

Interview with Max Goldberg

Interviewed by Roland Dille for the Heritage Education Commission

Interviewed on October 7, 1985

Max Goldberg - MG

Roland Dille - RD

RD: Well, Mr. Goldberg, I'd like to start out by asking you this: You have lived in Fargo since you were a boy and have been a businessman in Fargo since you were very little more than a boy. How is it that you, first of all, became involved in business in Moorhead? I have a second question which I'll warn you about right now: How did you become such an important businessman in Moorhead?

MG: Dr. Dille, I made a special effort on two occasions to move from Fargo to Moorhead and I wasn't successful in either case. And the first case was the Hontoon [spelling] Home which is now occupied by the President of Concordia was for sale, and I was interested in buying that home. I took my wife and my mother, and we had a key to the side door, not to the front door, so we just walked through the side door and we drove in there with a Ford car. We got in the house and we just loved the house. We walked through the front of the house and there was a bay window and my mother looked out that window and she saw that cemetery across that road and she got hold of my wife and she said, "Let's get out of here; we don't want to live across from a cemetery." Well, I didn't have any choice, so we got in the car and as I was crossing the road, I saw a new house going up and there was somebody there and I didn't know who it was, and so I drove across that road and here was Al Hoekman [spelling]; he was City Engineer. I said, "For God's sake, how come that you're building a house next to a cemetery." "Well," he said, "two reasons. One, I don't get much salary from the City being City Engineer, I have a sick boy, I've got a family to raise." And, he said, "I bought this lot for little or nothing because nobody would buy it because it is next to a cemetery." But, he said, "My wife and I talked about it and we made up our mind it wouldn't be so bad to build a house next to a cemetery. How could you get any better neighbors?" So that was one reason. The other reason was that I'd went to Pat Lang, who was then the President of the bank known as the Moorhead National Bank, and I told him I wanted to build a house in Moorhead since I was going to be in business in Moorhead. "Well," he said, "how much money do you think it would cost to build a house in Moorhead?" "Well," I said, "we like a nice home and we live in a nice home in Fargo and I want to build a nice home." And he said, "What would it cost?" I said, "It might cost ten or twelve thousand dollars." He said, "I couldn't advise you to do that." He said, "If you put that kind of money in that kind of a house in Moorhead, you'll never be able to sell it."

RD: So you never moved from Fargo? For those reasons. Nevertheless, you did own an elevator in Moorhead and for a long time, a sort of absentee owner. You know, when people talk about you, they think of you as having a fairly large part to play in the life of

Moorhead. It isn't as though you were an absentee owner. You were very much a part of life, a member of organizations and as it turns out a leader in something that I'd like to talk about right now; and that is your association with the new bank.

MG: The reason I was involved as much as I was: 1) My customers were farmers, and I had a sympathetic feeling about them and I would do anything I could to be helpful to them. In addition to that, I've always felt that the native-born Americans possibly don't realize is that the country that they are living in, and I sometimes wonder if they really-- and I had a feeling that here I had left a country that persecuted Jewish people (and I'm of the Jewish faith) and here I'm living in a free country. And I owe something to this country. I felt since I was in business in Moorhead, it was my responsibility to do everything I could to make Moorhead a better city; and since I was doing business with farmers, I wanted to do everything I possibly could to be helpful to farmers, which I'll explain as I go along and tell you about it because I ended up in some respects, you might say, operating three banks, and had I known what was ahead of me, I don't know whether I'd have accepted being a member of the Depositors' Committee because my thinking was entirely different than a lot of people that I met when I headed the Depositors' Committee. Now when they had this meeting in the high school (it'll come out when I explain that), my name hadn't come up and I wasn't expecting it to come up because I was about in the neighborhood of 35 years old--might have been 34 years old, whatever the case was--I thought I'd be too young a man to be nominated to a Depositors' Committee of two banks that had consolidated. But somebody hollered at me, called me by my first name, said "Don't leave. They're nominating you--Mr. Kiefer is nominating you to be on the Depositors' Committee." And Mr. Welter, who was then standing on the stage, who was in the potato business, he was hollering at me and waving his hand that I should come forward, so when I walked up there, he said, "You've been nominated and a motion has been made and seconded and passed that you will be a member of the Depositors' Committee of the bank that closed." And he said, "We want to know whether you'll accept." Well, he caught me off guard and I was standing there and Kiefer was alongside of me; he wasn't any taller than I was. It was a winter's day because he had a fur coat on--I remember him just like now. And I said, "If the people voted to nominate me to be on the Committee, I'll do everything I can to be helpful; but I want them to know that as far as I'm concerned, I've never operated a bank and I've never been in the banking business; but I'll do everything I can to be helpful." And that's how I happened to get on the Committee.

Well, I learned fast after I started to investigate what I was up against. And, to do that, I didn't call a meeting of the--. Incidentally, I wasn't to call a meeting because I was not Chairman at that time of the Depositors' Committee; I was elected Chairman when the Committee met. And that kind of threw me a little; I really didn't want to be Chairman because I had plenty to do as it was.

RD: May I ask a question here? You said that the room was full, so there must have been a lot of small depositors there as well as large depositors. I would assume the elevator was one of the large depositors. Wouldn't there have been some feeling on the part of small depositors--some fear of the large businessman in such a case?

