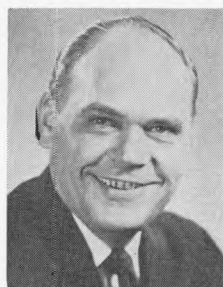
1:00 Fifth Annual Bowling Tournament—Sport Bowl. Registration from 1:00 to 2:00 p.m.

6:30 President's Reception—Minnehaha Country Club. Hors d'oeuvre table, beverages, and music for entertainment and dancing until reception concludes at 8:30 p.m. Buses are provided for transportation to and from the Country Club.

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E. M. PENICK



D. F. BERKLEY



H. V. PROCHNOW



W. C. RAPPLEYE, JR.



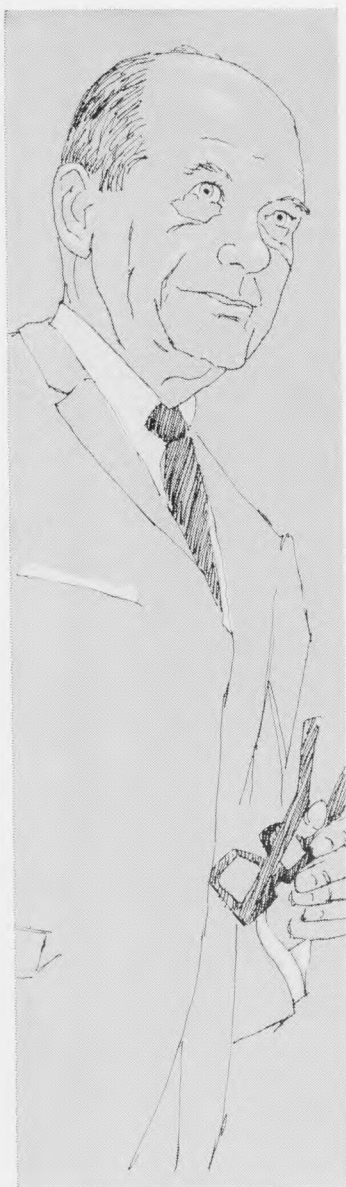
A. R. GORNITZKA

Friday, May 3
Harvest Room, Ramada Inn

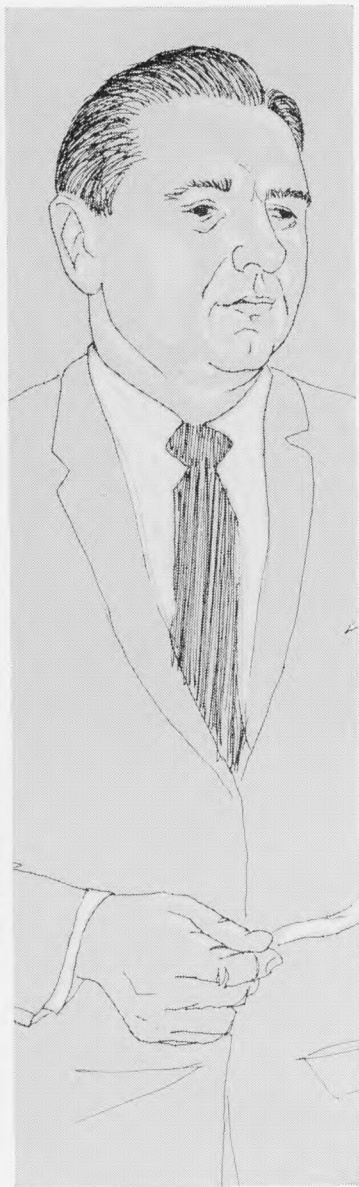
- A.M.
- 8:00 State Bankers Committee Breakfast—Oak Room, Ramada Inn.
- 9:30 Call to Order—Walter W. Pailing, president, South Dakota Bankers Association; executive vice president, National Bank of South Dakota, Rapid City.
- Presentation of Colors—Sioux Falls Legion Post No. 14, Harold Huber, Veterans Administration.
- National Anthem—Paul M. Wegner, soloist; Mrs. F. Allen Bresee, accompanist.
- Invocation—The Most Reverend Lambert Hoch, Bishop of the Roman Catholic Diocese of Sioux Falls.
- Welcome to Sioux Falls—Mayor of Sioux Falls.
- 10:00 President's Address—Mr. Pailing.
- 10:15 Address—"That Commercial Bank Image"—Edward M. Penick, president, Bank Public Relations and Marketing Association, Little Rock, Arkansas.
- 11:00 Report of the South Dakota Bankers Association Resolutions Committee—Herman Lerdal, chairman; executive vice president, Farmers and Merchants Bank, Aberdeen.
- 11:15 Address—"Parthenons or Mud Huts"—Dr. Dean F. Berkley, University of Indiana, Bloomington.
- Noon Announcements and adjournment for luncheon.
- 12:00 Annual Past Presidents' Luncheon—North-South Room, Ramada Inn.
- 12:00 Ladies' Luncheon and Program—Minnehaha Country Club. Program by Mrs. W. J. Heimerman. Buses will pick up the ladies at motels and will return them at the conclusion of the program at 2:30.
- P.M.
- 2:00 Call to Order—Walter W. Pailing, president, South Dakota Bankers Association.
- Address—"The Greatness of a Nation"—Dr. Herbert V. Prochnow, honorary director, The First National Bank of Chicago.
- 2:45 Address—"Banking in the News"—Willard C. Rappleye, Jr., editor, *The American Banker*, New York City.
- 3:30 Report of South Dakota Bankers Association Nominating Committee—J. S. Holdhusen, chairman; president, Ipswich State Bank, Ipswich.
- Election of Officers.
- Installation of Officers.
- 4:00 Meeting of South Dakota Members of the American Bankers Association, Scott Lovald, presiding, South Dakota ABA vice president; president, First National Bank, Philip.
- 4:30 Announcements and adjournment.
- 5:30-6:30 South Dakota Bankers Association Associate Members Joint Social Hour—Harvest Room, Ramada Inn.
- 7:00 The Annual Banquet and Entertainment—Sioux Falls Arena. Stage show immediately following the banquet featuring nationally known stage, radio and TV personalities. Transportation will be provided by bus for all convention guests to and from the banquet and entertainment.

Saturday, May 4
Harvest Room, Ramada Inn

- A.M.
- 8:00 Central States Graduate School of Banking Breakfast—North-South Room, Ramada Inn. Association officers and distinguished guests will join the graduates for the event.
- 9:30 Call to Order—Walter W. Pailing, president, South Dakota Bankers Association.
- Presentation of 40-50 year pins awards, Roy W. Terwilliger, secretary-treasurer, South Dakota Bankers Association.
- Necrology—Roy W. Terwilliger.
- 10:15 Address—Dr. A. Reuben Gornitzka, Direction, Inc., Palm Desert, Calif.
- 11:00 Address—"What Challenges Our World Today"—The Honorable Karl E. Mundt, Senator from South Dakota.
- 11:45 Drawing for attendance prize.
- Noon Announcements and formal adjournment of the 76th Annual Convention.
- Executive Council Executive Session—Noon Luncheon, Oak Room, Ramada Inn.



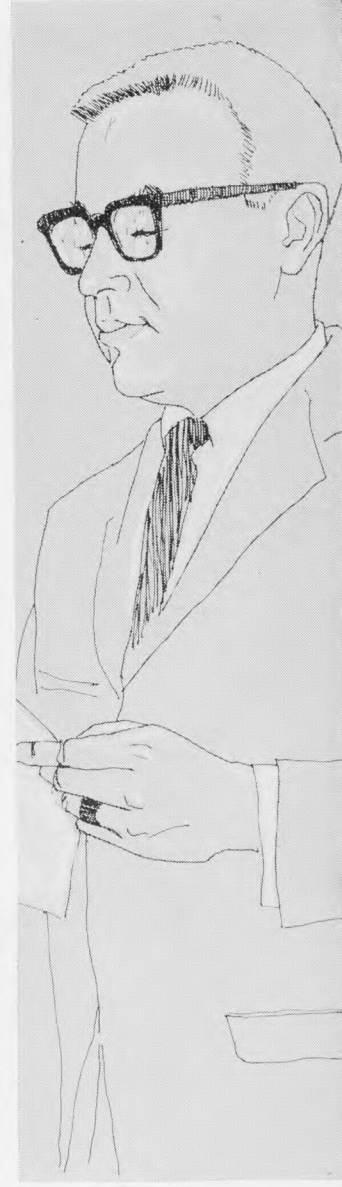
TOM HORN



JOHN DIEFENDORF



GENE HAGEN



LANCE BLUE

These men bring the Security National Bank to their correspondents. It's strictly a matter of Security's personal service. Service for any banking need or problem. They'll be at the South Dakota convention in Sioux Falls May 2, 3 and 4, and in Lincoln for the Nebraska convention May 5, 6 and 7. Say hello!



SECURITY NATIONAL BANK

6TH AND PIERCE STREETS • SIOUX CITY, IOWA • MEMBER F.D.I.C.

You Will See Them at the South Dakota Convention

THE following metropolitan bankers, service and equipment dealers have indicated they will be attending the South Dakota Bankers Association's 76th annual convention in Sioux Falls, May 2-4.

Chicago

Continental Illinois National Bank & Trust Company: Charles W. Battey, vice president, and Paul Jonescuc, assistant cashier.

First National Bank: Andrew J. Nielo, assistant vice president, and Clarence E. Cross, Jr., assistant cashier.

Kansas City

Commerce Trust Company: Thomas C. Cannon, vice president.

Minneapolis

First National Bank: George Dixon, president; George S. Henry, vice president; David B. Boies and Fred Haw, assistant vice president; Dean R. Tollefson, assistant cashier.

Marquette National Bank: R. W. (Bill) Crouley, senior vice president, and Avery G. Fick, assistant vice president.

Midland National Bank of Minneapolis: Douglas M. Johnson, vice presi-

dent, and John W. Ordos, assistant cashier.

National City Bank: C. Bernard Jacobs, president, and Patrick W. Colbert, Jr., vice president.

Northwestern National Bank: C. Paul Lindholm, vice president; Donald M. Anderson, vice president, and Frank Lewis, assistant cashier.

New York

First National City Bank of New York: C. Norman Gustafson, assistant cashier.

Irving Trust Company: Donald C. Jackson, vice president.

Omaha

First National Bank: G. Robert Brown, second vice president, and Don R. Ostrand, vice president.

Omaha National Bank: Fred Douglas, vice president, and Del Olson, second vice president.

United States National Bank: Jay Bordewick, vice president, and Howard Nielsen, assistant vice president.

St. Paul

American National Bank & Trust Company: Art A. Haessig, vice president, and John D. Cleary, assistant vice president.

First National Bank: Wallace L. Boss, vice president; Henry N. Snyder and John E. Raymond, assistant vice presidents.

Stock Yards National Bank: L. M. Broom, president.

Sioux City

First National Bank: Dick Taylor, vice president, and Mike Broderick, assistant cashier.

Northwestern National Bank: S. W. Evans, president, and E. L. Newell, vice president.

Security National Bank: Thomas C. Horn, senior vice president; John A. Diefendorf, vice president; Gene Hagen, assistant vice president, and Lance Blue, assistant cashier.

Toy National Bank: Conrad E. Aronson and Richard A. Breyfogle, assistant vice presidents.

Bank Equipment and Other Firms
Central States Health & Life Company: Claude B. Faber, branch manager.

Dawson Hail Insurance: James R. Dawson and Lyle C. Askerooth.

New York Terminal Warehouse Company: Russell V. Peterson.

North Central Life Insurance Companies: Elmer Diedrich, Bill Stohr and Bob Stassen.

Old Security Insurance Companies: F. N. Coulson, Jr., Ross Forbis and W. E. Felter.

United States Check Book Company: Fred E. Pfaff, vice president; Dwight Bos and Loren Anderson, representatives.



CONVENTION TIME is near for our banker friends in South Dakota and Nebraska.

Ed Newell will be in Sioux Falls, May 2-4, to attend the 76th annual South Dakota Convention.

Jim McGill will be in Lincoln, May 5-7, to attend the 71st annual Nebraska Convention.

We look forward to seeing you there!



NORTHWESTERN NATIONAL BANK OF SIOUX CITY, IOWA

George Spence.

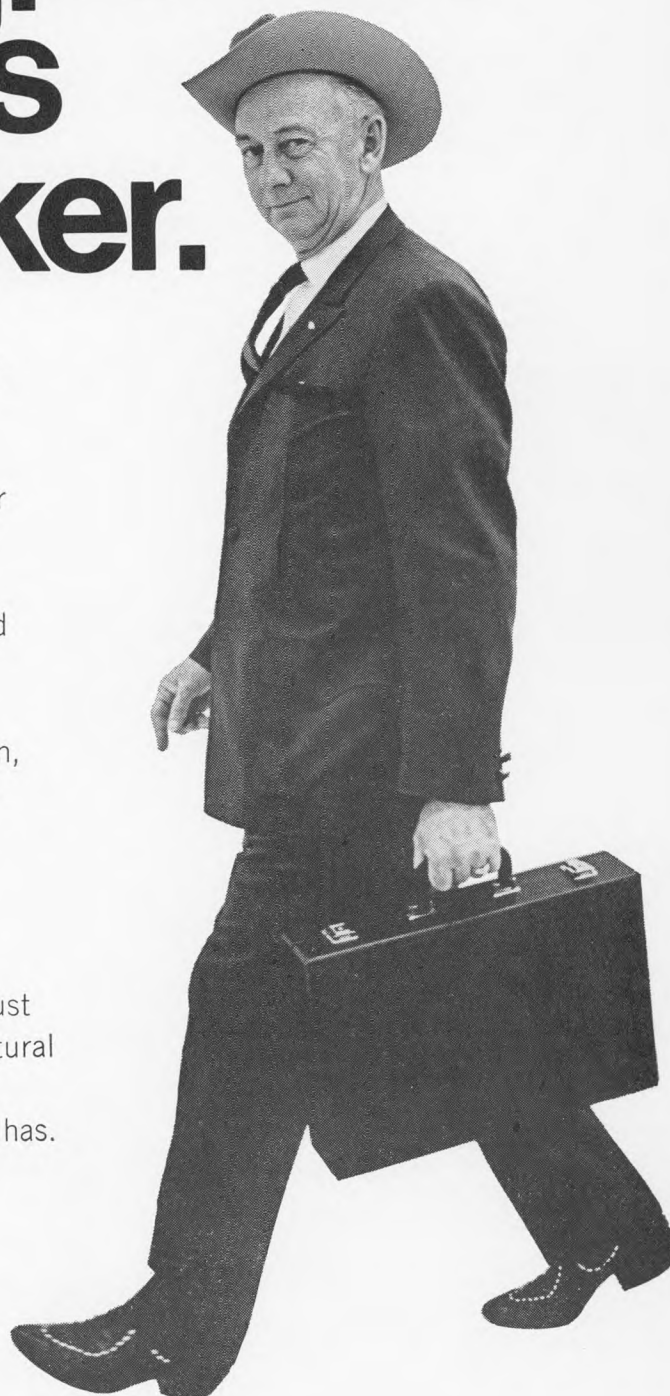
A banker's Idea Banker.

When a live stock auction firm was faced with a possible shortage of a salable cattle, they approached their local bank with an unusual proposition, involving a line of credit well over \$250,000 plus complicated negotiations with an Indian tribal council in a distant state. The unique deal would have to be consummated and supervised far from the bank's normal trade area. Could George help? You bet!

He made a flying trip to the Indian reservation, examined the tribe's water and feed supply and their cattle feeding know-how.

Putting his ideas to work, George made the deal a reality . . . to everyone's satisfaction.

An Idea Banker like George, with his more than 40 years of practical experience, may be just the man to expedite your next cattle or agricultural deal. Call him at (312) 621-5086. The more complex the problem, the more sound ideas he has.



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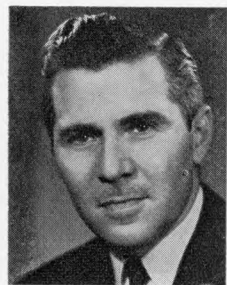
Northwestern Banker, April, 1968

Annual Agricultural Conference Slated for Huron, April 17-18

HURON will again host the Annual Agricultural Conference of the South Dakota Bankers Association, April 17-18 at the Plains. The coming Conference is the most comprehensive to date, and early registration indicates that more than 300 guests will be in attendance.

Registration

Registration for the conference will begin at 7:30 a.m. on Wednesday, April 17, at the Plains Ballroom. Coffee will be served from 8:00 to 8:30 in the ballroom. The meeting will be called to order at 8:30 a.m. by Merle Marshall, president, SDBA Agriculture Committee. Walter W. Pailing, president of the South Dakota Bankers Association and executive vice president, National Bank of South Dakota in Rapid City, will give the official welcome, followed by Charles Seaman, superintendent of banks, Pierre.



W. ALEXANDER, JR.

Keynote Address

The keynote address, "Agri-Banking An Industry Challenged," will be given by Willis W. Alexander, Jr.,

vice president, American Bankers Association, and president, Trenton Trust Company, Trenton, Mo.

Walter W. Wilcox, director of Agricultural Economics, Department of Agriculture, Washington, D. C., will then address the conference on "Agriculture's Recent Progress and Prospects."

Following a 10:00 a.m. coffee break, Dr. C. F. Davan, Jr., director of market research and development, International Minerals and Chemical Corporation, will speak on "Farm Change and Its Impact."

At 10:45 a.m. there will be a panel discussion on the topic, "How Farm Organizations Can Help," moderated by Merle Marshall, vice president, Farmers and Merchants Bank, Huron. Panel members are: Erhard Fingsten, national vice president, National Farm Organization, Sergeant Bluffs, Iowa; William B. Pearson, priest analist, National Grange, Ogilvie, Minn., and Ben Radcliffe, president, South Dakota Farmers Union, Huron. After the panel discussion the conference will adjourn for lunch. There is no formal luncheon planned.

Second Session, First Day

The conference will reconvene at Bales Continental Commission Company, West Highway No. 14, Huron, at 2:00 p.m., with opening remarks by Jerry Bales and Otto Freitag, concern-

ing "Cattle Futures as a Hedge." Questions and answers will follow.

At 3:10 p.m. "Beef Cattle Today" will be the subject of remarks by Dr. Charles J. Lewis, head of the Animal Science Department, South Dakota State University, Brookings. At 3:30 "Live Beef Evaluation" will be the subject of a panel discussion, moderated by Walter I. Bones, Jr., vice president, South Dakota State Grocers Association, Parker. Others on the panel are: James J. O'Connell, extension beef livestock specialist, South Dakota State University; Hollis Williams, fat cattle buyer, Greenlee Packing Company, Sioux Falls, and Leland L. Steele, executive vice president, Farmers and Merchants Bank, Huron.

Second Day's Activities

At 7:30 a.m. there will be a rural Banking School breakfast in the Crown room of the Hickory House Motor Inn.

The call to order will be made at 9:00 a.m. by R. J. "Stub" Fineran, member, SDBA Agricultural Committee, Pierre National Bank, and the opening address on the topic "The Changing Rural Economy" will be given by Professor Eber Eldridge, department of economics, Iowa State University.

"Agriculture—1980" will be the subject of a 9:50 a.m. panel discussion led by moderator Dr. John Stone, dean, extension department, South Dakota State University.

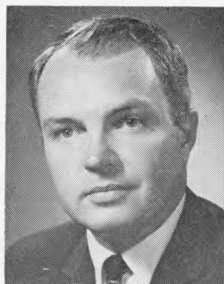
At 11:30 a.m. Robert Patten, vice president and farm department manager, Monticello State Bank, Monticello, Iowa, will address the conference on "How I Specialize in Ag Credit."

A luncheon in the Plains ballroom with Walter W. Pailing, SDBA president, presiding, will be held at 12:30 p.m. Following the introduction of distinguished guests and an address by Harry E. Olson, Jr., of Fargo, N. D., entitled "Reach Beyond Your Grasp," the conference will be formally adjourned at 2:30 p.m.

Deposits Increased

Gene Erickson, president of the Southern Hills Bank of Edgemont, S. D., reported to the board of directors that deposits have increased \$100,000 during the past year. Mr. Erickson told directors that this gain was made despite the fact that the Black Hills Ordnance Plant is being phased out of existence.

The bank, which Mr. Erickson purchased less than a year ago, also has a branch office in Buffalo Gap, S. D. Total deposits as of December 29, 1967, were \$2,723,213.07.



C. GUSTAVSON

We'll See You at the South Dakota Convention

To the many South Dakota bankers now using our credit life program, we hope to see and greet each of you at your State Convention.

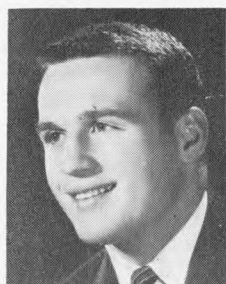
To those of you who are not familiar with National Fidelity's credit life programs, we would like to tell you about them. Look for us at the group meetings. We'll be looking for you.

One of the Nation's Strongest by Any Standard of Comparison

National Fidelity Life

INSURANCE COMPANY

KANSAS CITY 6, MO.



J. STEFFEN

Condensed Comparative Statement of Condition

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LOREN P. MILLER
Assistant Cashier
DWAINE D. STINGER
Assistant Cashier
THOMAS J. TRACY
Assistant Cashier
GEORGE D. VINSON
Assistant Cashier
MARSHALL F. WILLIS
Assistant Cashier
VERNON C. ROBERTS
Auditor
LORRAINE P. BRAZZELL
Assistant Auditor
WILLIAM F. MULLINS
Mgr.—Badegrow Office
ROBERT E. PECAUT
Vice President &
Trust Officer
EMELINE FREMDER
Assistant Trust Officer
GEORGE A. JOHNSON
Mgr.—Farm Management
Dept.

