FINNISH FOLKLORE AND SOCIAL CHANGE IN THE GREAT LAKES MINING REGION ORAL HISTORY PROJECT 1972-1978
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INTERVIEW BETWEEN:

INTERVIEWER: Art Puotinen
INTERVIEWEE: (Ken Seaton on D.W. Seaton)

Friday, August 17, 1973

These are some recollections or oral History notes from a session just spent with Ken Seaton at Detroit and Northern. The session was intended to evaluate the progress of the project up to this point. But Mr. Seaton went on to share some anecdotes regarding his own fathers experiences. I would like to recall them as briefly as I understood and recall them.

First of all, D.W. and the matter in which he became the secretary treasurer or manager of the Association. Several years ago, there was quite a discussion going on among the board of directors who should be the chief managing officer and the final decision centered upon Chester Sibillski of the Flint office and D.W. Seaton here from Hancock. Mr. Sibillski was actually the original employer of D.W. Seaton when he began his work in the Flint office at Detroit and Northern. As the different directors chose up sides favoring one man and opposing the other, D.W. Seaton finally put the question in this fashion. He told Chester Sibillski that if he was going to be the chief managing officer then he ought to move his family to Hancock, the site of the home office. Having said this, D.W. Seaton proceeded to walk out of the board of directors meeting and Sibillski was then given the opportunity to make various alternatives. As the story goes the decision was then made the following day that D.W. Seaton would take over the position of secretary treasurer and Mr. Sibillski would remain in his present location. Regarding Mr. Sibillski and also his passing there is a very interesting story.

Mr. Sibillski had developed a practice over many years of running an insurance agency along with "D&N" Association business in the Flint office. This practice of maintaining two separate operations under one roof was not uncommon, in fact there likely was no legislation to prohibit this. But it did present certain problems namely conflict of interest. One practice in particular, often person's desiring to sell their land, their property, on a land contract basis would come into the Association and more than once Mr. Sibillski chose to purchase these land contracts for his own self rather than for the Association and many of these property's were what could be
classified good deals. He did not see anything particularly irregular in this, in fact there were occasions when he would pass on such opportunities to other members of rank in the Flint office. As several years of this had been going, in fact, I believe it had been going on for something in the neighborhood of forty years, various bank examiners came in to evaluate the Association's activities, also examining this particular practice which had been going on for some time. Completing their investigations the bank examiners reported to Mr. Sibillski that he would have to discontinue this practice and move his insurance business into another headquarters. Mr. Sibillski wanted no part of this and said it had been running for forty years previously without any problem, why can't it go further? Eventually Mr. D.W. Seaton became involved in this particular problem and went down to Flint and told Mr. Sibillski that he would either have to comply with the Bank Examiners Report or would have to face the prospect of being fired. During the course of weekends of pondering, contemplating what to do, Mr. Sibillski was at his home midst the winter shoveling the path when he sustained a serious heart attack and this in turn lead to his death.

Prior to his death, of course, Mr. Sibillski had shared some of this dilemma with his family members and the upshot of the whole thing was that some members of the Sibillski family felt that Mr. Seaton should of sided with Mr. Sibillski in the face of the Bank Examiners Report. However, Mr. Seaton had felt this was only the proper and right thing to do, to abide by the Bank Examiners Report. Unfortunately the family members then went on to blame Mr. Seaton as being, perhaps the contributing factor to the strain that lead to Mr. Sibillski's fatal heart attack.

Another episode worth recalling deals with Mr. D.W. Seaton and the problem that he faced with certain directors. An early practice in board of directors meetings was for various directors to come in and to present for the first time, to the board, a particular loan application. These came sight on seen before the board the first time for example that Mr. Seaton would be of such a bid. The general practice then was for the board of directors to review the individual request and if approved then transmitted to Mr. Seaton to grant the desired loan. Now it happened on one occasion that a particular loan request was passed by the board and given to Mr. Seaton. As he looked at the request, he saw an impossible difficulty. He then put it in his pocket and decided to check it out for himself. He proceeded to get into his car a short time later and drove some distance over gravel roads which were quite common in those days as much of the traveling was done over gravel roads. To locate the piece of land and to find the particular dwelling that was to be funded. The result was that, that piece of land was literally out in the sticks some place and
the building was nothing more than a log cabin that was erected on the top of Cedarposts. In short it was a bad risk. Whereupon Mr. Seaton returned to the following board of directors meeting, pulled out the loan request, explained that he had checked it out for himself, noted it was a bad risk and then went on to say that henceforth he wanted to have all loan requests, loan applications, foreworded directly to him for review and presentation to the board of directors, otherwise he could not continue as manager under those circumstances. The board of directors subsequently approved this request and decision.
INTERVIEW BETWEEN: MR. ART PUTTONEN, MR. KEN AND DON SEATON

INTERVIEWER: MR. ART PUTTONEN

INTERVIEWEE: DATED: December 18, 1978

I On December the eighteenth, and we are here in Calumet. Ken and Don Seaton and Art Puttonen talking about years of D&N in about the 50's when Ken became involved in the organization. Could you describe a little bit of how you became interested in becoming involved in D&N? I know you were going to Tech and were involved in, I believe an engineering program. Could you talk about the circumstances of how you got interested in the organization and some of your earlier experiences.

KS Right. I received a degree in Civil Engineering from Michigan Tech in 1951, of the year with the highway department, Michigan State highway department, and then went into the service, the Navy. During my last year in the service, my father approached me and wanted to know if I would be interested in joining Detroit and Northern when I was separated from the service. I expressed some interest, however I had not given it any previous thought and had no plans on going into the business prior to that time. In 1955 when I separated from the service, conditions in the saving and loan business were not overly good so I joined Jones and Leflin(?) as a mining engineer in Minnesota. I spent about a year and a half with them and then was approached by my father to join the firm at that time. That would have been in 1957. Gradually over a period of time working into primarily the loan department taking mortgage loan applications and processing them, appraising properties, traveling around and visiting our various agencies. My area of work was primarily in the Upper Peninsula of Michigan. Gradually over a period of say two or three years, working into taking over the advertising for the association. Eventually becoming involved with the saving side of the picture. That at that time had needed much less attention because we had basically a passbook type of savings account and a fully paid certificate. Both paying the same amount of interest and a very simple type of an account for the public to understand and for the association to administer. So the savings side of it was fairly simple. It was a matter of the board deciding what rate of interest it would take for savings, and the rest of it took care of itself. So that was probably the last area of the business that I started to get into and become concerned about.
I: Would you mention traveling around the Upper Peninsula. Did you go with your father on—is this how you learned the jobbing(?) department?

KS: Correct. A one trip covering every agent in every town in which we were doing business, and then on occasional trips after that for specific reasons. But basically after the first trip I was traveling pretty much on my own. The business was much simpler in those days (SECRETARY: OBVIOUSLY THAT ONE YOU PLAYED OF KEN SEATON WASN'T) lengthy training programs in order to get into it. It takes time to become acquainted with people and places and things. But the technical side of it was easier. It probably didn't seem so at the time but when you compare it with what we have to go through today to process the mortgage loan application. Much of it government requirements and what have you _________ of it.

I: Sure, go right ahead.

DS: To supplement what Ken said in the _______ to going around _______ part time. It was also the fact that it was necessary that Ken bringing up an institution should know because of the communities, the loaning possibilities in those communities. The areas too could note those which were not as important as others because of the size of the communities and its other businesses in those communities. Also in the same connection was the fact that Ken was making with me _______ alone, trips down state to get an affirmative _______ operations entirely different from the _______. Never the less, it is all on the over all principle reason.

KS: Right. It is interesting how the business has changed. I think it was more personal relationship between my father and myself and the agents, and very often with our customers in those days then it is now. Today we have forms and we have rules and we have requirements. The people either fit in to our system or they don't. It becomes the personal relationship in contact is not there as it was, and I guess that is only natural when you get bigger.

I: Do you recall any outstanding agencies and managers that you encountered with—or any particular operations that really interested you over the years?

KS: Well speaking for 1957 and later, I guess the Lyle Elder in Marquette was probably one of the more knowledgeable agents. Particularly with respect to Realestate which is the more complicated side of our business, at least it was then. He impressed me because of his aggressiveness and his ability to do a good job for us in providing loan applications in
servicing the people--very custom oriented. But there were also several others: Saul Vokerlant and Al Paont (?) from Iron Mountain. Two gentlemen who must have been close to their eighties when I got into the business. And just did an excellent job of providing business for us and servicing the customers. They were a couple of old Frenchmen that became a little crotchety later on, but still they—you know, they had a long list of people who had done business with them for many years. How long was Paont an agent in Iron Mountain?

DS  When did he open a branch in Iron Mountain?

KS  Well, that must have been probably about 64 or 63.

DS  He was with us for over fifty years

KS  Agents are interested in it that they, although we don’t have an office there, it was A. J. Paont Insurance Agency—was the name of the building in which he operated. But A. J. Paont became known as Mr. Detroit and Northern in the community. We were fortunate in my experience in having pretty fine people as our agents, and therefore were highly respected.

I  So they developed a personalized service in their own communities that became general hallmark (?) in other operations.

DS: I remember one occasion I had in discussion with whose kind of Hank, the firms in Iron Mountain. They thought that perhaps D&N’s name should be promoted gravely. But it wasn’t particular at all. I think you are overlooking what you amount to, what you stand for with D&N. You are Mr. D&N. So as time went on, you may return back to that statement at the time, and they liked it. It must be because it was very true. And that was not a lonely time between Ironwood’s Mrs. Humburg and a very fine man. She became in Ironwood what Ken was in Iron Mountain, as Elders in Marquette, as in Ishpeming. Imagine how many others in various areas. They were D&N in all respects. As the public was concerned, they were looked upon as the D&N. Although the old business, which was a healthy business, and because of the business in which they preferred to their own business. They were terrific assets to the D&N. That is the experience you ran into?

?  Yes, and I walked into the middle of it you might say.

I  In terms on the kind of compensation for these folks. What kinds of commission would they realize from their part in the operation?
KS: Basically it was a—the commission structure has changed over the years depending on the situation. But basically it was 1% of whatever business they would generate for us. Which would include the opening of the new savings account—say for a hundred dollars they would receive a dollar or for 10 thousand dollars they would receive one hundred dollars. They would do the same amount of work but we were interested in paying for the money that came in. So whether this was ______, this was basically the way we would work it. In the same then if people came in and added to their savings account on a weekly or monthly basis they receive it.

DS: In other words they, you might say on the over all picture, they got 1% on every dollar they brought ____ whether it walked in or whether they would not ______ it would be 1%. Over the years they would feel that ______ income was a-mazing with D&N, but it had to be that way. Otherwise we couldn't expect them to develope the business they did and the advertising(?) did unless we were willing to pay a reasonable amount for their services. It turned out, on the over all picture 1% of the normal amount.

KS: I would guess the average agent probably generated close to five thousand dollars a year. But the good ones would average maybe between ten and fifteen thousand. . .

DS: That to even up the coverage.

KS: Then someone over twenty. If they were in a good area and they worked at it, provided good service, they were well rewarded.

I: I ran across some interesting correspondants in the files just today. Mainly some of the letters that you sent out into these different areas in Upper Michigan. Sometimes referring the telephone directories and kind of—sort of wide spread mailings to a person who saying that for example, the Elder Agency is there too at your service. Though it seems you were supporting the men out in the field from the home office in this fashion. Trying to ______ business. How successful were these more general kinds of mailings?

DS: They were very successful because they were selected in our manners. And we as an organization could feel that we couldn't speculate fortunate across the stand point and an eligible way of going about it. These and ______, and never the less, if they benefit so do we. So that was just another function of the association which would do the follow up plan and that is where this type of operation came in. It concluded an advantage to the association because of their followers.
How did you determine who to select for this mailing? Was this mainly by word of mouth in the local community or

DS: No. There was two ways we would do it. One was that we would take a town like Marquette. Going through the telephone directory, we would eliminate all of those who in that telephone directory were now on our books. So we would go after those who were not on the books because we were looking for new business. Then of course we sent other letters out to our present customers at that time to encourage them to keep up their business with the association. So the agents of that sort of thing. Then there was another feature in a good town like Marquette, Iron Mountain, Ironwood, Menominee, Sault, where the agents had a big advantage. These were towns where the agents were also good home loan operators. And everytime an agent put an application—got an application and put a loan on the books, he also his insurance business. Those people hadn't had insurance on their homes. If you get a , which is insurance on his home with the , the monthly payment to the agent on his home. He carries the insurance on his home with the agent. That is another angle of the written out . It always assures of the insurance premiums payment because the association had assisted with its followers that we would take care of such first. That person also had , and most likely had a card. So as the banker saves the day a full service bank.(?) We were approved service and our reason to improve is the insurance man because of doing business with us. So we might have the insurance on the home here and on the furniture there and on the fire somewhere else. But our reasons as its benefit whose association are becoming a full service insurance bank. That gave him additional income over of what he received in the association. I don't know if that is a good statement or not, but it is all tied into the picture. That was one of the ways we cultivated good agents. By progressing upon the added business of the association brought to his office in which we were no part. But he entirely got the message.