MG: Well, I realized that and it bothered me because as far as I was concerned, I had two strikes on me because as far as the grain business was concerned, it would take a lot of time to go on that detail. The grain business--the farmers were not as enthused about selling grain to an elevator because that's a story in itself and it would take too long a time; but as far as I was concerned, I've always operated that way. If I accepted a position to do something, I'd give them all I could do to be helpful. And to go on into detail about the depositors would take too long because what I did--incidentally, the deposits in the bank that closed was over \$4 million, but I don't know if it was \$4,200,000 or \$400,000 because I didn't find out until later on what the amount was, but it was considerably over \$4,000,000; and one of the things that I didn't intend to disclose, but since you're pressing me, I had \$47,000 in that bank at the time it closed. And I had an opportunity to take that money out and I had ample time because I had rumors to the fact that they were having trouble. But I didn't take it out. The reason I didn't take it out because I was afraid I was accused, if the bank closed, of being responsible for the bank closing, which would be something--that kind of publicity I didn't need. And I had called the bank on a Friday and I said to them, "I'm hearing a lot of rumors I don't like." And I said, "I've got \$47,000 in your bank." "Well," he said, "you've waited too long because we're closing the bank tonight and will not be open Monday morning."

Now, getting back to there--there was no Committee formed or called and I wasn't the Chairman and I wasn't about to call it, so I was waiting for someone else to call a meeting. Nobody called a meeting. After about ten days, people started, farmers particularly, said, "You're on the Depositors' Committee; what are you going to do about it?" They started talking to me. I said, "I'm a depositor, too; I've possibly got more money in there than you have. We're all having trouble and the thing is this: They've appointed a Depositors' Committee and I don't know how many there are in number but there must be at least 25 people on that committee or more. Nobody's called a meeting. One of these days they'll have to call a meeting and we'll know more about it then." Well, that got around that I had made that statement, so they asked one of the committeemen (and I don't remember who he was; I knew at one time who he was) and they called everybody by telephone--didn't write them a letter or anything like that--that they were going to hold a meeting. They held a meeting at the bank that closed because they felt that would be a better place to hold a meeting and since the bank was closed, they had to have somebody who was responsible to have the keys to the bank, and so forth, not the vault, not the combination or anything. Well, they had some sort of small basement--it didn't hold many people--but it was enough for the committee to meet. So they went down there to have the first meeting. And that's when they nominated me for the Chairman of that Committee. Well, I looked at the people around and I knew everybody who was in there and I didn't have nerve enough to refuse to serve, so I accepted that. Then I made some statements to them. I said, "If I'm going to be chairman of the committee, it's a serious position and one that's going to have lots of headaches and I want to get something straight now. As far as I'm concerned, I'm in business here, I do business with farmers, I do business with people in Moorhead, we handle flour, we sell flour to the people in the grocery stores," and I said, "We sell feed to people who have horses" because there weren't too many automobiles or anything at that time, "and if I'm going to be chairman I want you to know as to what my attitude is and what my intentions are. 1) I will not accept a fee for my time. If I go to Washington, D.C.

and if I go to Minneapolis on behalf of the bank depositors, I'll expect to be reimbursed for my expenses, but I will not accept any fee. I'm a citizen, I'm in business over here, and we've got troubles enough. Now any of you people who are on the committee, if you expect to get paid, this is the time that we ought to get that settled; and you've got to make up your mind because I don't have the authority in any way to pay any fee to any of you. I'm just the Chairman of a Depositors' Committee--I'm just another depositor." Well, one man got up--I won't mention his name--and he said, "I don't have time enough to take care of my own business and I'm not going to sit over here and attend meetings and have a headache over it. I want to resign." And it didn't take long and about a half a dozen of them did the same thing. And I looked at them, and I said nothing. I said, "You want to hand in your resignation as a member of the Depositors' Committee?" And they said, "Yes." And I said, "I wish somebody here would act as Secretary and write these names down. I've got enough headache as it is." Which they did. They ended up with having about 20 people on the Depositors' Committee but as it went along several others dropped out and I made up my mind then--I told them that since I was the Chairman, I have some connections in Minneapolis and I'm going to go to Minneapolis and get some more information that I have to have in order to go from here. And I had made up my mind to do that and I went to Minneapolis and I spent several days with Northwestern National Bank in Minneapolis. The company, now known as Norwest, was then called Banco--Northwest--I don't know what the Banco stood for--Bank Corporation or something. The first bank that joined the group was the Northwest National Bank in Minneapolis; the second one was Mason City, Iowa; and the third one, the First National Bank in Fargo. I got to the Northwest National Bank in Minneapolis and I told them the whole story, and I don't want to go into detail about that. And I said, "Do you know J. F. G. O'Connor--he's the Comptroller of Currency?" And he said, "Yes, we know him; sure we know him; he comes from Grand Forks." He said, "He was a lawyer." He was a better politician than he was a lawyer. Well, at any rate, I said, "How can we contact him?" "Well," he says, "what do you want to contact him for?" I says, "There's over \$4 million tied up in that bank; it's a lot of money right now." And I said, "I want to go back and go over that paper." And I said, "I know that paper when I see it because I know most of the people that do business at that bank," particularly the farming area and there were not too many business places in Moorhead at that time so I knew the territory pretty well and I was familiar with the small towns like Felton or Georgetown and all this and that--I knew all of these people. So, they said, "Suppose you do that and what happens after you do that?" I was talking to a man that I knew very well, and I said, "I tell you, what I want to do is to find out from you as to whether you would furnish the money if I could get the Comptroller of Currency authorizing me to pay out 50% to all depositors of the money that they had tied up in the bank." Well, he said, "The Comptroller of Currency is never going to agree to that." "Well," I said, "we'll come to that, but will you agree to it if I go over the paper and pick out the paper that I think who owes the money and is financially able to pay it in time when they get the money released or what party will get released." And I said, "And what I want to do is see if I could get 50% released to the depositors as quickly as possible to turn that 50% loose in the community. People haven't got any money; they've got money in the bank and can't get it out, and the people that are doing business can't collect any money from anybody with money in that bank, and we've got to turn some money loose around here." Well, he said, "You've got a good idea, but if you can pull that off, Max, then you don't