December 31 1967 December 31 1966 December 31 1965 December 31 1964 December 31 1963

ASSETS

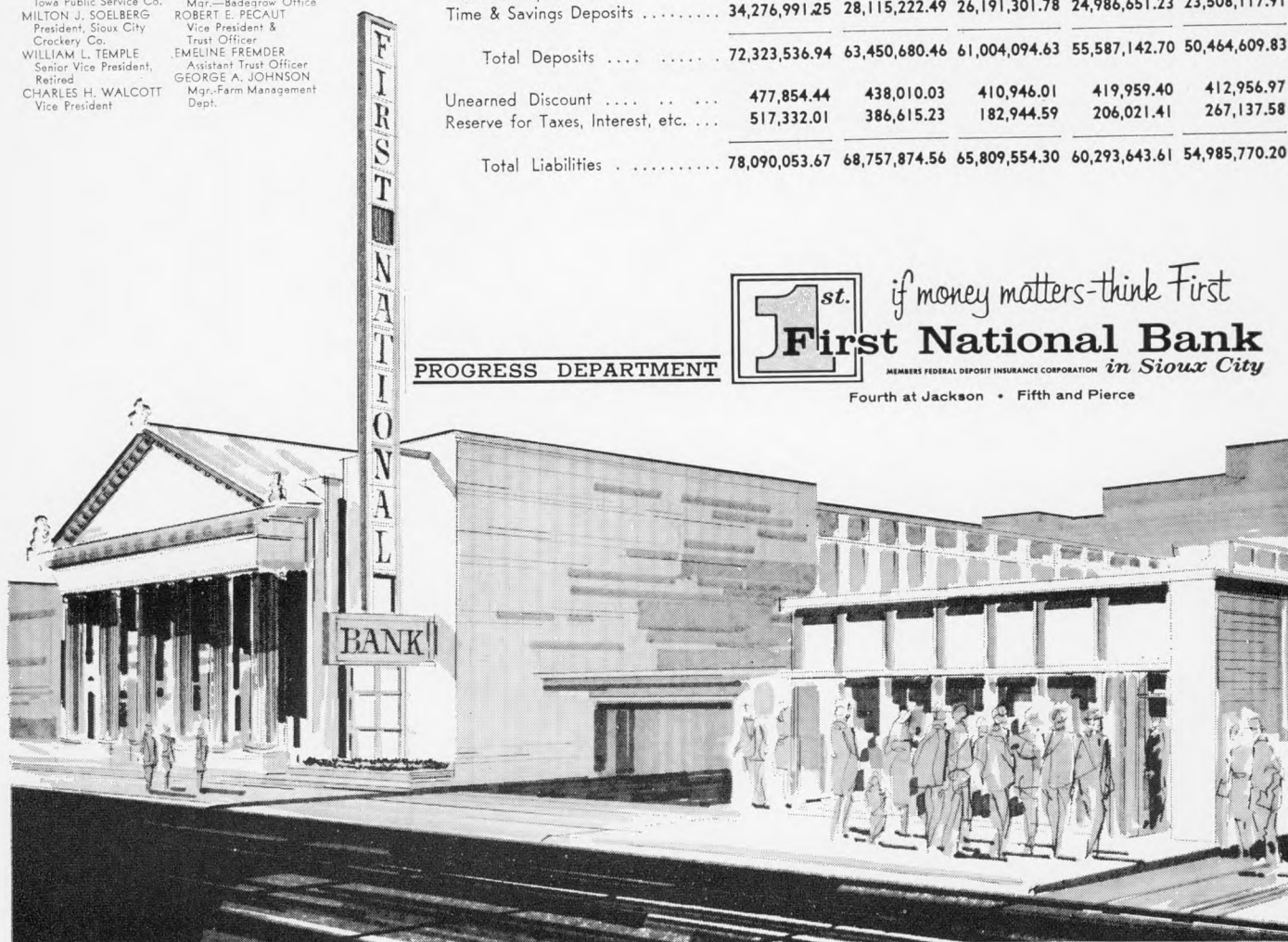
Total Loans	41,970,036.76	37,091,363.27	34,040,304.44	32,784,821.81	29,774,382.28
Cash & Due from Banks	16,248,365.71	16,152,047.75	15,271,845.48	10,759,809.43	8,465,198.77
U. S. Bonds	11,413,945.36	9,214,985.19	9,614,570.34	10,036,225.84	12,390,848.44
State, County & Municipal Bonds	4,614,282.93	3,909,168.97	4,172,016.38	3,411,422.14	2,205,361.29
Obligations of Federal Agencies	2,054,422.17	745,129.33	1,190,473.77	1,901,137.35	790,570.82
Stock in Federal Reserve Bank	82,500.00	82,500.00	82,500.00	82,500.00	82,500.00
Other Securities	25,005.00	35,000.00	35,000.00	10,007.00	10,012.00
Banking House, Furniture & Fixtures	1,013,790.61	918,690.92	902,833.37	908,125.84	913,886.73
Accrued Interest	523,558.00	385,142.54	372,424.26	330,070.86	308,198.01
All Other Assets	144,147.13	223,846.59	127,586.26	69,523.34	44,811.86
Total Assets	78,090,053.67	68,757,874.56	65,809,554.30	60,293,643.61	54,985,770.20

LIABILITIES

Capital Stock (110,000 shares at par value of \$10)	1,100,000.00	1,100,000.00	1,100,000.00	1,100,000.00	1,100,000.00
Surplus	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00	1,650,000.00
Undivided Profits	1,219,606.39	1,001,942.12	783,890.58	651,602.72	488,442.00
Total Capital Accounts	3,969,606.39	3,751,942.12	3,533,890.58	3,401,602.72	3,238,442.00
Reserve for Loan Losses	801,723.89	730,626.72	677,678.49	678,917.38	602,623.82
Demand Deposits	38,046,545.69	35,335,457.97	34,812,792.85	30,600,491.47	26,956,491.92
Time & Savings Deposits	34,276,991.25	28,115,222.49	26,191,301.78	24,986,651.23	23,508,117.91
Total Deposits	72,323,536.94	63,450,680.46	61,004,094.63	55,587,142.70	50,464,609.83
Unearned Discount	477,854.44	438,010.03	410,946.01	419,959.40	412,956.97
Reserve for Taxes, Interest, etc.	517,332.01	386,615.23	182,944.59	206,021.41	267,137.58
Total Liabilities	78,090,053.67	68,757,874.56	65,809,554.30	60,293,643.61	54,985,770.20

PROGRESS DEPARTMENT

1^{st.} if money matters—think First
First National Bank
MEMBERS FEDERAL DEPOSIT INSURANCE CORPORATION in Sioux City
Fourth at Jackson • Fifth and Pierce



Northwestern Banker, April, 1968

76th Convention Committees

THE 76th annual convention of the South Dakota Bankers Association will be held at the Ramada Inn, Sioux Falls, on May 2, 3, and 4 and is rapidly taking shape.



O. L. BONACKER

General chairman of the convention is Orville L. Bonacker, vice president and cashier of the First National Bank of Sioux Falls. Serving Mr. Bonacker in arranging the many functions

of the convention are these committee members, all from Sioux Falls, with the first listed on each committee being chairman.

Housing Reservations

Jack Bork, Valley National Bank, and H. G. Mosby, Valley National Bank, co-chairman.

Golf Tournament

A. R. Olson, Northwestern National Bank.

Convention Banquet and Entertainment

Curtis Kuehn, First National Bank,

and C. B. Erickson, Union Bank & Trust, co-chairman.

Bowling Tournament

V. C. Schmidt, Western State Bank, and Donald A. Isaacson, National Bank of South Dakota.

President's Reception

C. D. Gregg, Western State Bank, and J. T. Brick, National Bank of South Dakota, co-chairman.

Ladies' Luncheon

Mrs. M. J. Colton and Mrs. C. A. Lovre, co-chairman.

Registration

Lee Viborg, Union Bank & Trust, and W. J. Heimerman, Northwestern National Bank, co-chairman.

Publicity

Art Friday, National Bank of South Dakota, and Frank Duffy, Union Bank & Trust, co-chairman.

Transportation

G. D. Hansen, Valley National Bank, and Earl Miller, National Bank of South Dakota, co-chairman.

New Officer at Lead

Mrs. Arthur H. (Florence) Davis has been elected vice president of the Miners and Merchants Bank at Lead, S. D., by directors at their recent annual meeting. Mrs. Davis is also a director of the bank.

In addition to her duties with the Miners and Merchants Bank, Mrs. Davis is a director of the Bank of Belle Fourche, the First State Bank at Buffalo, the First National Bank at Hettinger, N. D., and the Liberty National Bank at Dickinson, N. D. She is active in the affairs of all these banks and serves on the loan and trust committee of the Liberty National.

Her husband, Arthur H. Davis, is president of the Miners and Merchants Bank.

Surplus Increased \$50,000

The First Western Bank at Wall has transferred \$50,000 from undivided profits to surplus, increasing the latter figure to \$150,000. Capital also is \$150,000, with \$125,000 in capital notes. First Western Bank maintains a branch at New Underwood.

New Facility at Canistota

The Canistota branch of the United National Bank of Brandon, S. D., has announced the opening of its new bank building. It is across the street from the previous location.

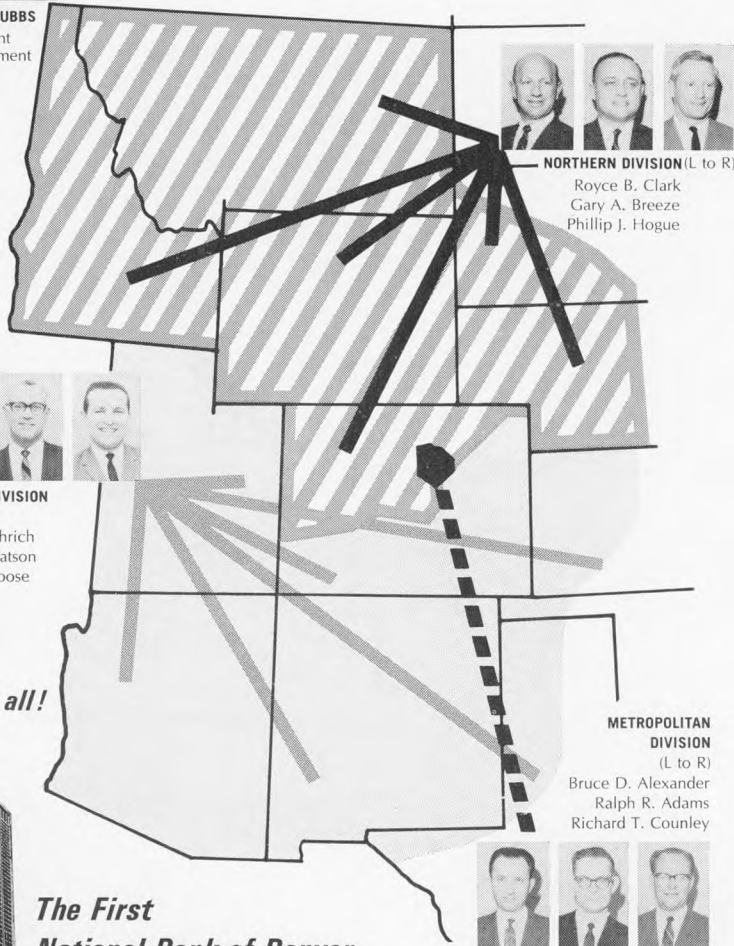
The Security Insurance Agency operated by Dennis Karsten is also located in the new building.

THE MEN OF THE FIRST

ARE COMING THROUGH TO YOU...AND FOR YOU!

The Correspondent Bank Department of The First covers a lot of territory—in banking and geography.

Let the men of The First assigned to your area provide specialized Western banking knowledge for a specialized Western market.

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Correspondent
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Royce B. Clark
Gary A. Breeze
Phillip J. HogueSOUTHERN DIVISION
(L to R)
J. Rodney Uhrich
Wesley J. Watson
Ronald A. LooseMETROPOLITAN
DIVISION
(L to R)
Bruce D. Alexander
Ralph R. Adams
Richard T. Counley

...first of all!



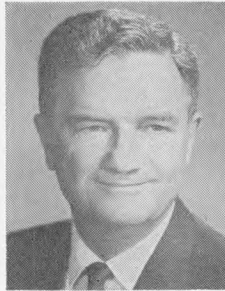
**The First
National Bank of Denver**

The Bank That Never Lets You Down

Member Federal Deposit
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North Dakota NEWS

J. H. MUNN President Westhope
W. J. DANER Secretary Bismarck



Report on Washington Trip

TWENTY-FOUR North Dakota bankers and wives went to Washington last month for a visit with federal bank supervisory officials and North Dakota Congressmen. Sponsored by the North Dakota Bankers Association, the trip was again a success as noted in this report from William Daner, NDBA secretary:

"We had our usual fruitful discussions in Washington this week (24 attended, 17 men and seven ladies), and we were very graciously received, especially by Bill Camp, the Comptroller of the Currency; Governor Maisel of the Federal Reserve Board, and Idar Rimestad, Under Secretary of State.

Your genial secretary was admitted to practice before the United States Supreme Court. There was a special White House tour arranged by the Congressmen, and we had a most enjoyable reception and dinner at the Madison Hotel with all the Congress-

sional delegation and most of their staffs.

"The frosting on the cake was when (after an excellent briefing by Eugene V. Rostow, Under Secretary of State for Political Affairs on the world position of the United States), we attended a reception in the diplomatic reception chambers of the State Department. We were able to be part of a surprise visit by Secretary of State Dean Rusk, Averill Harriman, Ambassador to the United Nations Arthur Goldberg, and the President of the United States, who spoke for a few minutes to the some 150 people there. Many in our group had a chance to privately converse with Rusk, Harriman or Goldberg, and to shake hands."

Retires After 39 Years

W. H. Bement, cashier of the Bank of North Dakota, Bismarck, has re-

tired after 39 years with the bank. He will be succeeded as cashier by D. T. McNeill, who was head teller and has been with the bank for eight years.

Mr. Bement, who has been cashier of the bank for the past 15 years, was honored by bank officials with a farewell party at the Bismarck Elks Club. Mr. Bement plans to travel now that he is retired.

Joins American State

D. A. Nyquist, assistant vice president and installment loan officer of the American State Bank, has announced that Roger Cymbaluk has joined the bank's staff as an adjuster in the installment loan department.

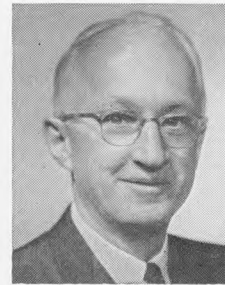
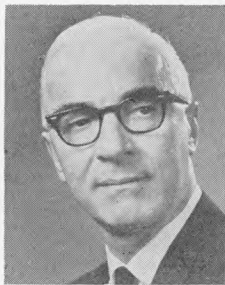
Officer Changes at Kulm

William Jans, chairman of the board of the Kulm State Bank, recently resigned as president of that institution. Elected to the office of president was R. L. Jans, who was previously cashier.

Darwin F. Strobel, who is a member of the board of directors and just recently joined the bank after having served as cashier of the Stutsman County State Bank of Jamestown for the past two years, was elected cashier. Elected assistant cashier was Mrs. Marcella Ogren, who has been teller of the bank for the past 11 years. Mrs. Ruth Buerkley was elected teller.

Montana NEWS

JOHN E. TENGE President Billings
R. C. WALLACE Secretary Helena



Planning Montana Convention

THE 65th annual convention of the Montana Bankers Association will be held at Many Glacier Hotel, Glacier National Park on June 20, 21 and 22. R. C. Wallace, secretary-treasurer of the association, has mailed forms to all banks for hotel reservations and for convention advance registration.

The third annual golf tournament will be held on Thursday, June 20, at Waterton Lake. Final details are not complete but golfers may want to make reservations at the Prince of Wales Hotel in Wterton for Wednesday night, June 19. Reservations at Prince of Wales Hotel should be made

through Glacier Park, Inc. An entry blank for the golf tournament will be sent later.

The program will follow the usual pattern with registration on Thursday, June 20, business sessions on Friday and Saturday morning with adjournment at noon on Saturday. Complete details on the program will follow at a later date.

Correction

In last month's issue it was reported that three persons had been promoted in Havre, but the bank was not identified as Citizens Bank of

Montana. The individuals promoted, and their new positions, were: Budd Taylor, assistant vice president, and Dean Retz and Alice Olson, assistant cashiers.

Named Bank Cashier

As reported in an earlier issue of NORTHWESTERN BANKER, David J. Free-



D. J. FREEBERG

berg has been appointed cashier at the First Security Bank, Livingston. He is a graduate of St. Mary's College, Winona, and for the past five years has been associated with the Federal Reserve Bank, Minneapolis, in the examination department.

Claude R. Erickson, chairman of the bank's board of directors, also announced that Dan K. Edwards, who has been associated with the First Security Bank for 10 years, has been elected assistant vice president.

BETWEEN THE PAGES OF THIS BOOKLET you'll find a wealth of information on how to set up and operate a Pension and Profit Sharing Plan in your bank. For your free copy, write or call Kent Olin, Terry Ryan, Don Ferrel, George Alff or Paul Christensen. No problem is too small for our personal attention.

"that's the bank for my money!"

DENVER U.S.

NATIONAL BANK

DENVER U.S. CENTER DENVER, COLORADO 80217



THE DENVER UNITED STATES NATIONAL BANK
CORRESPONDENT BANK RETIREMENT PROGRAM

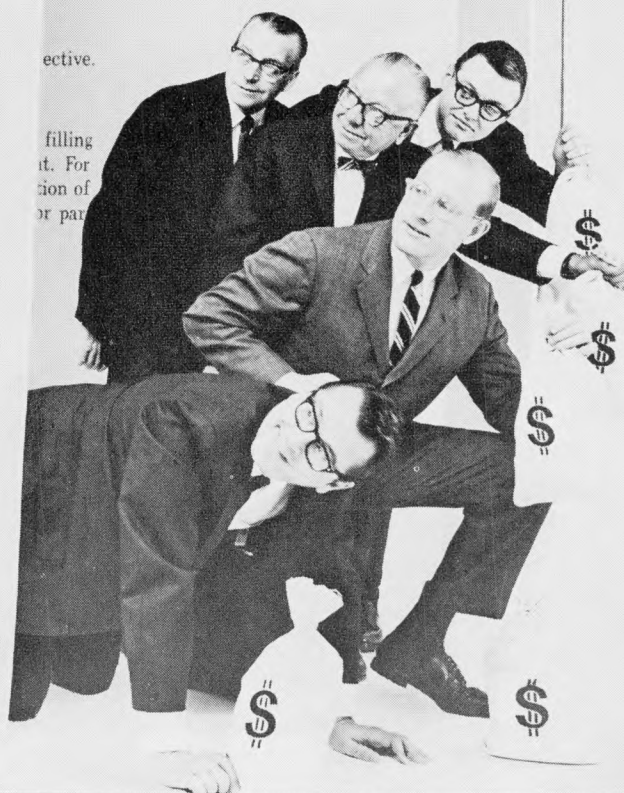


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Colorado News Wyoming News

J. H. MACDONALD
La Junta
President
Colorado Bankers Assn.

MAX C. ROBINSON
Afton
President
Wyoming Bankers Assn.



Top Changes at Casper Bank

ROBERT E. BRYANS was elected president of the First National Bank of Casper at the board of directors' meeting held in mid-March. Jackson F. King was elected chairman of the board and chief executive officer. Milton Coffman, who was chairman of the board, has resigned this position. He will, however, continue to serve as a member of the board of directors.



J. F. KING



R. E. BRYANS

With the First National Bank since 1945, Mr. Bryans was reared at Minot, N. D., and attended the State School of Science at Wahpeton, N. D. He served as a B-24 pilot with the Eighth Air Force in England during World War II.

After his discharge, Mr. Bryans joined the bank as a teller. Later he managed the installment loan department and in 1950 was named cashier. In 1953 he was promoted to vice president. Mr. Bryans was elected to the board of directors of the bank in 1957. He has been secretary of the board since 1952. In 1959 he was elected executive vice president.

Mr. Bryans served as president of the Wyoming Bankers Association during the years of 1964-1965. Currently he is state vice president for Wyoming of the American Bankers Association. For three years he was a member of the advisory council—School of Commerce and Industry—University of Wyoming.

At the present time, Mr. Bryans is serving his second term as president of the Wyoming Industrial Development Corporation. He has been active in numerous business, charitable

and social organizations.

The new board chairman, Jackson King, joined the bank as manager of the bond department following his discharge from the Army as a major in 1946. He was elected vice president in 1948 and in 1950 was elected to the board of directors.

Mr. King was elected president of the First National Bank in 1956 and has continued to serve in that position until his current advancement to chairman of the board and chief executive officer. He served on the executive council of the Wyoming Bankers Association for a number of years. In 1964, Mr. King was elected to serve for a period of three years on the executive committee of the national bank division of the American Bankers Association. Currently he is on the advisory committee for the Administrator of National Banks in the Twelfth Region.

Bankers Association Sponsors Credit Conferences

The 14th Annual Credit Conference, sponsored by the Wyoming Bankers Association, was held recently in Casper.

Opening the business portion of the meeting was C. Edward Shelton, vice president of the Colorado National Bank and manager of the Colorado Bank Americard Center. Mr. Shelton discussed the pros and cons of the credit card business. "Credit must be very liberal since there must be a large volume to make the program profitable," he said. He gave three requirements for a good credit card program: strong management, plenty of money and lots of manpower. Mr. Shelton said that a credit card program was not practical for small banks.