KS: Definitely. Everytime he put a loan on the books we would expect him to service that loan if the loan became delinquent and a problem. Or like it was his loan and he was expected to help us make it good and police it—encourage the payments, or do whatever means possible. But at the same time most people would make their monthly loan payments to the agent. Where you'd think the money(?) would get 1% of that because he has done this kind of before. So everytime he put a loan on the book, he's developing a ten or fifteen year source of income on a monthly basis. So that the more he could do and put on the books, the greater his long range potential was.
Did these local agents appraise homes for possible loans, or was this mainly done...

They gave their opinion. But the appraising was actually made from the home office. Independent operation.

Did you do this yourself in proceedings?

Quite a bit. And time and again the agent would take an application and we would do other sources—learn something he didn't know and we would turn that application down. That meant that he was tremendous. He would have to accept our decision because we felt that we were better fit to determine or or not. An agent once in a while could get carried away with just vulgar. And we didn't let our agents get carried away with vulgar. We wanted sound business. Unless they, over the years through my experience, was that our agents that we can turn them down. They don't want to spend their time on someone who is worthless. So the that we made

Do you remember any adventures or incidents or happenings during the course of your appraising that were any kind of unusual types or events when you appraise. I suppose everything from log cabins to mansions.

You would once in a while, I suppose only , because the reason excels more then anybody else . They thought because of so and so this must be a big loan. But there is to loaning. This is not a matter of whether a fellow is a good Joe or not. There is location to the resale value. There is a type of home which has a—it isn't the type that you'd sell easy if something went wrong. We have to analyse this from all those angles and we would disagree on what was good and what was not good occasionally. But the final analysis, the officer with the home office who active from that application, . But things turned out false to what we thought it was. Not entirely so we had to train our agents to be frank. But they could be turned down on some level. Because of that, I think it made a better reason

I have been going through the executive committee meetings in the thirties, and we have been keeping kind of a tabulation from—I think it was from 1930 to 1935, of loan applications that were approved and those that were declined. It is amazing that at some meetings it was 50/50. In other words, those that were received and those that were turned down for various reasons.

In the large areas.
KS : Did you cover the incident that developed our procedure of how the loan applications were approved? The fact that there was a time, and this would be back in the twenties...

I Thirties. Go ahead, excuse me.

KS : OK. Where applications where board members would see them and only the board members would see them. They would come out and tell the operators of the association that these were the applications that have been approved for this week. So the operators of the business would not have seen the applications up until that time. The fact that my father in reviewing these in his travels, happened to run across one that was sitting out in the middle of the field on cedar posts. Nothing more I would gather a hunting you know, nothing but I guess...

Four walls!

Four walls. This happened to be a director who had a friend who wanted to borrow some money and put this particular property up and call it a home on some land. As a result of that, the request was made by my father that all loan applications, he was managing the Hancock office at the time, that all loan applications must go through his hands prior to going into the board room which would illiminate 99% of the questionable loans that may have been processed up until that time. Would that have been in the twenties?

DS : That was in the twenties. Then along came 29 * the crash. And along came a lot of poor soldiers. At that time our downstate office--we had one office for each month(?) The managers there and the local directors would pass on the loan on the application, make the loans, and then they would come to Hancock office for ratification. Dropping a stable door right would halt the job. Well the four closures(?) were so ridiculous. When we made an inspection in the thirties, trying, just what and why all these become problems with which never would have been considered a loan. That was when we made the rule that all applications had to come to Hancock. Downstate as well as the U. P. had to be acted upon before the loan was made, unless there was an uproar in the association and downstate offices say that we were taking away all their... The managers were very much disturbed for the__ and it changed the hope that___ which might be from having experienced helpers. That the association with polio(?) was much better then it ever had been. In other words, when we had our eyes on real estate market and everything was going along beautifully, a poor room(?) could become a good room. In fact, when you have questionable times and there is people who had to today and had to work tomorrow. They haven't got anything to fall back on. That is when you begin to find the good ones and the bad ones. So we went through that. I think the experience was healthy for the association because the time that the crash was coming on, we caught this sort of situation before it got away from us too far. ___ were true because it was very unhealthy. You find yourself overloading __________.
We are going to get back to you Ken and your emergence into the organization. We talked a little bit about your work in the field, appraising, and other areas. Was it in this early stage that you also took part in the savings and loan institute courses? Or was that in the later period?

No. The institute courses started right away. Because I had for all practical purposes no background in the savings and loan business or financial institutions at all. So I started with institute courses. At that time they were home study courses. We did not have a group of people in the organization to form a class within the organization. So I would guess 80% of the courses that I took, I took on my own. And then written examinations with a conclusion in order to qualify. Eventually, we because the organization grew, and probably in the early sixties we had enough people we could convince and were interested in taking courses themselves. So we formed a study group within the Detroit and Northern's own organization. Sometimes taking teachers from within the organization who were specialists in an area and sometimes going outside the organization. With the likes of Dick O'Brien, who was our attorney at the time, who would handle our course such as real estate law. Then of course our trade association has a number of meetings every year which are very beneficial. I probably attend one, two, three, sometimes four of those within a years period ever since I started with the organization. That has been particularly helpful because we are actually isolated in the Upper Peninsula and we don't have the opportunity to exchange information and ideas like other people in our industry. So attending these meetings periodically during the year are very helpful.

Well then your training was kind of cumulative, in fact that of a lot of different experiences. But were there any kinds of particular attacks that you had, or encounters, experiences, or relationships with certain people that you feel were kind of in your growth.

Well we work basically in three areas. The Upper Peninsula out of the Hancock office which involved primarily an agency operation at that time. Plus the Hancock office itself. It dealt directly with the public. In Flint we had a vice president who operated the Flint office. I think at that time, one additional branch office. In Detroit we had a down town office with the vice president and probably two or three branches off of that. I guess I traveled down there periodically with my father, as he was doing business. I would tag along you might say. Then gradually become more involved in the discussions and the decisions that we processed on what we were doing down there. Branches, branch locations, personnel and what have you. But I guess the helpful part was the area of vice presidents that I started to work with. At no time were they told to my knowledge, or did I say anything to them about the fact that I was over them and would be telling them what to do.
It was just kind of a gradual evolution where I was listening to them, participating with them, and then eventually telling them what to do. I would say this took place over a period of maybe seven years. At about that time, there was no question about who was ______ and who was following you might say. The point is that these people, Bill Martino in Detroit, and Ben ______ in Flint, were extremely helpful and cooperative—very gracious about the relationship. It is quite a bit touchy, you know with the son of the president...

KS: And Age. Younger than both of you. They.

DS: Go ahead.

KS: Never any hard feelings or any resistance or competition for maintaining control of their own area. I think that was very helpful. Without that you don't know what might have developed or how things would have gone. But they were extremely helpful and gracious as you said. And of course traveling with my father. With that kind of background and experience and with the history of the association, was invaluable. Somebody coming into our organization now for instance and taking over it and running it, would never be in the position that I am in. Therefore, I have to believe couldn't do as good a job as I am doing because they don't know the history and they don't have the background. They might be much more intelligent and much more aware of what is going on in economy today. Much sharper in making decisions about what you should do and what you shouldn't do. Without the background or the business, and particularly Detroit and Northern, and knowing the territory—they can't possibly come up as often with the right decisions as I do. Even though I sure don't hit them all. They would be at much more disadvantage.

Then I think you should mention the fact that a man came up here with some kind of course, speaking about Harvey Stubenhall(?). I asked him to go over this ______, or whatever it was. I think the main—or the reason I would retain in being able to appear before a group and intelligently relate to them on a subject ______ increase the contact of experience training. We might have been a little bit short on the way we'd go about it. That's my own thinking. Then the savings and loan ______ situation have a graduate school program which would be the University of Indiana. It is a three year course and you go for a month to each year.

Two weeks.

DS: Ken and his brother Bob were also the first ones to get theirselves there(?) 90% of the time. But agents have ______. And questionably, it must have been his own doing. At the graduation I could retain the major student cost. Could you tell more about that—you know more about it than I do.
KS: Well that.

DS: This was a terrific... Or didn't you know about that?

KS: The paper is not quite up to the quality that you had to prepare for your Doctors Degree but...

DS: You said it was a thesis?

KS: It was a thesis and it had to do with our agency system. Which is, although we don't have the only operation like it. I think we have probably out of the six thousand associations, there can't be more than two or three others that have a system like ours. So the fact that I wrote about it was very interesting. Therefore, I think helped in the selection of who was going to talk for the graduation class at that time.

I: Do you still have the paper?

KS: Yes! I'd be embarrassed to show it to you.

I: Oh No! That is a primary document for us. I wish...

DS: I wish you had the picture...

KS: We will see if we can figure out something for it.

DS: I had..., because it is personal.

KS: The engineering education falls quite a bit short in the Liberal Arts area. So you learn to write technical documents and this sort of thing. The public speaking, of course is pretty much short changed in college. Part of the Harvey Stubenball(?) course. Which is much like a Dale Carnegie Public Speaking program. Although I think that Harvey Stubenball is better. You know he really has an outstanding program. Part of it was the people that I was takin it with: Such as Jack Rice who was...

DS: Who was Editor.

KS: Editor of the Gazette. Ken Hamar who was running a box factory at that time, I guess in Chassell. Marty O'Connor paid... Many other people that I--slip my mind right now. But all good people in the community. That relationship didn't hurt.

I: Right. Earlier in this interview you mentioned how in the early period there was the Personalized Pension. Of today things seem to be changed. Lets take one area like Public Relations, which involves speaking and meeting in public and so on. What significant..., depending on--that have you seen today from the fifties into the seventies? What is the philosophy of the approach in this area?
Back in the fifties and prior, my father had a desk in the main lobby of the office. The people who came in, and this was everybody from those who reported to work at 9:30 in the morning and left early and those who carried lunch buckets and worked shifts. Everybody in between could stop over and say hi and how are you? It was in that type of Public Relations that the people in the community you can't beat. If a man could say he was in and said hi to Don Seaton today, not only made him feel good, but raised I think his stature in the eyes of the people he was talking with. It is a nice thing to be on a first hand basis with your banker or what have you. At the same time he traveled around, I traveled around and inspected all the homes in the Upper Peninsula that were under construction. As a result of our mortgage loan for the people, we let the people who were going to live in the homes, who had the—who were doing business with it. I know personally that if you walk into a home and if the workmanship is good and it is nicely laid out. But voicing compliments in that direction makes this sort of headway with your customer that you can't buy. You know they just think that you are as good as anybody they'll ever run into. The fact that we were liberal might not be the term, but I think this compared to the Commercial Banks in the 1950's and prior, we were a liberal lender in the Upper Peninsula. So many people could get loans only through Detroit and Northern and not their local banks. That has changed today. They are very competitive, but at those times they were. Therefore, people appreciated the fact that they went to their local banker and they couldn't get financing within Detroit and Northern and we took care of them in good shape. So many people were building their own homes, particularly in my time. They would buy a lot for a few hundred dollars and they had it given to them. We provided a hundred percent of the money that went into the building. That is the sort of thing the banks wouldn't do. Yet those loans turned out to be as good as any we've ever made. So the president of the company was traveling around and meeting these people—common laborers and everybody else on the wide range. We were sitting in the front of the office in Hancock. So the Public Relations and the personal touch was with everybody in the community in those days. That has changed now. We are a much bigger organization. My approach is that I can't afford to take the time to meet the people in Hancock or travel around and visit all the people who are putting up homes with our money because 50% of our customers are in Detroit and Flint and I can't do it down there. Therefore, if I did in the Upper Peninsula, I couldn't attend to the overall affairs of the association. I am on the seventh floor and I don't meet the people generally. Although there is always some that find you. You take care of them and you take care of many by telephone. But my Public Relations then comes through—I meet with the Upper Peninsula of Bankers School at Marquette and Northern every year. I deliver a message to them about what the savings and loan association are doing to help improve our relationship with the Commercial Banks.
I do things publicly. I guess you'd say at a higher level in
group meetings or organizations that to which I get exposure.
The people in the Upper Peninsula and downstate are made aware of
my presence. But that is my approach to Public Relations. But
it is not as effective as the personal touch that was possible
just fifteen years ago. Twenty years almost.

DS

That Public Relations changed compared with what we experience
today, and was brought about by size. We were small enough so
that we could cover a large area. Naturally I would______
in all the various communities. You could mention so and so in
a certain community.

I couldn't today nor could anybody else in the organization because
who's side actually can build an organization to learn an institution.
It can't (I COULD NOT UNDERSTAND WHAT MR. SEATON WAS
SAYING IN THE REST OF THIS PARAGRAPH.)

KS

Probably a good example is the fact that we had financed the
Marquette Mall in Marquette______ of a five million dollar
mortgage. Which is probably the largest real estate mortgage in
the Upper Peninsula. So we had some publicity at the time that
was why the negotiations had been completed. They were ready to
start construction. We had a Press Conference. As a result, we
had my picture along with the builders and the architect and what
have you, was in the newspaper and on television. That is the
type of Public Relations that I can provide for business. Its
broad and it lacks the personal touch. The personal touch now has
to come through our Branch Manager in Marquette. He visits the
people, he listens to their problems, he tells them what a nice
house they are building, and he takes care of their saving problems
which are much more complicated now than they used to be. So he
represents us and it is not the same as knowing the president of
the_______. But at least we try to maintain that personal
contact on the______ itself.