belong in Moorhead; you should be here." So I said, "Do you know O'Connor well?" And he said, "Yes, we know him well." So I said, "Which one of you would volunteer to go with me to Washington?" And he said, "Well, in the first place I'd have to get permission to go if you want me to go, but I don't think I'm the man that should go." He says, "There is a man that should go; whether he will or not I don't know; but you'll have to give me some time to talk to him about it." And he says to me, "What do you think that the bank will pay out?" I said, "That is a question I cannot answer now; but if I pick out enough paper that I think is good paper, will you take the paper over here and it's the paper that you'll have coming from the people that owe the money instead of the bank in Moorhead that's closed." "Well," he said, "we'll have to have more security than that." "Well," I said, "spell that out to me; I'm not a banker." He said, "Well, the closed bank--will the Comptroller of Currency permit you to hold 10% out of the bank when the bank is liquidated to secure that this paper is good." "Well," I said, "that would be quite a job." He said, "Yes, it would be more of a job than I think you could handle." I said, "Why?" He says "The law provides that you have to get 75% of the depositors in that bank to authorize that." And he says, "the Comptroller will demand that." And I said, "Do you demand that?" And he said, "Yes, we're not going to give you \$2 million without having some backup in case you--." I said, "We're only asking for 50%." "Well, it's got to be worked out better than that." So, I said, "Who in your organization would be willing to go with me to Washington and meet O'Connor?" He said, "You want to stick around here a couple of days?" I said, "Yes, I'm staying at the Nicollet Hotel and I'll stay here a couple more days and you have some meetings yourselves and you make up your mind, tell them what I have in mind," and I said, "I'm a customer of yours and call me up and if you want to meet with the committee of the bank over here, I'd be willing to do that." Which we did. After I got through talking with the committee, they already had decided who should go with me, but I didn't know that. "Well," he said, "Do you know the paper well enough or would you like to have some of our people come up there and check the paper?" I said, "I'd have no objection if you'd want to do that. I'll check the paper, and I'll pick out the paper that I think is the best." And he said, "All right; let us think about that." But I forgot the man's name; I just remembered right now. But his last name was Johnson, but I don't remember his first name. And he went with me to Washington, D.C., and he made the appointment with O'Connor because he knew him and I didn't. And we spent about three days in Washington hashing all this over. And J. F. G. O'Connor finally said, "How old are you?" to me. And I said, "I'm just about around 35 years old." He said, "You know, you're taking on quite a responsibility at your age. Are you sure you can handle it?" "Yes, I'm sure I can handle it," I said. "That doesn't bother me a bit. I said I don't have any trouble right now. I started with one elevator in Moorhead; we have one in Kragnes; we have one in Sabin; we have one at Baker and we have one at Rustad; and I said before long we'll have a lot more than that." And I said, "I've been doing business with Northwest National in Minneapolis; I have an account at Liberty National in Chicago; but I don't have any trouble to get financed." I said, "People that know me know me to be honest," and I said, "As far as I'm concerned, I'm going to make it." And I could see them all looking at each other and kind of sizing me up; I don't know what they were thinking. They said, "Well, we're going ask you to excuse yourself for about a half hour and we're going to make a decision while you're here." So they put me out in another room someplace and they came back in about 15 minutes and they said, "Mr. Johnson here is going to go with you--when

do you want to go?" "Well," I said, "Let Mr. Johnson decide that; I'll be available anytime he wants to go." "Well," he said, "we'll have to make an appointment with O'Connor because if we're going over there, we're going to have to give him time to make a decision." So I said, "All right." We came to Washington, D.C. and we met this man, O'Connor, and he apparently was somewhat impressed with me. He thought, I guess, I had a lot of nerve or something. He said, "I like the way you talk," and he said, "I'll go for it." "But," he said, "you know you have to get 75% of the signers to agree to it." I said, "Agree to what?" He says, "The receiver will not be able to pay out any money to the depositors for a period of two years." And I said, "what'll happen to the money that he collects?" "Well, the money that he collects will have to be held in abeyance until the money Northwest National puts up--over the \$2 million--gets paid out. Then he can dish out the other money that he has saved up. But we'll not pay any more money out to the depositors if we pay them out 50% now." "Well," I said, "that makes sense to me." I says, "That will give us more time to collect the other 50% down there." And I said, "Will you do it on that basis?" And he said, "Yes." I said, "Would you authorize me to put something in The Fargo Forum, which is the local paper, to give some confidence to the people who have money tied up over there?" And I said, "You understand, you'll have to take my word for it that I'll get 75% of the signers." "Well," he said, "I like you. If you say you'll get 75% of the signers, I'll authorize you to go ahead and do that." And I said, "You understand, I'm going to turn over more than \$2 million, whatever it takes to pay it out, as collateral to Northwest National because since the money is going to be tied up anyway, there isn't any reason for the receiver to hold that money unless he wants to do something that I don't know anything about." And I said, "We don't have a receiver yet." And he said, "You won't get one for quite awhile because they'll have to pick one out that they think will do you some good." And I said, "Now look, if I'm going back there, what I'd like to do because if I could put an article paper, stating that I have the permission to make the following announcement that every depositor who has money tied up in the Moorhead National Bank will be paid 50% sometime within the next 90 days." That will give me 90 days to get the signatures that you want, and I'm satisfied that I can get that. "Well," he said to this man Johnson (he called him by his first name, but I can't remember--we'll call him Bill)--but at any rate, he said, "Bill, that's quite an order; you're going to put out over \$2 million to this young man over here and you must have a lot of confidence in him." And he said, "I do." "Well, do you think it would be all right if I would authorize him to go ahead and put that in The Fargo Forum down there which is the local paper." I said, "Yes." "Let's stretch it out to six months; it will give you more time; it will give us more time." "But you understand, if I put that in there, why, I'll be the fair-haired boy and they'll be on my neck all the time and I've got to have plenty of time to do it, and I'll get the signatures; you don't have to worry about that." And he says, "Go ahead." So I came back here and there was about an inch or inch and a half headline in The Fargo Forum--Max Goldberg announces that within six months the depositors that have money in deposits in the bank that's closed in Moorhead will be paid 50% of their deposit--within a period of 6 months. It will take that time in order to get the legal work done and everything that's necessary to satisfy the Comptroller of the Currency and everything else that goes with it, but the money has been arranged for, so it will be forthcoming. All we need is just a little time and we want you people to feel that your money is not going to--

