MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

MARCH, 1970

Insurance and Investment Issue

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Plans for New Tower Announced at Beginning of Bank's Centennial

SAN FRANCISCO—Crocker-Citizens National marked the beginning of its centennial year by announcing plans to construct a tower with 60 or more floors. Every floor will have 15,000 square feet of office space.

A bank official said construction will start in five years and that definite architectural plans have not been designed. Construction of the tower became possible with the purchase of the 111 Sutter Building. One of Crocker-Citizens' buildings, a 13-story structure, will be razed after construction of the tower is completed. The remaining area upon which the tower will be built has been reserved for a plaza. Several floors of underground parking will be located beneath the new plaza.

Crocker National Corp., the one-bank holding company that owns Crocker-Citizens National, is planning to form Crocker Capital Corp., a small business investment company. The new company would be 49% owned by Crocker National. The balance would be owned by Crocker Associates, a limited partnership owned by members of the Crocker family, and a group of Palo Alto investors. Approval from the Small Business Administration is pending.

BAI's Southern Convention

HOT SPRINGS, ARK.—The Bank Administration Institute's southern regional convention will be held at the Arlington Hotel here April 19-21, with Melvin Lawson as general chairman. He is vice president, Worthen Bank, Little Rock.

A Catch-Penny Gimmick

Many banks in the Mid-Continent Banker area recently received a mailing piece designed to look like a statement of account and indicating that a certain amount should be paid; for instance, $68.

On the "statement" the bank is instructed to make its check payable to a publisher in California.

Printed on the "statement" is a disclaimer that states that the mailing is a solicitation for the order of services and not a bill. However, it is possible that many of these statements have slipped through as accounts payable.

The "services" solicited is the publication of the bank's name and address in a directory, the name of which is not given.

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

Volume 66, No. 3 *March, 1970*

FEATURES

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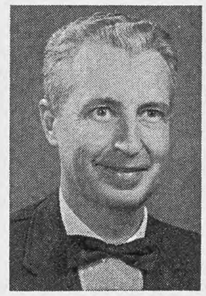
THE BANKING SCENE



By Dr. Lewis E. Davids
Hill Professor of Bank Management
University of Missouri

Credit-Card Backlash—A Personal Experience

"THAT COMES to $27.71," the attendant of a service station where I had traded for years told me in the presence of several casual acquaintances. My unthinking reflex action was to reach into my wallet, pull out the oil company credit card that was "valid through 03 72" and give it to him. "We have a $25 floor limit and have to phone the Chicago office for an OK on anything over that amount. It shouldn't take more than a few minutes," was his comment. Although I was in a hurry, I could understand the logic of the transaction and thought it would be informative to see just how long it took to get an authorization. He was right; it took just about three minutes.

If the incident had been terminated at this point, we could assign Brownie points to the station attendant for following the standard operating procedure and also to the information-retrieval system for the computer and forget about the incident that's duplicated thousands of times each day. BUT while somewhat impatiently waiting and wondering as to the economics of the phone call from Columbia to Chicago, I figured the company probably had a WATS line that cut the cost of the long-distance call to pennies. The direct-computer costs probably ran a penny or so; the clerk in Chicago who activated the information retrieval from the computer probably was earning from $2 to $2.50 an hour and—when his fringe benefits were additionally plugged in—the specific transaction cost probably came only to 6¢ to 10¢ to the profit center at Chicago. However, since the service station attendant's time and mine were also involved, I concluded it made a rather interesting area to estimate full costs and to divide them among the three. I also recognized that one would need a great deal of hard accounting data to pursue the problem further.

While my thoughts were still on the problem of costing the transaction, there was a rapid cooling of the atmosphere. The attendent peered at me with what can be described only as a fish-eyed look and stated, "No credit—I am to pick up your credit card." Thud—there is a most disquieting feeling, especially in the presence of others, to have one's credit not only questioned, but rejected and, in fact, be told to surrender one's credit card. I did remember reading the statement on it, "This card is the property of such-and-such a company, may be canceled and repossessed at any time and must be surrendered upon demand." Naturally, I complied, knowing I looked and was considered guilty of being a "dead beat" by the people at the service station.

My first thought was to whip out currency and pay cash on the line. Unfortunately, or maybe fortunately, I did not have $27.71 in my wallet. Because credit cards have become such a major payment device, I seldom carry more than a 10-dollar bill with me. A near panic bell started to ring in my head but then I recalled that the station also accepted other credit cards. Somewhat less than nonchalantly, I proffered my BankAmericard. The attendant took it, made the authorization call, got an OK and completed the ticket and imprinting. I nervously signed the ticket, wondering all the while at the paradox. He was willing to accept another credit card even though he had been advised to pick up (and did pick up) the oil firm's card.