DS : On the other hand, there might be some great values. Because of
organization that he was______ running. They know him, they
have faith in him. Consequently he today is______ to
devolve considerable business, that under no time had______.
Because while I went around and______, everybody couldn't
get in touch with me everyday. But everybody in Marquette can
get in touch with him. I think because of that, Ken was building
quite an organization and was making D&N_______.

Then Ken was on another______. He______ in Marquette
a program and afterwards completed. And had the board
of directors of our organization meet in Marquette
all the bankers and all the builders______. Which exposed
all the directors to the bankers and the bankers to all directors.
Which means that our directors today could walk into a bank in
Marquette (I COULD NOT UNDERSTAND WHAT MR. SEATON WAS SAYING IN
THE REST OF THIS PARAGRAPH.)
I sort of get the impression that you have sort of an educators role. You are not only administering but you are opening up opportunities for people working with you to broaden their visions and . I would suspect that perhaps maybe the directors are more informed. Some of them at least, and some of the areas(? directors were.

DS That is very true.

KS Thats probably interesting the contrast between the two. I can't say for sure how well the earlier directors were informed, but I know that we provide our present directors with alot of information. At the same time by building what we hope is a very competent staff of people. We are asking the board to permit us to do more things without their close supervision. To set broad perimeters in which we can operate and let us go ahead and get the job done so that we don't bother the board with routine matters. But just try to bring in those things that are different from which need their input that the routine brings to us. At the same time, you know our boards now, and I probably have to go back to most of my time. I don't know that it is too much different during my period with the company. From what I hear and what I understand, I think the boards now are better informed and yet they do less. Years ago the boards were less informed but much more involved in day to day activities. It looks like we've moved in the direction of being better off on both sides. You have to have confident staff in order to be given that responsibility.

DS You have to have a board of

KS And the only way you can maintain that is to keep them well informed so that nothing unexpected comes up. And if they're not informed about what is going on.

We have just a few minutes left here. I would like to pick up another aspect on the Public Relations and so on. I think one of the things that has been among us for certain years and involved in the organization community service, and that too has become your role. I'm just wondering if--how did these values of interest in people of community affairs generate. Was this then, for several years in the very beginning when you came to Hancock and retained the so called cashier and then manager and so on--Taking a very active role in the community. What is the reason behind this personal philosophy? Or was this the way the organization grew and if its leaders were taking an active role in the Community? That is a very complicated question. I don't know if I said it wrong.

DS : I can give a very answer

I Keep on going
And the answer would be, I believe I wanted to become involved and I wanted to be a part of the community because I came in from the outside and I came upon a ______. I just wanted to be part of the community. Close to that time I was single. So maybe I __________. I wanted to be more then just building a loan _______. I wanted to be part of the community and I also felt that this was an average type to do business _______. Which was all we had at that time. (COULDN'T MAKE OUT THE REST OF WHAT MR. SEATON WAS SAYING.)

I think one of the things that I wasn't sure for a dedication is what I read in some of the newspaper articles on the and building. I forget the exact way we put the slogan but it is something about the new building representing faith in the community. You're not about to move--I don't know. How do you come out---I mean what I am trying to get at is. . .

__________________________, you are here to stay.

Yeah. You are here to stay. I think that this has probably been alot for the community as a whole. Which has suffered from __________ and Mining Industry(?) and so on.

Well the responce that I got that day from the statement indicating that __________.

The new building has had a decided effect on the community. And then to get up and say "this is where we started, and this is where we have grown, and this is where we are gonna stay." You know just raises the whole outlook of the community measurably. We talk about Public Relations and being active in Civic Affairs. I guess I have to think that most good people would do that. Though you always see a few that you think are doing it for selfish reasons. But I would say not many. You know by enlarged, 99% of the people who are active are just good people and they are concerned about their communities. The same as they are their family, the same as they are their business. If you can help to improve for better, they do.

(COULDN'T MAKE OUT WHAT HE WAS SAYING.)

It is my knowledge that our boards have always been open and willing to let the officers put in time, association time. Although by enlarged, it ends up as personal time. But not objectent to the people becoming involved

It is interesting, Art, to pick up the newspaper and read about somebody (COULDN'T MAKE OUT WHAT HE WAS SAYING FOR A FEW SENTENCES) So especially those coming in from the outside and gradually get acquainted and involved. (COULDN'T MAKE OUT THE REST)

Well, thank you very much and I think we have
Art Puotinen:
This is an interview with Art Puotinen and Ken Seaton and Don Seaton on July 2, 1974. Today we're going to try and get an over view of some of the basic features of Detroit & Northern's institutional life, and I suppose the best place to start is with the name of the organization itself. It is a Savings and Loan institution, and as you consider the whole area of savings today, Ken and Don, what would you say would be some of the basic goals that the institution has in the area of savings? Right off the bat I know one of the basic goals I know is increasing in the savings, but in terms of the whole savings area with customers and so on.

Ken Seaton:
Savings have been the foundation of the savings and loan business and generally you increase savings as fast as you could and then with those funds made loans to balance off. In effect then the growth in savings controlled the growth of the Association. Our approach to that has changed and that we now say that there are other ways to grow other than just relying on the savings of the public. For instance, borrowed money; and our primary source of borrowed funds is the Federal Home Loan Bank, we see that we will rely to a greater extent on borrowed money in the future. In the past, Detroit & Northern has always been an Association that was willing to borrow money but generally it was borrowed to balance off a drop in the savings picture, in order to maintain the loaning side of the ledger you would borrow funds to balance off. Now we see that we would actually, to some degree and to what degree we are not certain yet, but to some degree we will always have borrowed money and will use it as a growth as necessary to accomplish the growth that we want. If the savings are good we will have we will borrow less and, in fact there should be periods where we will repay the borrowed money. I think now that we probably gone for some, I have to go back and check, but I bet it has been over five years since we have been without borrowed money. So you can see that during at least that time, it might go back further than that, we've we've always had some borrowed money on which we were operating. The goal for growth than as we see it should be slightly faster than the industry average, and this makes it possible to obtain that goal because if the industry average is very low due to the economy, and now if we just exceed a low growth be one or two percent, then we've maintained our goal of growing faster than the average. If growth is very fast, well again we should still be ahead of it slightly. And we see this being possible because of the diversified nature of our operations working both in metropolitan Detroit and Flint areas as well as the rural areas of the Upper Peninsula.
Therefore we have a steadier base from which to operate. We will go into new types of programs to generate savings. We're about to come out with a new program now that will promote the receipt, the direct receipt from the government of social security checks, thereby eliminating the need for people on retirement to deposit their checks with us or some place else; but they will be deposited directly here. The funds will be available to them on the day that the social security administration releases them. This is a benefit to the Federal Government, that is really why the program came about. But indirectly, the public will benefit also. We hope to generate a fair amount of business from this area. There will be, we're more actively pursuing the savings payroll program, I think we have something, not sure if we have something at Suomi or not, I know we have made the approach. That can be a growing program. We expect that we'll get into self-employed retirement funds under the Keogh program and those are long term funds that come by, withdrawn by the people once they get started in it. So that will be a very stable type of savings to have.

Art Puotinen:

You say Keogl. How do you spell that?

Don Seaton:

Keögh, I believe it is.

Ken Seaton:

That program, I think, started with a maximum of $25,000.00 a year and now it's being increased to $75,000.00 per year. So that could be substantial and they are expanding the number of people who can participate in it. So those types of programs are helping with our growth. We do not have a person who is primarily responsible for the savings program. The area managers have assumed that responsibility and we do have a girl in this office by the name of Carol Gulstrand that is our technical advisor. She helps us set up the new savings programs once we develop them to make sure that they operate properly with the computer center and this sort of thing. But that is a spot - the other help we get is from our marketing man who is primarily savings oriented, generating new savings. But we do have have one person that we could point our finger to and say that person is responsible for generating savings for the Association for setting a goal and attempting to reach it with the help of the marketing people and the technical people like Carol Gulstrand. But that spot will be filled in the near future meaning the next, I would guess, two or three years. We should have a person who would assume that responsibility. The results then should improve, I would guess.

Art Puotinen:
In the time that you have been with the Association, Ken, the middle '50's to the present?

Ken Seaton:
'57 to the present.

Art Puotinen:
Right. What have been the sort of a savings trend, at one time the Upper Peninsula was really kind of a strong hold for the savings, was it not? Has it still maintained this status or are you moving more and more in the Lower Peninsula for the savings?

Ken Seaton:
Well, we keep talking about having to depend on the Lower Peninsula and that we must look to the Lower Peninsula in the future. However, the facts continue to bear out that the Upper Peninsula has to be relied on as a foundation of the savings growth. During this present year, for the past twelve months as a matter of fact, when the saving business has been very difficult, it's been very slow and we've had some ups and downs and it certainly has been a very difficult time for the industry. The Upper Peninsula continues to grow very steadily and Detroit has had some red months and Flint has had some red months, but the Upper Peninsula keeps growing month after month. So in difficult times, particularly the Upper Peninsula carries the load. When savings come in very freely, then Detroit and Flint have the big growth, and so we look to them for the rapid increase when times are very good for savings. But even during those times the Upper Peninsula just keeps going along in its steady pace. And its good. We would be in trouble without the Upper Peninsula.

Art Puotinen:
How do you account for this? Is it because people are more conscious up here or the standard of living is not quite so high and people are more willing to invest in savings?

Ken Seaton:
Both I think are true. As you get away from the metropolitan areas, people are more conservative and they don't have the temptations of all the various means of spending the money as you find in the cities. You know that the whole outlook on living is different. And the Upper Peninsula has over the years basically experienced dramatically hard times. So the people by natur are prepared for something worse and so you find even those people of very mediocre income, incomes that the Federal Government say we cannot possibly live on, their poverty level incomes and according to the Federal Government, these people have substantial
savings accounts. Maybe five, ten, fifteen thousand dollars tuckered away you
know and supposedly they've been living all their lives on poverty type incomes
And send their kids to college and the whole works. I would guess this is
probably true in more rural areas, not necessarily the Upper Peninsula.

Art Puotinen:
In the last fifteen years, was there any particular time that (?) stood out as
a high water savings in the mid 60's.

Don Seaton:
There are years that you could single out as excellent years compared with other
years - depends on the overall economy. As Ken said, the Upper Peninsula goes
on and on but the Upper Peninsula growth is affected by the lack of growth down
state from year to year, not every year but as Ken said when things are going
good savings wise down state, we expect a substantial growth. On the other hand
the next year may be a red figure. Whether Detroit & Northern or the Upper
Peninsula will hold Detroit & Northern in the black, so to speak. There's one
point I'd like to make here, what your goal is. Your goal isn't, in our partic-
ular base at this time, government by savings. In other words, we're not setting
up a goal for savings. We're setting up a goal for the entire Association
operation. For instance, your growth in savings is governed to a great extent
by a growth in loans. When the growth of loans is a real growth in the Association
and therefore savings not keeping up with their own demand, causes us to go to
borrow money and that's why Ken states that most likely we're always have borrowed
money because we want to get our own demand. If we don't meet our own demand
while we have it, as you can get out from it, and we don't propose to get away
from it.

Art Puotinen:
Do you recall, D.W., when the Association first went for borrowed money, was that
during the depression?

Don Seaton:
Yes, the Federal Home Loan. We had borrowed money before the depression but
there was, well this never amounted to very must. We could say today that if
we wanted to borrow and we could say six month holding things back from now.
We'll, we can't do that today.
Art Puotinen:
Has there been any particular officer or key personnel in the lending actions with the Federal Home Loan Bank or other institution that would be important to mention that you had, you know business dealings with.

Don Seaton:
Well, you can't get away from your controller. He's watching the flow and the flow governing your borrowing. He has to keep up with what Detroit needs this week or next week or this month or next month and Flint was and the Upper Peninsula. For instance, you have set tax dates. We have, we have to meet the property taxes. We have to be prepared for that, so you might say that the controller is a man that keeps the management informed as to the needs of the Association in sight of where our money is concerned.

Art Puotinen:
Are you referring to the Association controller now? Right?

Don Seaton:
Ya

Ken Seaton:
If you're talking about any one person that, I would say D.W. probably has been involved in borrowing money to a greater extent than anybody in the Association. That responsibility is now assumed by Fil Halonen, our controller and Executive Vice President.

Art Puotinen:
I recall reading in the Board of Directors minutes, I think it was in the early '50's that you made a few junkets to Washington to negotiate loans also, or did I read that incorrectly?

Don Seaton:
I think it was Indianapolis

Art Puotinen:
Indianapolis. There's no, has there ever been a need for either of the two of you to go to Washington to represent the Association?

Don Seaton:
I've gone to Washington representing the Association where the brokers of the country decided that they could switch funds from Associations in the East to the West Coast because the West Coast was paying higher dividend rates. Of course they got the fee for doing this. But we had to come back (?) and they
and to justify our position that it was necessary for them to be in that type of business, but there is nothing you can do about it and somehow or another that business has faded.

Art Puotinen:
How long ago was this?
Don Seaton:
'50's.