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--with him. I had made up my mind what I was going to say, and I got them together and I'm shortening up the story because I don't want to drag it out too much in detail. When I got them together, I had arranged with the Gardener Hotel whereby we would meet possibly about 5 o'clock; we'd have a short cocktail party and then I'd feed them dinner. While we were having the cocktail party, I would go on and make some statements to them and I'd utilize that time for that. And I'd say "Now, look here, I'm not a banker; I never was a banker; I never intended to be a banker; but I find myself now being in the banking business and I'm working for you people. Now ten of you have money in the bank, and ten of you owe money in the bank." One of the things that I found out that I didn't know before: Banks don't have any money. They have their capital tied up in the bank building and the only money they have is the depositors' money. And at that time they were not paying any interest only for people who had any money in a savings account; but a checking account never got any interest. They get interest now under certain conditions. At that time they didn't. "Now," I said, "the reason I called you 20 people together--ten people owe the bank money--they borrowed it from the bank and they borrowed it from you fellows. Now, the ten people that borrowed that money--they're your neighbors; they're your friends; they are all honest people; they are going to pay it back. But we are going to have to wait six months--I hope it isn't going to be that long--but you'll get half of it back within six months. And in order to get it back, why, we've got some footwork to do. And I'll tell you what is necessary. The Comptroller of Currency authorized me to do that on one condition: that the money will be repaid out as soon as I can furnish 75% of the signatures of the depositors. Now some of you are both depositors and borrowers, so it wouldn't be much of a job if we signed 20 people right now. But I can't stop with that. I want you 20 to do the same thing I did. I want you to pick out 20 people, too. You get them together and you're going to have the same kind of thing I did here if you want to--get them down here. We're all neighbors. There aren't any crooks. The bank intentionally didn't borrow out this money to people that they didn't figure were honest; but I can't get 75% of those signatures myself. I'll drop in my tracks. I've got to make a living, too, in the grain business. I'm not in the banking business." And I said, "You can think about it; you can talk about it. We're going to have dinner pretty soon, but let's have one more drink." We got through, why, these same 20 said, "By God," some of them actually said, "you're doing a lot of work and I guess we ought to do a little to help you if we're going to get some of the money ourselves." "Well, it's the only way it's going to work. If we don't do that, why, I haven't got the money to pay out. I've got \$47,000 in that bank myself." Well, they patted each other on the shoulder and they'd have the meetings, and the first thing I knew, why--and what I did--I had it printed. I don't know whether xerox copies were necessary or not. But the Legal Department of Northwest National Bank in Minneapolis prepared something that the Comptroller of Currency wanted, and we had it printed; so what would happen would be that these people that were depositors, also as borrowers, they could sign as a witness for the others. But you see--you know what I'm getting at? And that way it speeded it up to get those. And by doing that I went to Washington after that with 80% of the signatures; and I said to J. F. G. (I called him by his initials; I don't know yet what his name was--his first names), well I said, "I wanted to get a little cushion so I got 80% of the signatures, and here they are and they are witnessed." I told him what I did: I got 20

people who were borrowers and 20 people who were depositors and the borrowers signed as witnesses for the depositors and the depositors signed as witnesses for the borrowers. "My, God," he said, "you did a swell job." And while all this was going on, this B. C. Schram (I don't know whether B. C. stood for Before Christ or not--I don't know; maybe it did; at any rate, I still don't know what his first name was), he wrote a letter to the Comptroller. While I was doing all this and getting this done, the Comptroller calls me up and says, "I got a letter here I want to read to you," and he reads the letter that he said he examined the paper and he didn't think it would pay out over 25 cents on the dollar. And actually he said, "You pulling something? Or did you make a mistake?" "Well," I said, "I'll tell you, I'll see that he is out of here within the next 30 days because he doesn't belong here because if he wrote that letter he's going to start selling accounts for 25 cents on the dollar to make his word good and I'm going to get rid of him. You don't have to worry about that." You know what happened the next day, after the Comptroller read me that letter? This man, Schram, came into my office and he hands The Fargo Forum. They came out about the same time with announcing paying out the 50% to the depositors. "Who gave you the authority to do that?" he said. I said, "What are you all hepped up about?" He had a set of plates and he was talking they were jumping up and down and one of them fell out and hit on the floor and broke in three pieces right in my office. So I said, "I'll tell you, Mr. Schram, you're getting all excited; half of your teeth are laying on the floor. Now you can take that Forum with you if you want to, but I'll tell you, you're going to be out of here within 30 days. If you want to pick a place where you want to go, you start now because you'll be out of here in 30 days. And you're not going to collect any money from anybody. And I'll get the Comptroller on the phone and he'll call you because you are not going to be authorized to collect any more settlements.

Well, at any rate, to shorten up the story, I was able to furnish 80% of the signatures of the depositors to the Comptroller of Currency, I turned over the paper to Northwestern National Bank in Minneapolis, and the paper I gave them was about 10% more than the required amount--it was \$2,250,000 or thereabouts in even figures--that we paid out to the depositors at that time. Well, at any rate, we got busy on it and I would go out in the country--took as much time as I could possibly spend--and go out and talk to the people who were depositors and who were there to assure them that the bank would pay out a lot more than 25 cents on the dollar in spite of the fact that they wrote that letter. At any rate, we paid out that 50% in about four months after I was given six months--we got it done in four months. And, of course, then I was the fair-haired boy because all this money was turned loose in the community and it was a different feeling entirely.