While knowing I was not guilty of not paying my bills on time, I decided to be prudent and not try to make any explanation or be publicly critical. Thus on arriving home, I checked a few financial facts that showed that my checks had been made out and sent in within the prompt pay period. My next thought was whether the U. S. Postal Service, which has been increasingly criticized of late, might have goofed and not delivered my checks in full and prompt payment of all my credit purchases. All the checks had cleared—and bless the U. S. Postal Service, there was no fault to be attributed to them. Through rain, sleet and storm, they had indeed delivered my checks to pay the bills.

An important piece of background material the reader should know is that in October my wallet containing currency, credit cards and identification papers had been stolen. The police and each credit card company had immediately been advised by telegram of this fact. One week later my wallet with everything but the currency was recovered. It apparently is not uncommon in cities such as Columbia, Mo., for the thief to take the cash and throw away the wallet and its contents. In larger cities a more sophisticated thief could have sold the identification papers and credit cards for several hundred dollars.

Between October and mid-January, when this incident occurred, I had followed the instructions of the companies on notification of loss as well as the use of the newly issued cards and also had made the November and the December payments. These included the oil company as well as BankAmericard.

The next day I called the local operator of the service station, explained to him that his helper had picked up my card, that I believed that some error had been made since my records indicated I was currently paid up with that particular oil company. The manager said he was sorry, that in recent weeks he had been instructed to pick up cards of a good number of long-time customers who so far as he could judge were highly regarded professional people in good neighborhoods and were not likely to be skips or long-term credit delinquents. He went on to point out that such breaks in customer relations were especially

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rough on him since he relied on the company's judgment and had to follow its regulations. He volunteered to ask the oil firm's local representative to "apologize" for any mistake made. My response was that I was more interested in several other factors rather than in an apology. First, the extent that adverse and incorrect credit information was interchanged by his company with other oil companies and credit grantors. Second, just what was the adverse credit information on me, how it was being used, who put it there and how long it would be in the firm's file. Also, if the adverse information was the result of the October notification of the stolen credit card, why had the company billed and *accepted* payment of the charges for November and December without providing in its programing of its computer the removal of the "stolen" credit-card advice? However, if its records still showed the card to be stolen, why was the firm content to let the transaction stop at that point with the card being picked up and why had it not notified the police to apprehend the illegal user? Do giant corporations not have an obligation to help their police?

There were many more points I believed needed clarification, such as what about the policy on rectification of the damage to my credit reputation? An apology to me personally would not make me "whole" in the minds of those who were privy to the transaction. (And the fact that the company's local representative did not promptly or for that matter within any reasonable period of time make an effort to look into the situation.)

The interesting thing is that—as a professor of bank management—I have lectured to college students and bankers on credit, credit files, credit cards, etc. It is my sincere belief that credit grantors do not deliberately make mistakes or impinge innocent people's character. I recognize that with millions of credit transactions there are bound to be some small number of mistakes. But those mistakes can and should be corrected promptly and positively. Too many credit mistakes will lead to restrictive legislation and I must say that the preceding situation has now made me somewhat more sympathetic to the positions of legislators Multer and Proxmire, especially in view of the cavalier lack of follow-up by the oil company upon being advised of the situation.

For bankers I think that several lessons can be learned from this case, which certainly was not academic to me. First is that the bank credit card system performed better than the oil company's. Perhaps this should be so because that bank credit card had an over-all $1,000 credit limit (even though the local floor limit was $25). More was at stake with the bank credit card than with the oil credit card. This is contrary to the evaluation of computer companies. The latter generally have held that travel and oil companies typically have done a better job of utilizing their computers than have banks.

Next, I think is the recognition of the negative response of the oil company. When one has annually bought hundreds of dollars of its products for years, I would think I was at one time a valued customer worth some time and effort to at least find out why I might have changed. Certainly, the firm must have a marketing department that might profit from such information.

Because many banks are in positions of terminating credit from some of their customers, it is especially important that they be sure that they do not find themselves with programs or procedures that are wrong.

I also have wondered what I would have done if my bank credit card had been picked up. Luckily, it wasn't. Ask yourself.

Could a similar thing happen to you? What safeguards does your bank have against the errors of omission and commission in handling credit rejections on cards? • •

N. Y. Headquarters Opened by Security Pacific Nat'l

Security Pacific National in Los Angeles has opened the New York Headquarters for the bank's wholly owned Edge Act subsidiary, Security Pacific International Bank. Harvey Fleetwood, executive vice president and director of SPIB, heads the New York Headquarters.

Security Pacific Bank has banking operations in California and across the nation. Recently the bank became affiliated with Western American Bank, Ltd., of London. Security Pacific also is expanding its international staffs in Tokyo, Los Angeles, San Francisco and San Diego.