Art Puotinen:
In the '50's
Ken Seaton:
That was at a time when the rates paid on the West Coast were higher than those paid on the East Coast. The economy has evolved to the extent that most every financial institution pays the highest rate their allowed to by law under Regulation Q. So the East Coast and the West Coast are paying the same rates.

Art Puotinen:
So there's a new statute then to rectify that situation

Don Seaton:
As a matter of fact, it ended then more by state laws then they were by federal law and with the base of the depression the income of the Federal Home Loan Bank and joints of account, they had to equalize the rates all over the country. And that's the position we're in today. No area has an advantage over another area. We can pay as high as Los Angeles, San Francisco or any other top area today. Not that we appreciate it's powers.

Art Puotinen:
In this goal of obtaining savings, we'll be talking about advertising later on but, have you developed any recent sort of educational programs to encourage thrift consciousness in the general public?

Don Seaton:
That's where Ken brought in the payroll savings and this Koelville, if you can cultivate the thing to that type when you have a steady flow of savings. Whereas otherwise you're depending on the people walking in the door and say here's some savings I want to leave with you.

Art Puotinen:
And you're in a much more competitive situation too, aren't you today than perhaps years ago with banks and other institutions?
Don Seaton:
Very much so.

Ken Seaton:
Competitive means that there is less difference between the banks and us. I think years ago we used to pay a higher rate than the banks, substantially higher. We pay very little more than the banks now so it is much more competitive.

Art Puotinen:
Why is that so?

Don Seaton:
The banks finally found out that the savings business, the want of their business, is good business where at one time they ignored it and it relied entirely on commercial accounts where there would be no interest and the banks then made good money with the dividends for the stockholders. But they saw the Savings and Loan going by leaps and bounds on savings only, no commercial accounts, and they finally decided they better get back into savings. And that's how that came about.

Art Puotinen:
Any other comment on the area of savings?

Ken Seaton:
No, except that it's probably gonna become more competitive. We foresee where it's a very strong likelihood that Regulation Q, which gives us an opportunity to pay a higher rate for savings than the commercial banks, that Regulation will be eliminated and the banks and the Savings and Loans will be paying the same amount for savings. Therefore, we would have no longer competitive advantage there. We see that corporations probably will be floating small denomination bonds for a $1,000.00 or so, maybe even $100.00, and therefore will be appealing to the R market of the savings that are the family, the small saver, who traditionally has been the people we look to in the savings and loan business for growth. The credit unions are becoming larger and stronger, so we see that that market is going to become more competitive, therefore we are going to have to have new programs and aggressive advertising and aggressive marketing and by the same token, we probably will not get as large a share of that market as we did in the past and then we'll look toward borrowed money possibly floating bonds or debentures ourselves in order to raise capital. So the structure of the business could change because of the competitiveness.
Art Puotinen:

Are you getting a more aggressive type person in many of your personnel slots?

Ken Seaton:
Definitely. Ya.

Don Seaton:
We're specializing more. They have the knots in the Association to take care of and I have mine. Whereas days gone by I had everything so to speak. That day's gone and it should be gone. I couldn't keep up with a lot of things that I had to do because of the size of the Association today. It is just too much to think of one man having his signature on everything. You have to have your key men and you miss that in the next bracket in the organization and reporting to him and keeping him informed as to what is going on. Specializing, that's what it is.

Ken Seaton:
We do have goals and objectives and each of these people have their own goals that are set annually, and they make every effort to achieve them. So they are very aggressive in trying to achieve their goals and their compensation to some degree is based on that success, so we are building competitiveness into the system. I mean it is a part of the way we operate. This is a very recent change, however.

Don Seaton:
It is a good change and it is working out real well. You have to be careful on the men you pick and so far Ken's been very fortunate in having his pick of men up to this time.

Art Puotinen:
How do you pick your personnel? Are they screened by the officers or does the Board also get involved.

Don Seaton:
No, the Board does not

Ken Seaton:
The Board's, we try to restrict the Board's involvement to setting policy. Primarily as having each little to do with the operations as possible. So we hired the personnel man two years ago, two and a half years ago maybe three years ago now because of the fact that we were moving into a period where we had
to hire more capable people in special fields and so he is backgrounded for personnel work and he does the initial screening on all the executive type people and then there will not be the people in management, two or three sometimes as many as six people who may have some contact with the new individual. So it's a pretty careful selection process.

Art Puotinen:
I know many of your clerks and lower expeon personnel are local people. How about your higher management officers? Are you finding good recruits for the headquarters here in the immediate vicinity or are you having to go to the outside?

Don Seaton:
If we find them we'll use them. If not we have to go outside. They're just not available at the same extent here as they are in the larger areas. We really do get a lot of help. We do get a lot of help from keeping contact with Tech on graduates. You migh want to say something about this.

Ken Seaton:
Yes, there are basically two recruitment programs for management people. One is to fill specific slots such as we have over the past two years, say each personnel mortgage lending marketing advertising controller and we recently hired a man, a computer specialist, who will help us make better use of our computer center and do a feasibility study of putting in our own computer. Those people have specific slots. We found we had to go outside. They're just not available in the community and to some degree not even in the Upper Peninsula. We look, we do confine our search to the industry but we will look outside the industry for these people. We feel if they have native intelligence and ability and aggressiveness that we can train them in our business. We can't train them in those other areas, they have to already be developed. So for the specialists we go outside for management trainees. We have looked, I think probably to a great degree on Michigan Tech and have hired some very excellent people out of their business department, and I think Central and Michigan State and either Wayne or the University of Detroit in the Detroit area. These people are all management trainees that come in and will move into the management positions, but for the present time are not slotted for any particular area. So local people fit very well in that category.
Art Puotinen:
So as I hear it, the new breed is really a college graduate type and some of the better educational institutions. When did you start moving to the college graduate? I suppose you're entry is really sort of signals the beginning of that new era that, does it not?

Ken Seaton:
No, not really. Not until we hire a personnel man who has a MBA and having worked in the recruiting field, saw the advantages of hiring people with business, with a master in business administration and therefore that's our primary target. We have, the Association management group has been made up in the past primarily of people with some college but not a college degree. The problem that we ran into is that when we hired these people for with particular jobs in mind that were very adequate, but as the Association grew and the business became more complex and were unable to grow and handle the job, and we ended up, I would guess something like 10 years ago we possibly started to see the effects of being understaffed in capable people in some of our middle management and even some of our higher management positions, and it took us a while to try and figure out where we went wrong, you know. We figured we couldn't have made so many mistakes on so many people, but finally came to realize that these people who had adequate abilities when we hired them couldn't grow with the job. Some could, of course, but the majority couldn't and so we were left with people that couldn't handle the jobs that they were faced with. And therefore probably to overcorrect, went with the people with masters in business administration to try and beef up our management staff. We haven't really felt the effect of that yet. I say we've only been on that program three years at the most, so these people are still in training or just coming out of training and we see no benefit from it. But we hope over the next five years to start seeing some results, get some strength back in the middle management area, primarily in the Association.

Art Puotinen:
I thought the banquet the other night was very significant in many respects not only in its acknowledgement in Blanche's fine service for many years, but you are able to blend in personnel who represented many years of service in kind of almost, I don't know if the term family is appropriate, but the and when the institution was smaller with the face to face contact with the public every day, there was, there comes that sort of feeling to the or of the sophistication of a top notch institution today, you are blending both of those characteristics, I thought that someway, I mean you had your aggressive young personnel kind of still in view with that spirit, you know, it was an interesting mixture, I thought.
Ken Seaton:
We have been fortunate with the organization because a lot of the older people, and I talk about some who are not adequate for the job, there are still many who are able to grow with the job or were properly placed, and so we have a strong base of long time older or more mature employees and now we have some of the new more aggressive ones coming in and it is a mix and but still the organization, at least to this point, is a very close organization and we've been able to maintain good staff relationship from top to bottom so far. I'd, that becomes more difficult with every year. How long we'll be able to maintain it I don't know, but it's something that you have to work at because when you stop and you develop a union and the union takes the place of the family relationship as you put it.

Art Puotinen:
This is a new but out of time sequence, but Mr. Hinks, in the interview with him mentioned that something of that family relationship or family mentality existed between you and Mr. Douglas that he was fond of referring to you as almost his boy or his son. Is that true?

Don Seaton:
Somewhat.

Art Puotinen:
So he really was, evidently then, quite a mentor for you and

Don Seaton:
Yes

Ken Seaton:
Well, you have to say they're very close. They were close and even to this day Mrs. Douglas is still living and up until, I would say the last two years, she was included in all our Association's get-togethers because she was that much a part of the family; however, her ill health prevents her from doing that anymore. But the directors and people from down state who come up here more often than not stop over to see her and visit her for while, so she's still more or less part of the family.

Art Puotinen:
How important would you say loyalty is to an institution?

Don Seaton:
About what?
Art Puotinen:
Loyalty
Don Seaton:
Very much. I think loyalty is one of our strong points. Getting back to some of our mediocre employees, there's certain jobs within the Association as has everyother business. It has to be them. And there is a type of people that can't advance very much, but you can give them a job and it has to be done, it is important, regardless, and they will do a good job. That's loyalty. Couldn't fire those people. They'll never go anywhere beyond where they are, but they're happy. They're like the Association, they like who they're working with.

Ken Seaton:
It is harder and harder to develop loyalty in the young people. And it is even more difficult in the metropolitan areas.

Art Puotinen:
I know Ben was remarking that sometimes the new comer would like to have a top level position right away without going through years of proving himself and learning the ropes. Maybe that is a sign of our time with many organizations in the under graduates.

Ken Seaton:
There's impatience there. They want to get going, get moving and then participate in the better things that are available in life.

Don Seaton:
Whether they are justified or not.

Ken Seaton:
We talk about young people coming in with college degrees or master degrees, and what have you, and we see potential danger there of training many of those people and having them go on to other job positions. It's not, you can't fool yourself into thinking that because we feel we have a good organization that 90% of those people are gonna stay with us. I guess if we're able to hold 50% of them and they turn out as well as we hope that we'll be successful.

Art Puotinen:
You talk about competing with other financial institutions. Are you able to compete salary wise with banks and other organizations to keep (?)

Don Seaton:
Yes. I put it this way that with Ken's leadership in that field and there's that personnel department and what not and the knowledge that they are gaining more and more about other institutions whether their banks or savings and loan or
what have you, that they are developing position salary wise in the Association that we, if not entirely competing with others, we're in our own and in some cases, we're better.

Art Puotinen:
And I suppose you may find people just as does Suomi or Michigan Tech or other institutions who like to be part of the Association here because they enjoy the locale and, I know the other day when we were waiting for Mr. Hinks, there was a gentleman who wanted to apply for a position and he was anxious to join the more friendly climb of the Upper Peninsula.

Ken Seaton:
That's an interesting factor. If you find people who appreciate this style of living. They'd do most anything to get to be here and an opportunity to work for a relatively large business, such as Detroit & Northern with a reasonably good salary as they see it as a golden opportunity. On the other hand if the people have not yet seen the light, particularly with sives, there's no way you can pay them. Infact what happens is people are demanding excessively large salaries to accept a job with us.

Don Seaton:
He thinks he's doing us a favor.

Ken Seaton:
Of course, we look at it the other way around. If we have the good way of living up here and therefore they should be willing to take something less than

Art Puotinen:
Surely.

Don Seaton:
They have to like it to come up here

Art Puotinen:
Yes

Don Seaton:
And if they do, and good employees in every way so to speak. Their salary is right. They would be what you call loyal employees.

Ken Seaton:
I thought we had one recently who is neutral and it was a position, an attorney's position, we're looking for a staff attorney, and he appeared to be neutral in all respects. He and his wife had lived most of their lives in Detroit. He was looking for an opportunity rather than location. And therefore the location
he said was OK and what he wanted was a challenge and the one thing that we feel we provide to most anyone we hire is a challenge and it's something they have to strive to achieve and be successful at. But so we determine what salary would be reasonable and he countered with something substantially more and so as it turned out with further discussion, he was demanding a relatively high salary because of the area. He recognized the opportunity but still he penalized the area because of where it is and therefore said he had to have a little bit higher salary in order to justify coming here. So he might have been you know, outwardly said, he was neutral on the area but in effect he wasn't. So there's no, you're not neutral on the area. Either you like it and this is the way you want to live or you're against it and you want to be closer to a metropolitan area and you want no part of this remote location. I don't really think there is any neutral person.

Don Seaton:
I don't think there is a person up here in the organization today that is wondering why he's here. In other words, he came liking the area, (?) with it. And his family. The family's a big factor.

Art Puotinen:
I would certainly concur with that. Well maybe we could move on to the next topic here - loans. I guess when the Association got started and Mr. Hinks had needed a house for himself, that was one of the inspirations for the Association. You, over the years, gradually moved from single dwelling homes to a variety of different types of loan possibilities. Could you enumerate them briefly.

