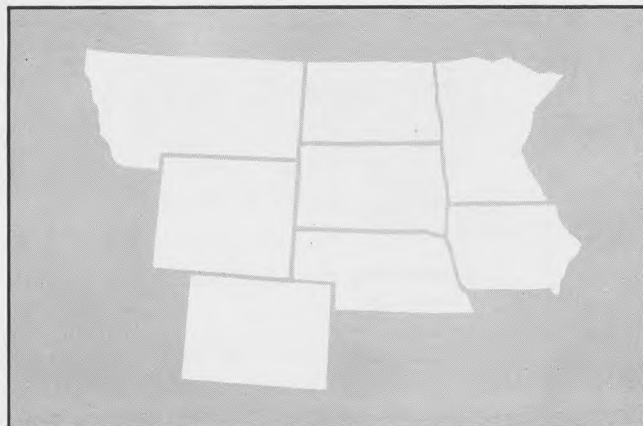


# NORTHWESTERN Banker

Oldest Financial Journal West of the Mississippi



No. 972

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May 30, 1966

## Urge Periodic Reviews of Bank Losses

Because of a continued upward trend in bank losses and insurance costs, bank directors have been urged to make periodic reviews of their banks' loss prevention programs.

The suggestion was made by Maurice L. Breidenthal, Jr., chairman, Insurance and Protective Committee of The American Bankers Association. He is also president, Security National Bank, Kansas City, Kansas.

Mr. Breidenthal pointed out that premium costs on blanket bonds purchased by banks are experience-rated and if bankers are to keep insurance costs within reasonable limits, greater efforts must be made to avoid losses.

"All banks take normal precautions to control losses," Mr. Breidenthal said. "When a loss occurs, however, the cause should be determined and any weakness in the loss prevention program noted ... Only through a constant analysis of losses and a determination to develop sound loss prevention procedures can a bank expect to keep losses and insurance costs at a minimum in the present difficult crime era."

Shortages reported in banks in the United States in 1965 totaled 1,545. Of these, 708 were shortages in tellers' cash and other incidents in which there was no evidence of employee dishonesty. Deducting these, the total number

of employee defalcations was 837 of which 699 were under \$10,000 and averaged about \$2,800 each.

There were 138 larger defalcations of \$10,000 and over in 1965 with total losses of \$13.3 million. Comparative figures for 1964 show 118 of these larger employee defalcations with aggregate losses of \$11.2 million. Both the total number of defalcations of \$10,000 and over and the total amount of loss were the highest in 15 years.

"In reviewing annual statistics of employee defalcations," Mr. Breidenthal said, "sight must not be lost of the unusual expansion in banking in the past 15 years. Since 1950, the number of bank officers and employees has increased from 439,000 to 791,000. Banking offices have increased from 19,700 to 30,250. Banks have expanded their services tremendously to accommodate the growing needs of the public.

"Dishonesty in banking during this period of historic expansion continues to be confined to less than 1/10th of one per cent of total personnel, now about 800,000.

Data covering bank holdups during 1965 show 667 successful holdup attacks that netted robbers \$3,899,000. During 1964, bandits took \$3,924,000 during their course of 620 attacks.

In 1965, banks were successful in frustrating 181 holdup attacks, a

slight increase over the 173 robbery preventions in 1964.

But if most bank crime was up in 1965, so were arrests. About 55 per cent, or 622 of the 1,125 bandits active against banks were taken into custody as of the reporting dates. In 1964, of the 952 bandits active, 489 were arrested for a 51 per cent record.

Bonding companies report that losses under bankers blanket bonds in 1964 were \$20.2 million which is \$2.1 million less than the \$22.3 million reported in 1963. Insured losses fluctuate from year to year, however; and while the \$20.2 million figure is lower than in 1963, it is substantially higher than the annual average losses for the preceding five-year period. During that period, 1959 through 1963, annual losses under bankers blanket bonds averaged \$15.4 million. Bonding companies will not report 1965 losses until late this year.

## NATIONAL NEWS

CHICAGO: Vernon Schwaegerle has tendered his resignation as executive vice president of the Bank Public Relations and Marketing Association, effective July 1. Mr. Schwaegerle cited personal commitments as necessitating the move.

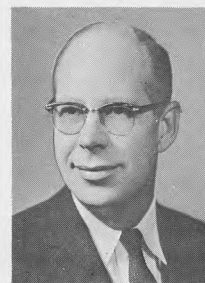
LAWRENCE, MASS.: Stockholders of LeFebure, Inc., which has a plant at Cedar Rapids, Iowa, has approved the sale to Walter Kidde

(Continued on back page)

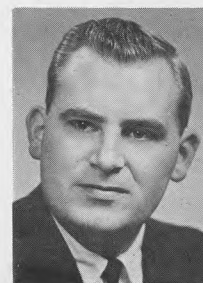


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**IOWA NEWS**

**U.C.C. Pre-Filing  
Begins Next Monday**

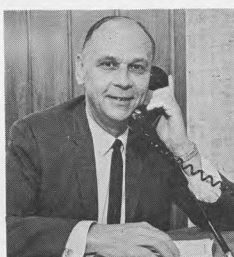
Gary L. Cameron, secretary of state, has announced that a special Uniform Commercial Code pre-filing period will begin next Monday, June 6, for the benefit of parties to secured transactions and filing officers. The Code itself does not become law until July 4, and documents filed between June 6 and July 5, will be marked as having been filed at 8 a.m. July 5, 1966. Mr. Cameron noted that his office will accept early filings after June 6 as a means of acquainting persons involved with actual processing. "It has no legal significance," he noted, until July 5. Items filed on July 5 will be marked no earlier than 8:01 a.m.

