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State Official Criticizes Unfounded Rumors

(John Chrystal, superintendent of banking for Iowa, last month suspended for 30 days the license of Hawkeye Loan Co., Humboldt, Iowa, and more recently has revoked the firm's license completely. In addition, owners of Hawkeye Loan, Maurice E. Thompson and W. B. Lundberg, were removed by Mr. Chrystal from their respective positions as chairman of the board and president of The Security State Bank in Algona, the bank they are purchasing on contract. Mr. Chrystal emphasized at that time (May 26 issue of the *Northwestern Banker*) that the bank was not in a difficult position, but the loan company was "in dire financial straits." Considerable talk and rumors have taken place in that area of the state since then, and the *Northwestern Banker* asked Mr. Chrystal to comment on this situation before he leaves the office of superintendent on June 30, in order that unfounded rumors might be answered and quieted. His cooperative response appears below.)

The recent financial difficulties of the Hawkeye Loan Company of Humboldt, Iowa, have given rise to unsubstantiated rumors concerning other financial institutions, especially commercial banks in that area. Because a fundamental relationship between a bank and its customers is one of confidentiality, whether that relationship is a satisfactory one or not—the Iowa State Department of Banking



John Chrystal

is barred from issuing specific information to the public as are individual banks. Because banks are defenseless to use facts against untrue rumors, the Iowa Legislature long ago passed a law making it illegal to spread unfounded rumors which could result in damage to a bank, and thus possibly to the depositors of that bank and the local community.

The department of banking has very recently made a thorough examination of the Hawkeye Loan Company and any attendant financial relationships that company or its owners might have. As a result of that investigation I believe I can state categorically that no depositor in an Iowa bank will suffer any loss as a result of any bank dealings with Hawkeye Loan or its principal stockholders.

In addition, the Iowa State Department of Banking cannot see that there will be any damage to the corporate structure of any

Iowa banks as the result of dealings with Hawkeye Loan or its principal stockholders. It is my hope that this statement will bring to an end speculation not founded on true information regarding Iowa's financial institutions which have such a deservedly high reputation.

The Recodification of Iowa Banking Law just passed, and which will become effective January 1, 1970, provides that any debt of \$25,000 or more owed personally by an officer of an Iowa state bank must be reported to the state banking department. National bankers now have to report any such personal debt of \$5,000 or more.

Sellers of banks have an obligation to determine how the purchasers intend to pay for the bank. In the interest of the banking industry, they should bring together the purchaser and the seller and some regulatory official so that a clear understanding can be had about how the bank will be paid for, what the dividend and management policies shall be, and what salaries shall be, because banks cannot be paid for in this economic climate from bank earnings, due to capital retention requirements.

To ignore this area in bank purchasing only leads to difficulties with regulators and the sellers, and perhaps to dishonesty.

The new Recodification Law (Continued on Page 4)

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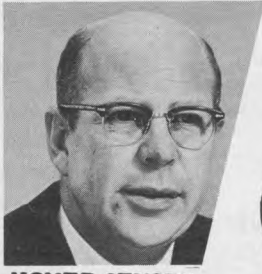
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here held an open house on June 21 in its completely remodeled bank building.

PALO: Loyal Melton has been named a new director of the Palo Savings Bank.

SHELDON: Wally Groeneweg has joined the farm department of the Citizens State Bank. He was formerly employed by the farm mortgage division of the Metropolitan Life Insurance Company, serving the Sheldon area.

SIOUX CITY: Ernest H. Kellems, formerly head teller and auditor at the Farmers Trust and Savings Bank, Williamsburg, has been named assistant cashier at the Morningside State Bank here.

NEBRASKA NEWS

FREMONT: Thomas J. Milliken, president of the Fremont National Bank, has been elected to the Young Presidents' Organization, Inc., an educational organization with an international membership of 2,300 young, successful chief executives, who have become presidents of sizable companies before the age of 40.