When all this happened, you understand, a lot of other things happened. I'm putting it in there; it hasn't anything to do with the bank, but you haven't the least idea what I went through. But here's what happened. I get a telephone call from Cameron Thompson, who was the head of the Banco who acquired the three banks I was telling you about. They said they would be interested in help starting a bank in Moorhead. Since you've been paid 50% of the money out of there, the people will feel a lot better than before; we thought we'd hold off for awhile. And they wanted to know whether I'd be coming down to Minneapolis or whether they should come down and visit with me here. "No," I said, "I'll come to Minneapolis and we'll spend some time down there." I had an office in Minneapolis,

incidentally, at the time. Out of the clear sky, I get a telephone call from Floyd Olson, who was the Governor of Minnesota, and he said, "Max (I don't know where he got my name)." He said, "Max, this is Floyd." I said, "Floyd? Floyd who?" "Floyd Olson," he says, "the Governor." I backed down a little. I said, "Governor, I didn't expect to hear from the Governor of Minnesota. What'd I do now?" "Well," he says, "you'll have to do something," but he said, "You're in trouble." I said, "Why?" He said, "We've got a list of the directors that you propose to start a new bank with and one of the directors on that list is also a party that signed the complaint suing Banco and the lawsuit is going to be held in Moorhead." I said, "I've heard all about that, but I didn't know that I was having a director on the--." "Yeah," he said, "we not only checked it but we checked the signatures; the signature that made the complaint is the same signature that he signed on the check," he said, "and it's the same man." So I said, "Can I get him off of there?" He said, "Sure, you can get him off of there. Do you have a lawyer in Minneapolis you know?" I said, "Yeah, I have a lawyer in Minneapolis." He said, "Who is it?" I said, "It's Sam Maslin [spelling]." "Sam Maslin," he said, "He's my lawyer." "Well," I said, "where do I go from here?" He says, "You call up Sam Maslin and I'll call him up and you give him authority to prepare papers and you get this guy that signed both places and get him down here." He said, "Don't try to drive; the roads are not very good." He said, "Take a train and stay overnight and we'll make a date the following day and we'll go to Sam Maslin's office and have this guy down here and ready to sign the papers you want him to sign to remove his name as--that signed the complaint." Well, I called him up and I had him come over to the house, and I said (Don't ask me his name; you'd know his name), but I said, "Did you sign the complaint for that lawsuit that they're going to have in Moorhead for Northwest Bank Corporation?" He said, "By God, I did." I said, "How the hell can you be a director of the new bank, then?" "Well," he said, "I want to be a director." I says, "Will you sign legal papers and get that name removed off of there?" He says, "Sure." I said, "All right. Tomorrow we'll leave on the train to Minneapolis; we'll stay at the Nicollet Hotel overnight and the next day we'll go to an attorney's office and there will be papers ready for you to sign." Well, he never got over it, you know what I mean? I never told him that. I haven't told you yet who the man was--you'd know him. He's dead, so there's nothing to talk about. And we got that removed. "Well," I said, "it's going to be removed. It's published all over everyplace down there." He said, "It won't make any difference because when the lawsuit is held, they can only read the names that are on there that have not been removed, and there will be other people who will remove their names--we know that." Well, there's an Olson Highway in Minneapolis named after Governor Olson, and of course I got to meet the Governor and after that, why, we were buddies. Incidentally, a lot of people don't know that but Floyd Olson talked Yiddish almost as good as I do because he knew a lot of Jewish people and he was a friend of the underdog and the Jewish people. We're not too well to do and a lot of people still discriminate against him. Well, at any rate, that's the story and what happened was then (I don't know whether I should tell you any more or not)--how far have I gotten?

RD: You've got plenty of space.

MG: Well, how am I doing so far?

RD: You're doing very well; you're in the middle of a story. You can't quit on me now.
[Laughter]

MG: Well, at any rate, in order to get him removed, I was then ready to get the bank started--the new bank. The old bank, you understand, then was to be liquidated and I was successful in getting a good Norwegian (I'm trying to think of his name; I can't think of it right now) to be the (instead of Schram) receiver. And I got a good Norwegian guy in the community that knew everybody to handle that paper. Got rid of the receiver. But I would do more than that. I would go out to some fellow who I knew wasn't too flushed and I'd say, "George, you only owe the bank \$300. If you could save \$30 (a bushel of wheat is only worth 30 cents right now). Can't you raise enough money to pay that there?" And he said, "What do you mean?" I says, "You know the amount of money you owe. You owe \$300. I'll make arrangements with the receiver to settle your account for \$270." "Well," he said, "by God, that's \$30, isn't it?" "Yeah, it's \$30. Well, can't you make arrangements to do that?" He said, "Let me sleep on it." Two or three days would pass and he'd come in and he'd have a cashier's check for \$270. And I'd go to the bank and I'd get his paper and waive the interest, you know, up until that time, and mark it paid and give it to him. Give him the receipt for the \$270. I didn't think that we would--I was getting scared towards the last because it wasn't coming in as fast as I thought it would. Of course, nobody was trying to do any collecting. But I have a lot of names and I don't want to use them. But I went to a lot of people in the country--one man who was pretty well to do and I couldn't understand why he wouldn't pay the account that he owed. He owed quite a little money. I went to him and I had a conference with him and I said, "Now look, there's a lot of people that know that you owe the bank money. It isn't the bank's money; it's your neighbors' money that they loaned to you. Why don't you get that settled?" "Well, why should I?" "Well," I said, "there's interest being charged." This particular one I'm talking about, they owed the bank \$15,000 and had made no payment of any kind to the receiver or anything. "Well," I said, "that isn't like you. You have a better reputation than that." I said, "If I could waive the interest that you owe and if you could save yourself a little money, would you pay it off and get your paper back so you wouldn't owe the bank any money." "Well, how much will you settle for?" I said, "I can't settle for anything. You're the one that has to make the decision. You owe the money. You used that money; you've got that money. You haven't paid any interest. You've done nothing. Keeps apiling up. You can't pay out the other money to the other people that loaned you that money. It's your neighbors' money. It isn't the bank's money. The bank hasn't got any money to loan. The bank only has two customers--that's a depositor and a borrower. And in my book the depositor comes first and should be able to get his money any time he wants. And the borrower--the bank is obligated to loan money to people that can use it to expand his business or buy a house or things like that, but you're getting along without that \$15,000 and you've got the money to pay it. Why don't you want to pay it?" "Well, what kind of a deal will you give me." I said, "I can't give you any deal. What are you talking about?" I said, "You owe that \$15,000. You want the bank to sue you?" "Well," I said, "I'm not in favor of suing a guy like you--gets all over the papers, isn't going to do the bank any good and isn't going to do you any good." "Well," he said, "you're pretty tough." "No," I said, "I'm not tough; you're the guy that's tough." I says, "there are no rich men in the cemetery--not a one. Sooner or later, you and I will both be dead." I said, "You're using your neighbors' money. You're not paying the interest; you're