John T. O'Connor, program officer for the Department of Health, Education and Welfare office in Denver, explained the new government student loan program. He said that Wyoming had not as yet come up to expectations in the granting of guaranteed

student loans since the program was started in November. Mr. O'Connor indicated that the department realized that the lack of incentive from the banker's standpoint with regard to the income derived from the loans was holding back the program. Approximately \$150,000 has been guaranteed to about 250 students.

The final speaker of the morning was Paul E. Youmans, executive vice president of Bosworth, Sullivan and Company, Denver investment firm, who discussed interest rates. He said that long-term interest rates have gone from 7.6 per cent to 2.45 per cent in the last 200 years. Mr. Youmans said that the rate is presently 6.5 per cent. He told the bankers that considering historical trends and present economic conditions, the trend at the present time is down slightly.

The afternoon session opened with Robert H. Martin, central division, Rocky Mountain Oil and Gas Association, discussing Wyoming's extractive minerals.

The final session was a panel discussion made up of livestock experts. Those on the panel were: Bob Frary, livestock specialist, Extension Service of the University of Wyoming, who served as moderator; David R. Johnson, vice president, Omaha National Bank, Omaha; Dan Budd, American National Cattlemen's Association; Mick Miller, livestock marketing representative, Wyoming Stockgrowers Association; Robert Rierson, project leader, Western Livestock Marketing Information Project, and Joseph Burke, Wyoming Woolgrowers Association.

The panel members urged closer cooperation from their bankers in an attempt to solve their common problems that were of concern on the state and nationwide level.

It was pointed out that cattle members within the country are still increasing and that the common debt per head has risen from \$80-\$85 to as high as \$120-\$150 per head.

Secretaries Hear Banker

"Banking in Action" was the theme selected by the National Secretaries Association's sixth annual program held at Riverton.

Mrs. Georgia Hernandez, president of the Riverton chapter, said that 585 chapters in the U. S., Canada and Puerto Rico participated.

Bob Hunter of the First National Bank of Riverton spoke on the aspects of the electronic bank of the future and banking in general.

Leading bank officials congratulated the NSA for its special banking program.

Worland Bank Remodels

The First National Bank in Worland is in the process of remodeling the interior and exterior of the bank. The outside will have a modern appearance and entrances will be relocated. New lighting and air conditioning will be among the features inside.

Named to Development Board

Rudolph Loss, vice president and cashier of the Bank of Commerce, Sheridan, has been elected a director of the Wyoming Industrial Development Corporation.

Cheyenne Promotions

Two officer promotions were announced last month by Robert J. Sorensen, president of the American National Bank of Cheyenne. Nelson R. Murphy was advanced from vice president and senior trust officer to senior vice president and senior trust officer.

Jack W. Steinke was advanced to assistant vice president and trust officer. Previously he was assistant vice president and assistant trust officer.

Mr. Murphy joined the staff in 1947 and has been graduated from several graduate banking schools. Mr. Steinke joined the bank in 1957.

Colorado News

High Court Allows Charter

Harry Bloom, state banking commissioner, said that a charter for the Bank of Durango, formerly the Turner Industrial Bank, will be issued shortly in compliance with a State Supreme Court order reversing the state banking board's refusal of the application.

The court ruling stressed that in considering charter applications, the banking board may not emphasize the protection of existing banks.

Justice Edward C. Day said that the purpose of the statutory requirement that an applicant show a "public need" for a new bank "is not to prevent new banks from entering the field, even though existing banks have been rendering adequate service."

Durango has two commercial banks, the Burns National Bank and the First National Bank.

Richard W. Turner, president of the Bank of Durango, said in early March that it would be at least 60 days until the conversion to commercial bank status is complete. Mr. Turner said that the bank has applied for Federal Deposit Insurance Corporation coverage of its present \$2.5 million in saving deposits.

Deposits Up 14 Per Cent

Total deposits in all insured commercial banks in Colorado gained an above average 14 per cent during 1967, according to the Federal Deposit Insurance Corporation.

Deposits in the state's 217 insured institutions amounted to \$3,446,000,000 during 1967 as compared to the year-end 1966 total of \$3,023,000,000. Deposits in all insured commercial banks in the United States increased from \$352 billion at the end of 1966 to \$395 billion at the end of 1967, which was a 12.2 per cent increase.

According to the report, time deposits accounted for most of the growth. The increase in time deposits amounted to 16 per cent which was one per cent above the national average. The demand deposits in Colorado increased 12.3 per cent as compared to the national average of 9.8 per cent.

Loans extended by Colorado banks rose 10.3 per cent from 1966 to 1967 compared with an 8.4 per cent gain for the entire country.

Investments of insured commercial banks, the FDIC said, increased 18.7 per cent in Colorado and 18.2 nationally.

Increases Surplus \$500,000

The Exchange National Bank, Colorado Springs, has increased its surplus from \$2,500,000 to \$3,000,000, which will allow an increase in the legal lending limit to a single customer from \$350,000 to \$400,000, according to O. D. Olson, president of the bank.

The addition gives the bank a total of \$1,000,000 in capital stock, \$3,000,000 in surplus and approximately \$400,000 in undivided profits and reserves.

Gray Elected Director

John W. Gray has been elected to the board of directors of the Colorado Springs National Bank. He replaces Herbert G. Sinton who has asked for an inactive honorary status on the board.

Mr. Gray is president of the Sinton Dairy Company, and is a director of the National Milk Industry Foundation. He was also first president of the Colorado Springs Industrial Board.

Bank Post to Anderson

Robert J. Anderson has been elected vice president and cashier of the West Greeley National Bank, Greeley, according to Roy Schmidt, president.

Mr. Anderson has served as cashier of the bank since it opened in 1963. Prior to that he was head teller of the Greeley National Bank for two

Anniversary Film



MICROFILM LANDMARK—Van B. Phillips, dir. of marketing administrative services, Eastman Kodak Company, and president of the National Microfilm Association, watches Richard Rosse, director of news operations for the Mutual Broadcasting System inspect a length of 16 mm. Recordak microfilm at Mutual radio headquarters in New York City. Mr. Rosse interviewed Mr. Phillips on the growth of the microfilm industry which will celebrate its 40th anniversary on May 1, 1968. The interview will be broadcast over the 250 stations throughout the United States affiliated with the Mutual radio network.

years. Before coming to Colorado, Mr. Anderson was a teller at the United States National Bank of Omaha for five years.

Open Englewood Building

Continental National Bank recently moved into its new 10-story building in the Englewood shopping center. It is the tallest building in the area. Formal dedication of the building was scheduled for the afternoon of April 6, with U. S. Rep. Don Brotzman cutting the ceremonial ribbon of dollar bills with the \$100,000 diamond-set shears made by Argenzie Bros., Denver jewelers.

The bank officers, directors and staff have been hosts at a series of open houses for customers and the public preceding the formal opening. The bank is occupying about one-third of the building at present, and nearly 80 per cent of the remaining space has been leased to various firms for occupancy.

Design of the bank incorporates Diebold's closed-circuit TV teller system. The bank vault has 12-inch reinforced concrete walls encased in a 19-ton steel cage. The door of the vault weighs 3.5 tons.

Continental National was organized in 1951 as the Englewood State Bank. One of the original incorporators was Winston S. Howard, who was vice president. Mr. Howard continues with the bank today as chairman of the board. Robert J. Frank is president of the bank. Approximately 95 per cent of the bank's stock is now owned by the Los Angeles-based Western Bancorporation.



CENTRAL'S ART BRIDGEWATER

pays a visit to H. J. Bleakley, Chairman of the Board and President of The Peoples Bank of Aurora, Colorado, one of our valued correspondent customers. Knowledge and experience are two good reasons the Central serves as city correspondent for more than 300 area banks.



WHAT'S HAPPENING IN DENVER

- Denver Automobile Show—April 1 through 6—Denver Coliseum.
- On Stage—Walter Slezak in "The Lion in Winter"—April 3 through 6—Auditorium Theatre.
- Ice Capades—April 24 through 28—Denver Coliseum.
- Denver Bears Baseball—April 17, 18: Tulsa; April 19 through 21: Oklahoma; April 22 through 24: Indianapolis.

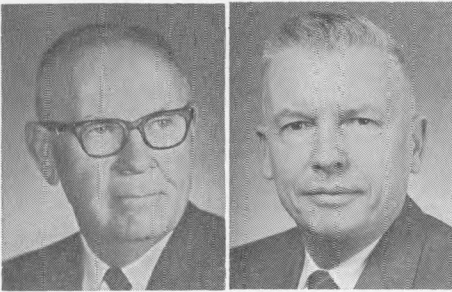
Northwestern Banker, April, 1968

color it red

We're not just sure what color the broadloom is in State Rooms 1 and 2 . . . our hospitality suite in the Cornhusker Hotel . . . but there's a **RED CARPET WELCOME** waiting for you when you drop in during the Nebraska Bankers Convention in Lincoln. We hope you'll join us for U.S. hospitality . . . Sunday in the ballroom, Monday in State Rooms 1 and 2

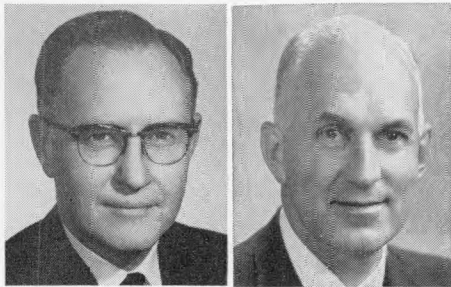
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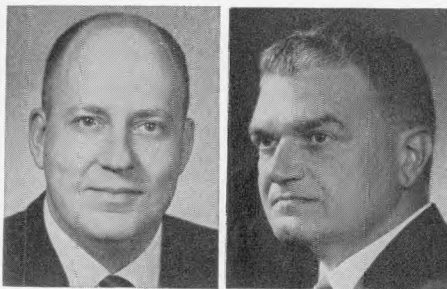
M. R. MORGAN

H. GRAMANN, JR.



E. W. LYMAN

H. V. OSTERBERG



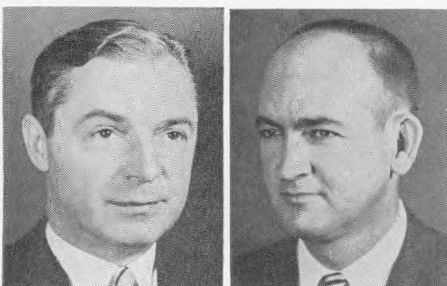
W. H. OSTERBERG

W. A. STRAUSS



C. M. HARDIN

C. C. BYERS



J. J. SAXON

C. H. WALKER

Nebraska Bankers Association 71st Annual Convention

**Cornhusker Hotel
May 5, 6, 7, 1968**

THE Cornhusker Hotel will be headquarters for the 71st Annual Nebraska Bankers Association Convention to be held May 5-7 in Lincoln. An excellent program and schedule of activities has been arranged for the large number of bankers and their wives expected to attend the convention.

The first scheduled date, Sunday, May 5, will be devoted to meetings of the executive council and scheduled official dinners. On the following day, M. R. Morgan, NBA president, will call the meeting to order following the opening noon luncheon. Mr. Morgan is president of the First National Bank in Elwood. Working with him this past year as vice president is Henry Gramann, Jr., executive vice president of the Adams State Bank, Adams. Mr. Gramann is scheduled to move up to president at this convention. Edward W. Lyman, president of the United States National Bank, Omaha, has been serving as treasurer of the NBA. Harris V. Osterberg is NBA executive vice president, and William H. Osterberg is NBA executive manager.

The complete program follows:

Sunday, May 5

P.M.

- 2:00-9:00 Registration—Mezzanine.
- 2:00 Executive Council Meeting—State Suite 3.
- 5:30 Social Hour—Room 933, Executive Council and Past Presidents.
- 5:30 Social Hour—Georgian Room, Wives of Executive Council and Past Presidents.
- 6:30 Executive Council Dinner—State Suite 3.
- 6:30 Past Presidents' Dinner—State Suites 1 and 2.
- 6:30 Dinner—Georgian Room, Wives of Executive Council and Past Presidents.

Monday, May 6

A.M.

- 8:30 Breakfast—Georgian Room, NBA County Representatives.
- 9:00 Registration—Mezzanine.
- 10:00 Committee on Nominations—Room 200.
- 10:00 Committee on Resolutions—Room 220.
- Noon Luncheon Session—Ballroom, Delegates.
Presiding—M. R. Morgan, president, Nebraska Bankers Association, Inc., and president, First National Bank, Elwood.
Special Guest—C. R. Haines, Director of Banking, State of Nebraska, Lincoln.
President's Address—Mr. Morgan.
"A Banker's Part in Area Development"—W. A. Strauss, chairman and president, Northern Natural Gas Company, Omaha.
"Nebraska on the Move"—Dr. Clifford M. Hardin, chancellor, The University of Nebraska, Lincoln.
Report of Committee on Nominations.
Election of Officers.
Report of Committee on Resolutions.

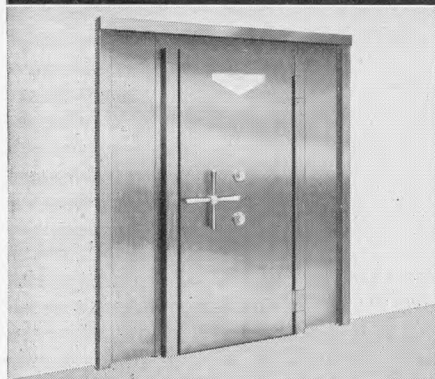
P.M.

- 12:30 Ladies' Luncheon—New Elks Club. Buses will provide transportation from the hotels to the Elks Club and back.
- 5:30 Social Hour—Cornhusker Hotel Ballroom, Delegates and Ladies.
Hosts—First National Bank & Trust Company and National Bank of Commerce in Lincoln.

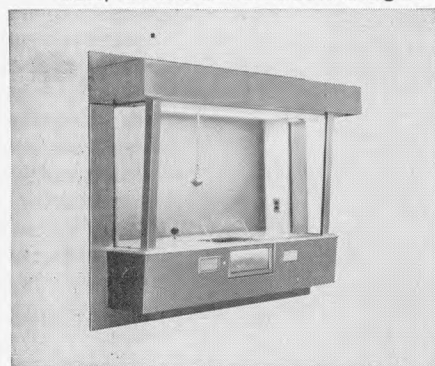
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Northwestern Banker, April, 1968

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Northwestern Banker, April, 1968

Nebraska Convention Program

(Continued from page 81)

- 7:00 Convention Banquet—Pershing Municipal Auditorium, 15th and M.
 Dinner Music—Bill Albers Orchestra.
 Installation of Officers.
 “Get Off Your Launching Pad”—Dr. Carl C. Byers, educator, humorist and author. Member speakers staff of General Motors Corporation, Cleveland, Ohio.

Tuesday, May 7

A.M.

- 7:30 Breakfast—University Club, 128 N. 13th Street, Delegates and Ladies, and Nebraska Club, The Graduate School of Banking, University of Wisconsin, graduates and students.
 Hosts—First National Bank & Trust Company, National Bank of Commerce, Lincoln.
 Presiding—Jay F. Bordewick, president, Nebraska Club, and vice president, The United States National Bank, Omaha.
 9:00 Registration—Mezzanine.
 9:30 Convention Session—Ballroom, Cornhusker Hotel.
 Presiding—M. R. Morgan, president, Nebraska Bankers Association, Inc.
 Election—The American Bankers Association.
 Presiding—Dale E. Walkenhorst, A.B.A. state vice president; executive vice president, First National Bank, North Platte.
 N.B.A. Treasurer’s Report—Edward W. Lyman, president, The United States National Bank, Omaha.
 Address—James J. Saxon, Saxon, Maguire & Tucker, Washington, D. C.
 “The Washington Financial Scene”—Dr. Charles E. Walker, executive vice president, The American Bankers Association, New York.

P.M.

- 12:30 Luncheon—Ballroom and Georgian Room, Delegates and Ladies.

Nebraska Convention Committees

In charge of arrangements for the 71st annual convention of the Nebraska Bankers Association at the Cornhusker Hotel in Lincoln, May 5-7, are these Lincoln bankers on the general convention committee:

Burnham Yates, president, First National Bank and Trust Company; William C. Smith, executive vice president, First National Bank & Trust Company; Glenn Yaussi, chairman, National Bank of Commerce Trust & Savings, and Paul J. Amen, president, National Bank of Commerce Trust & Savings.

Serving with these men in arranging for various functions of the convention are the following committees. The first listed in each committee is chairman.

Entertainment

Roy Yaley, assistant vice president, National Bank of Commerce Trust & Savings; Dale M. Shoemaker, vice president, First National Bank & Trust Company; Robert W. Johnson, assistant vice president, First National Bank & Trust Company.

Breakfast

Lester Curran, assistant vice presi-

dent, First National Bank & Trust Company; Lyle F. Stoneman, vice president, First National Bank & Trust Company, and Robert S. Hinds, vice president and senior trust officer, National Bank of Commerce Trust & Savings.

Banquet

(Husband’s bank and title listed following the name.) Mr. and Mrs. L. E. Alford, vice president, National Bank of Commerce Trust & Savings; Mr. and Mrs. Max Schneider, vice president, First National Bank & Trust Company; Mr. and Mrs. A. S. “Chico” Chaves, vice president, First National Bank & Trust Company; Mr. and Mrs. Winton W. Buckley, vice president, National Bank of Commerce Trust and Savings; Mr. and Mrs. James F. Nissen, vice president and manager-loan division, National Bank of Commerce Trust and Savings; Mr. and Mrs. Herman A. Brockmeier, vice president, National Bank of Commerce Trust and Savings.

Hostess Committee

Mrs. Roger L. Cunningham, chairman.

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We think you'll agree that a team system is the best way to serve your investment needs. When you draw on the experience of the professional banking and investment team at First National of Omaha, you are assured competent counsel. Co-captains on our investment team (with over 50 years' experience!) are shown above: at left, Bill Feser, Vice President; standing, Alan Schulz; and Frank Lawson, Jr., Trust Officer. For investment counseling, advice on bank portfolios, and for safekeeping — team up with First National Bank of Omaha. You'll find we have a winning way.

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**FIRST
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OF
OMAHA**

MEMBER F.D.I.C.

Northwestern Banker, April, 1968

Omaha News



CONSTRUCTION of a contemporary styled walk-in, drive-in facility is scheduled by The Omaha National Bank to begin tentatively by mid-summer. The new building will be erected on the northeast corner of 19th and Dodge Streets, four blocks from the main building, and awaits only approval of the Comptroller of the Currency.

John M. Shonsey, executive vice president, and **E. Stanton Miller**, sen-

ior vice president, stated at a news conference that the new facility should be open by mid-December. Along with **Nels Latenser** of the architectural firm, they showed newsmen an artist's sketch and three dimensional model.

The structure will be cast marble aggregate concrete similar to that being used on the bank's new main quarters now under construction. Form will be sculptural and flowing

as a complement to the rigid geometric forms now in the downtown area, according to the architect, John Latenser & Sons, Inc. Interior fixtures will be treated with the same "carved-from-stone" theme with a counterpoint of paneled and draped surfaces. Entry to the building will be across a bridge spanning a dry moat with graded boulders and landscaping in the manner of a Japanese garden.

The walk-in structure will be connected by a tunnel to three all-weather drive-in windows. An additional four windows will be installed in the Capitol Plaza Building, directly north of the facility, upon completion of an interstate highway ramp.

* * *

The First National Bank of Omaha, the oldest national bank from Omaha west, will be one of the first banks in the nation to get one of the new Century 200 computers from National Cash Register Company. The Century 200 is an advanced "random-access" system designed to improve both customer services and internal operations.

John R. Lauritzen, chairman of the executive committee and president of the bank, said the Century computer will more than double the processing speed and power of the two present systems in use by First National. He said, "Consequently, we will be able to provide broader services to individual depositors, corporate customers, and correspondent banks — services which were technically impractical in the past."

Mr. Lauritzen said this will include "more pertinent, meaningful information for management," which type of information will also be available to correspondent banks and corporate customers. At some time in the future this same analytical service will be available in all probability to individual depositors.

All bank functions except trust work and general ledger are now handled on two NCR 315 computers. Most of these applications also are processed for many correspondent banks.

The random-access feature of the new computer will give any loan officer, for example, an instant print-out of a loan applicant's relationship with the bank. This same random-access design also permits a "mixed-item" update during the bank's internal processing.

* * *

Edward W. Lyman, president of the United States National Bank, conducted the annual luncheon meeting of some 175 Eagles of the Mid-America Council of Boy Scouts last month.

Mr. Lyman was selected to be chair-



FEATURES of Omaha National's proposed walk-in, drive-in are explained by **John M. Shonsey**, exec. v.p. of the bank.