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**AMES:** Richard Egglund, 50, a life-long resident of the Roland area, has joined the staff of the University Bank and Trust Company as a farm loan officer.

**AURELIA:** First Trust and Savings Bank recently held open house in its newly-completed bank building. The event also marked the bank's completion of 85 years of service to the community.

**COUNCIL BLUFFS:** Richard D. Reed, 24, has been promoted to assistant cashier and data processing manager at Council Bluffs Savings Bank.

**DUBUQUE:** American Trust and Savings Bank next Monday, June 6, will sponsor a meeting dealing with the Uniform Commercial Code and, in particular, Article 9 of the Code. The meeting, to be held at Loras College, will commence at 9 a.m. The session will feature four attorneys versed in the Code and will employ actual samples of forms to be used. The meeting, open to Northeast Iowa Banks, will include a luncheon, cocktail hour at Dubuque Country Club and a dinner.

**MARSHALLTOWN:** The Commercial State Bank has withdrawn its application for rezoning of local property for a drive-in bank facility. A similar request made by Security Savings Bank had previously been denied by the City Council. Security Savings had earlier received permission from the State Banking Board to establish the drive-in facility at East Olive and South Second. Commercial State Bank's

rezoning application was for a similar facility at 3 West Olive street.

**MUSCATINE:** Miss Jean Hargrafen of Letts has been named the recipient of the annual \$350 bank foundation scholarship awarded by the Columbus Junction State Bank.

**NEWTON:** The newly-constructed drive-in bank facility at Jasper County Savings Bank was opened recently with a ribbon-cutting ceremony.

**NORTH ENGLISH:** Pauline Humphrey has been elected assistant cashier of the Farmers Savings Bank here.

**NEBRASKA NEWS**

**DAVID CITY:** The First National Bank is undergoing extensive remodeling. The project will result in a new front joining the bank with another building and removal of the second floor of the structure.

**EUSTIS:** Officers, directors and staff members of the Farmers State Bank of Eustis recently held a dinner honoring Walter Hueftle, vice president and cashier, who is retiring after 44 years in the banking business.

**GERING:** Harold Stuckey has resigned from the staff of the First National Bank, Kensington, Kansas, to become agricultural representative for the Gering National Bank. He is a former resident of Lexington.

**KIMBALL:** Claude Alden, a director of the American National Bank, Kimball, died recently in Mesa, Arizona, at the age of 81 years.

**LYONS:** Leon Langemeier, president, First National Bank of Lyons, has applied for a charter to establish a new bank at Snyder. Mr. Langemeier would be president of the new bank and would name three Snyder men as directors.

**OMAHA:** Cecil E. Crawford, retired Air Force lieutenant colonel, has become associated with Chiles & Company. Mr. Crawford holds a Ph.D. degree in economics from the University of Glasgow, Scotland.

**WILCOX:** John Petteys, vice president, The First National Bank and a long-time Nebraska banker, has sold his interests in the bank to Winton Buckley, president, First National, and vice president, National Bank of Commerce Trust,



Lincoln. Dewaine Erickson has been named cashier.

## MINNESOTA NEWS

### School of Banking To Begin June 19th

Sixty Minnesota bankers will attend the first sessions of the newly-organized Minnesota two-year school of banking June 19 at St. Olaf College, Northfield.

In the words of Kenneth Wales, secretary of the sponsoring organization, the Minnesota Bankers Association, the new school will serve as a junior college for the Wisconsin School of Banking.

The first class, limited to 60 bankers, is aimed at serving bank officers and potential bank officers with a minimum of two years' bank experience. Enrollment has also been limited to one student per bank.

**GLENCOE:** The Security State Bank of Glencoe has installed 100 new safe deposit boxes, according to A. W. Hoese, president.

**MINNEAPOLIS:** Jon H. Bjornson, advertising director, Northwestern National Bank, has been elected treasurer of the Advertising Club of Minneapolis.

**MORRIS:** The Citizens Bank recently observed its 70th anniversary of service to the community.

**RICHFIELD:** It has been announced that, due to unforeseen delays in construction of the banking quarters, the Summit State Bank of Richfield-Bloomington will not open for business May 31 as had earlier been reported by the State Banking Department. A subsequent bulletin will be issued announcing the official opening date.