Ken Seaton:
The single family residential home either to buy or to build, the construction loan for a builder who would put up a number of single family homes or duplexes or small apartment buildings or large apartment buildings and now particularly in the metropolitan areas, condominium loans, construction loans. And then you get into land development loans where the developer will plat and put in streets and sewer and water and electricity and gas and then sell a lot of loaning to people who have built shopping centers or motels, small or large industrial buildings, warehouse type buildings. Most anything to do with real estate. We would be interested in talking to people about their, the loans that they might need to accomplish.
Don Seaton:
Even the extent of nursing homes, doctors clinics and hospitals.

Ken Seaton:
The real estate loan, the loan that is backed or is secured by real estate and buildings is the basis for our operation and even though things are changing and we're getting into different types of real estate loan, my personal feeling is that the real estate loan will be the backbone of this industry if it's to continue and survive as a savings and loan industry. There's a lot of talk about moving into other types of areas that the commercial banks get into and I don't see that happening personally. I think that commercial banks are by and large, continuing with commercial type loans to corporation and industry and the savings and loan industry will sign it's operations primarily to real estate loans. And those having to do with shelter primarily, and that's the homes, the apartments, condominiums, motels, nursing homes. They provide shelter. We're most qualified to analyze and evaluate that type of loan and be successful in that business. So I think we'll continue as a specialized lender. That's the future. We also, of course, get into the consumer type loans, home improvement loans. We have authority to make unsecured loans up to $5,000.00 on your signature. We make mobile home loans which is a consumer type loan. We probably will get into the consumer type loans more heavily in the future although the volume will never be great because there's not that much to be had throughout the country. And there are other lenders who are aggressively active in that field and we can only hope to obtain a percentage of that business and therefore dollar wise it'll never be a big part of the savings and loan's business. But it's a short term loan and provides a better, more liquid base for us to work from. It provides more liquidity, the loans turn over more rapid.

Don Seaton:
There's another angle to the consumer type loan and that's you want people who are doing business with you as mortgagors and they need an improvement loan or they need to buy appliances or what have you. We will take care of them because they are really honest, and they like that idea because they are doing business in one place. Whereas the bank advertises and rightfully so, that they'll take care of your automobile and your snowmobile, this that and the next thing, as well as
all of your other types of financing. What you can find in the consumer field to the people we're already doing business with, however, we do go outside of that field.

Art Puotinen:
In your last 15 or 20 years, what was probably the biggest deal financially that you undertook? Or at least one or two of the

Ken Seaton:
My knowledge is the Marquette Mall. Is that right? That ran close to four and a half million dollars.

Art Puotinen:
When in the Southern Peninsula?

Don Seaton:
In what?

Art Puotinen:
In the Lower Peninsula

Don Seaton:
Oh, in Marquette

Art Puotinen:
Yes, I'm saying that was a big deal in the Upper Peninsula. Was there another one in the Lower Peninsula that was equally or almost as large?

Don Seaton:
The only way you could talk in that regard about the Lower Peninsula is certain builders who work together on big projects such as a thousand homes or a thousand apartments, a thousand condominiums; that we will even finance them. But it doesn't come in in one package. But in the overall, there are some builders that have come far beyond four million such as (?) or what have you. But can't look at it the same as you look at this Marquette (?) END OF FIRST SIDE

Along with that there are quite a few of banks in the Upper Peninsula participating with us in that field. Otherwise four and a half million was our initial outlay, our original outlay, but today when we complete our participation with the banks, we'll probably end up with less than three million on that same project. Am I right?

Ken Seaton:
Right.
Don Seaton:
So we do ask the banks to participate in our projects and they are anxious to participate with us and we will if they have a project and they want us to go in and we think it's alright, we will. It takes the burden, as a less or smaller burden you might say, on one institution. And with having several banks participate with you as we do up here there's that many more people backing the project.

Art Puotinen:
Now who, Ken have you been involved quite heavily in the negotiations or were you rather with the Marquette Mall project or was there another representative?

Ken Seaton:
Well, in the early stages, yes I was, but gradually Fil Halonen assumed responsibility for that loan and has been working with them for probably the great majority of the time and still is today. And we did hire a man to coordinate our overall mortgage operation, Keith McLeod, a year ago and Keith has been involved to quite a degree also over the past year.

Art Puotinen:
Along with the question about what was the biggest deal, and I don't know if it will, if the answer will be the same, but I'll, which of the deals that you consumated in the last fifteen or twenty years has been the most difficult one, that's had the most problems to work through?

Don Seaton:
We never had any with any problems.

Ken Seaton:
That's a good answer. I guess one comment the Marquette Mall has turned out to be probably the most complicated loan we've had because there were a number of investors and also three or four principal partners and then there were like ten limited partners and 2/3 of the way through the project, it required some refinancing. Partners had to put in more money, the organization increased the size of its loan. The partnership relationship was juggled and we ended up with one principal partner and I guess and

Don Seaton:
One principal owner.
Ken Seaton:
With one principal owner with no partners and then some limited partners involved and so the ownership relationship has changed and also, although Detroit deals with what we call the big city builders and developers and promoters on a regular basis and are accustomed to it, this was our first experience in the Upper Peninsula of dealing with principally with Chicago and Milwaukee builders and developer, and I tell you it's an entirely different ball game than dealing with a Upper Peninsula contractor. And then saw that from that side it's been a real educational experience for us to be up here to handle that type of loan too. But it's turning out to be a very good loan, a very successful loan. That's good for the Upper Peninsula, it's good for Detroit & Northern. It appears that in time it will be very profitable for both Detroit & Northern and for the owner.

Art Puotinen:
Are there any prospects for a mall or something comparable to that in the Upper Peninsula, in this vicinity?

Don Seaton:
If you mean about the word comparable, it'll be all right.

Art Puotinen:
OK

Don Seaton:
In the meantime as time goes on, I wouldn't be surprised if you'll find malls on a smaller scale. My guess is in a favorable location you might say is the "HUB". Some people call it the "HUB" of the Upper Peninsula. And they have a big drawing area. They have also a good university and they have an iron mining going. They've got a lot that we up here don't have. So naturally we couldn't expect anything to compare with what we financed down there to pick things up here.

Ken Seaton:
Figures I've heard in the past is that you should have a $50,000.00, 50,000 person population base to justify a decent size shopping center and between Houghton and Keweenaw and Baraga counties, we don't come up to that. If you look at just Houghton county between Calumet and Hancock and Houghton, we're far short of that figure. So I rather doubt that there will be a shopping center of any size ever developed up here, but you could find small strip centers, as we call them, they would involve maybe six places of business. And a good possibility is the Copper Range property on the lake front in West Houghton. That area
presently is zoned for commercial and it probably, it would be a good spot. I am not sure what else would go down there, but that would be ideal as far as the business people are concerned because it's close into town. It's not like you take something and put it out half way between Calumet and Hancock. That would be undesirable because it would take business out of the community. But having a new center like that close in to one of our downtown areas would be very desirable. It would be a good thing.

One last comment on loans is that we are trying to move in the direction of mortgage bankers and that we will try to generate as many loans as we can with our staff and sell of and service the excess. This serves two purposes. The first is we will not have to shut off lending money to our good builders and developers through good times or bad, we should be able to provide them with funds and, if we end up with too many loans, we will try to sell them on the secondary market, and therefore get the total portfolio, loan portfolio down to where we can handle it. Secondly, if we sell the loans and maintain the servicing, you can make money off of servicing the loans. You're paid today on the average of 3/8 of 1% to service a loan. And what they, you need a fair volume in order to make it worthwhile, but once you do have that volume that can be a profitable business in itself. So that's the other side of balancing your growth. On the savings side, we'll balance the need for funds with borrowed money or bonds or debentures, some other way of generating capital, and on the lending side, if we generate too many, we'll sell them and if we don't generate enough, we'll buy. There's a secondary market for mortgages and we should be developing a position, we are developing a position where we will buy or sell depending on what it needs to balance out the other side. So it's a constant moving operation. I guess our total growth that we would shoot for would be 10% annual growth compounded growth as a minimum with probably a 15% as a, what's the word that we use in stewardship, the type of goal?

Art Puotinen:
The challenge goal?

Ken Seaton:
Challenge goal would be 15% and because we can't handle, we can handle an annual compounded growth of 15%, we think we can digest that in the organization. There will be periods of a 20% annual growth rate, and we've experienced that in the last 15 years, well during the 1950's, it was, that was on a regular basis almost, those were really the golden years I think. But today a 15% or a
20% annual rate of growth is too much to digest. We can handle it for one year, we can probably handle it for two years; if we had to go through that the third year, it would start to affect the personnel. I don't think you can efficiently staff adequately to handle that kind of growth because you need more people. You need to train them, and they have to be able to handle to much volume. You couldn't do it efficiently and secondly you couldn't be able to generate enough reserves, enough earnings to maintain a good capital base. You wouldn't be able to do it. You would start to hurt yourself looking at your statement form as a financial analyst. You couldn't do it. So 20% is too high and we now face up to that. Probably five years ago we would say 20% what's we always like to have. Well, we've been and we know we can't keep it up; it's too much of a strain. Fifteen percent is pressing us. That is a strain, but we feel we can live with it. So that's the challenge goal. We would probably be operating most efficiently with a minimum amount of slack if we had a 15% rate of growth every year.

Last year, let's see, the figures I was looking at the other day and I think they ran through May, through the month of May for this year, and we were growing total funds; savings balanced by borrowed money were generating an adequate number of loans at the rate of 16% for this year. So we were right for the first five months of this year. We were operating at the peak of efficiency or a hair over.

I, we don't forecast that we'll maintain that for the rest of the year. That is little to go on in times like this when things aren't suppose to be so good.

Art Puotinen:
The wine is a little bit too sweet.

Ken Seaton:
Yes.

END OF TAPE
This is an interview on August 13, 1974 with Art Puotinen, K. D. Seaton, and D. W. Seaton.

I: Let's begin today, men, by looking at the career of perhaps one of D & N's most illustrious employees and staff members. Since our last interview, D & N has had a very festive occasion for Blanch McLain, recognizing 50 years of devoted, outstanding service to the organization, and we've had a chance to speak with Blanch, briefly, about her involvement in another interview. But as fellow colleagues, and also superiors of Blanch in the organization, if you could summarize, briefly, her role either in terms of specific accomplishments that she has done over the years, or simply personal qualities of her which made her do so well in the job. What would you say about Blanch as kind of— in retrospect as to her role in the association? She began with you, D. W., in 1924, didn't she, and she came on at the very outset, and learned the procedures of the organization from the bottom up. But how would you describe the involvements that she had over the years? Did she get involved in every phase of the operation, and was there any particular phase of the operation which you feel she had a particular expertise or made a special contribution?

D: You would have to say that Blanch excelled in office management, not all phases of the operation. It would be impossible to say all phases, because a lot of the phases are outside work and branch and agency contacts that she had nothing to do with, so to speak. But internal operation of the home office, guiding the flow or work, making each one's job comfortable and getting results from each one in their own particular field within the office.

I: Was she skillful at this by reason of any kind of training she had or was this—

D: I would say this was naturally with her to be that way. She was just a natural leader. She joined the association as a stenographer, but not too long with the association before she was, you might say, inside manager. I don't know how you would put it. She did most of the hiring of the help in the office and arranged their schedules. And at the same time, she was the, in a sense, an assistant manager. When I, myself, would be out of town or otherwise engaged in various parts of the operation, she would take over and see that things—that some of the things that I
normally would do, were being done and taken care of. I don't know what kind of language you want to put that all into.

I: Well, is, or was, Blanch's role to you, Don, and also to you, Ken, unusual in the association that you had this kind of—it was not a man-to-man situation, but you had a woman in this kind of a strategic position, or were there other areas in the operation where women have occupied such an important role?

D: Yes, there has been other areas where women have responsible positions. But somehow or other, this being the home office, Blanch was just a little bit more than some of the others because she's willing to take on responsibility. She wouldn't shy away from it, nor would she take it upon herself to do things that you wouldn't want done. She was very considerate of her position to the extent that there were limitations, as there always are, and at the same time, she kept everything moving as you would like it to be moving.

I: Were there any suggestions or improvements or changes in the internal operation that she gave that panned out?

D: You might say that she was doing that every day. It was so numerous that I don't know if I could spell out any in particular. She just made sure everybody was on their toes and the operation was going smoothly and particularly, in dealing with the public. She's always had a wonderful faculty of making the public feel at home and comfortable when they came into D & N to do their business.

T: So in a sense she was almost a public relations person?

D: Yes, in a sense, you could say that.

K: The savings and loan business is not a glamorous business. It's a matter of following routines and procedures and doing it right, and then things come out right. And she did a good job of that. There aren't many people that are capable for one reason or another. She's just a very dependable, faithful person that the employees liked and the public liked. That was her value, really, to the association. That's hard to find.

D: You could put it this way, that is days gone by there were some who questioned her position. Questioned me to her certain authority to do this, that, and the next thing. Why don't I have a man there? When they got to know her and watched some of her operations, they were so thrilled. They were surprised, completely, of her capabilities. Handling help and dealing with the public. It's hard to single-out any particular aspect of her operation. It was so wide-spread and there wasn't anything going on in the organization, from a work standpoint, that she didn't know about and could teach others what to do when they came in as new employees and so forth, and get the job done.

I: One of the things that impressed me at the banquet in her hon-
or was the degree of affection that people had towards her as a person and also admiration for the service she had rendered for many years.