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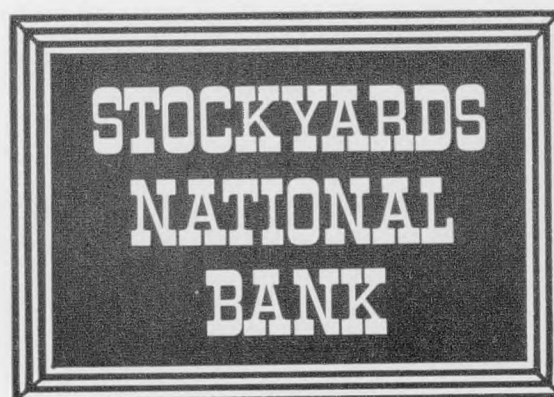
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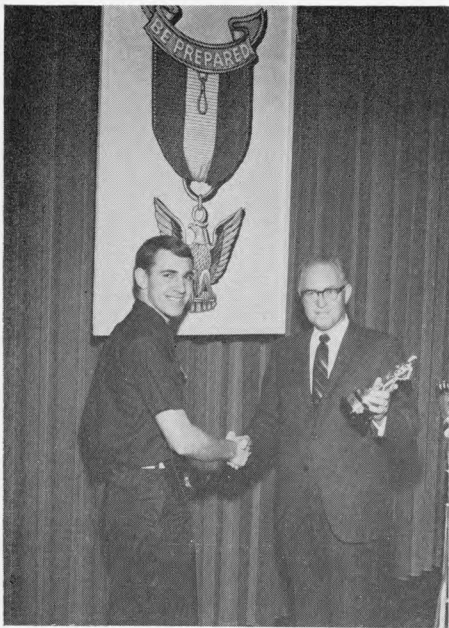
No bank is closer to the livestock industry than we are. We have only to swivel around in our chair to see the world's largest livestock market in action. It's natural that much of our work involves the livestock industry. This experience can be of great help and value to your bank when you have livestock business transactions of any kind. Remember, we "live" with the business every day. Call our correspondent bank department any time.

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Omaha, Nebraska

Northwestern Banker, April, 1968



President E. W. Lyman of U. S. Natl. and Eagle Scout guest.

man of the 1968 luncheon by the Mid-America Council. Each year a different leader of the area's business or industry is called upon to preside over this most important event in the scouting year.

As chairman, President Lyman provided arrangements for the affair which included a reception, special guests, and a tour of Strategic Air Command facilities. Guest speaker was the **Rev. Robert S. Alward**, senior minister of the Countryside Community Church, United Church of Christ, Omaha.

The luncheon was held in the Officers' Club at S.A.C.'s Offutt Air Force Base near Bellevue, Neb.

The Mid-America Council of the Scouts includes 37 counties in Southwest Iowa and Northeast Nebraska, and has a membership of some 33,000 scouts.

* * *

John R. Lauritzen, chairman of the executive committee and president of the First National Bank of Omaha, has been named as general chairman of this year's Heart of the Midlands United Appeal campaign. His appointment was announced by **Richard L. Coyne**, president of United Community Services, which conducts the annual campaign.

Mr. Lauritzen, in addition to being president of the First National Bank of Omaha, is also president of the Omaha Bankers Association.

At the present time, he is a member of the board of directors of the Better Business Bureau, Joslyn Memorial and the Omaha Economic Development Council. He is also chairman sponsor of the National Park and Recreation Association for Nebraska.

* * *

Ray Slizewski, vice president, Stockyards National Bank, was honored by the Q Street Merchants as the outstanding member of the organization for 1967. Mr. Slizewski, a past president of the merchants and a present board member, was awarded this honor based on his activities in the organization and in the community. He is also president of the South Omaha

Gene Eppley Boys' Club, director of the Omaha Transit Company, secretary of the Citizens Advisory committee and board member of the Social Settlement.

* * *

An office on the ground floor of the City National Bank Building was established recently by Piper, Jaffray & Hopwood, a New York Stock Exchange firm with its major offices in Minneapolis and St. Paul, Minn.

Lee Williams and **Harold Hultman** have been appointed co-managers. Both men were former account executives and officers of another Omaha investment firm.

* * *

The Stockyards National Bank has recently had on exhibit the paintings of **Mr. and Mrs. Ray Whiting**. These paintings consisted of oils, water colors and acrylics, and concentrated on midwest scenes.

Mr. Whiting was born in Albion, Neb., and studied art at the Chicago Academy of Fine Arts and the New York Art Students League in New York City. Among the Whiting pictures on display were "Rural Solitude" and one entitled "Sandhills Water Hole."

The exhibit was a tremendous success with customers making special return visits to view the paintings. The bank hopes to continue bringing exhibits to its customers periodically to create and maintain interest in the cultural affairs of the community.

Remodel Vault at Firth

The State Bank of Firth has remodeled its bank vault and installed an additional 100 safe deposit boxes to accommodate new bank accounts. Roland F. Beach is bank president and Gerald M. TeKolste is executive vice president.

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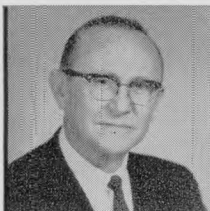
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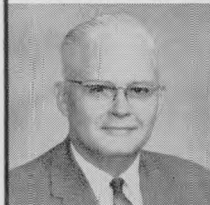
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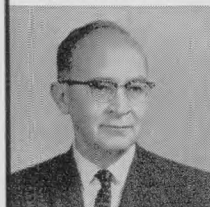
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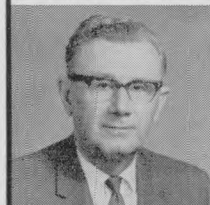
Roger Cunningham



Lyle Stoneman



A. S. Chaves



Dale Shoemaker



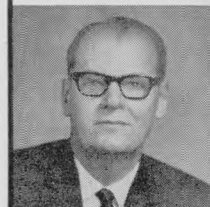
Lester Curran



Robert Johnson



William Edgecomb



Max Schneider

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Bob has 12 years of banking experience...10 of which have been devoted to specializing in the administration of Pension and Profit-Sharing Plans. He has completed numerous A.I.B. courses and is a graduate of the National Trust School at Northwestern University. Bob is extremely active in Boy Scout work and is currently a member of the Regional Scout Committee. He is also a member of the Finance Committee at his church. Bob likes to read, and confesses to being something of a hi-fi "bug"... hobbies he shares with his wife and three children, aged 14, 12 and 10.

Sincere and dedicated to his job, Bob is a man of action who gets things done and done right.



**FIRST NATIONAL BANK
& Trust Company of Lincoln**

12th and N Street • Lincoln, Nebraska
Member: F.D.I.C.

Group Presidents Report Farm and Business Outlook

PRESIDENTS of the six Nebraska Bankers Association groups report the following crop, livestock and business conditions for the respective areas at this time:



WILLIAM B. BRANDT
*Secretary and
General Counsel
First National Bank
Unadilla
President
Group I*

GENERAL business conditions could best be described as a little sluggish in the Group I area. We have heard a few complaints in this regard. Everyone seems to be going slow in the expansion area. There is more money on deposit than a year ago, however, and loan demand is brisk and I think even stronger than a year ago during the pre-planting period.

Crop conditions look good at this time. Our top soil is quite dry but due to an abundance of moisture in most places last summer and fall, sub-soil moisture is good. A number of farmers in this area are taking advantage of the unseasonably warm weather

to get a head start on their tillage program.

GROVE NELSON
*President
Bank of Millard
Millard
President
Group 2*

GENERAL business conditions are good. Merchandise is moving. With the increase in volume to be anticipated, gross income and profits for the local retailer should be up for 1968.

Farmer-feeders are enjoying a good profit in fat cattle now being marketed. Favorable weather conditions through the winter have made possible gains of three pounds per day and up. Price of corn has made for cheaper cost of grain. Cattle are bringing approximately \$2 per hundredweight over first cost, a good margin. All factors have contributed to profits in excess of what might reasonably be expected.

On the other hand, with the price of corn less than \$1 per bushel and much of the harvested corn carrying high moisture, we may see a problem as warm weather approaches. Many farmers hoping for a better price are not going to find a market for their wet corn before the deadline. We can expect spoilage and resulting fur-

ther depression of the price of corn in the immediate future. Some of the profits to the feeders will be at the expense of the grain farmer.



JAMES B. ROSSITER
*President
First National Bank
Walthill
President
Group 3*

WE HAVE experienced one of the driest winters on record. The extremely dry winter has made the feed grain sign up larger in this area than last year. Much spring moisture is needed before field work will begin in earnest. Pastures dried out early last summer and they will need an abundant amount of moisture throughout the entire spring and summer. Hay consumption was at a minimum this winter as stock fields were never covered. Farm sales in this area have been quite numerous this winter. Several auction firms haven't had an open date for months. This is bad both for the farmer and the small town businessmen. Economists state for every 12 farmers that sell out in one area, one business closes its doors. Small towns are finding it almost imperative to locate industry for the area to survive the loss of so many farmers.

There is still some corn that must be moved in the near future due to its high moisture; although most of the corn in this area that was planted during the normal planting season last year is of good quality and will keep through the summer. A large amount of corn has been sealed hoping for a summer price increase of 20 to 25 cents. With springlike weather coming early this year, some fertilizing has already begun.



BILL SLOCUM
*Assistant
Vice President
Franklin
State Bank
Franklin
President
Group 4*

THE Group 4 area farming in 1967 had a mixed result. Crops for the most part were fairly good with dryland milo the exception. Early rains produced a very good stand with a poor root system. Lack of summer

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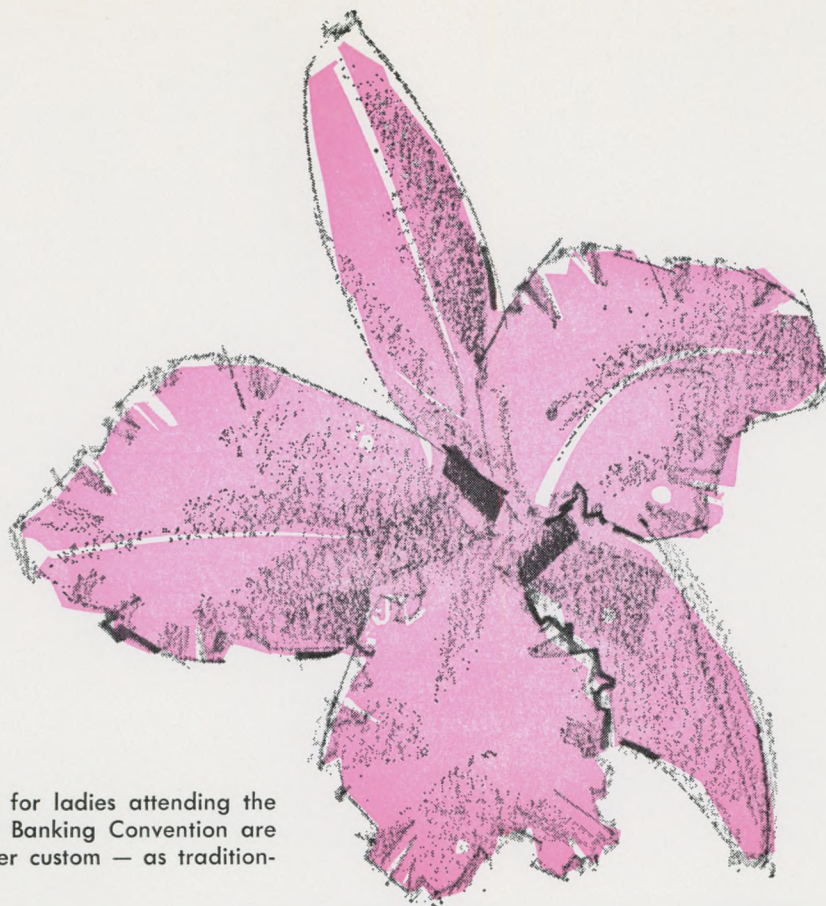


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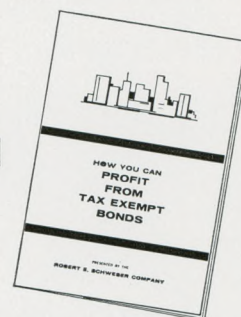
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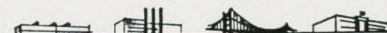


ROBERT E.



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and fall moisture produced a head without grain. A fall in grain prices through the year has resulted in a larger than normal carryover of grain.

Livestock prices have made a marked recovery. With the lower feed cost and higher market prices, profits have shown a good increase. Proper management in feeding still shows its importance. Replacement cattle prices and grain cost showing an increase point to a small margin of profit in the future.

Lack of moisture during the winter makes us look to spring rains with hope. More land under irrigation again for 1968. Wells are being drilled at a steady rate.

The wheat looks like it will again be very spotted. A large number of acres have been damaged by the green bug. Some farms to the extent of 80 to 90 per cent.

The Vietnam war and inflation still seem to hold the key to general business conditions.

farmers are sealing or holding for some price increase. It is questionable whether they can hold long enough for any appreciable change due to some reported deterioration already and the warm season has not arrived.

Crop prospects are rather dim at this time. There has not been any measurable amount of moisture since last fall and the wheat is reflecting dry conditions. The pastures will be slow with no spring moisture. The wheat has also been hit by green bug in some areas which has caused considerable damage. Due to the weather, many operators have put down irrigation wells, even in the rolling country, and are using sprinkler systems. The last count in our area showed 290 wells in four townships. The county ASC office also reported approximately 1,900 farmers out of 2,100 had diverted an average of 38 per cent of their eligible acres.

Most bankers in our group feel they will have adequate money for their good customers but are concerned about the future of agriculture and the small country town.



JAMES H. OLIVER
President
The Ravenna Bank
Ravenna
President
Group 5

THE conditions for the banking industry in Group 5 were favorable in 1967 and most of the banks reported a growth in deposits and good

earnings. Most of the growth was in time deposits, however some banks reported an increase in demand deposits. Demand for credit remains strong but varies in the area. The western portion is a little easier than the eastern where they are experiencing a college and industrial growth.

The agricultural situation is a two-way affair. Livestock prices have been relatively good for the past six months and the weather has been excellent for feeding and wintering. However, the grain picture is not as favorable, prices have been low, quality of grain is below average and most



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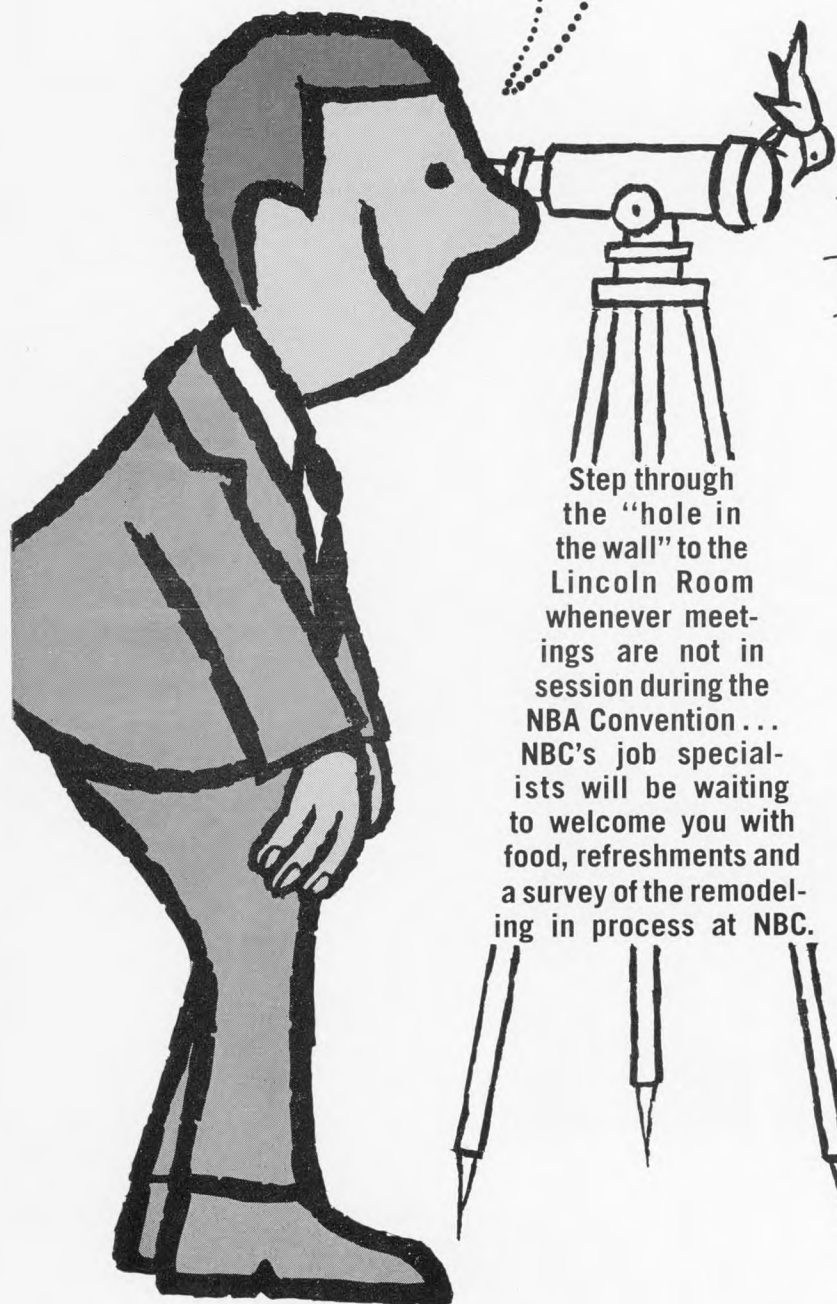
Clarinda Representative
542-2437

Council Bluffs
323-7101

EVEN though several communities in the Nebraska Panhandle enjoy incomes generated by various types of manufacturing plants employing up to 500 or more employees, our local economy is and always will be extremely sensitive to the productivity of our agricultural industry. Moisture conditions vary greatly throughout Western Nebraska making wheat stands spotty and dry fields susceptible to the early spring winds. Some of the wheat that didn't stool last fall is just coming up and will need moisture soon to regain its normal growth. Potential wheat yield forecasts for our area are for near normal production, but expected to be below the bumper yields experienced the last two harvests. Depressed wheat markets along with corn and other feed grains which are selling below last years prices are taking their toll with the small Nebraska farmer, as evidenced by the numerous early spring farm sales.

Cattle, hog and sheep producers

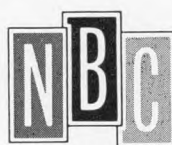
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Northwestern Banker, April, 1968

have been pleased at the demand for livestock over last year. With the exception of the cow market, cattle prices have been considerably above last year and are expected to remain steady throughout the year. Hog and sheep prices seem to be strengthening as the year progresses. Barring great increases in the feed costs, with few exceptions, margins in livestock should be adequate throughout 1968.

The biggest change on the local agricultural scene is the amount of dry land acres being converted to irrigation. Abundance of underground water, ability for more diversification of crops, higher potential return on investment per acre and the elimination of crop failure due to no moisture are convincing enough to today's farm businessman to warrant this sizable capital outlay. As a result, more and more acres are being converted to sugar beet raising from other types of

crops, and the total yields and acreages of beets, beans, corn and alfalfa are annually on the increase.

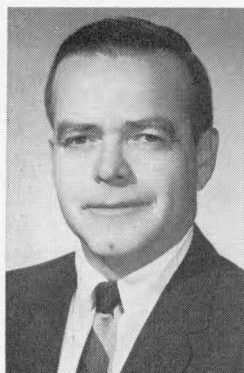
Interstate 80 is nearing completion as it winds its way up the South Platte River splitting many farm units and putting hundreds of irrigated acres out of production. The more fortunate land owners owning land at community intersections along the interstate route are enjoying a tremendous increase in the price of their land. Where they once farmed are now filling station and motel complexes. With increased interest in irrigation and farmers attempting to reinvest interstate funds, land prices have reached an all time high.

Local banks are experiencing higher and higher loan to deposit ratios. On the average, commercial and industrial loans are up 20 per cent over last year. Bankers are attributing this to higher operational costs, loan carry-

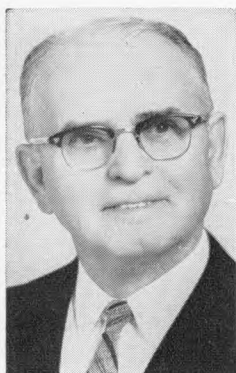
overs and the scarcity of funds from the long-term lenders. On the other hand, keeping installment credit totals above last year is seemingly more difficult. Both time and demand deposits are up over the previous period, which has helped relieve the pressure of a strong loan demand.

In the business sector, retail sales totals are up over last year although consumer product selectivity is more prevalent, especially items with a large price tag. Many businessmen are complaining profits year to date are thinner, giving increased wages and the "new state income and sales tax" as the reason.

As we near mid '68 most local businessmen, farmers, and ranchers are confident this year will be a better year than 1967 and while they are not sure what the future holds, they continue to expand as fast as time, labor and capital permit.



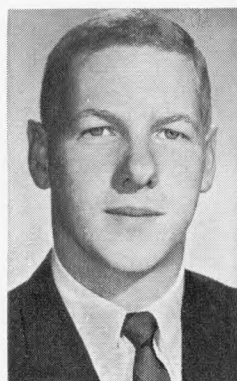
John Van Horne



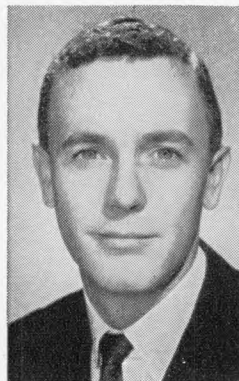
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OVER A HALF-CENTURY OF BANKERS CONVENTIONS
And GROUP MEETINGS

Changes at Wayne Bank

The name of the State National Bank of Wayne has been changed to The State National Bank and Trust Company of Wayne. Harold E. Hein, who has been vice president and trust officer, has been elected chairman of the board and trust officer. As chairman he succeeds the late Herman Lundberg.

Henry E. Ley continues as president and trust officer.

M. W. Dunlap Gets 50-Year Nebraska Banking Award

M. W. Dunlap, president of the Farmers State Bank of Douglas, and of several other Dunlap managed banks, was presented the 50-year Nebraska Banking Award plaque at a dinner held at the University Club in Lincoln, Neb., on March 14. Mr. Dunlap started his banking career in a bank at Tecumseh, Neb., in 1917 and has been active in Nebraska banks ever since. In addition to his Nebraska banking interests, he is also associated with his son, Paul Dunlap, of Red Oak, Iowa.