not paying the principal." "Well," he said, "you're pretty tough." "No, I'm not tough; you're the one that's tough." Well, to shorten up the story, I collected an awful lot of money of that closed bank. I never charged a dime for my time. I only got paid expenses that I used when I went out of town. If I went out to a farmer like that in my car and visited with him to try to make a settlement, I never put a bill in for any of it. Well, to shorten up that story, if I want to close it up sooner than you want me to. This is going to be--don't you want to ask me some more questions so we can get this space filled in?

RD: No, we've got a lot of questions. I've got two especially--the other officers of the bank--who were they? Who were some of the other officers of the bank? And the second question we'll get to by and by is--of the new bank.

MG: Well, the first President was a man I'm not particularly anxious to name right now, but he was a trained bank examiner. Some day I'll tell you personally but not now and he was a good examiner but a very poor banker. An example: a farmer went to Oscar Rustness and he wanted to borrow \$100 and Oscar Rustness sent him to the President, so the President says, "Before I loan you the \$100, I want to see your financial statement." So this guy says, "What's that?" He's never heard of a financial statement. If he had one, it wasn't any good. Well, he left and came to the elevator and he says to me "That President over there, he said he's the President of the bank and Oscar Rustness sent me to him and he asked if I had a financial statement. What's a financial statement?" So I said to this fellow, "What did you want to borrow?" He said, "\$100." Well, I had three pads of notes on my desk from the bank, so I wrote out a note to the bank for \$100 and I turned it over and I said, "OK. MG." I said, "Take that back to Oscar Rustness and I'll call him up and he'll give you the money." So I called up Oscar Rustness and I told him that I sent him over there and he said, "Yeah, he's here right now." "Well," I said, "Give him the \$100." He said, "I can't do that. I'm going to have to tell the President." I said, "Why? I endorsed it." I says, "Go ahead and show it to him." So the President gets on the phone and he said, "If you wanted to okay that note, you come over here and you sign your name, Max Goldberg, under his signature that signed the note. Then we'll give him the \$100, but you'll owe the \$100." I said, "Is that what you want me to do?" and he said, "Yes." So I said, "Where's Oscar Rustness?" He said, "I'll buzz him" so Oscar gets on the phone and I said, "Oscar, I'm coming down to the bank with the man that wants \$100," and I said, "Get that note out." And I went over there with my check for \$100 and I give it to Oscar and took the other note back--know what I mean--and I went and tore it up in front of Oscar Rustness and I handed it to the farmer and I said, "You owe me \$100. When you thrash your crop this fall, the first load of wheat you bring in, you'll pay me the \$100. Is that all right?" He said, "Yes, that's all right." That's how I settled that deal. Now, when he found that out--what I did--and I didn't go to see the President, he called me up. He said, "Say, who is running this bank, me or you?" "Well," I said, "I don't know anything about banking. You are a good receiver, but you don't know a hell of a lot more about banking than I know." "Now," I said, "we'll just get this straight. I've got nothing against you personally. You're a pretty good guy, but you made a hell of a mistake. You should have never accepted the job. But that's all right, you go ahead and run that bank. One of these days you'll possibly get a promotion or something like that." Well, I'll tell you what I did and I didn't intend to put this in here because this will be read by somebody, but I was instrumental to get this man

out of the bank within three months and he got a job in the Minneapolis office and I think he's dead now and he worked for the same company only as an examiner--that's what he was trained for. The company acquired more banks and they had to have an examiner and they used him for that purpose. And I got that job done without any trouble. So, what I really was doing, in some respects, I was liquidating one bank, starting a new bank, and running a bank in my office at the elevator. The bank I would run at the elevator would be people who would come to me before they'd go to the bank and I'd say, "Well, they won't loan you that money, but I'll make a deal with you and you don't have to sign any notes or nothing. I'll give you the money. I'll give you a check and you go ahead and cash it. First load of wheat you thrash, you bring it in in the fall and you'll pay me what you owe me at that time and I won't charge you any interest."

RD: Now, for the record, for the tape, we haven't given names of the banks yet. The one that went broke was what and the new one was called what?