D: Well, I think the fact that we had some 200 people at that festive occasion was in itself a terrific recognition from the point of people or one person. But she, you might say—that she cultivated over a span of 50 years, which is a long time. She's probably the only person to my knowledge that will have completed 50 years of service to one institution. Today they don't start as young as she did, therefore they probably won't last as long as she did on the job. But I think you can look around you; not at this institution alone, but a lot of places. I think it's in fact difficult to put your finger on anyone who comes near 50 years of service.

I: Well, she symbolizes, I suppose, in many respects, the ideal qualities of the kind of employee that you would need in a business organization such as this.

D: She had very good judgement in the picking of employees; very good. And she never offered to an employee or made any promises of any kind, that she couldn't live up to. But she said it as it would be and as it was.

I: Last time we were speaking about the new type of management personnel you had coming in and their expectations in terms of potential advancement in the organization; the fact that many of them have had college work and so on. Do you also have a newer breed of employee in a lower echelon in office personnel? Do you have kind of a change taking place there, too? I guess there's a whole host of questions you could plug in here. Is there more mobility; do people have more training from either high school or college? What is—what would be the typical D & N employee in office situations?

K: Well there—we do have an office management trainee program, and we look primarily for college graduates with a master's degree in business administration. I'm not convinced that's the way we have to go, but for the time being, that's the direction we've taken, and we probably have had, over the past two years, 10 such people within the organization, and now, some of them are still in the training program, and some have moved into the lower positions of management.

I: Could you sight some of those by name?

K: Ron Saunders started in this office and he just became the branch manager of the Sault office that we're hoping did open this month. Let's see, Ted Fredrickson came in and—in the Detroit area he moved into appraising and then loan servicing, and then, finally, he's the head of the mortgage department in this area. There are several others who have become branch managers in the Detroit area. A fellow by the name of Stoor, from Crystal Falls, is a branch manager in Flint and—
I: Is that Roger, or a different--

K: Stoor, it's Lud Stoor's nephew. Kurt, by name

I: Oh, I know Kurt, yes.

K: Good boy. Probably a better golfer.

D: I think you have to make a distinction in your question when you're trying to find out if the caliber today is on a higher cali-
ber than it was then. Remember, when branch came into the associa-
tion---I said branch, Blanch, we were just a few people. We didn't
need personnel or public relations and a lot of other titles, and
people in those positions, today, which are necessary because of
the size of the association. So it's pretty hard to distinguish
what we're doing today and what we were doing then. You might say
there's sort of an evolution. As the association grew, the number
of employees grew; the responsibilities became greater, and through
that process, during the past 2 years, what Ken mentioned, has hap-
pened. It would be impossible to compare those people, master de-
gree and college education, with people of, say, 40 years ago that
we had in the organization---and doing a good job, but not college
people---not to belittle the college people or belittle those who
weren't the college people. You just live through a trend---you're
going from small to big. That has changed the whole set up in your
employee field.

K: The level of people below the management trainee level---those
people who are hired in as clerks and stenographers and what have
you---that caliber of those people probably hasn't changed. We
have---locally we typically would check with high schools and try
and get the better graduates from the secretarial graduates or
the business graduates. And downstate, and in other areas, you
just do the best you could with what was available. So I---we've
always just tried to hire good people---I guess the same as every-
body else. And that's

I: Sure.

K: I think since we have developed a personnel department, and
have a man who's responsible for that, specifically, the caliber
of people that we have hired, even at the lowest levels, probably
has improved. Not because we've---our goals are different, but
because we have more capable people interviewing and selecting.
So, as a result, we've had better luck, I think, in the---we've
had fewer mistakes---let's put it that way.

I: Could you describe, briefly, the kind of training these folks
would go through? I know I've seen Barbara giving people a brief
slide presentation, or something, to orient them to the association
What would be involved for the employee?
K: The orientation, I guess, is the program that fits everybody, regardless of what level they come in, and that's basically a history of the savings and loan business, and specifically, Detroit and Northern. They're well-acquainted as to what they're getting into, and specifically who they're getting in with. What some of our policies are and what our intentions and goals as an association would be. And I think that's probably a half-day or a full-day program with the use of slides and reading material and what have you. Otherwise I guess I'm not right up to date on what our training programs are for a clerk or a stenographer coming in except that we do run them through a period of weeks of---in which they try to cover all phases of the department into which they're going. We, I think to a very slight degree, acquaint them with the other departments in the organization. When you get into management trainee level, that program we've enlarged and attempted to run for at least a year. Running in---we have basically four departments, I guess: savings, mortgages, mortgage servicing, and accounting, with other smaller supporting departments in addition to that, but those are the four basics. And we try to get the people up to this office, the Hancock office, for a fairly decent length of time so they'll be knowledgeable about the Hancock office and be acquainted with some of the people and they won't feel, in Detroit and Flint, like directions are coming from Hancock, and they really don't know what's going on up there, but we have to do what they say. We've been able to eliminate some of that by getting people up here and letting them see what's going on.

I: Sounds like a very good idea.

D: I'd like to make a suggestion. Each place where Ken mentioned Hancock office, I'd like to change that to home office. That's really what it is.

I: Yes, that's right.

D: And that's a distinction that should be kept foremost because so many people think---one article someone wrote about us that talked about a little branch office up in Hancock, and it's a six of seven or eight story building. They don't realize that.

I: Right.

D: And there again there's others who think riding the dog because the field office is in Hancock. And that's not so. It's very much otherwise. Getting away from that part of it, we want to bring into your training program, or am I premature, your educational programs, like home-study and that sort of thing, that you have for your employees.

K: That's probably something we probably should be talking to Suomi about. Our trade association does have an educational arm, and our people are encouraged to take courses that are specifically geared to the savings and loan industry. Such as savings accounts or teller operations, mortgage lending,
These that are designed and geared just for the savings and loan industry, so it has specific use. And we will pay for those courses either on a correspondence program, or in each of our areas we have chapters or clubs, so that the people, say, within this building, would get together and we would hire an instructor, sometimes within the organization and sometimes without, too; feed a program for a year, and some of the people will take one or two courses at a time. And there are certain levels of achievement, and they receive their graduate diploma after a period of time. In addition to that, they have conferences and executive development schools and additional schools of management training that we try to send our people to on a regular basis.

I: I'm going to take my historian's hat off for just a moment, and put on my dean's hat and---just to mention that, perhaps we can pursue it perhaps later—one of our instructors in the business and secretarial field, Betty Kitty, who is working on Data Computers and Key Punch program, and different things, did in fact suggest to me that possibility of developing perhaps a program here with you and I really haven't had a chance to chat with you about it. Maybe we can do that at another time. That would be mutually beneficial.

K: Well, I would guess that we're typical to the industry in we do provide hospitalization insurance.

D: Fringe benefits

K: Fringe benefits

I: Is that a Blue Cross-Blue Shield policy?

K: Yes.

I: For just the employee or does that include the family also?

K: It includes the family, but it's a participating program. The employee pays a portion of it. I think the association probably picks up 80%. They pick up the entire premium for a single person, and about 80% for a family. Life insurance is the equivalent of twice the annual salary, with a maximum somewhere along the line. And two weeks vacation up to ten years, three weeks up to twenty, four after that.

D: Up to fifteen. Three up to fifteen.

K: Is it fifteen now?

D: No, twenty.

K: Twenty. Four weeks over twenty. Sick leave—we have a little bit complicated program, but basically after people have been with—here with us somewhere between five and ten years, if they did get sick, their program would cover them with full pay, I think, for 90 days. After 90 days, we would have an insurance policy that would take over and pay them for life, if they're permanently disabled.
So they have full coverage on such leave. If they've been here a lesser time, well, they get at least half pay as long as they're sick. I think they have to be with us five years before the long-term disability program does take over.

I: Is there---what insurance company handles them?

K: I think Equitable is the company that we're with right now.

D: I would say that from a fringe benefit standpoint, the employees are taken care of quite well. All the employees, regardless of position of title.

K: We've just revised the pension program, which basically will give retirees after twenty-five years, 60% of their---the highest of the last five year's earnings, less one half their social security. So that's not the highest payout in the industry, but I think the---there are other benefits involved such as if the wage earner dies, then the spouse will pick up two-thirds, I think, of what the regular pension would be and there are other protections in case there is early retirement or disability.

D: Sick leave.

K: Sick leave. All these things that are added into that pension program and after---twenty-five years is a fairly early maximum or a fairly early qualifying period. Many programs will go to a higher maximum, higher than 60%, but you'll have to work---

D: Thirty---

K: Thirty or fourty to obtain it, which is not very likely for the average worker, where twenty-five years is a realistic period.

I: I think one of the things that's impressive about any organization, is the organization that goes the second mile. And from the way you describe it, the fringe benefits and so on, are at a good level. I recall a conversation with D. W. and I think maybe this was off the record at that time, but you cited an example of a particular individual who was in a leadership position who was facing a personal problem, and the corporation provided the money and the ______ for this individual to undergo medical care---medical treatment. You don't have to cite any names, but I think it's good in terms of ______ material for this point that I'm developing. Can you think of other instances in the past where the association has sort of gone to bat with a particular employee and, you know, what I'm saying is that the association has developed a heart, so to speak, for it's people.

D: We've had very very few cases and few and far between, so we haven't really had a case history of that sort of thing. And it's something that you don't pay attention to, so to speak, until it arrives, and each one---each case might be entirely different. We
haven't got any set formula to go by. Certain standards, and so forth. Then there's another program that the association adopted since Ken became their leader, which I think is very good, and that is, student's of various schools with their teacher have been brought in here and spent a day going through the various departments and seeing what this one does and that one does with the idea, I believe in mind, that if they are inclined to thinking of office work in the future, perhaps D & N might be a good place. In other words, it's an educational program for school children, you might say. That is at the certain age you are developing ideas about what you want to do in the future. Then, too---and then we've had---I believe we've had employees, key employees, go to the schools, and talk to the so-called commercial class on savings and loan and what have you. All of which is continuing education and looking into the future. And also in an area like this, giving those young people an idea that there is such a thing as graduation from high school and getting a job at home. Whereas, while you hear so often, is well, you get through from high school and away we go. You don't see them anymore. So I think that in itself is a worthwhile program that Ken has developed, and I think worthwhile.

I: Do you have any rough idea of your turnover on that? How many students you had tour and them come on? Have you some?

D: I would say yes, but you can't put your finger on them because they don't think you would ever ask the question.

K: We hire as many local people as we can, and I guess part of the information that's put out is that the more education they have, the better off they are, and the more valuable they could be to us. So I guess, if anything, we probably encourage people to go on to school, rather than come right out of high school into our organization. But we do hire some every year out of high school. We also have a program of trying to hire a few students during their senior year that go on to work as well as go to school.

I: Oh, so it's like an internship for them.

K: Right. And a number of those people have stayed with us after they graduate.

I: When did you institute that particular program?

D: Oh, I'd say within the past five to ten years.

K: It goes back a little further

I: Did---where was the initiative? Did it come from the local school, or did you institute it yourself?

K: Oh, I guess that we became aware of the program and asked to get in on it. I---the initiative probably came from this side.
If they had had stronger people leading the program in the public schools, it would have come from their side. In any event, we ended up in the same place. We also hired several people that have gone through the Special-Ed program in the local high schools, and on the recommendation of the people who have been involved in the program—you can't hire very many of these people, but there's always room for a few, in the custodial and maintenance type operation. The building is big enough that we need some help like that. That's been a good experience.

I: Is--none of the lower level employees are involved in any kind of union, are they? That's not been part of the association experience, has it?

K: Nope. Probably shouldn't mention it.

D: Involved in what?

K: Unions.

I: Has there been an attempt to bring one in here or--

K: Oh, we've had on one or two occasions, some comments to the effect, but it's been just a disgruntled employee, and I think they moved on to other areas where they were more at home. Fortunately, I think we have not been close to any type of organization. And have been sufficiently alerted by the financial industry, which has been a goal of several unions in organizing banks, S & L's, what have you, so that we have, in addition to our normal concern for employees, have taken a look probably a little more often as to what's going on in the industry, and what we're doing and how we should keep pace and be sure that our people are happy and well taken care of, so that there's no opportunity for a union to get started.

I: So even on a national scale there's no real unionizing effort that's going on?

K: There's an effort.

I: But it hasn't really taken hold?

K: They've had very little success. For instance, there's only one bank in Michigan that's organized, and has a union. It's Superior National Bank in Hancock.

I: Oh, is that right?

K: There's no other in the state of Michigan. And there are no S & L's in the state of Michigan.

D: They tried recently on the savings and loan downstate. Went to the voting and so forth. The union lost out, and of course when that happens, things usually quiet down. But while that's
going, everyone's in a wondering what the outcome's going to be, and who's going to be next. No we haven't had that problem, really, to begin with.

I: Well, we sort of started with Blanch and we gradually moved into the category here of personnel policies. I think we've--if we could summarize our discussion after this point we--the goal is from--on the one hand to keep the employees satisfied, and doing their job and getting the maximum production and output from them. And I think you underlined and outlined quite well the program of benefits and so on. You mentioned that in recent times you've developed a personnel departmental program that--who is the individual in charge of that and when did he come aboard and--

K: Bruce Lyon is the director of personnel located in this office and I would guess Bruce has been here three years now.