Officers of the Dunlap managed banks were present at the Nebraska Bankers Award presentation and Mr. Dunlap also received a watch in appreciation for his services.

Mr. Dunlap is the father of Jay L. Dunlap, president of Union Bank & Trust Company, Lincoln, Neb.; Don L. Dunlap, president of Lancaster County Bank, Waverly, Neb.; Paul Dunlap, president of Houghton State Bank, Red Oak, Iowa, and G. A. Dunlap, president of Farmers & Merchants Bank, Milford, Neb.

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Northwestern Banker, April, 1968

You Will See Them at the 71st Annual Nebraska Convention

THE following metropolitan bankers, investment men, service and equipment dealers have indicated they will be attending the 71st annual Nebraska Bankers Association Convention in Lincoln, May 5-7:

Chicago

American National Bank & Trust Company: John H. Baldauf, vice president; William B. Aldrich, assistant vice president; Robert O. Walcott, assistant vice president, and George H. Spence, agricultural officer.

Continental-Illinois National Bank & Trust Company: Charles R. Hall, vice president, and Samuel D. Adams, assistant cashier.

First National Bank: Nevin G. Bowser, vice president.

Northern Trust Company: Robert P. Kline, vice president, and John N. Fix, assistant cashier.

Denver

Central Bank & Trust Company: Don Echtermeyer, vice president, and John Edmiston, assistant cashier.

Colorado National Bank: W. J. Fleming, correspondent bank officer.

Denver United States National Bank: George Alff, vice president, and Terry Ryan, loan officer.

First National Bank: Royce B. Clark, vice president, and Gary A. Breeze, assistant vice president.

Kansas City

City National Bank & Trust Company: John J. Kramer, executive vice president; Roy Thompson, vice presi-

dent, and Jack E. Beets, assistant vice president.

Commerce Trust Company: Tom C. Cannon, vice president; Jarry K. Parker, assistant vice president, and Don C. Anderson, assistant cashier.

First National Bank: George C. Dudley, vice president, and Paul A. Peterson, assistant cashier.

New York

Chase Manhattan Bank: Robert Yates, vice president; Everett B. Kennedy, second vice president.

Chemical Bank New York Trust Company: John J. Irish, assistant vice president.

First National City Bank: Robert Stokes, assistant cashier.

Irving Trust Company: Donald C. Jackson, vice president, and Rohn M. Laudenschlager, assistant secretary.

Manufacturers Hanover Trust Company: Carl G. Carlson, assistant vice president.

Omaha

First National Bank: F. Phillips Giltner, executive vice president; Don R. Ostrand, vice president; Mervin F. Aegerter and G. Robert Brown, second vice presidents; Herman Jacobs and Don Miller, correspondent bank department.

Omaha National Bank: Morris F. Miller, president; John M. Shonsey, executive vice president; H. H. Echtermeyer and Howard M. Johnson, senior vice presidents; Fred Douglas, Bob Johnson and Dave Johnson, vice

presidents; Jack Babcock, Floyd Foreman and Del Olson, second vice presidents; John Marcell, correspondent bank officer.

Stockyards National Bank: Don J. Murphy, president; Frank J. Sibert and William S. Graves, vice presidents; C. W. Means, senior vice president; John Farrell, assistant vice president.

United States National Bank: Ed Lyman, president; Kermit Hansen, executive vice president; Robert Hasebrook, senior vice president; Jay Bordewick, vice president; Howard Nielsen, assistant vice president; Everett Brown and Jesse Zimmerman, assistant cashiers.

St. Joseph

American National Bank: Charles K. Richmond, senior vice president; Gilbert Tootle, senior vice president; Everett L. Crume and Donald D. Folks, vice presidents.

First National Bank: Benton O'Neal, vice president-agriculture, and John F. Gach, agricultural representative.

First Stock Yards Bank: H. H. Broadhead, Jr., vice president, and Arthur R. McClaskey, assistant vice president-agriculture.

Sioux City

First National Bank: Dick Taylor, vice president, and Mike Broderick, assistant cashier.

Northwestern National Bank: S. W. Evans, president, and J. J. McGill, vice president.

Security National Bank: Thomas Horn, senior vice president; John A. Diefendorf, vice president; Gene Hagen, assistant vice president; and Lance Blue, assistant cashier.

Toy National Bank: Leslie H. Olson, vice president; Richard A. Breyfogle, assistant vice president; Jerry Wrage, assistant cashier.

Bank Equipment and Other Firms Bank Investors: Richard Newlin.

Central States Health & Life Company: John D. Mace, Warren H. Kerndt, W. W. Hoffman, Jerry Warner, and R. C. Findlay.

Chiles & Company: Hal F. Childs, James P. Foley, George E. Easley, Billie B. Beavers and James P. Kineen.

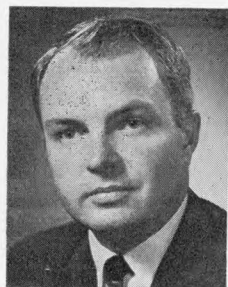
Diebold, Inc.: H. R. Herron, sales engineer.

First Nebraska Securities, Inc.: Wm. Daly, vice president.

National Fidelity Life Insurance Company: Jerry Steffen and Charles Gustaveson.

New York Terminal Warehouse Company: Russell V. Peterson, assistant vice president.

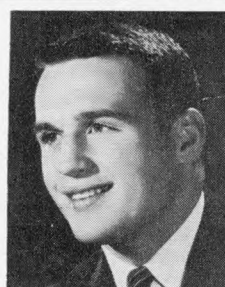
Old Security Insurance Companies: F. N. Coulson, R. F. Forbis and W. E. Felter.



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We'll See You at the Nebraska Convention

To the many Nebraska bankers now using our credit life program, we



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hope to see and greet each of you at your State Convention. To those of you who are not familiar with National Fidelity's credit life programs, we would like to tell you about them. Look for us at the group meetings. We'll be looking for you.

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Omaha Printing Company: Harvey L. Hayes, Jr., Blimp Johnson and Charlie King.

J. Cliff Rahel & Company: Cliff R. Rahel, president; George E. Knack, senior vice president and manager of Lincoln office; Howell P. Roberts, Harry F. Ware, W. J. Gourley, John J. Frenking, J. W. Protzman and Tad R. Dunham.

Recordak Corp.: Harry Van Sandt, branch manager.

Robert E. Schweser Company: Leonard L. Lawrence, president; Frank E. Williams, Patrick H. Rensch, William March and Robert E. Roh.

United States Check Book Company: Fred Pfaff, vice president; Kent Miller, Chuck Peterson, Dick Hansen, Ron Ford, Richard Dick and Howard Yarwood, representatives.

Van Horne Investments, Inc.: Edwin Van Horne, chairman; John Van Horne, president; Mike Van Horne, Phil Lorenzen and Harold Ebner.

Named Bank President

Gwen A. Harris has been elected chairman of the board of directors and president of the Bank of Monroe, to succeed her late husband, Frederick C. Harris.

Ken Hurner has been promoted to

executive vice president and cashier. He was formerly vice president and cashier.

Five-in-One Weather Station Featured

In a spring promotion lasting until May 18, the O. A. Cooper Company of Humboldt, feed manufacturer, is featuring a five-in-one weather station. It is called "Weather Watch" and it furnishes temperature, rainfall, rain accumulation, wind direction and wind speed. It is available at Cooper feed dealers with the purchase of Cooper feeds.

The "Weather Watch" is an accurate weather station, all gauges, indicators and the thermometer having been calibrated by the National Testing Laboratory, and metal parts are nickel plated.

Officers Elected at Orleans

At a special meeting of the board of directors of the Republican Valley Bank, Orleans, the following officers were elected to succeed the late Thomas J. and Mary E. Waldo: Robert Ott, formerly vice president on an inactive basis, was elected president, and Dwight L. Bash, formerly cashier, was elected vice president and cashier. Mr.

Bash was also elected to the board of directors.

Celebrates Unusual "10th" Anniversary

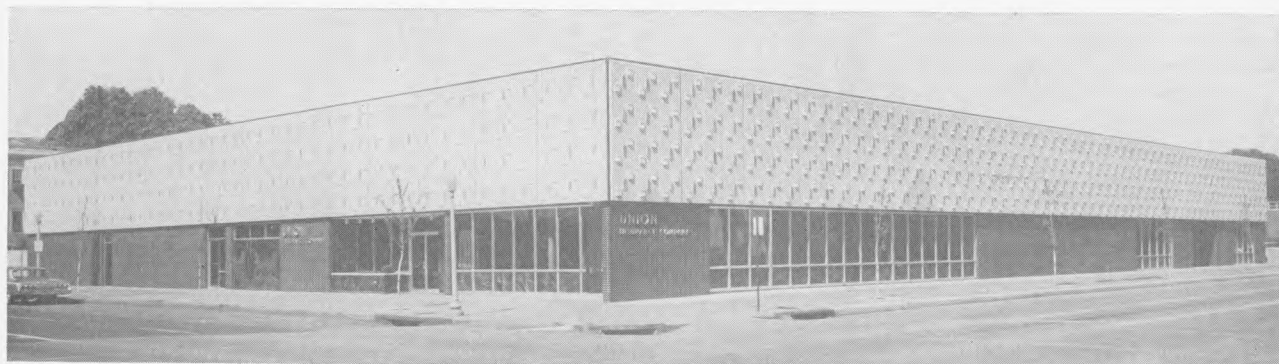
The First State Bank of Shelton recently celebrated its "10th" anniversary on February 29. Although the bank was chartered in 1928, 40 years ago, the date of the charter was February 29 (Leap Year) and hence the 10th anniversary celebration 40 years later! L. J. Hallas is president.

Firth Bank Shows Growth

Gerald H. TeKolste, executive vice president and cashier of State Bank of Firth, reported last month that due to the continuing gain in new accounts since the bank started business July 1, 1966, an additional 100 safe deposit boxes are being installed in the bank.

After conversion of the former Firth Cooperative Credit Association into the bank charter, the newly-organized bank was operating profitably within a year, Mr. TeKolste reports.

Roland F. Beach of Firth is president. Other directors, besides the two officers, are Lloyd Schwaninger, Willard TeKolste and Chris TeKolste, all of Firth.



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We are proud that . . .

- . . . more than 120 Nebraska bankers represent the Union Insurance Company**
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- . . . assets are nine million dollars and policy holders' surplus over four hundred thousand dollars**
- . . . we offer sound insurance protection at low cost with prompt claim settlement**

UNION INSURANCE COMPANY

T. J. Farrell, Chairman of Board
D. H. Pettett, President

Maurice R. Gerleman, Secretary
John V. Head, Vice President

Northwestern Banker, April, 1968



SPEAKERS at the Bank Management Seminar are pictured above, left to right: **Howard L. Burdick**, **Burnham Yates**, **Charles R. McNeill**, **Marion Morgan**, **Joseph D. Henderson**, **Mr. Burdick**, and the "three Smith Brothers" who followed in succession to the platform—**Dr. Robert S. Smith**, **Dr. Arthur A. Smith** and **Thomas R. Smith**.

Seminar Speakers Issue Challenge to Management

By **BEN HALLER, JR.**
Editor

A CHALLENGE was issued to Nebraska bankers last month.

The challenge is to take "AIM" at the future:

- A**—awareness of the continuing changes in the financial business.
- I**—Intelligent planning to keep pace with, and preferably ahead of the changes.
- M**—management know-how and upgrading that will maintain leadership for banking in the changing world of finance.

This challenge was issued by speakers at the Bank Management Seminar conducted in Omaha by the Nebraska Bankers Association. Approximately 175 executive officers of banks of all sizes in Nebraska attended the meeting. Presiding officer was Howard L. Burdick, chairman of the NBA Bank Management Committee and president of First National Bank and Trust Company, Columbus. Marion R. Morgan, president of the NBA, welcomed the registrants at the evening meeting

held immediately following a social hour and dinner.

Keynote

Burnham Yates, president of First National Bank and Trust Company, Lincoln, and a member of the American Bankers Association Federal Legislative Committee, issued the keynote "challenge" for the Seminar. He said, in part:

The basic strength of the banking business has remained relatively unchanged the past 35 years. We came out of the depression with new rules which have remained basically the same. In the meantime, our world has changed. We've experienced World War II, worldwide problems since then, population and changes in international finance, as witness the financial crisis over gold.

Our government promises full employment, we have new inventions, new ways of doing things; the communications field has changed more rapidly than any other. What hap-

pens in Wall Street now has an impact on our small towns in one day. We have an interlocking Interstate Highway system.

What's happened in finances? A big financial revolution. Look at our economic growth. We sold bonds in World War II and created inflated deposits. Now we've used up these deposits. When we decided we didn't have enough deposits, we entered into violent competition with S&L's and hit them pretty good. We realize we must do new things and better things each year. And we mustn't forget our customers. What they want is of paramount importance.

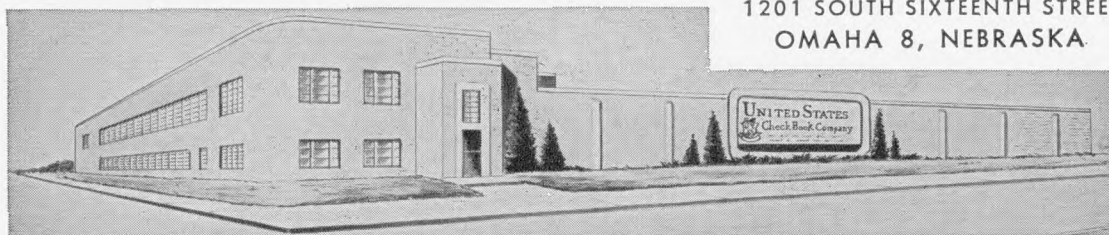
Money is the lubricant and fuel for everything going on. We used to be in the barter system, but no longer. We are now in a financial system. Starting in the 1930's, banks have had a pretty good monopoly. But if we believe in free enterprise system, we can't argue against others wanting to get into the same lines of business as we are—so long as the same ground rules apply.

Insurance companies are an example. They have been hit hard so now they want to go into the mutual fund business. In our own financial business there is more competition. Sears

CHALLENGE . . .

(Turn to page 112, please)

United States Check Book Company

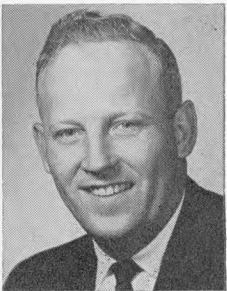


1201 SOUTH SIXTEENTH STREET
OMAHA 8, NEBRASKA

Bankers, Feeders Learn About Livestock Futures Market

HEDGING, by using the livestock futures market, is a tool for operating in a free and competitive economy and is a means to attainment of the goal of free and competitive prices as opposed to fixed prices and government subsidies.

Thus concluded Karl F. Heimke of the Chicago Mercantile Exchange when addressing the more than 700 bankers, farmers and ranchers from seven states who were in attendance last month at the third annual Chuck Wagon Roundup sponsored by the First National Bank of Omaha. The



D. R. OSTRAND

“roundup” was held at Ak-Sar-Ben sale pavilion in Omaha, with guests coming from Iowa, Minnesota, South Dakota, Minnesota, Wyoming, Missouri and Kansas. Don Ostrand, vice president in charge of the correspondent bank department, First National Bank of Omaha, opened the

day’s activities and extended a cordial welcome to all the guests.

The “Wagon Master”

Following Mr. Ostrand to the podium, Mervin F. Aegerter, First National second vice president, became “Wagon Master” for the rest of the day. Mr. Aegerter keyed the major subject of the day, beef cattle futures, by saying that in a recent poll of farmers in Iowa, 90 per cent of those polled did not know anything about beef cattle futures, and 60 per cent of that group responded that if they did know something about how the beef cattle futures market worked they would consider using it.

Thus, Mr. Aegerter pointed out both the problem and the promise: widespread misunderstanding and lack of knowledge about the beef cattle futures market and the expressed desire to use cattle futures as a hedge against loss once an understanding of the market and its workings is reached.

Why Livestock Futures

Addressing himself to the topic, “The Why and Wherefore of Live-



WAGONMASTER for the Roundup was Mervin F. Aegerter, 2nd v.p., First Natl. Bank of Omaha.

stock Futures Trading,” Mr. Heimke spoke briefly on the evolution of the farming industry, the changes in marketing techniques of farm products, and the development of the agri-business operation which characterizes farming today. Pointing out that the traditional multiple production family units now are specializing as a result of advanced know-how about production techniques and that the farm-

CHUCK WAGON . . .

(Turn to page 115, please)

THE TOY NATIONAL BANK

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The Correspondent For Northwest Iowa

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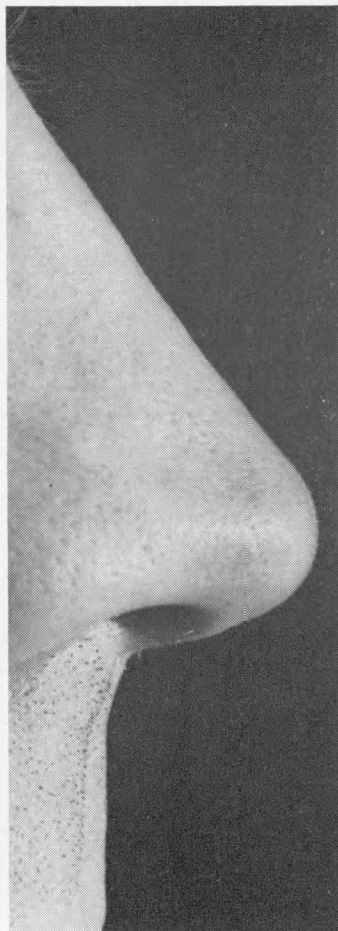
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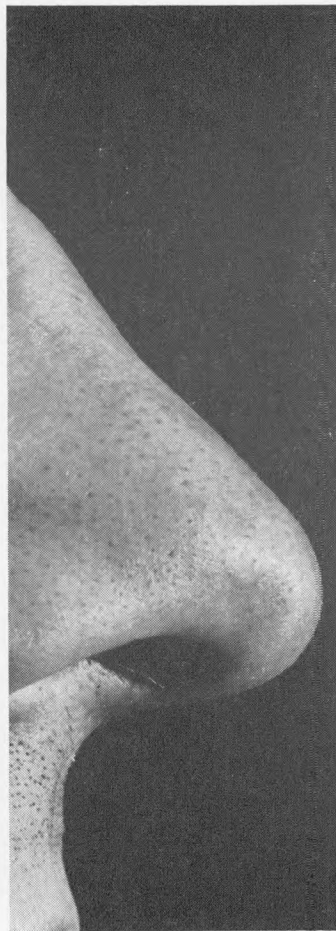
meet 4 of the hardest noses in all Iowa when it comes to *EDP*



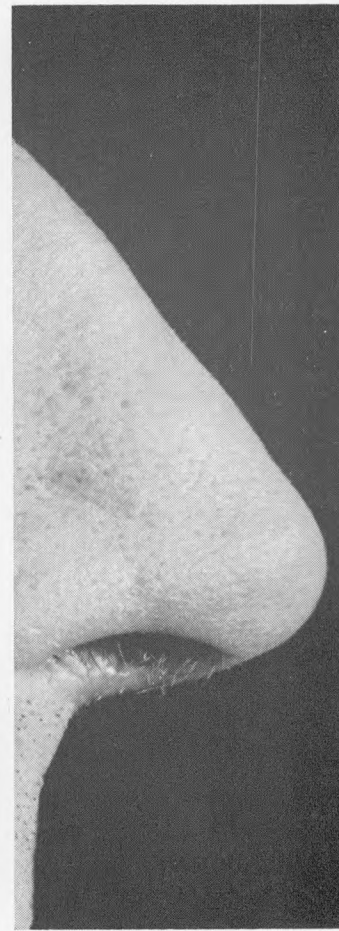
HOMER JENSEN



GARY STEVENSON



O. JAY TOMSON



PAUL GRIFFITH

These noses belong to the Bankers Trust team for correspondent computer services. Each is a specialist. They have to be because millions of dollars in electronic data processing equipment is resting on their shoulders.

These are the men who will counsel with you on the question: EDP service to be? Or not to be? After a complete, in depth Feasibility Study of your operations, their answer is just as likely to be "No" as "Yes".

Our hardnosed experts have an eye for profit. Yours.



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Iowa NEWS

O. A. HANSEN President Durant
A. E. LINDQUIST, JR. Secretary Des Moines



FDIC Reports Iowa Figures

TOTAL deposits of all insured commercial banks in Iowa as of December 31, 1967, were 10.8 per cent higher than at the end of 1966, according to figures released last month by the Federal Deposit Insurance Corporation. Deposits of the state's 661 insured commercial banks amounted to \$5,222 million at the end of 1967, compared with \$4,710 million a year earlier.

During the same period, deposits at all insured commercial banks in the United States increased from \$352,191 million at the end of 1966 to \$395,015 million as of year-end 1967, a growth of 12.2 per cent.

Time money accounted for most of the deposit growth in Iowa and in the country as a whole. The increase in time deposits was 20.1 per cent for Iowa compared with 15.0 per cent na-

tionally. Demand deposits increased 3.6 per cent in the state and 9.8 per cent in the United States.

Total loans extended by Iowa banks rose 9.2 per cent from 1966 to 1967, compared with an 8.4 per cent gain for the United States. Investments of insured commercial banks increased 14.4 per cent in Iowa and 18.2 per cent in the country as a whole.