MG: The new bank was called the First National Bank of Moorhead. The reason for that was at that particular time, the public was not used to doing business with banks they refer to as chain banks and this was a chain bank. I prevailed on Cameron Thompson, who was the head of Banco, that this bank--.

[Begin Tape 2, Side 1]

I want to tell you this--as far as the First National Bank in Moorhead is concerned, they've done their utmost to serve the community and to serve them well. I was under the impression when we turned that money loose--over \$2 million--that a lot of that money would be deposited in the new bank; but I had forgotten the fact that all these people had no money in the old money, so they really didn't have very much so the deposits in the bank for the first year--1929--was only \$50,000 for the year. You know what the deposits of that bank is right now? Right around \$100 million. That's what the bank is there. And at the present time, as far as the bank in Moorhead is concerned, and I'm not speaking for any others, they've done their utmost to be lenient with people who owe the bank money because the crops in some places--and this section of the country is better than others because we have three-four crops mainly--they are good crops. We have sugarbeets which is a big asset to the community, and American Crystal Sugar is run by local people--directors are local people; and the bank has done everything they possibly could with people who overextended themselves when they bought a lot of machinery that they possibly could get along without. Everybody is making an effort right now to cut overhead and that's general all over the country. It's general all over the world as far as that part is concerned. But as far as Moorhead is concerned, in spite of everything that's said and done, I know Moorhead pretty well and I know the people that live in Moorhead and out of Moorhead--I'm talking of areas in a radius of 75 to 100 miles and I've done business with all these people, but I could make some statements here that would sound like patting myself on my back, so I won't make them; but I'll make them to you personally sometime, just as a friend, but I've enjoyed living in this community under pressure. I have pretty good control of myself and I could tell you some stories that actually would be hard to believe, but I've lived all through that. The '30s were bad, very bad.

RD: Let me ask a question about the '30s. The new bank started up then after the old one went broke in 1928. What happened generally to other banks in Fargo and Moorhead during the 1930s?

MG: Well, that would be a long story because there was a bank in Fargo that folded up, but the depositors didn't lose any money. The banks just couldn't make any money so they quit. And as far as Moorhead is concerned, there was an American Bank about a block west of where the Norwest Bank is now. That bank after a while it turned out to be--still the American Bank but a different setup. There's a lot of things that I could--I've been trying to get a memoirs written but I don't think I'll live long enough to get it done because I can't get any help from anybody and there's nothing I can do about it. But the question that you're asking--what happened during the '30s--were bad as far as we were concerned because there was--I don't like to get in detail because I'll be talking about myself and that isn't what I want to do--but as far as the bank is concerned (I'm talking about the Norwest Bank right now)--all the years I've been connected with it; incidentally, I was a director of the bank and I was a vice-president of the bank when the bank opened in 1929. I'm still a director but I'm an honorary director. I have tried several times to get out of the bank by writing them letters and everything else and while this is a personal story, but Alan King [?] was the head of Northern States Power Company. He was moved to Minneapolis and ended up being head of Northern States Power Company in Minneapolis and he was director of the First National Bank in Fargo. And they asked him who he would like to have take his place in Fargo. He says, "Just one man; if you can't get him, then just leave me out and forget about it." And he said, "Max Goldberg; if you can get Max Goldberg to take my place, why, he'll represent me. He's the kind of a man I like and him and nobody else." And I want to stop here, because I ended up being a director of the First National Bank. But that's a separate story entirely, and I don't want to get involved in it.

RD: Let me ask a very different kind of question. The 1930s was a hard time for everybody. One of the things that happened in the '30s, not unrelated to what was happening in Europe, was a lot of right-wing prejudice groups began to speak up in this country--Silver Shirts and a lot of others--here you were, in Moorhead, a Lutheran community, a Scandinavian community--there you were from Fargo, Jewish--did you ever feel any sense of that kind of attitude coming out in this part of the country?

MG: Well, Doctor, your asking this question sort of strikes a sore spot, but being born in Russia, I fought for my life since I was 5 years old. The question that you're asking me right now is something that I would prefer not to discuss but I'll give you one instance that happened. I had a man by the name of Ed Colliton [spelling] working for me--he was a grain buyer--he was Catholic. They had a Klan organization in Fargo and Moorhead that was pretty strong. Do you remember that? Or are you too young?

RD: No, I remember, not in Moorhead, but I remember it in Minnesota.

MG: Well, they had a strong organization in Fargo and Moorhead. I had a committee of farmers--you'd know them all if I told you but I won't--three people came to me and they said, "We're representing the Klan organization and you've got Ed Colliton working for

you; he's Catholic." And he said, "It would be better for you if you hired a Lutheran." And I said, "The Klan organization don't permit blacks, they don't permit Catholics, they don't permit Jews; and I'm Jewish. What are you going to do about me?" "Well, we didn't say anything about you; we said we just want you to replace Colliton." "Well," I said, "I'll tell you, you go back and tell the Klan organization that you had a meeting with Max Goldberg, and Max Goldberg told you that when they want to replace Colliton, they'll have to own the elevator; and the elevator isn't for sale to them or to anybody else. And I'm going to hire and fire anybody I want to, and that Colliton is going to stay here. You go back and tell them that." Well, I don't like to tell you what happened. I was invited to attend a Klan meeting. And I was shaking in my boots, and I was trying to make up my mind if I should go. I attended the meeting. What transpired there, I had the last word. They didn't like me any better; they liked me less after I left. Oh, there's other things I could tell you, but I'd rather put it in my book. I don't want to get involved in that. We're getting out in left field now.

RD: Not so far in left field. It seems to me that if some of the kinds of hatred didn't make any headway here, it's because people like you in Moorhead, for instance, saved the town.