LINCOLN: The National Bank of Commerce has promoted Gerald D. Dolson to assistant advertising manager in the marketing department and Ronald Meade to commercial loan officer.

RAVENNA: Dave Stuckey, executive vice president of the Ravenna Bank, and his family will leave Ravenna July 1 to reside in Bennington, Vt. Mr. Stuckey will be employed in a bank in the New England area.

TEKEMAH: Robert I. Stout has retired as chairman of board of directors of the First National Bank here. He joined the bank in 1919, became president in 1929 and had been serving as chairman of the board since 1952, when he retired as bank president.

MINNESOTA NEWS

The fourth session of the Minnesota School of Banking, sponsored by the Minnesota Bankers Association began June 22 at St. Olaf College in Northfield, Minn., and will continue through June 27.

There are approximately 140 Minnesota bankers attending the 1969 session, with classes limited to one student per bank. A new class of nearly 70 "freshmen" are participating in their first session at the

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IOWA NEWS

ALGONA: Joel McClure has joined the Iowa State Bank here as assistant cashier and farm representative. He comes from Monona, Iowa.

AMANA: The following new officers have been elected by the Iowa-Benton County Bankers Association: President—Gerrold E. Kuester, cashier, Watkins Savings Bank, Watkins; vice president—Robert Roese, cashier, Keystone Savings Bank, Keystone; secretary-treasurer—Harold B. Martin, cashier and vice president, Farmers Trust and Savings Bank, Williamsburg.

BETTENDORF: The Bettendorf Bank and Trust Company has opened its new motor bank, which includes two

drive-up teller windows, two indoor walk-up windows and a 24-hour night-deposit facility.

CLEAR LAKE: Kenneth Smith has been promoted from assistant cashier to vice president at the Clear Lake Bank and Trust Company. He has been with the bank for the past 8½ years.

EMMETSBURG: A. Clarence Andersen, president of Andersen Construction of Emmetsburg, and William H. Stillman, area farmer, have been named to the board of directors of the Iowa Trust and Savings Bank here.

MUSCATINE: The body of William Henning, trust officer at the First National Bank of Muscatine, has been found following dragging operations on the Mississippi River between Wapello and Muscatine. Mr. Henning drowned June 15 when he fell into the river as he attempted to cross from his boat to another while boating with his wife.

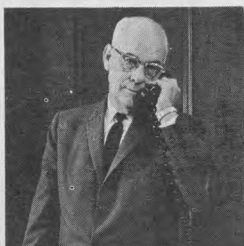
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school, along with an equally large senior class which has returned for its second year of course work.

A full day-time schedule of classes is being held, with seminars and study teams in the late afternoon and evening.

The senior class will complete its work on Friday morning, June 27, and class members will receive certificates of graduation at a final luncheon on Friday.

According to Truman L. Jeffers, secretary of the MBA, the school again this year has an outstanding group of instructors.

MINNEAPOLIS: William J. Bohnhoff has been promoted from assistant vice president to vice president at the First Hennepin State Bank. He has been with the bank since October, 1968. Robert A. Wanago has been elected assistant vice president. He has most recently been employed as supervising examiner for the member banks in the First Bank System.

MORA: Larry M. Lotz, formerly assistant cashier and manager of the installment loan department at the State Bank of St. Anthony Village before coming to Mora, has been named assistant vice president in charge of the installment loan department at the Peoples National Bank here.

OSTRANDER: Elmer Anderson, president of the Ostrander State Bank, was honored recently for his 40 years of service to the bank.

ST. PAUL: Roger R. Palmer has been elected vice president and comptroller of the First National Bank of St. Paul. Mr. Palmer joined the bank as auditor in 1964 and was elected vice president in 1968. The comptroller's post at the bank was recently vacated by the resignation of Howard A. Hansen.

WATERVILLE: The Citizens State Bank recently celebrated its 65th anniversary.