Gets Junior Chamber Award

Daniel L. Krieger, assistant vice president and assistant trust officer, has received the 1968 Junior Chamber of Commerce Distinguished Service Award for outstanding community work he has done in Ames during the past few years. Mr. Krieger received the award at the annual Ames Chamber of Commerce banquet.

On Bettendorf Board

George R. Thuenen, Bettendorf businessman and former mayor of the city, has been elected to the board of directors of the Security State Trust & Savings Bank.

Check Guarantee Plans

James Coquillette, president of the Merchants National Bank, Cedar Rapids, has announced the introduction of two new services to be run by the installment loan department. They are Checking Plus and the Check Guarantee Card.

The Checking Plus service will enable a customer to establish a credit reserve behind his checking account which will cover checks written exceeding the balance of his account up to the amount of established credit reserve. In effect, the customer will be taking out a low cost loan for the sum exceeding his balance.

The Check Guarantee Card will enable account holders to cash checks up to \$100. The card identifies the holder as a valued MNB customer, and business people presented with a personal Merchants National Bank check will know that the check will be honored by the bank if it does not exceed \$100. The bank is giving Check Guarantee Cards to all customers who qualify for the new Checking Plan Service.

State Banking Conference To Be Held April 18

PROGRAM highlights have been announced for the 47th Annual State Banking Conference of the Iowa Bankers Association on Thursday, April 18 at Hotel Savery, Des Moines. The meeting is held in conjunction with the 28th annual meeting of the Iowa Junior Bankers Association.

Heading the activities will be Donald W. Heineking, president, Security State Bank, Hubbard, who is president of the Federation of County Bankers, and Robert Clawson, assistant vice president, The State Bank, Fort Dodge, who is president of the Iowa Junior Bankers Association. The program follows:

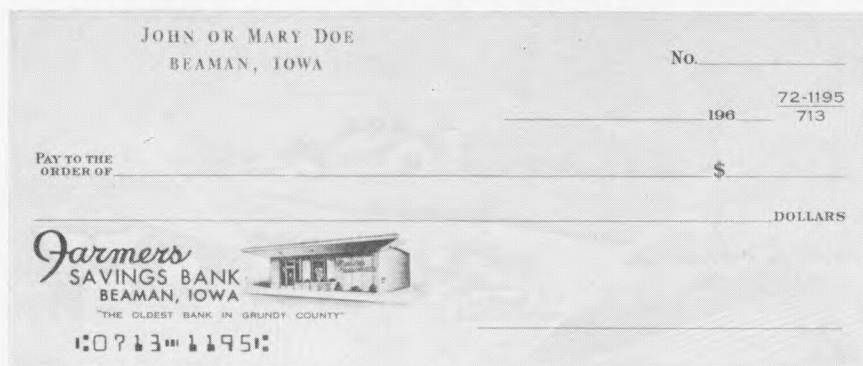
Thursday, April 18

A.M.

- 8:00 Registration—Terrace Room, Hotel Savery.
- 9:00 Conference Called to Order—Donald W. Heineking. Presenting to take a bow:
C. W. Dunn, vice president, Federation of County Bankers Associations, and president, Security Savings Bank, Eagle Grove.
Winfield G. Mayne, secretary, Federation of County Bankers Associations, and cashier, Montgomery County National Bank, Red Oak.
Word of Welcome and Remarks—Oliver A. Hansen, president, Iowa Bankers Association, and president, Liberty Trust and Savings Bank, Durant.
- 9:20 "The Why and What of Banking Advertising"—Roger D. Kirkwood, secretary, Kansas Bankers Association, Topeka, Kan.

- 10:00 Recodification—Holmes Foster, deputy superintendent of banking, Des Moines, Iowa.
- 10:15 Iowa Business Development Credit Corporation—J. W. Lipton, Jr., vice president, Iowa Bankers Association, and executive vice president and cashier, Ida County State Bank, Ida Grove.
- 10:30 Coffee Break.
- 10:45 Uniform Commercial Code—William A. Sawtell, Jr., attorney, Omaha, Neb.
- 12:00 Recess for Luncheon.
- P.M.
- 12:15 Luncheon—Des Moines Room, Hotel Savery. Presiding—Robert Clawson, president, Iowa Junior Bankers Association, and assistant vice president, The State Bank, Fort Dodge.
"Iowa Plan for Higher Education and Report from Washington"—Hon. Fred Schwengel, member, U. S. House of Representatives, Washington, D. C.
- 2:00 Introduction To Bank Cost Accounting—Allen G. Wolkey, assistant cashier, Federal Reserve Bank of Chicago.
- 3:00 Wages and Hours—Neill Garrett, general counsel of the Iowa Manufacturers Association, and Master Builders of Iowa.
- 4:00 Meetings of the Federation of County Bankers and the Iowa Junior Bankers Association to discuss additional participation in the Iowa Bankers Association.
- 4:30 Adjournment.

Beaman Bank Wins Service Award



ILLUSTRATED checks used by the Farmers Savings Bank of Beaman, Iowa, have been selected for a special community service award by the Burroughs Corporation of Rochester, N. Y., the world's largest check printing company.

In winning the special award for *Distinguished Community Service*, the bank's check was credited with performing "one of the most effective public relations services for the bank and the community."

The Farmers Savings Bank check incorporates a number of skillfully executed line drawings symbolizing the Beaman community and depicting this commu-

nity's most important industry—farming—and its products.

The check also calls attention to the bank's place in the community (held for over 70 years), as well as the community's importance to the nation and to industries in the area.

At the last annual report, Farmers Savings Bank showed the largest percentage increase in deposits of any bank in Grundy County, with total capital account at \$259,315 and total deposits over \$2,500,000. The bank plans to continue to expand its business in the next 12 months through a 1968 community service program to bring new customers to its doors.

Savings Bonds Committee Reports Meeting

William P. Ronan, chairman of the U. S. Savings Bonds Committee for the Iowa Bankers Association, and president of the Decorah State Bank, made the following report after his committee met in Des Moines recently:

"Some of the items discussed included the rates being paid on Savings Bonds and Freedom Shares, the remuneration to banks for handling Savings Bonds and the amount of support Iowa banks should give to the Savings Bonds Program.

"There was unanimous agreement that the Treasury Department needs to make some adjustment in the interest rate being paid on Savings Bonds, especially on the Series H Bond which has been so popular in Iowa. Glenn Ingle, State Director of the Savings Bonds Program, reported that in the past seven years total sales of the Series H Bond in Iowa had dropped from a high of \$72 million to just over \$25 million in 1967. Series E Bond totals have remained fairly constant with sales in 1967 down slightly. Freedom Share sales have not met expectations because of the restrictions placed on their sale. No

recommendations were made by the committee on any specific changes which should be made by the Treasury.

"Some members felt that the Treasury should also make some adjustment in the fee paid to banks for redeeming Savings Bonds as this figure has not been changed since the Savings Bonds Program was first started in 1941. It was not recommended, at this point, that the committee or the association take any formal action or make any formal recommendations.

"After this discussion, however, everyone agreed that all banks have a patriotic responsibility to their government and should take an active part in the promotion of the Savings Bond Program."

Kanawha 60th Anniversary

The 60th anniversary of the chartering of the Farmers State Bank of Kanawha was observed last month with an open house for the public. The bank was granted its charter on March 16, 1908, with a capital stock of \$25,000. Officers of the bank now are: E. G. Hanson, president; O. L. Schroeder, vice president; D. E. Zeigler, assistant vice president, and Viola Schroeder, cashier.

* banks in these cities have used the specialized new building or remodeling service of the Kirk Gross Co.

* Bank names on request

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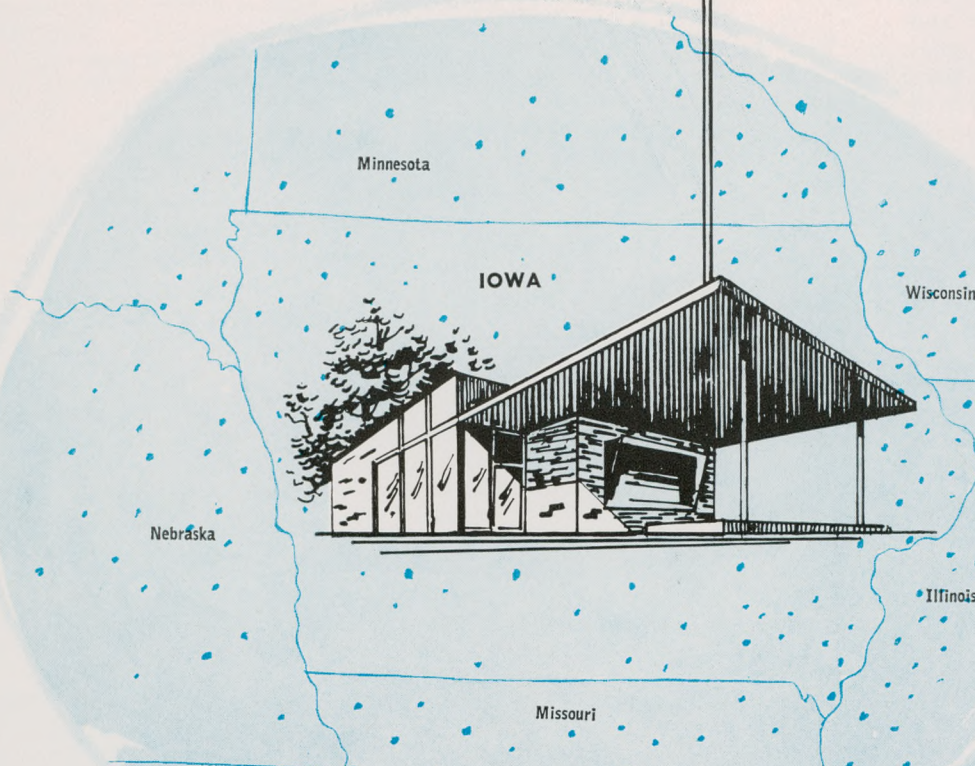
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Des Moines News



RICHARD H. BUENNEKE has been elected vice president and trust officer at Capital City State Bank, according to an announcement made by **Raymond G. Miller**, chair-



R. H. BUENNEKE

man of the board, following a recent directors' meeting. Mr. Buenneke entered the State University of Iowa in 1953 as a Merit Scholarship winner and received his law degree in June, 1959, from that school. He is a member of the Iowa and Polk County Bar Associations and the Des Moines Estate Planners Forum. His previous banking experience includes four years with the trust department of Central National Bank and Trust Company, Des Moines.

* * *

The comptroller of the Currency has approved the application of the **Iowa-Des Moines National Bank** to establish a detached motor bank facility at East 25th and Euclid Streets in Des Moines. A bank spokesman

said architectural plans are in progress but await completion of platting of the area selected.

* * *

Don Jordahl, vice president and cashier, South Des Moines National Bank, was winner of the District 10 A.I.B. Speech Contest in Sioux City last month. There were 11 contestants. He will compete in the regional Speech Contest in Chicago April 20.

* * *



I. L. JOHNSON

Ivan L. Johnson, vice president of Central National Bank and Trust Company, has been named 1968 chairman of the 400-member manufacturers and wholesalers bureau of the Greater Des Moines Chamber of Commerce. Mr. Johnson served as the bureau's good will tour chairman last year.

* * *

Peggy Ann Vial has been elected an assistant cashier of the National Bank of Des Moines. She will continue as assistant operations manager.

Retires at Marshalltown

A farewell party was held last month for Mrs. Blanche Monohon, who retired as an assistant cashier of the Fidelity Savings Bank, Marshalltown, after serving the banking field for 48 years.

Mrs. Monohon first started working at the First National Bank in Marshalltown and was employed there from 1920 to 1928. She then went to work at the Fidelity Savings Bank in Marshalltown and has been employed there for 40 years.

Named Assistant Cashier

Charles A. Young, assistant cashier of The Home Trust & Savings Bank, Osage, has been promoted to cashier. He assumes duties of second man in the bank. Mr. Young, who has been with the bank for 10 years, is a graduate of the School of Banking at Madison, Wis., and of the Agricultural Credit School at Ames.

Weston D. Birdsall, former cashier of The Home Trust & Savings Bank, has resigned to go into another business, but continues as a director.

Drive-In Opened

Iowa Trust & Savings Bank, Oskaloosa, recently opened for business its new drive-in banking facility. The new brick and glass building is 10 by 39 feet in size, with driveway canopies on both sides. The new facility is open from 11 a.m. until 4:30 p.m. Monday through Thursday, from



NEW DRIVE-IN facility for Iowa T&S in Oskaloosa.

11 until 8 on Friday, and from 9 a.m. until noon on Saturday. A night depository is available also.

Stockholders of the bank recently voted to increase the capital of the bank from \$100,000 to \$200,000, which was effected by a 100 per cent stock dividend which was declared by the board of directors. **H. W. Sauter** is president of the bank.

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Northwestern Banker, April, 1968

Farmers State, Marion, Holds Several Open Houses



RECESSED LIGHTS enhance nighttime beauty of new building opened recently in Marion, Iowa, by Farmers State Bank.

THE Farmers State Bank of Marion held several open houses to celebrate moving into its recently completed bank building.

The first was a cocktail party for about 50 members of TV, radio and press organizations. The second was a breakfast in the bank's public room for 384 businessmen. The same day, the management was host to 202 bank employees, stockholders and their families at a dinner in the public room.

On Sunday, the following day, more than 8,000 people attended the open house for the general public. At one

time, a block long line of people had formed waiting to tour the building.

The following Saturday for a "Bankers Only" open house, 285 bankers and their wives toured the new quarters, then adjourned to the Town House Motel for a buffet dinner.

These open houses established a record of having the most people ever to attend any similar function in Marion.

The new building features a central banking lobby, with related services around the perimeter. Entrances are available from the street and the bank's 60-car parking lot. A covered

drive-through banking area is provided. Besides walk-up and drive-up after hours depository stations, two drive-up windows and expandable TV banking were incorporated into the building.

The interior, enclosed area of the bank is 20,000 square feet with space for future expansion. Natural light illuminates the main floor through skylight clusters around interior columns and a continuous glass band between the top of the perimeter walls and the overhanging roof. A board room, employees' lounge and kitchen, and a public meeting room are in the lower level.

Dallas Center Changes

The following title changes have been made at Brenton State Bank, Dallas Center: Kenneth R. Heisler moves from cashier to vice president and cashier; Glenn R. Erickson moves from assistant cashier to assistant vice president, and Wayne R. Haines becomes assistant vice president. Roger Winterhof, Alta, Iowa, is a new officer-trainee.

Helen Rhinehart was honored recently at the annual meeting of Brenton Banks, Inc., for her more than 24 years of service to the Brenton organization. She was presented with a gold chime clock from her associ-

ates. Although she is no longer in the office on a full-time basis, Miss Rhinehart is remaining as vice president of Brenton Banks, Inc., in an advisory capacity on corporate advertising and women's activities.

Miss Rhinehart, who joined the Brenton organization in 1943, was elected president of the National Association of Bank Women in 1959.

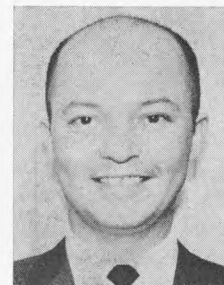
Goes to Dubuque Bank

Lee M. McDermott has recently been employed in the installment loan department of First National Bank of Dubuque. He is a graduate of Loras College and previously was manager

of a finance company office in Dubuque.

Joins Creston Bank

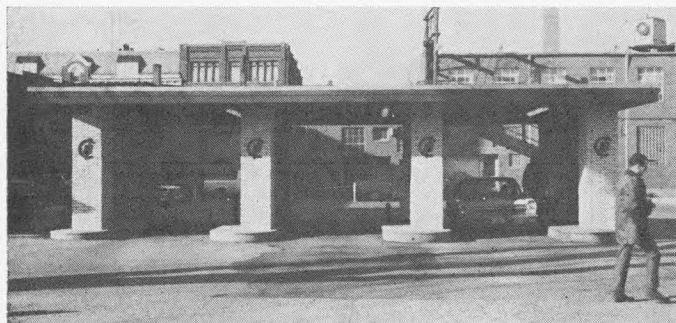
James R. Johnston has been elected cashier of the Iowa State Savings Bank, Creston. Mr. Johnston comes to the bank from Dallas Center. He has been employed by Brenton Banks for the past nine years in Indianola, Waukee and Dallas Center.



J. R. JOHNSTON

las Center.

TV Auto Bank Opened in Clinton



The Clinton National Bank opened its \$100,000 TV drive-in auto bank recently. The new facility features three remote control drive-up windows, according to **I. H. Carnes**, pres. It is located across the street from the bank. Equipment was installed by Mosler.

Centennial Open House

An estimated 2,000 persons visited the Hardin County Savings Bank of Eldora during its recent centennial celebration and open house event.

Kalona Remodeling

R. L. Hendrickson, president of the Kalona Savings Bank, announced last month that extensive remodeling is planned for the bank premises. During remodeling, temporary quarters will be used. The temporary area will be located at 425 B Avenue in the Grady Building.

Together, they conquered the unknown



Cy Kirk
Vice President



Max Roy
Vice President

The explorer, LaSalle, for all his courage and vision couldn't have accomplished what he did without help. One of his most trusted aids was a man named Tonti, who traveled with him across the wild Louisiana Territory. They worked well together because LaSalle had confidence in Tonti's experience and judgment.

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Northwestern Banker, April, 1968

Maquoketa State Bank Completes Remodeling



EXTERIOR and interior pictures display new addition that doubles work area for Maquoketa State Bank.

THE Maquoketa State Bank recently completed remodeling and expansion and celebrated with an open house. The addition to the bank, which roughly doubled floor space, included bookkeeping area, cashier's office, an extended teller unit, and a walk-up window in conjunction with drive-in facilities, and the original building was converted to private offices for loan officers. The new building is 45 by 32 feet and has a full basement which includes a board room and a lounge and coffee area.

In addition, the bank purchased two adjacent properties and converted them to parking lots with stalls for over 30 cars.

Maquoketa State Bank has also recently completed a stock sale involving the sale of an additional 2,000 shares, which doubles the bank's capital account. Total footings in the bank have risen from \$3,000,000 two

years ago to over \$9,500,000 at present. Edward L. Tubbs, president, and John W. Fagerland, executive vice president, bought controlling stock in the bank in May of 1966.

New Waukon Chairman

Elmer A. Fogt, recently honored for completing 44 years of active banking service with Waukon State Bank, has been named chairman of the board, succeeding the late Sherman Hart. Attorney William S. Hart, Jr., has been named to the bank's board of directors.

65th Anniversary

The Polk City Savings Bank at Polk City is observing its 65th anniversary this year. Wilbur C. Miller, president of the bank, reports deposits are at an all-time high of \$2.7 million. Other officers of the bank are E. P. Blaine,

vice president; M. P. Allen, vice president and cashier, and Rexine Mondabough and Thelma A. Miller, assistant cashiers.

Directors are: Mr. Miller, Mr. Blaine, Mr. Allen, John Hug, Don Harmon, Bernard Lee and B. D. Mosier.

Farm Dinner a Success

More than 150 farm customers and their wives attended the Second Annual Farm Dinner Meeting held last month by The First National Bank of Marion. The meeting featured Herb Howell, extension economist from Iowa State University, who spoke on "Potential Trends in Iowa Agriculture."

Also on the program were Dale Awtry, deputy secretary, Iowa Department of Agriculture, and Robert Norrish, assistant cashier, Central National Bank in Chicago.

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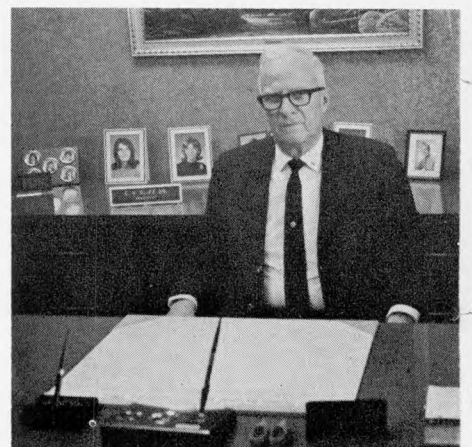
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50-Year Banker



50 YEARS of continuous service to the Farmers State Bank at Hawarden, Iowa, were completed last month by **E. V. Slife**, president of the bank. He started work there March 4, 1918. A recognition dinner is being given in his honor this month by directors and staff of the bank.



THE COMPUTER BANK

We've finished our new computer center. It's brand new. And the IBM System 360/40 is brand new, too. (It's the only one like it in north-eastern Iowa).

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NEW OFFICERS of Iowa Investment Bankers Association are: 1st v.p., **Robert J. Kirke**, v.p., Shaw, McDermott & Company, Des Moines; secy.-treas., **Alan J. Braga**, a.e., Iowa-Des Moines Natl. Bk., Des Moines, and pres., **Tom O'Neill**, res. mgr., Dean Witter Co., Des Moines. The 2nd v.p., M. B. Cornelison, R. G. Dickinson & Company, Des Moines, was not present for photo.

Iowa Investment Men Elect New Officers

Members of the Iowa Investment Bankers Association met in Des Moines recently for their annual business meeting, with approximately 50 in attendance. The newly-elected officers are shown in the accompanying picture.

Three speakers discussed various aspects of the industry. Robert Oeth, superintendent of securities for the state of Iowa, told of the need for regulation of the industry and the need for authorities and industry representatives to continually review the laws, especially those relating to intrastate securities offerings.

Herbert Sheidy, Chicago, secretary of District 8 of the National Association of Securities Dealers, related new rules and regulations for the broker, dealer and registered representative. With the rapidly changing pace in the investment field and increasing interest on the part of the public to invest in the equities market, Mr. Sheidy urged Iowa investment men to look ahead and make plans now to service this market properly and profitably.