MG: About the '30s, I won't name any names but a lady walked in the office and I had an office downstairs and one upstairs. I was downstairs where it had a bay window. And they usually would get stopped before they got to me unless there was a reason, but this woman walked in, opened the door to my office, and stood there. I knew who she was and she looked 6 inches taller than I'd ever seen her before, and she said this to me. She said, "I have five children, I have no credit, I have no money, I have a husband who is an alcoholic, and I have no bread. Will you give me a 25-pound bag of flour?" I said, "No, I won't give you a 25-pound bag of flour. I'll sell you a 25-pound bag of flour and I'll charge it to your husband." And she said, "That drunk will never pay you." "Well," I said, "that's my problem. That's not your problem right now as far as the flour is concerned." A fellow by the name of Roy Iverson was working for me and I called him to the side and I said, "She's driving that one-horse rig (that would be similar to a pickup now, but I don't know what they called them then)--it was snowing and there was snow on the rig. I said, "Sweep off that pickup--the snow off of there--and take some car lining paper that we used to line cars when we loaded grain, and put layers on it so the flour won't get wet and put two 100-pound bags of flour on that, cover it up with paper, cover it up with burlap bags and get it tied down so it won't blow off." They went out and did it and then I told her that she could go home right now, the flour was on the rig. She went out there and she lifted up that goldarn burlap stuff that was laying on top. She come in and she said, "I won't take it; take it off of there." She was mad, and I was sitting back of the desk and I got off and I walked up to her and I got my hands on her shoulders and I kind of shook her, like that, and I said, "Listen, now let's not make fools of ourselves. You're angry; you're trying to get me angry. I don't get angry. I feel sorry for you. Do yourself a favor; you want those children fed; you want to go home and bake bread; you want to do anything you want to do. Why don't you get in that rig and go home? You'll do me a favor. You're not doing me any good standing here." She started to cry and walked out and drove away. Things like that happened during the '30s. I went to a man that built a house--it cost him \$18,000 which was a lot of

money at that time. He lost that farm and lost that house. Oh, I could tell you a lot of stories like that but we're getting away from the bank.

RD: Well, we are. But then again we're not. You know every time you talk about banks, you talk about it in human terms. You know, you've got to bring the human terms in, it seems to me.

MG: You see, I could say a lot of things that should not be said and I'm not going to say them because I have my own opinion of a lot of things and I may not be right, but that's all right. You know how old I am?

RD: Well, I think I do. Let's see, you already told me. About ninety, nearly ninety.

MG: I passed my ninety-first birthday and what keeps me going is the things I did that made me feel good in my heart and this is one of them. There are several like that, and as far as the bank is concerned in Moorhead at the present time that we have--we have a good Board of Directors--it is true that they are predominantly of the Lutheran faith, but I'm still on the Board and I'm not Lutheran. We have a Board member who is Catholic, and as far as the Board is concerned, every meeting I've attended, all the subjects that come are what we can do to be helpful to the farmers in the area. You see, this is a unique area. A lot of people don't know that, but the Red River is what's left of Lake Agassiz that at one time was 440 feet of water where the Red River is. There's three rivers in the United States that flow north, and the Red River is one of them. The Columbia is another, and I forgot the third. But at any rate, this land is fertile land. It grows good crops and it's inhabited by honest, nice people. This area was written up someplace for a man to go to retire and they named Fargo. The reason they named Fargo is on account of the pure air, four seasons, and the kind of people that live in this section of the country. So as far as I'm concerned, as an honorary director of the bank, I know that this bank does everything that they possibly can to be helpful to the community in any way they can.

RD: I should tell you that the first business in Fargo-Moorhead to make a gift to Moorhead State University, then Moorhead State College, was the First National Bank of Moorhead; so we always think of it for that reason.

Listen, we've come to the end of our discussion of the bank; and if we seem to have gotten a little off, the fact is that banks are an awful lot less interesting than Max Goldberg is. So, thank you, Mr. Goldberg.

MG: Before I shut this off, I want to tell you this. There is a woman that worked for the bank that closed whose name was Olga Skei, and I guess it's a Norwegian name. It's possibly spelled different than that. But I am indebted to the woman; the woman's passed away. She was close to 90 years old when she died. But she was working for the bank that closed. I went to Olga and I asked her if she would continue for the bank that's closed; and I said, in addition to that, I want you to be my secretary, as well. And the salary you're getting now, I'm willing to raise it if they think it should be raised. And she says, "No, I don't think it should be raised." I said, "Well, there will be some personal things that I'll

want to dictate to you. I may dictate them over the telephone and all this and that; and if you want to work by the hour, you charge me an hour; if you want to work by the month, I'll pay you for the month. I'll do anything you want me to do." Well, Olga Skei knew more about the bank that closed than some of the officers did that was running the bank; and she was very helpful to me at the time when I needed her when the bank was closed because I spent more time with her than I did with any of the other people in the bank. And I'll honor her memory. But she was very helpful in many, many ways; and I couldn't have got along without her because any information I wanted, she'd get it and she'd have it right. And I can't remember the receiver that took the place of the receiver that I got rid of; but between the receiver and between the people that I enlisted to help me, when the bank finally finished liquidating, instead of paying 25 cents on the dollar that the receiver said we'd pay and I can't remember exactly--it was either 80 or 81 cents on the dollar. That's what the closed bank paid out; in other words, the most anybody lost was 20% and that's not a bad record. And I don't want to leave the impression that I'm entitled to the credit of being the one that brought that about, but I was instrumental in getting other people who were both depositors and both borrowers to spend a lot of time in bringing this about; and they're the people that's entitled to the credit and there are second and third generation that still live in this area. Oh, I could tell you an awful lot of stories that would be--I wished I could get it in a book and I don't want to sell the book; I'd want to give it away. It's a human story that I wish was in print. But I don't think it ever will be.

RD: Oh, it will be one of these days.

[End of Interview]