D: Yes.

K: And he comes from industry and has been--has worked in the personnel area most of his business career. Barbara the--one of the officers in this office and my secretary, has been very much involved in personnel work. She developed the orientation program for the association. She has done all the hiring in the Upper Peninsula for the last number of years. She has been concerned about the handling of personnel, and personnel records, and what have you. You'd have to say she's spent almost half her time in that area. We've hired a girl in Detroit who has not had much practical experience, but has been quite a bit of education and, I believe, has her Master's degree in personnel work and she has headed up the personnel department in Detroit under Bruce Lyon. We also have--

I: Excuse me. What is her name?

K: Helen Preston. Good girl. A little bit older than Bruce, but a concerned person and with a lot of good ideas. And she recently hired another young lady who has had good experience in training people, so we have set up--are in the process of setting up some training programs in Detroit for new people coming in. Specific training programs such as teller operations, and so forth. And we will be getting into more formal training on a greater degree than we have in the past. In Flint, we have a personnel person that--Rose Connely, who has really been trained as a teller but has a good way with people and has been able to assume that responsibility in Flint. So she does the hiring and is involved in recommendations for salary adjustments and promotions and is concerned with keeping us properly staffed in the Flint area.

I: If I understand you correctly, Rose really coordinated all of the personnel work at the various branches?

K: Correct.
I: Would you make any further comment on the results of this program other than a little earlier you evidently were pleased with the direction of getting better people and---

K: Yes. It's a---the program is working very well. Basically, what was needed at the time Bruce came in, was someone who would devote full time to the concerns of the personnel. Bruce has done that. I think personnel work is very interesting. It can be very satisfying. I don't think it's particularly difficult, but when you get into some difficult personnel problems, I guess they can be as bad as anything---any other area you get into in business.

I: Well, by personnel---your job description involves not only hiring and training, but is he the person who really hears the complaints---he's the ____________________ or what the term is sometimes used, ____________________?

K: Yes.

I: I see.

K: Correct. Develops our fringe benefit programs.

I: Okay. Well, I think we've talked about personnel policies and personnel people at some length. Is there anything you'd like to add on in that regard, D. W.?

D: No, I don't think so.

K: One last comment I'd like to make. Bruce is also the editor of our quarterly employee publication. That makes an attempt to get out information of a general nature and hold the organization as close together as possible, by getting information out. You know of---not of a technical nature.

I: Right. Was this initiated after Bruce came, or was the paper, the quarterly, already in existence prior to his coming?

K: After he came.

I: Well, it seemed like a very good idea as the organization has grown and ____________________ and separated geographically, it's important to keep the communication lines open. Do you, in this whole area of communications---how do you here at the home office keep on top of things in these other areas? You have Wats line, hot line, visiting ____________________ involves a lot of travel on your part. How do you as the chief administrative officer, really keep on top of things here? What kind of communications network do you---

K: Well, I guess, first of all, we try and place as much responsibility in the local area as possible, so that they have quite a bit of authority in Detroit and Flint to run their own operation. The---as far as personnel problems are concerned, if they can solve most of them down there, that's good, and just when they have
difficulty, do they get up to this level. Things that affect a business operation are very often nationwide influences, and so we pick those up up here just as well as they can in Detroit and Clint, so running the operation from Hancock is no different from running it from San Francisco or wherever you have access to the Wall Street Journal and the news media.

D: Telephone.

K: Telephone, you can run the show.

I: Would you say, in comparison to early years, that the modern or the contemporary, I guess not manager, but administrator, had to have much more political than he did years ago---you'd have to be much more aware of what was happening in State government or National government? Does he have to be aware of these things or is it---has the savings and loan officer from the very beginning been in a sense, a person who's had to have political?

D: No, I wouldn't say so exactly. I think as we have grown larger, your problems become more numerous, and I think Ken has worked out a system with his downstate key managers---there's a Detroit area manager, and there's a Flint area manager, and their assistants---that any problem that they may have which is unusual, say they'll clear it with the home office right off the bat. That in itself keeps the home office well-informed on the downstate problems that might affect the association from the outside, just as well as other problems that affect the association from the inside. So it's a matter of organization. It's a matter of having key men that understand their position and take responsibility, up to a certain point, who know when to pass this and that on to the home office for guidance and understanding. In your smaller organization, you're not so involved as you are as a large organization.

K: I think the only thing that would make the present-day manager---require him to be more knowledgeable about the political affairs is that things are just happening faster. That's every session in the Michigan Legislature or the Congress. There are bills that affect our business where I would guess as recently as five years ago, we get a bill every three or four years---they'd have a big housing bill where they'd lump everything. But then you'd have three or four years with nothing to worry about. There'd be no changes, and then, they'd come in with another big move. Now there's a bill in every year, or there are bills in every year to change our structure or change the controls on us, or change our scope of---in which we can operate. So you have to be aware of what they're trying to do to us. They want to eliminate regulation... which will take the ceiling off of what we can pay for savings. Could disrupt the whole business. We have to be aware of it and someone has to be putting pressure on the congressmen so that they don't do this without being fully aware of what happens. They're trying to set up stock, savings and loan associations which have been the primary source of the problem in the savings and loan industry in the past. Now they want to make stock associations
available nationwide. They want to pass legislation affecting truth in---they did pass legislation affecting truth in lending, which gives us great problems. Solves none. More red tape. They have a regulation in now, on truth in loan costs, which again, I'm sure, will give us nothing but great problems. The market place sets the loan cost. Your competition sets the loan cost. Your money sets the loan cost. You can't regulate that from Washington any more than you can regulate the interest rate on loans. So these sort of things---there are---in constant flux today, so you have to be knowledgeable about that. So somebody has to be knowledgeable about it. It's getting so that the managing officer, who used to handle all that in the past, does not have the time to handle it in the future, so you get into areas of specialty---whereas, D. W. is the personnel officer, and the loan officer, and the legislative officer, and the public relations office, all for Detroit and Northern. There's a person in each one of those positions, now, under me, you know, in effect.

D: It's too specialized today for one man to cover too much.

K: Everything happens too fast.

I: Am I right in assuming that U. S. Savings and Loan is the primary educator and lobbying arm today?

D: It's a trade association for---trade organization for all associations in the country and as such it must be the guiding light and the leader in any educational programs that the associations want to take on for their employees. They must be on their toes, completely, all the time on legislation, and they pass on from one area to another what this fellow is doing and what that fellow's doing, if it's something that could benefit someone else. In other words, they're trying to keep the association as a whole, on their toes doing the job the way it should be done, and serving the public as the public should be served. At the same time, guarding against legislation, in particular, that might affect our operations in a detrimental way.

I: How would you assess their importance? I hear you saying that they are fairly effective educationally in making you aware of what is happening, are they effective today, politically that is, in influencing legislators?

D: Oh, yes. Very much. That is their main goal as the legislation. The educational is a division of the over all program, where certain people are specializing in savings and loan educational programs, which they pass out to the benefit of the associations.

K: Also division, that would be the Savings and Loan Institute for the American, and the Savings and Loan Institute. There's a division for accounting, where they create forms, business forms, that we would use. They are doing research in the electronic transfer of funds so that they pass information on to us so that we'll be up on that and be prepared for it when it comes. That's a real
to our business. Electronic transfer of funds was originally designed with—to make the commercial banks the primary receiver of all funds. And then the savings and loan industry would be treated as any other commercial store. So we could get into it through the good graces of the commercial banks. Well it---our feeling is that the savings and loan industry is substantial enough so that they could be in on a par with the commercial banks. And it's the accounting division of the---of our savings and loan league that is fighting that battle for us and education us, keeping us up to date, and prodding us to become involved wherever possible and to be prepared when that becomes a reality. It is a reality now on a limited basis in California and Georgia, but it's going to expand and expand, and, so by the end of this decade, I would guess that 50% of payments will be made by pushing the button rather than by writing out a check. You'll go into a store and you'll make a purchase, and they'll say, "How do you want to pay for it?", and you'll say, "Just charge my account at the bank", and you'll give them the account number, they'll punch it in the cash register, and that'll skip over to your account, and it will confirm that you have enough money in your account. It'll debit your account, it'll credit to the account of the store and the bank, and it'll be all taken care of right then. There'll be no checks and nobody in the middle. The problem is that they'll want paychecks taken care of the same way, with the requirement that the paychecks can only go to a commercial bank, not to an S & L. Well, we're gonna fight to make sure that those paychecks can come to us as well as to the commercial banks, so that we get in on it and because if it goes to the commercial bank, a fair percentage of the people say, "Well, I have a savings account, but it's be most easy to just put it in a savings account at the bank, rather than at the S & L". So, we'll---instead of getting in as a primary source we'll be a secondary source of savings. So it's important that we're in here at this time fighting the battle with the Federal Reserve in Washington, and with the Federal Reserve banks around the country, and with the Legislature and the Congress to pass laws that say we have to be in there. If the Federal Reserve says, "We're not going to bring you in", then we'll have to bring political pressure to make sure it happens. So that's an important division of the U. S. There's another one that handles advertising---special advertising for S & L's, and they serve us a large number of accounts throughout the country and they have done, and are doing, some business for us. There's another division that's concerned with schools---conferences. We have a graduate school at the University of Indiana. We have executive development schools in Georgia and Connecticut---

D: Washington, D. C.—

K: And California—

D: California—

K: So that division is constantly developing educational programs at college sights with the college business departments. There
probably is one or two other divisions of the U.S. league; but again the primary one is as a lobbying force in Washington, D.C. We---there is a staff there that is working with the congressmen constantly, and with the Federal Home Loan Bank and the Federal Reserve Bank, and whoever else has influence. They report to us weekly. We get weekly newsletters out of Washington. So what's going on, what the legislature is--legislation is being proposed, what it's chances are, and whether or not we should become involved with our congressman, with our senator to try and influence that legislation or discourage it if it's something that would be harmful to the institution.

I: Who is the national political scene, either in terms of specific politicians or political interests, would you really call your friends these days in the savings and loan business?

D: Those that you develop and know are willing to listen to you and give you their ear and, when the occasion arises, do something for you. You can't always say that your local congressman is your man. For instance, we have a local congressman now, Phil Ruppe, he's a banker. If something comes up favorable to the banks, he's going to vote for it. I'm not so sure if it comes up for savings and loan that he will. I was on the legislative committee for several years---we'd meet in Washington once a year, and other times on call, but chiefly once a year, and there might be three-hundred people on that committee. They all assembled in Washington and we have one day where we call on our congressmen and our senators, just to go and say hello, and to get acquainted more, renew acquaintances, and what not and so forth. And that's a very important branch of our operation, and that is where we operators give out time---the association pays our expenses for us to go to those meetings and do what we're supposed to do.

I: I'd like to sort of just broaden this question in terms of the span---looking back over D & N's history from present time to past. Is there any particular congressman on a national level or even on a state level who has really been a good friend to the association?

D: Oh, I could name quite a number, but the chief one---or the chief, two, I would say would be senator Hartman from Alabama, or somewhere down South, and congressman who is from the South. They're chairman of their committees---banking committee, for instance, that we come under when it comes to developing legislation. They have been very friendly to the Savings and Loan industry, and have stood up for us time and time again.

I: Anybody in Michigan that really

D: Yes, I would say Senator Griffin has been very kindly to the Savings and Loan industry. I can't say that for Senator Hart.

I: Has there been any significant national legislation initiated
from Michigan, or the Michigan congressmen that would be beneficial to you or---

D: I think it's hard to say from Michigan because in Chicago, our headquarters of the U. S. League, regardless of what state it came from---and it'll go into Washington from headquarters. And then again we have our state trade association, Michigan Savings and Loan League, which is very---very, very active and does a good job for us in Lansing. Ken is on that committee, I believe, and they get down to Lansing quite often and they meet with our representatives down there, senators and so forth. So we have a pretty good contact in Michigan as far as the Savings and Loan is concerned, from a legislative standpoint.

I: These are days when we're going through political changes in this country, with a new president and so on. How would you assess the policies of the Nixon administration regarding the Savings and Loan business? Were these years that were beneficial to you or---I get the feeling from some of the things we've stated that some of the more recent policies have sort of put you in position with the banks and so on. Well, I'd better stop with the interpretive material and just ask the question again, how would you assess---

D: I don't know if you can assess it from a, for instance, a Nixon administration standpoint compared with some other, because the legislature doesn't originate in the administrative branch. It happens in Congress, and that's where you have to know your people. the legislation favorable to the Savings and Loan, for instance, goes through the House and the Senate, there must be something drastically wrong with it, not to be signed by the President. So that---while the President might lean more favorably to banks than to Savings and Loans---and I can't think of any President we have had in my time that I could that way about. I think the President, in signing a lot of bills, keeps in mind the fact that these congressmen before that bill---and the senators---and may represent a lot of people. And if he's turning them down on certain things, he's turning down a lot of people. So that once it gets through Congress . Of course have---Nixon did veto a lot of bills, but they were not any one particular industry. They were more general bills that went overboard in expanding.