The final speaker was William Robinson Fishman, an associate of the Chicago law firm of Fishman & Fishman. He is a former attorney for the Securities and Exchange Commission. His talk centered on responsibilities

of the dealer for the welfare of the customer.

The next function for the Iowa Investment Bankers Association will be the annual Field Day. This will be held again this year in conjunction with the Nebraska Investment Bankers Association and is scheduled to be in Des Moines September 12. Further details as to site and time will be given later.

Iowa Bankers Plan Washington Trip

A DELEGATION of Iowa bankers is planning to go to Washington, D. C., on April 24 for consultation with federal banking authorities and Iowa Senators and Representatives. The group will return on April 26. Those making the trip will be members of the advisory committee, the Council of Administration, and the chairman and vice chairman of the federal legislative committee, bank taxation committee and the banking law research committee.

The bankers and their wives will headquarter at the Mayflower Hotel. A briefing session has been set for 5:00 p.m. in the hotel that day.

On the following day, Thursday, April 25, the entire group will take part in a tour of the White House starting at 7:45 a.m. There will be a conference and tour at FBI headquarters at 10:00 a.m.

At 12:30 p.m., the Iowa delegation will join with representatives from the Colorado Bankers Association for a luncheon conference in the FDIC executive dining room. Following this will be a visit at 2:15 p.m. with Comptroller of the Currency William B. Camp. The balance of Thursday afternoon will be devoted to calling on members of the Iowa Congressional delegation at their offices.

A reception and dinner will start at 6:30 p.m. in Costin's Sirloin Room Restaurant.

The first order of business on Friday, April 26, will be a briefing on federal legislation in the A.B.A. Washington headquarters office. At 11:15 a.m. there will be a visit with Treasury officials. The group will then proceed to the Federal Reserve Board building where they will have a luncheon at 12:45 p.m., followed by a conference with Federal Reserve Governors.

A separate luncheon is being planned for the ladies making the trip.

The group will return Friday afternoon to Iowa.

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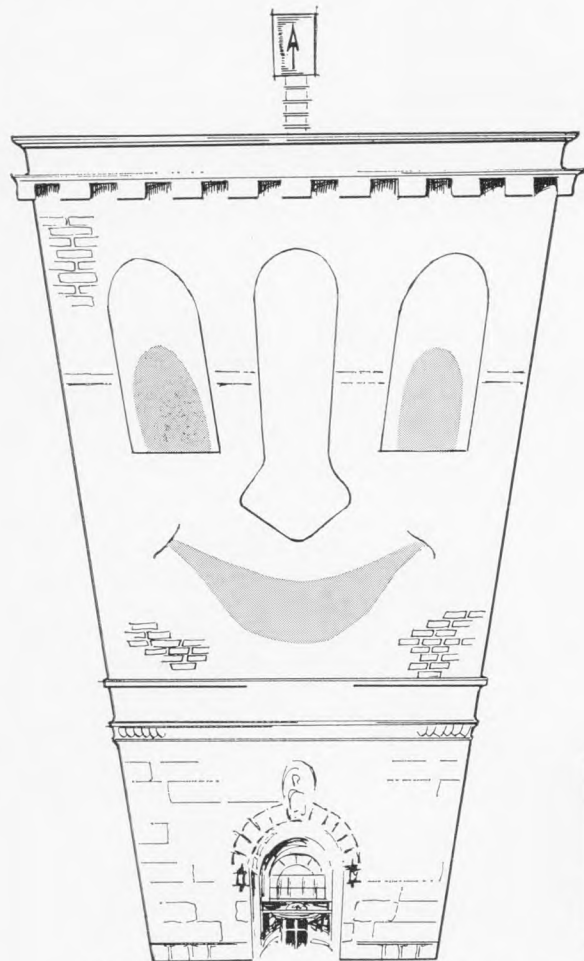
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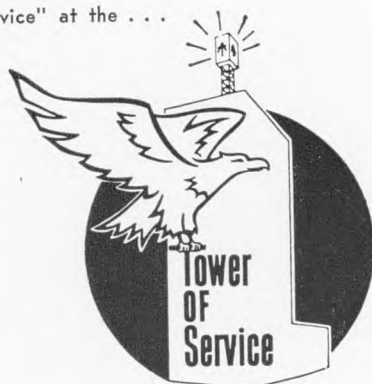
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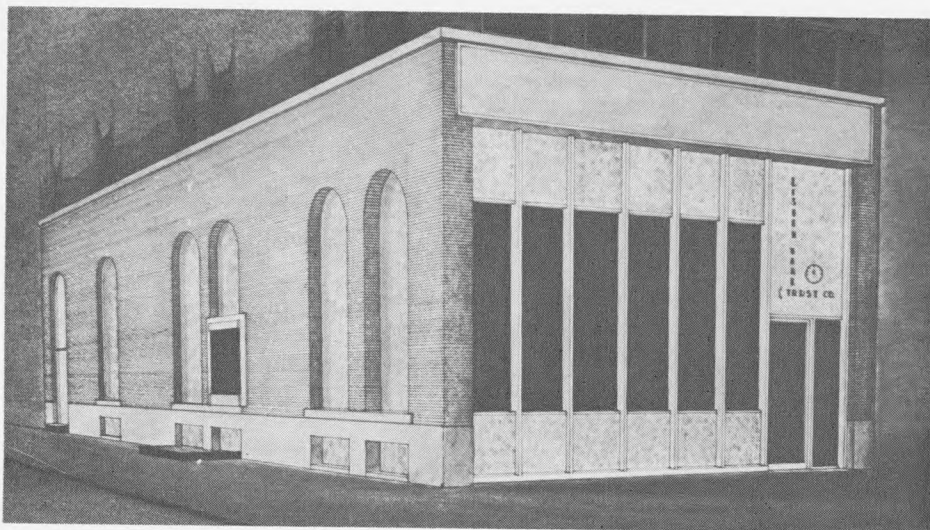
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REMODELING of the Lisbon Bank and Trust Company building at Lisbon, Iowa, is proceeding on schedule, according to bank officials. The copper strike delayed installation of electric light fixtures and some plumbing fixtures. New counters are being installed and the work is expected to be completed for an opening within the near future.

Announce Palo Purchase

CONTROLLING interest in the Palo State Bank has been purchased by Bankers Equity Corporation, a subsidiary of Investors Equity of Iowa, 7200 Hickman Avenue, Des Moines.

Officers of Investors Equity are: W. J. Baehler, president; Robert Baehler, vice president and treasurer; William Joseph, secretary; Tom B. Moore, assistant treasurer, and Lila M. Cisco, assistant secretary.

Directors of Investors Equity are: H. Dale Bright, Tom B. Moore, William S. Joseph, John S. Rice, J. J. Mallon, Robert Baehler and W. J. Baehler, all of Des Moines, and Allen R. Loomis, Fort Dodge, and E. J. Sprengeler of Mason City.

Curtis Hayes, prominent area farmer and president of the Linn County Farm Bureau, will continue as president of the bank. W. J. Baehler and Robert Baehler have been elected vice presidents and members of the board. Managing officer of the bank will be announced soon.

The year-end figures of the Palo State Bank showed deposits, \$1,444,612; loans, \$643,297; capital, \$25,000; surplus, \$50,000, and undivided profits, \$47,848.

SECURITIES PORTFOLIO . . .

(Continued from page 42)

an option period of one year during which time the purchaser may either put the loans back to the government or continue to hold them until the option period expires.

At the moment the fixed periods and their yields are as follows:

one and two years—6½ per cent
seven months—6¼ per cent

three years—6¾ per cent
ten to 25 years—6½ per cent

These loans originate through the various district offices of the Farmers Home Administration throughout the United States. I know that many of you have already purchased this type of loan from one of these local offices. Through Washington, they are available to any bank in any amount.

Interest and some amortization is paid by treasury check, and so there is no concern as to whether the borrower's payments are up to date. Interest is paid once each year, in January, and this is a potential drawback for those banks on the cash basis of accounting and a December year-end. I might add, however, that some Minnesota state banks that will be surrendering the collection of exchange after November might find this a useful tool in delaying some 1968 earnings into 1969.

To sum up and conclude then, there have been great changes in commercial banking in recent years. Their liabilities include more time deposits at higher interest rates, and their assets generally include more higher yielding risk assets and less cash and fewer governments. We have discussed the composition of the other-than-treasury-securities account in a bank, which is primarily determined by the amount of taxable earnings. The average maturity of most government portfolios has shortened considerably while the average maturity of most municipal portfolios has lengthened somewhat.

I have described seven different

methods relating to the investment of temporary excess reserves. Time has not permitted a more extensive discussion of these subjects—or even such topics as tax losses and tax switches—the buying of municipal bonds—or comments on the current state of the money market.

By no means do I wish to imply that everything I have said can be applied *carte blanche* to the entire commercial banking industry. Every bank has its own individuality and personality, as well as its own needs. Certainly the general statements that I have made cannot have a general application for all banks. Some, however, can have a particular application when received by a banker in the light of his own needs. It is in this sense that these remarks are intended, with, of course, my personal wish that you find them to be helpful.—
End.

Iowa Bankers Will Appeal S&L's Mobile Bank Approval

The administrative committee of the Iowa Bankers Association has approved a motion for the Association to coordinate the efforts of the banks in Jefferson, Winterset and Osceola in appealing a decision made by the Federal Home Loan Bank Board.

The FHLBB approved the mobile units by the United Federal Savings & Loan Association of Des Moines in three Iowa towns. Originally, the United Federal had applied for use of mobile units in 11 Iowa towns.

It is anticipated that the banks in Jefferson, Winterset and Osceola will be joined by other interested parties in questioning the right of the FHLBB to make the mobile unit regulation, and in doing so it has exceeded the rights given it by Congress.

Red Oak "Farm Day"

Over 400 persons attended Houghton State Bank's "Farm Day" program recently at the national guard armory in Red Oak. "Soil Conservation and Soil Stewardship" was the theme for the day. The program included several speakers, a free lunch and displays by cooperating organizations and agencies.

Richard R. Hall, the bank's agriculture representative and an assistant vice president, opened the program. Paul D. Dunlap, president of the bank, spoke on "Country Banking Today." Fred Gilmore, Omaha, president of the Union Stockyards Company of Omaha and president of South Omaha Terminal Railway Company, addressed the gathering on "The Livestock Industry."

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Vice President
Correspondent Banking
Division



BERNIE MILLER
Vice President
Correspondent Banking
Division



Make it a Point to Visit with Fred and Bernie at the Iowa Bankers' Group Meetings— May 7th-10th — May 21st-24th

In case you haven't met Fred Cummings and Bernie Miller, we'd like to introduce them to you. They're our bank's correspondent reps in Iowa. They've been around the Iowa banking scene for quite awhile. Fred and Bernie have a lot to offer you and your bank . . . like some new ideas to improve your bank's investment portfolio, or speed up borrowing and your collections from livestock sales at the Chicago market. Most important, they'll help you personally. Care to get acquainted?



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Merrill Bank Holds Open House



APPROXIMATELY 1,500 people attended open house at the newly completed building of the Farmers State Bank of Merrill. The grand opening featured refreshments, gifts for all visitors and a drawing for a television set and savings bond.

Both the interior and exterior of

the building is of a colonial design. The main floor of the new building features two private offices, one office area, four teller cages, after-hour depository, a large lobby, two private booths for safety deposit customers and the vault area. Gordon L. Menen is president of the bank.

Joins Danville Bank

Tom Ritchey is joining Danville State Savings Bank, Danville, as assistant cashier, it was announced last month by Charles W. Wagner, president of the Danville bank. Mr. Ritchey, a native of New London, has been associated with Farmers and Merchants Bank & Trust Company, Burlington.

Moves to Council Bluffs

James Beneke, who has been vice president and farm representative for Fremont County Savings Bank, Sidney, has resigned that position to become an assistant vice president of the Council Bluffs Savings Bank in Council Bluffs. He joined the latter bank April 1 and will be manager of the real estate loan department.

Challenge to Management . . .

(Continued from page 96)

makes all kinds of loans. We compete with S&L's, PCA's and revolving credit plans.

The courts have held that banks are completely subject to the Clayton Act and no Banking Act can hold banks exempt. My view is that any monopoly banking has is being challenged, so we're going to face a whole lot of legislation embracing the financial business. Just as the railroads are not in the railroad business but in the transportation business, we must also realize that we're not in the banking business but in the financial business.

Five years ago the professional leadership of A.B.A. was changed and has taken a forward direction. Specialists in various fields have been brought in to assist our members keep ahead of the changing pace and developments. One of these is our next speaker, who is well qualified to head A.B.A.'s Washington office.

Legislation

Charles R. McNeill, director of the A.B.A. Washington office, told his audience that A.B.A. is trying to look beyond mere banking concerns and is trying to deal honestly with the

entire national and international picture. "Bankers," he stated, "should now be financial leaders. They should discuss current problems with more news leaders and business leaders regarding need for a tax increase and spending decrease."

He reminded his audience it would be well for bankers to recall that A.B.A. opposed the establishment of the Federal Reserve Board in 1913, the FDIC in 1933 and the International Monetary Fund in 1945. It behooves bankers then, he said, to make sure that their opposition to the Federal Mutual Savings Institution bill is well founded. A.B.A. feels its position is well founded, but bankers should know why.

Mr. McNeill feels banks will come out of the "Truth in Lending" bill hassle far more favorably than other financial institutions, because its position has been in the public interest. He concluded his additional remarks with a summary of other banking legislation either in committee or proposed at the national level.

Farm Management

Joseph D. Henderson, assistant cash-

ier at Continental Illinois National Bank and Trust Company, Chicago, discussed the topic, "Cash Flow and Record Keeping for Farmers and Ranchers." He gave his talk in connection with a well documented slide presentation, and each member of the audience had available a brochure containing duplicates of all forms projected on the screen. Mr. Henderson described the tested and proven book-keeping method advocated by the system prepared by his bank. The entire purpose of it is to help the farm operator be a better manager, and to assist the banker to make more knowledgeable decisions about the financing needs of his farm customer.

The seriousness of the well accepted Management Seminar this year did not prevent humor from entering the program. The final three speakers on the program were all named "Smith," which prompted a continuing round of jokes from each of them about people named Smith (or those who aren't named Smith).

Future of Farm Financing

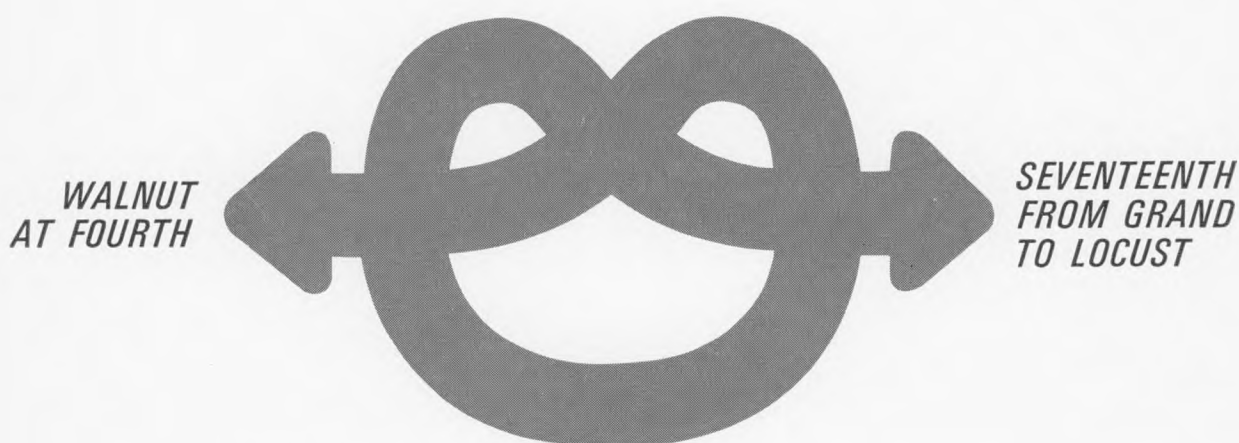
Dr. Robert S. Smith, professor of farm finance, New York State College of Agriculture, Cornell University, Ithaca, N. Y., was the first Smith to take the platform. He drew the loudest round of applause (from all bankers named Smith!) when he opened with, "All families were named Smith originally, but as they committed some evil deed their name was changed. You notice there are still some of us left!"

His topic was "Who Will Furnish the Money for Agriculture?" He emphasized that our system of financing farms is the best ever and is the envy of the world. "Banks have played a very important role," Dr. Smith noted, warning, however, that "banks will have to keep pace with changes to continue their important role in farm financing."

He traced the changes in farm growth through the past two decades which shows that as farms expanded, the mix of borrowed capital and the owner's own capital has changed radically, for borrowing is double what it was 20 years ago. Dr. Smith said, if banks have done so well in taking care of farm financing needs in past years, what's the big problem in the future?

He answered by giving documented forecasts by farm economists that show growth in total farm assets will go from \$270 billion at present to \$350 billion by 1980. In the same period, borrowing by farms will go from \$45 billion to \$100 billion. He estimated

Banking at both ends of the loop.



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that Nebraska farmers could need another \$1½ billion credit in the next 12 years. He reminded his audience that in the past 10 years farmers found a way to increase their farm debt \$26 billion. "If I'd told you that 10 years ago, none of us would have believed it," he said.

Can farmers tap the same sources in the future for this needed credit? Dr. Smith isn't sure. All channels have been subjected to heavy pressure to obtain the \$26 billion in the past 10 years, and repayment ability is under considerably more pressure.

He suggested several solutions, including selling shares in a family owned farm, more widespread renting as opposed to buying, permanent lines of credit for the lifetime of the borrower, sellers of farm real estate supplying a larger share of the money, borrowing from supplier sources, leasing, vertical integration, loans with right of conversion to ownership shares, and several other proposals. These are all ones advanced by one source or another, he noted, and are not necessarily his personal solutions.

"I do think," he explained, "that the increase of \$55 billion in debt and \$80 billion in assets can be gained without resorting to wild schemes such as sale of farm shares."

Dr. Smith commented that banks have to continue to play an important role in financing agriculture. He said it is vital in terms of recognizing improved farm management techniques and needs. He pointed out that banking's share of farm financing decreased from 77 per cent to 69 per cent between 1952 and 1967. Why the decrease, he asked? Some banks have been hampered by a lack of funds and size.

"It's easy to be negative in considering these changes," he stated, "because it means a change in the status quo. In the next 12 years, farmers will look for credit to banks, coop farm credit systems and life insurance companies. The share of all farm credit by banks will continue to decrease unless banks nationwide make the necessary changes legally, structurally and in policy to reverse the trend."

Selling Bank Services

Thomas R. Smith, president, First National Bank in Perry, Iowa, had as his subject, "Marketing Your Bank Services." He reiterated the challenge heard in all the preceding talks for bankers to "roll with the punch" with today's changing world so that they can offer the full services as a financial partner that the public needs today.



"I've been having payroll deductions for company stock ever since I started here as a young man — I wish to announce, sir, I now own 51 per cent of the company."

Mr. Smith said that a small bank cannot be contented to have, as A.B.A.'s President Howard Laeri describes it, "mini-management." He said the tendency is too easy for the small banker to be contented to stay that way saying, "We're just a small bank and our customers like it that way."

To be a growing bank, he urges bankers to be on the street with full services. "If you can't handle real estate loans," he advises, "then get in bed with a life insurance company. The same holds true with other services." He further urges bankers to be aggressively competitive. "If your services solve people's problems," he noted, "then you'll make a bundle."

Mr. Smith spent considerable time discussing the need to hire the right people, then providing them with a good training program, regardless of the bank size. These people, he reminded, are the ones who will help you sell your bank's services wherever they go. "Don't be so busy chopping wood that you don't stop to sharpen your axe," he cautioned.

A Look Ahead

Dr. Arthur A. Smith, senior vice president and economist, First National Bank, Dallas, took a look at "What's Ahead for Banking in the Next Ten Years." Any bank executive in the audience who hadn't gotten the message yet that radical changes are upon the business and more are coming, certainly got the message from Dr. Smith. He said he didn't necessarily like all the changes, but emphasized that change and progress will not be held back by one group and shouldn't be.

He feels that exploration of all possible uses of electronic computers, both as retail tool (credit cards, charges at stores, etc.) and for internal work by banks will be better developed and perfected in the next 10 years. He predicted that 10 years from now a larger and larger proportion of a bank's earnings will be from services, many of which are not now performed by banks.

He foresees one of these as counseling services.

He predicted more aggressiveness in the mortgage banking field, with commercial banks possibly buying mortgage banks; an expansion of consumer credit by extension of lines to individuals, even for buying cars; expansion of term lending; elimination of compensating balances, replaced by payment for services.

He said within 10 years commercial banks may be able to put all financial institutions on the same basis, as opposed to different tax ground rules as at present.

Regarding interest rates, he said, "I cannot see present high rates continuing, nor a return to federally manipulated low rates of 1950's. Rates will go lower than now when the present emergencies are over, and will more accurately reflect the cost of money."

He said the bank administration outlook is quite good and very encouraging, for few businesses have shown the advances in quality of management as in banking in the past 10 years. He foresees even greater selection of management as in banking in the past 10 years. He foresees even greater selection of personnel, more extensive professional training, and a decrease in family banks.

Dr. Smith said in 10 years there will be few if any states left prohibiting branch banking and if states don't adopt it then the federal government will probably force it. He does not personally favor this, but believes it will happen. By the same token, he foresees more regulation of banking from the federal government in Washington, with a possible, gradual disappearance of dual banking, and all banks forced to be in the Federal Reserve System.