WINONA: John A. Gernes, senior vice president of the First National Bank at Stevens Point, Wis., has been elected executive vice president and director of the Winona National and Savings Bank, effective July 15. He is a native of Winona and served as a national bank examiner and vice president of the First National Bank

of LaCrosse, Wis., before going to the Stevens Point bank in 1967.

ILLINOIS NEWS

CHICAGO: Richard P. Tillack has been appointed second vice president in the trust department at the Northern Trust Company. He was previously associated with the Bank of California in San Francisco.

CHICAGO: The following promotions have been announced at the LaSalle National Bank. Herbert A. Dolowy, William C. Olsen and Robert J. Thoma have been elected vice presidents. Francis J. Lynch has been named assistant vice president, and Stewart S. Anderson has been appointed loan officer.

Goff Smith, president and chief operating officer of AMSTED Industries, Inc., has been named to the board of directors.

CHICAGO: The following new vice presidents have been elected at the First National Bank of Chicago: John M. Brennan; R. Garth Dunn, Jr.; Bernard A. Henry, Jr.; Benjamin C. Homola; Marvin D. Juliar; Homer J. Livingston, Jr.; William T. Thornhill, and William E. Vojta. James W. Goodrich, David S. Patterson and Robert F. Savio have been named assistant vice presidents. Newly elected assistant cashiers at the bank are: Leslie S. Bortz; Frank C. Cannon, Jr.; Kirk B.

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Maslin; Judson H. McManigal; William H. Placke; Perry J. Rogers, and Joseph F. Wenger.

ELMHURST: The Elmhurst National Bank recently observed its 75th anniversary with a three-day celebration. As part of the observance, the bank has established "Club 65" checking accounts, free to persons 65 and over.

SOUTH DAKOTA NEWS

ESTELLINE: Funeral services were held recently for Alfred J. Lundberg, 70. Mr. Lundberg came to Estelline in 1928 to serve as assistant cashier of the Farmers State Bank. He served in that post until 1943, when he was named vice president and a member of the bank's board of directors.

WYOMING NEWS

CASPER: Minnesota Enterprises, Inc. (MEI), Minneapolis, has sold its remaining 20% interest in Wyoming Financial Services, Inc., which owns the Wyoming National Bank here, to the South Dakota Corporation, Sioux Falls, S.D., which three years ago

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acquired the other 80% interest in the Wyoming firm from MEI. The South Dakota Corporation is a holding company whose subsidiaries include banking and insurance enterprises.

LANDER: Mike Mercer has been promoted from assistant cashier to cashier at the First National Bank here. He joined the bank in June, 1967 as auditor and programmer and was promoted to assistant cashier in August, 1967.

MONTANA NEWS

BILLINGS: R. M. Waters, chairman of the Security Trust and Savings Bank here, has announced three promotions. Robert M. Muir, trust officer, has been transferred to the commercial loan

department and promoted to assistant vice president. Daniel Barz has been elected assistant cashier and will assume new duties in the business development department. Jim M. Glasgow has been named auditor. He came to the bank from the Office of the State Superintendent of Banks, where he had served as a state examiner for four years.

BILLINGS: Fred Marble, Jr., who has been with the First National Bank here for 22 years, has joined Kampgrounds of America, Inc., as vice president, finance. Mr. Marble was named president of the Billings bank in 1959 and elected chairman this year. He will retain his board membership at the bank.

New Banking Law...

(Continued from Page 1)

gives the superintendent the right of approval over management fees.

In almost all cases, the seller or

a correspondent bank does bring a purchaser to the Iowa Banking Department and they discuss payout, etc. The banking industry by and large has been very cooperative in this way.

I would hope that the majority of bank directors could be less than 72 years of age, thus offering the opportunity of a more alert board and yet protecting the rights of bank control ownership, no matter what the age of control ownership. But directors have a valid function and can demonstrably offer more benefits to banks involved if they are currently active in social and business activities in their communities.

I feel very strongly about this. The younger directors often fill the role of a director more fully for the protection of the community and the bank.

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