**ST. PAUL:** F. William Stohr has been named Midwest vice president and sales manager for the Red Shield creditor insurance program for North Central Life Insurance Company. Donald L. Culver was named to a similar West Coast position.

**TOWER:** John E. Micklech, Soudan, has been elected to the board of directors of the State Bank of

Tower, succeeding the late Dr. L.E. Shafer.

**VIRGINIA:** A charter for the Northern State Bank of Virginia was issued recently and the bank opened for business the same day.

**VIRGINIA:** Robert Peterson, manager of Citizens Loan in Marshall for the past four years, has joined State Bank of Virginia as manager of the installment loan department.

## SOUTH DAKOTA NEWS

**CORSICA:** The Corsica Branch of The National Bank of South Dakota in Sioux Falls, will hold an open house in its newly-remodeled quarters next Saturday, June 4.

**HURON:** The Farmers and Merchants Motor Bank was opened for business recently at the corner of Dakota avenue and 18th street, south. It is the first banking facility to be located away from the Huron business district, due to a revision of the state banking laws last year which enabled banks to establish motor bank facilities separate from the main bank quarters.

## MONTANA NEWS

**GREAT FALLS:** Donald C. Taylor, vice president, has been promoted to vice president and controller, and Harry A. Hermanson, cashier, has been elevated to assistant vice president at Great Falls National Bank. In addition, Robert L. Draeger, associated with the Northwest Bancorporation office in Minne-

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apolis, has been elected cashier of the bank, succeeding Mr. Hermanson.

## NORTH DAKOTA NEWS

**GRAFTON:** Ralph Adamsen, Grafton, has been elected a director of The Grafton National Bank.

### In the June Issue of... The NORTHWESTERN BANKER

"How Banks Are Observing June Dairy Month" is the subject of an exclusive survey featured in the *Northwestern Banker* for June, which will be in the mails this week.

Other highlights include complete coverages of the conventions held this month in North Dakota, South Dakota, Nebraska and Colorado as well as the NABAC regional convention held in Omaha and the annual Iowa group meeting tour. You'll also find programs for the June conventions of the Montana, Wyoming and Minnesota state banking associations.



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**NATIONAL NEWS**

(Continued)

& Company, Inc., of substantially all its assets and property in exchange for a new Kidde Series A preference stock. Under terms of the sale, Kidde will exchange one share of \$2.20 dividend preferred for each five shares of LeFebure. Kidde also will assume substantially all of LeFebure's liabilities.

NEW YORK: Diebold, Inc., Canton, Ohio, and Litton Industries, Beverly Hills, California, have announced that the firms' merger negotiations have been terminated. A preliminary merger agreement, involving an exchange of \$96 million in shares, had been announced in April. No reason was given for the termination of merger negotiations.

NEW YORK: Official notice of the 92nd annual convention of the American Bankers Association, to be held in San Francisco October 23-26, has been mailed to all members of the association.

NEW YORK: First National City Bank has announced that it will issue in London its own negotiable CD's offered for U.S. dollars. Bankers Trust Company was reported to be considering the same action.

NEW YORK: Thomas F. Creamer

has been elected a senior vice president of First National City Bank.

NEW YORK: American Express Company has acquired all of the outstanding shares of W.H. Morton & Company, Inc., through a pooling of interest in exchange for 79,000 shares of American Express stock. At the same time, it was announced that William H. Morton had been elected vice chairman of the board of American Express and its overseas subsidiary, The American Express Company, Inc.

ST. LOUIS: *Bank Trust News*, employee publication of the First National Bank in St. Louis and St. Louis Union Trust Company, has been awarded first place in newspaper photography by the School of Journalism, University of Missouri.

SAN DIEGO: Approximately 1,500 bank men and women have gathered here for the 64th annual convention of the American Institute of Banking which begins today at the El Cortez Hotel.

**Fed Opposes CD Restriction;  
Saxon Says Bills Unjustified**

James J. Saxon, Comptroller of the Currency, last week labeled as unjustified pending legislation which would prohibit insured commercial banks from issuing any negotiable CD's, notes or debentures and which would prohibit acceptance of time deposits in amounts of less than \$15,000.

"The scope of these proposals astonishes me," he said, "in that I can think of no danger, malpractice, or evil which can justify these restrictions."

The Federal Reserve has opposed any new laws restricting the ability of commercial banks to issue CD's. J.L. Robertson, vice chairman of the Reserve Board, said the system already has "ample power to cope with any situation that may arise."



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**LATE NEWS...**

MINNEAPOLIS: Norman Nackerud, president, Northwestern National Bank, Lewiston, Montana, has been elected assistant vice president of Northwest Bancorporation.

DES MOINES: Funeral services were held Friday for Victor F. Becker, 70, president of Becker & Cownie, Inc., well-known local investment firm. Born at Calmar, Iowa, Mr. Becker was with the Carleton D. Beh Co. before forming his own company in 1946.

**WANT ADS**

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