I: In the---we spent some time talking about the depression years in the 30's and how the Federal Home Loan Bank was organized and how it came to the assistance of local associations. I guess that was probably, principally, the first time that the industry became very closely influenced or allied with the Federal Government.

D: The reason for that, Art, is the fact that up to the depression, there were no Federal associations. They were all state .
So none of our legislation came out of Washington. It all came from the local state authorities. So we were dealing with Lansing, and that's all we had to bother about. And then, of course, the depression under Pressure Hoover, brought about the Federal Home Loan Bank and Home Owner's Loan Corporation, and the Insurance of Accounts Corporation. And then also created legislation that—to permit the organization of Federal associations. Their legislation—state law doesn't affect them, except a few items, but the majority comes out of Washington. 

I: So you're married now for better or for worse to the federal process. The—

D: I would say for better from the standpoint of insurance of shares—insurance for—we're better. And we're also the fact that we have the Federal Home Loan Bank as a reserve bank, such as the federal reservers to the bank. When we need money that we can't generate through savings, to take care of our own volume, we can go to Federal Home Loan Bank and borrow the money. And—in other words you can have your harvester period, every dollar you can get your hands on, and then comes along, and you pay it back.

I: In this whole area of politics, getting back to a more personal level, I think one of the things that's impressed me about both of you men is that the whole area of public service has been something that's been very close to you. You've been involved in different political positions on a local level. Ken, I know, school board, and you've had success—

End of Tape
A lot of blank space

S I mentioned the original name of Northern Michigan Building and Loan Association. In 1914, I think I said this before; in 1914, we opened a branch in Detroit and to localize the institution somewhat, added to the name Detroit and Northern Michigan. Along came 1950 and after World War II, I believe it was after that, 

In the Federal Home Loan Bank, organized in the early '30s when the Federal Savings & Loan Insurance Corporation, they changed the name from Building & Loan to Savings & Loan. The Federal Association then organized and since were known as Federal Savings & Loan. Well, as time went on, our name became antiquated -- Building & Loan. So after we renewed our charter in 1949, it dawned on me that why not change our name and get up-to-date. So we went through the various motions and requirements and changed the name from Detroit & Northern Michigan Building & Loan Association to Northern Michigan Savings & Loan Association--no, no, to Detroit & Northern Savings & Loan Association. So we eliminated the "Michigan" and we replaced "Building" with "Savings". Shortened the name by a word, I believe, and brought it up to date. In the public eye, you might say that was what it actually was.

P What was the reaction, for example, by the Board and the clients to the name change?

S The Board reaction was excellent, and we never had any repercussion at all as far as the public was concerned. As a matter of fact, I think they liked it. And it sounded better that way.

P Yes, yes

S So that was the major cause of the change of name. Now you have a question here about the Korean War?

P 

S That's a blank. I don't think that affected us a great deal at all.
Let me just see here. I was doing some research and Justin Ewald mentions that in 1950 when the Korean War broke out there was an act put forward by the name of "The Defense Production Act" which gave the President the authority to regulate conventional mortgage credit and in some cases stiffen requirements for other loans. And I guess really the question is, when the war broke out, did this in any way change existing interest rates, or loan rates or

No, it really didn't, but our growth at that time was slow, which again meant that we were back in the Savings Bond business--the U.S. Savings Bond business. You'll notice in the '50s we only grew about a million and a half, and even in '51 our growth was only about 3½ million. So that did slow up business again. Naturally, we were in a war and war will always slow up business. That is certain types.

Were you asked to collect for the war effort through bonds, again in a similar fashion as during World War II?

I believe we were.

Were you personally asked to chair any kind of local drives?

I think the carried over somewhat

I'm sorry I don't have my note card with me here, but I took the figures down for 1964, the entire listing of the breakdown of the assets and expenditures, and I notice that there was a sizeable item under assets for government bonds.

That was our war effort. We couldn't make loans, the loan volume wasn't there like it was supposed to be. But we were still taking in savings. And to help the war effort, that money went into government bonds. That was really the asset.

Well, maybe we should let that go for the time being. The Korean War, if you and more figures

I believe we perhaps referred to this before, just in passing, but in Question 6, Ewald mentioned that in 1947, savings and loan institutions really began, I guess, a program for young men and junior officers, and in terms of D & N growth and development, at least in its general time period of the early 1950s, we had the promotions of Bill Martino down in Detroit, I believe, lets see, there was one gentleman in Detroit who was promoted .

I think it was Martino
And then there was Gwisdala in Flint. Would these men sort of fit this bill?

Yes, that's true. What we were doing was building our organization from within rather than going outside.

To hire new management

Yes.

I notice that, for example, Martino began in 1946 in the mortgage department at D & N, and in 1950 was the assistant Detroit manager, and then I believe promoted from there to the manager. Is there any particular reason or philosophy behind staying within the organization for promotion?

We had trained the men and they had developed themselves. They were a known quantity, which is better than going outside and kind of thinking you were getting something when you find out you didn't. We were very much an inside organization, and of course, Ken came to us around that time, and I developed him into my assistant, so we really had three young men you might say, and with the other young men with them coming up within the organization, and we had developed the organization more or less on that basis. We picked the men and we did and we have, and we picked the men.

Would you say that the procedure of staying within the organization has helped for a better cohesiveness within the group?

Yes, if you keep going outside every time you need a new man, insiders just say well, what's the use? An opportunity, and I didn't get the opportunity. I always felt that we should be able to go within if you can.

Did your junior officers get the initiative to

To work towards something better within. And if they're real good men, and you don't do that, they'll go outside.

In terms of management and personnel, one of the interesting things that Blanche and I discussed in our interview together is the fact that you have for quite some time had women within the association responsibility, and I can't put my finger on the quotation now, but Mr. Ewald mentioned that this was not typical for many savings & loan associations, and women have played a very important role in the life of the organization as well. We live at a time when there is a great stress in giving women more responsibility. Is there any particular reason why Blanche came so high up?

Yes, because of her own ability. And being a hard worker in every way, and made herself very knowledgeable in what the business is all about
S It's a natural event even to a woman.

P You mentioned here, and I think we've talked about this before if they receive special treatment

Let's see is there anything else that has to be said about recruitment and training.

S We have a continuing educational program put out by the Savings & Loan Institute. In our case here, it was mostly home study, and they did meet, I believe, in the winter time, once a week. And a different officer would take the class, depending on what the subject was. Fil Halonen had taken a class, and others. Then they might have examinations and the papers would go to Chicago for grading. They would receive diplomas if they were worthy of it, and then the Association would have a banquet night for all the employees in this area. Their diplomas were handed out, and that encouraged the others who were not participating to get into the program. The Association paid for the program—I don't know what they do now, but they did pay for the program. To put it another way, the employees paid for the program, depending on what they were taking and what the cost was, and when they got their diploma, the Association refunded to them what they had paid. Not just to say, "I'm taking a course," and not do anything about it. If you did not do anything about it, you were spending your money for nothing. But it worked out very well and the banquet was always a nice evening, because we'd invite all the directors and their wives and all the employees and their wives, and it was nice when an employee could walk up to the head table and receive his diploma in front of everybody.

P Where were the occasions held? At the Douglas House?

S The Douglas House for the Home Office employees, and some nice place in Detroit for the Detroit employees and somewhere in Flint for the Flint employees.

P Did you, yourself, attend all of the events?

S Not all, but most, depending on the circumstances.

P Were these occasions when you delivered speeches of encouragement?

S Yes. Somewhat. Just to give them an idea of the progress of the Association, and what they meant to the Association, and what their education meant to them and the Association, and it was also a determining factor when it came to salary adjustments and promotions.

P Just as an ______ here, you wouldn't happen to have some coffee with some of these area ______ ? Sometimes those are the most effective
Sometimes.

We talked about the development of the management personnel, and in the late '50s there was a great increase in expansion just in physical property, and I hope I have these dates here correct, but in the period 1956 - 1959, I guess, there are new branches added downstate, as well as additions to the home office. Now the opening of the Grosse Pointe office in July of 1966, did you, yourself, have an active hand in the planning of this or was this true for all.

Yes. Absolutely, but not only for myself. We would have the entire Board, all of us who could, make the trip to Detroit & Flint, or a special trip, when we had something like this arising. Incidentally, up at Grosse Pointe Woods, the first one you mentioned, we had our Board there and took them out to Grosse Pointe Woods and showed them the location we had in mind to purchase and the surrounding area. We got their OK, purchased the land, made the building contract, set up the office, and later would have the grand opening. If it was feasible, we would have all the directors attend that opening.

Could you state a little bit of your thinking as to why Grosse Pointe was chosen and why you chose the land that you chose.

In most cases those locations were chosen by the local area managers. It was his recommendation, and I'd usually go over everything with him and make the inspection tour and what have you. When we felt that we were on the right track, we would come before the Board with our recommendation.

Well, for example, in Grosse Pointe, the manager who was working on this, did he try to find a location that was sort of central to the various clients. Was this a . . .

Not necessarily, it was a possibility of a location, but it was a of a location, but it was a possibility of a savings flow. Grosse Pointe Woods is a good high-grade, second class or better area. And, also, there is another factor that you have to consider. You can go into a thriving new community and get a wonderful mortgage business; but you get no savings business because young families, most of them, have mortgages on their homes, which keep them busy for some time to come. In an older area where the mortgages are paid off, or almost, and people are affluent enough and have gotten to the point where, perhaps, the children are through college and what have you; they are in a position to save. You will often go into an area, and the area will be (for the Association) a savings area, not particularly a good loaning area, but that's all right. For instance, the Upper Peninsula is a wonderful savings area, but there isn't a volume of loaning here. We supply downstate with money because they have the loaning area, but if it wasn't for the good savings area we have in the U.P., we couldn't do it. So you don't, alone, go into an area for both. Some areas you can
Would Grosse Pointe qualify then, as primarily a savings area?

In an area like Flint, with the opening of a second office?

That was both.

This was both.

That was good loaning and good savings

How about the original Flint office Downtown?

That's always both. Downtown anywhere is always both

No, we bought a site there with a building on it, and the building was suitable for our purpose so we just remodeled the inside on purpose. We recently tore it down, but built a new office next door to it, much larger and more up-to-date.

But the Grosse Pointe up building

And then you have in Detroit a second office on McNichols Road?

That was the case of an agency we had out there. The builder was the owner of that property--we leased from him with a right to purchase to give the area a try--a trial to see what the outcome was. It turned out to be good so we got the property. That's a good operating office.

Have you, have any of the other offices been opened up on a similar basis--first a lease with an option to buy?

No. We had some offices that we leased but never could buy Griswold Street was downtown, that was a bank building.

Yes. I've seen a picture--that is quite an impressive landmark type building.
Yes it was. It's entirely different today of what it was. We remodeled the inside and the outside. But, that you might say is the Detroit area headquarters.

What happened to Manufacturers National Bank? Did they move to a new site, or move out of business?

No. That was a branch of their's. That wasn't their home office. They had a terrific building downtown. That was just a branch office. That was a small bank they had taken over, and eventually began ________ adjacent to the main office. It wasn't necessary.

Has this turned out to be a very good location for you?

Oh, yes

Who is the present manager now? Is Mr. Martino still there?

_______ a shortened visit with him, he could probably give a good background.

Yes he could

Well, coming up to 1958, you started moving to an addition here locally.

Yes, we got cramped with quarters up the street, so we doubled the size of the building and thought that would hold us for a long time to come. The "long time" grew rather short in a hurry.

Just noting two of the outfits you have worked with in construction--Klatsky Brothers of Houghton. They were employed to raze what we call the old urban Town Pump. That had been in existence since you bought the building.

That was a tavern behind our building. We've had it for a long, long time. We've had it for so long, that I walked into it one day and went up to the second floor; and I saw a golf ball somewhere on the floor. I picked it up, looked at it and I laid it down. I was standing over there, and before I knew it, the golf ball was over here. So you know what shape the building was in.

And then you had Herman Gundlach Construction Company build you an addition - I think the plan was 68 x 53. Any observations on the construction -- everything went according to plan? You had Mr. Gundlach and Company work for you previously, didn't you?
That was his father, Herman Gundlach, Sr. who put up the first building in '39, and then put the addition in '58. Then he had died in the meantime, and his son had taken over the business so he put the addition on and went from there to here.

Then we, I suppose the grand opening for that would have been in 1959?

Yes. June of 1959.

June of 1959 and you had an open house, and as I recall when we talked about the move to the site there, you had an open house for people who came in. There was no special program. Did you follow that same format for this occasion?

We did.

This kind of struck me. At the grand opening when you announced the dividend rate upping from 3% to 3 1/2%, the Gazette, on June 26, 1959, quoted you as saying, "We feel that this is the most appropriate way to celebrate our 70th anniversary." So these were really good times for you, we're talking about the early '50s and progress moving rather slowly--18 million, to 21 million, to 24 million; jumping from, well, 3 to 4 million dollars practically every year. From '58 to '59 it was 5 million. (According to D&N financial statements, growth from 1958 to 1959 was $12 million.) So these were very good years for you.

Yes, they were, very good.

Was this statement that you made sort of a public or a publicity release, or an interview or

It was a publicity release, you see we grew there from December of '58 to December of '59, we grew $12 million.