At the conclusion of the Bank Seminar, it was evident from the fact that all in attendance stayed through the entire program, that the message of change forecast in the speakers' talks made an impact on the bank executives, whether they liked the idea personally or not. Most comments heard after the meeting labeled it the best management program put on yet by the Nebraska Bankers Association.—End.



TWO KEY SPEAKERS appearing at Chuck Wagon Roundup were (l. to r.): **Karl F. Heimke**, v.p., Chicago Mercantile Exch., and **Thomas J. Vaughan**, mgr., commodity dept., First Nebr. Securities, Omaha.

Chuck Wagon Roundup . . .

(Continued from page 97)

er's output has been increased greatly in the past 10 years, Mr. Heimke said that the specialization and resulting competition have greatly changed the agricultural profile and the marketing procedures of agricultural products.

He explained also the function of the Chicago Mercantile Exchange as providing "price insurance," saying that risk of loss due to price changes can be transferred, via the futures market, to someone else who is more willing to assume that risk, namely the speculator. In 1964, the first livestock futures were traded in Chicago, thus offering an opportunity to hedge (transfer risk) and possibly remove some of the uncertainty from the industry. Since 1964, over 550,000 futures contracts have been traded with a total value of around \$3½ billion.

"How Beef Cattle Features Really Work" was the subject of the presentation by Thomas Vaughan, manager of the commodity department, First Nebraska Securities, Inc., Omaha. Each of the 700 guests was given a printed brochure explaining in outline form cattle futures, complete with practice worksheets. Using the brochures and projected slides, Mr. Vaughan explained in depth and with clarity commodity trading and in specific how beef cattle futures work.

His explanation of the subject covered the types of markets, contracts,

conclusions and margins, the definition of hedging, the art of hedging, estimating the cost of feeding cattle, and how to hedge in the cattle futures market.

Going into more detail, the discussion covered the finer points of hedging and such areas as delivery dates, selection of a qualified broker, and actual examples of hedging operations conducted by the Ruser Feeding Company. The entire audience, with the guidance of Mr. Vaughan, then worked out cattle hedge work sheets when live cattle of various classes and quality were put through "hedge tests." The opportunity of seeing and participating in actual feeding and hedging examples operated as a useful learning tool.

The hearty Chuck Wagon luncheon featured championship roast beef. The Taylor Sisters provided excellent musical entertainment during the meal. On display during the day was "Modern," the 1967 Chicago International Grand Champion Steer which was purchased by the Chicago Mercantile Exchange from Anita Bulfer and Marlene Wiseman of Gilman, Iowa.

Following lunch, additional practice hedging was done by the guests, and various prizes were awarded for guessing the combined weight of the Grand Champion Steer and the members of the First National's corre-

spondent banking department. A hedging contest was also held and prizes will be awarded in six months.

The First National Bank of Omaha's program was highly informative and entertaining as well. By a skillful combination of speakers who are experts in the field, and mass participation learning techniques, the session was very productive by informing bankers, farmers and ranchers about the operation of the cattle futures market and its value to the cattle industry.—End.

Three Join North Central Life

J. Robert Stassen, president, recently announced the appointment of John R. Kemp, Victor J. Kozlowski and S. W. Marshall, Jr., as Bank/Life district managers for North Central Life.

Mr. Kemp will cover a 15-county area south and east of the Twin Cities. He joins North Central with 17 years of insurance experience, and served as sales manager for Bank-O-Medic-America, NCL's largest sales agency, from 1965-1967.

Concurrent with the appointment of Mr. Kemp came the announcement that Mr. Kozlowski and Mr. Markell have also joined the NCL staff as Bank/Life district managers. Mr. Kozlowski is covering an 11-county area in Southwestern Minnesota, and Mr. Markell is representing seven counties north and west of St. Cloud.

Heads Credit Insurance For Central States Firm

A veteran insurance executive with nearly 20 years of service with Central States Health and Life Company of Omaha was named last month by that company's board of directors to the post of vice president, director of credit insurance.

Robert C. Findlay, 46, a native of Wichita, Kan., assumes the new post immediately. Following graduation from Baker University in Baldwin, Kan., and service as a bombardier-navigator during World War II, Mr. Findlay entered the insurance field. He joined Central States in 1949 as a field representative and became a regional manager in 1954. Six years later he was named assistant vice president and sales manager of the credit insurance division, the post he held until his new advancement.

Named to College Board

John J. (Jack) Marget, president of the Epworth Savings Bank, has been appointed to the board of directors of the Divine Word College, Epworth.

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ANALYZING PORTFOLIO...

(Continued from page 48)

average net income after taxes is \$78,000, you will note that the increase in the portfolio would be approximately a 5 per cent increase in net earnings. This example would not apply to all banks, but it certainly indicates the potential increase in net earnings by a small increase in portfolio income.

In summary, we feel that every

bank can profit from a good portfolio analysis. Even if there is no increase in actual dollars, the banker can at least be reassured that he is doing a good job of managing his portfolio. We hope we have at least made the banker think about the necessity for making an analysis of his investment portfolio and made the banker aware of the great potential in either taking a good look at his portfolio himself or, better yet, having it analyzed by his city correspondent.—End.

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Northwestern Banker, April, 1968

The Bankers' Market Place

A Page Telling What's New for Banks and Bankers

Each month the Bankers' Market Place will bring you listings of new products, specialty items, banking equipment, and gift items which will help you and your staff do a better job. This is the selection for this month.

A NEW system for handling savings transactions that is claimed to improve service to savings customers and encourage mail deposits has been announced by Cummins-Chicago Corporation and their affiliate, Allison Coupon Company, Inc.

According to Cummins, use of the new Automated Savings Passbook provides faster window service than an on-line installation, permits accepting deposits at any window, retains all the features customers like in a passbook, and still provides automatic computer input and all other benefits of a "no passbook" system. No window posting machines or on-line teller stations are required. Periodic statements mailed to customers reduce peaks of lobby congestion for posting of interest.

With the Cummins Automated Savings Passbook, the customer makes one entry, removes a transaction ticket, and mails it with his check in any envelope. He keeps his passbook with the complete record of his account, including that of the mail deposit just made. When making a deposit in person, the customer fills in the book in the same way and hands it to the teller with the deposit. The teller need only remove the transaction ticket and receipt the book. For more information write File CPB, c/o NORTHWESTERN BANKER.

A TIMELY new booklet, "How to Make Your Postal Dollars Go Further," is free upon request from Tension Envelope Corporation. In convenient size for pocket or desk, it contains an easy-to-read "Postal Rates At a Glance" chart showing the recent and future postal rate increases for the various classes of mail as established by the recently passed Postal Revenue Act of 1967.

The 20-page brochure gives helpful tips and suggestions on how various styles of envelopes can be used to reduce mail preparation costs, insure speedier handling of mail by the post office, or produce more response and sales in return to the number of postal dollars spent.

For a complimentary copy, write to: Tension Envelope Corporation, Suite 327, 19th and Campbell Streets, Kansas City, Mo. 64108.

SEVERAL thousand bankers and businessmen in the NORTHWESTERN BANKER area attended programs in key cities sponsored by the National Cash Register Company to introduce its new Century Series computers last month.

Robert S. Oelman, chairman and chief executive officer of National



Cash Register Company, says they expect to install a minimum of 5,000 of the new Century Series computers, representing a total value of over \$1 billion worth of the new equipment.

Rentals of the smaller members of the family, the NCR Century 100 Series, begin at \$2,250 per month, or under \$2,000 with a five-year contract.

The Century program represents an investment of \$150 million in research, engineering, software, new production facilities and equipment, and in training of marketing and service personnel.

IF YOU are thinking of building a new banking facility, or of modernizing an existing one, Mosler invites you on an "idea tour" of today's modern bank—through the pages of a new illustrated booklet.

On the assumption that many bankers are too busy to visit each other's facilities to learn what can be done to build business, Mosler has put the best of all the latest ideas and trends it has seen into this 18-page brochure.

A fine section talks about efficient record keeping in terms of profitable operations and good customers relations. For a complimentary copy of the booklet, "Take an 'Idea' Tour with Mosler Through Today's Modern Banking Office," write to Mosler, 1561 Grand Boulevard, Hamilton, Ohio 45012.

CONVENTIONS

1968

April 8-10—ABA National Installment Credit Conference, Conrad Hilton Hotel, Chicago.

May 2-4—76th Annual Convention, South Dakota Bankers Association, Ramada Inn, Sioux Falls.

May 5-7—71st Annual Convention, Nebraska Bankers Association, Hotel Cornhusker, Lincoln.

May 12-15—ABA Automation Conference, Americana Hotel, Bal Harbour, Florida.

May 15-17—83rd Annual Convention, North Dakota Bankers Association Grand Pacific Hotel, Bismarck.

May 23-25—66th Annual Convention, Colorado Bankers Association, Broadmoor Hotel, Colorado Springs.

May 27-29—AIB 66th Annual Convention, Statler Hilton Hotel, Buffalo, N. Y.

June 2-5—ABA 8th National Mortgage Conference, Benjamin Franklin Hotel, Philadelphia.

June 3-14—Iowa Agricultural Credit School, Iowa State University, Ames.

June 10-12—78th Annual Convention, Minnesota Bankers Association, Hotel Radisson, Minneapolis.

June 10-21—Stonier Graduate School of Banking, Rutgers—The State University.

June 13-15—76th Annual Convention, Wyoming Bankers Association, Jackson Lake Lodge, Moran, Wyo.

June 20-22—65th Annual Convention, Montana Bankers Association, Many Glacier Hotel, Glacier National Park.

August 11-23—Colorado School of Banking, University of Colorado, Boulder.

August 12-24—ABA National Trust School, Northwestern University, Evanston, Illinois.

August 19-30—Central States Conference Graduate School of Banking, University of Wisconsin, Madison.

September 29-October 2—ABA 94th Annual Convention, Chicago.

October 27-30—82nd Annual Convention, Iowa Bankers Association, Hotel Fort Des Moines, Des Moines.

October 27-30—ABA National Personnel Conference, Sheraton-Chicago Hotel, Chicago.

November 10-12—ABA 17th National Ag Credit Conference, Sheraton-Oklahoma and The Skirvin Hotels, Oklahoma City, Okla.

Dear Reader:

When it comes to telling jokes, we have withstood the groans, protests, head-shakes and threats of banker friends for many years. We just felt sorry for them that they didn't have the same (ahem) keen sense of humor that we have! But after what happened in our last issue we must side with those many readers who wrote and telephoned us about this joke page.

To their credit, some were most solicitous about our health, for they asked very discreetly: "Have you been feeling well lately?" or "When did the doctor say you'd be well?" or in a more concerned manner, "Have you had your head examined recently?"

Others were a little more direct. For example, several just plain up and asked, "What's the point of this stupid joke on page 78?"

After several such phone calls and letters, we felt we had a right to assume something might have gone wrong. So we paid our 50 cents for an extra copy of the *NORTHWESTERN BANKER*, turned to page 78 and found that sure enough there was an unusual arrangement of jokes. In fact, three jokes in some way had gotten duplicated and appeared on the same page together. But the main cause of all the trouble was this little gem, which was one of those duplicated just like this:

"A True Bargain"

"A man and his wife once found a gas bill on the sidewalk when they were out for an evening stroll. The man picked it up and looked it over carefully. 'I'm going to pay this bill, Maggie,' he said.

"What do you want to do that for?" his wife asked impatiently. 'It isn't your bill.'"

Well, that was a fair question Maggie asked, but a better one asked by all those readers was, "It wasn't even funny the first time, and I still don't get it the second time—what's the catch?"

We went back and searched the trays of type that hold our jokes until they are ready to be released to the world through this page. Sure enough, there was the last paragraph, with its punch line. Guess our printer thought the joke was so bad it would be best to run only half of it. In any event, here is the missing paragraph, but don't say we didn't warn you. It picks up after Maggie very sagely observed, "It isn't your bill."

"No, I know it isn't," he replied. "But there's a discount on it, and I

might as well have it as anybody else."

Now, that may not have been worth waiting for, but there it is. For the reader who wrote us, "I'm waiting for you to drop the other shoe," well there's the other shoe.

Sorry about that, all you joke lovers!

* * *

When we were putting this issue together we decided to feature the excellent talk on bank protection we heard Marvin L. "Tony" Shay give at the Minnesota Bankers Association Bank Management Clinic in Duluth several weeks ago. Mr. Shay is special agent in charge of the FBI's Minneapolis office. His article is featured elsewhere in this issue, and it comes back repeatedly to the recommended use of cameras in banks to forestall daylight holdups and to get pictures of those bandits who do try it. He stated that nine of every 10 robbers exposed to the cameras are caught. We had this cartoon sent to us right at that time that was most appropriate.



"And you should have seen the crummy pictures the automatic bank cameras took of me!"

If you read Mr. Shay's fine article, you had an opportunity to take a look at the "sequence" pictures on those pages of an actual holdup taking place. LeFebure Corporation in Cedar Rapids, Iowa, makes a number of such camera installations and right after we heard Mr. Shay's talk we were visiting at LeFebure, where these pictures had just come in from one of their customer banks. The company kindly loaned them to us for this issue. After looking at the character holding the gun on the people at the teller counter and stuffing money in the bag, our cartoonist quickly drew this cartoon:

That holdup man might not make



"While you're at it, throw in a book of deposit slips."

his withdrawals in the most accepted and traditional way, but at least he's smart enough to know a safe place to keep the loot after he's taken it!

* * *

And this brings us to the recent news report about the Canadian lady who takes her children along while she robs banks. At least she's conscientious about her motherly duties. Too many mothers these days don't even know where their kids are!

* * *

There's more than one way besides the gun to extract money from those who have it. We're reminded of the preacher who told his church organist:

"When I say all of you who want to contribute \$100 toward the building fund please stand, you play some appropriate music."

"Like what?" the organist asked.

The preacher replied, "Like the 'Star Spangled Banner.'"

* * *

All of which reminds us of a conversation we had with an old banker friend recently. Innocently enough, we said, "I heard a new story the other day. I wonder if I've told it to you?"

He immediately asked, "Is it funny?"

Drawing up a little indignantly, we replied, "Of course."

"Well, then," he said, putting the knife in with a twist, "you haven't told it to me!"

At that point, we decided to turn this joke page over to someone else. If any of you readers have a pet joke that will jump right off the page and make the reader slap his sides, send it to us. We'll see if we can keep the punch line with the rest of the story.

The Joke Editor

do your women employees
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in becoming
fashion?

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Here is why a Scot Fashion Apparel Program could prove most successful for your organization.

Scot Career Suits are smartly-styled and handsomely tailored Women's Business Suits.

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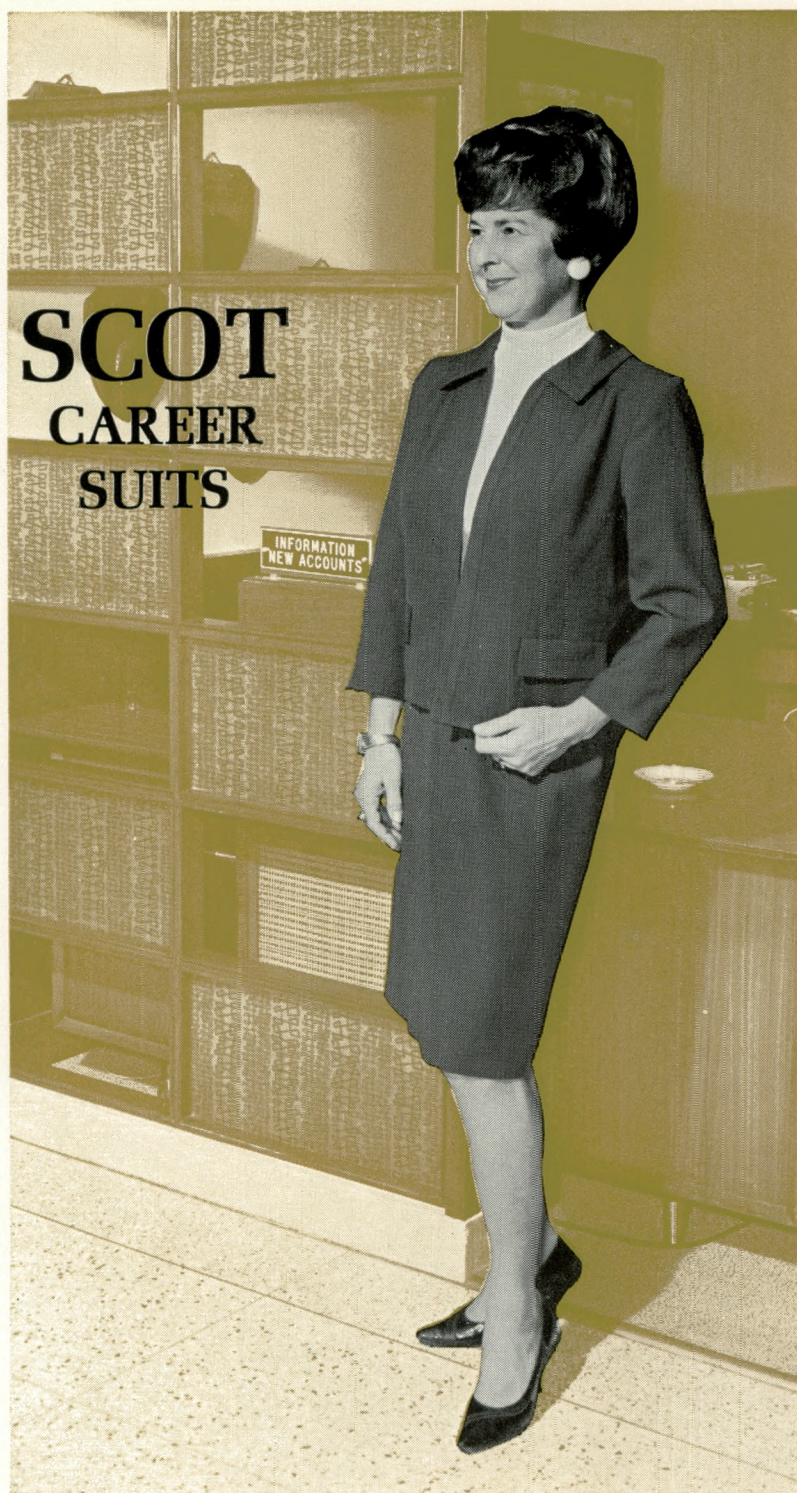
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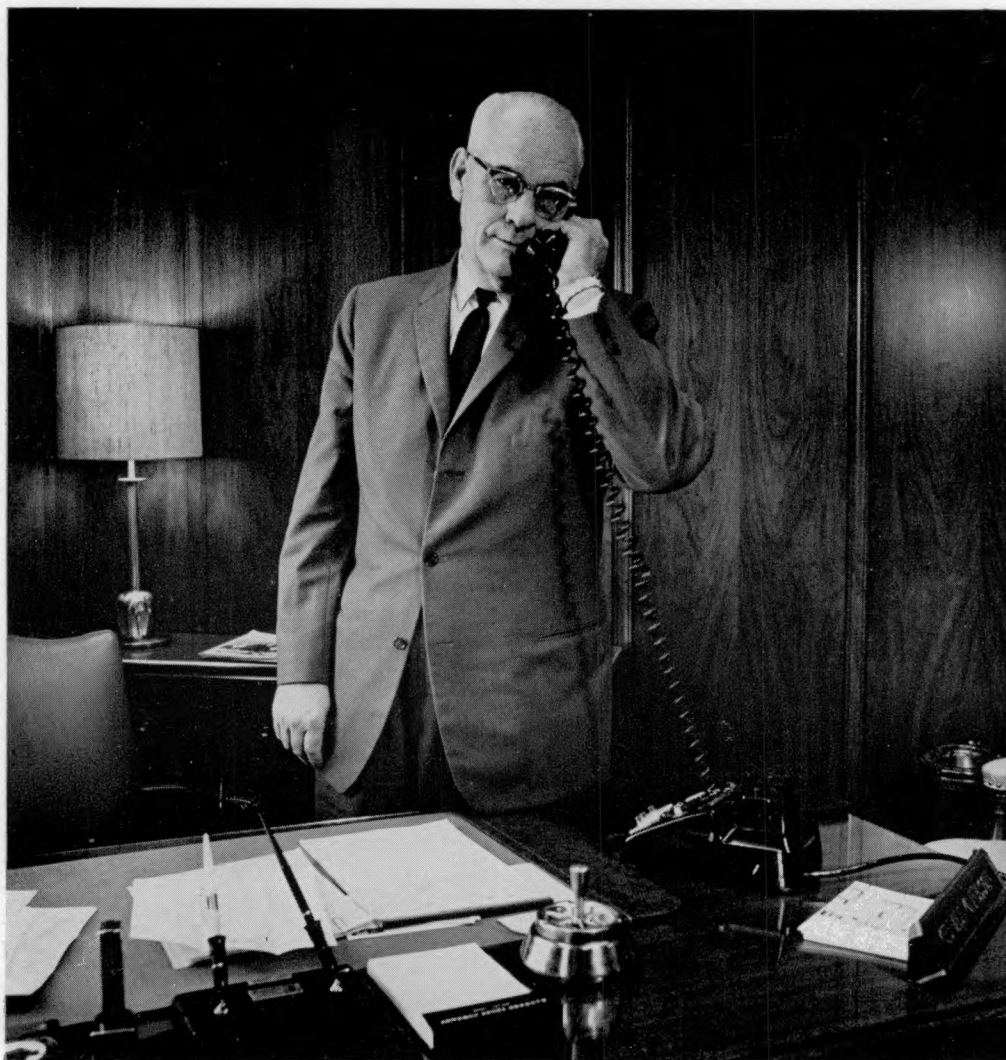
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