Merger Plans Ended

NEW YORK—Plans to merge U. S. Leasing International, Inc., into Chase Manhattan Corp. have been discontinued by mutual agreement of the two firms. According to officials of the companies, the merger was stopped because of legislation pending in Congress that would restrict activities of one-bank holding companies.

William Wroe Named to Board

AUSTIN—William A. Wroe, vice president, has been elected to the board at American National. He has been with the bank since 1953.

In other action, shareholders of American First Corp., a one-bank holding company which owns American National, have approved a 5-for-1 stock split that increased stock from 200,000 to 1,000,000 shares.

Poitevent Heads Leukemia Group

Elected president of the Leukemia Society of America, Inc., is Eads Poitevent, left, president and chief executive officer of International City Bank, New Orleans. Discussing society matters with Mr. Poitevent are: Church Yearley, center, vice president of the Leukemia Society and executive vice president of First National, Atlanta; and Alfred S. Lucas Jr., assistant secretary of the society and vice president at Birmingham Trust National.

CORPORATE NEWS ROUNDUP

News of Firms Serving Banks

• **Lawrence Warehouse Co.** The San Francisco-based company of Lawrence Warehouse has elected two vice presidents: Richard H. Meckstroth and James H. Undlin. Mr. Meckstroth is manager, Houston Office, and Mr. Undlin is manager, Denver Office.



MECKSTROTH UNDLIN

Mr. Meckstroth has helped introduce Lawrence services to the Houston area. In his post, Mr. Undlin is responsible for operations in Oklahoma and Kansas, among other states.

• **Bankers Capital Life Insurance Co.** Premium income went up 60% in 1969 at Bankers Capital Life Insurance Co., Minneapolis—to $3.5 million from $2.2 million the previous year. Insurance in force passed $103 million last year, showing a 28% gain over 1968.

The firm wrote its first business in the fall of 1963 in Minnesota and is now licensed to do business in 15 additional states.

• **Ashwell & Co.** Don Reid has re-established this firm at 209 South La Salle Street, Chicago. Ashwell & Co. is a dealer in commercial paper and other related short-term investments.

• **Diebold, Inc.** Roy B. Miller Jr. has been named South Central Division manager of Diebold, Inc. Mr. Miller has been with the Canton, O., based firm since 1964.


MILLER

Mr. Miller will head a newly created division encompassing Alabama, Mississippi, Louisiana, Arkansas and Tennessee. The divisional office will be located in Birmingham. Mr. Miller had been St. Louis regional manager since 1965.

• **James Talcott, Inc.** James W. Brown, Edwin J. Cronin, Ralph L. Egeland and Michael B. Fillichio have been elected assistant secretaries at James Talcott, Inc., a commercial finance company in Chicago.

Messrs. Brown and Fillichio are on the business development staff serving Illinois, Missouri and Kentucky. Messrs. Cronin and Egeland are loan officers responsible for servicing client accounts.

• **Studley, Shupert & Co., Inc.** Thomas C. Woolfolk has been elected a vice president, bank and insurance company portfolio division, at Studley, Shupert & Co., Inc., of Philadelphia.


WOOLFOLK

Prior to joining Studley, Shupert & Co., Mr. Woolfolk was in charge of Pennsylvania municipal ratings in the Philadelphia Office of Standard & Poor's Corp.

• **Francis & Lusky Co., Inc.** Benjamin Zucker has been named an account executive and manager at Francis & Lusky Co., Inc., an advertising specialty firm in Nashville. Mr. Zucker will establish and manage the firm's new direct mail division, which will be oriented toward banking and financial concerns.

Before joining Francis & Lusky, Mr. Zucker held a similar post at R. L. Polk & Co.


THE
BUSINESSMAN'S
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OF THE
GULF-SOUTH
*

New Services

New Income Tax Service Offered by First Nat'l

CHICAGO—First National has begun offering a computerized income tax service that makes it easy for an individual to pull together information on his income and deductions. The service—called "Tax-Pak"—provides completed returns.

The service starts with a kit of labeled folders for information. The customer merely puts the information in the kit, seals it and returns it to First National. A week later, he picks up his completed state and federal income tax returns.

Each "Tax-Pak" contains easy-to-follow instructions to help the taxpayer provide the information required for preparation of his state and federal income tax returns.

First National sells the service for a small amount that applies on the processing fee, which runs from $5 and averages $18, depending on the complexities of the returns. The service was designed and is processed by Fiscal Systems, Inc., which provides a tax accountant to check each "Tax-Pak." Data are fed into a computer, which picks the best option, selects the best tax savings and types out the tax returns.

Profit-Sharing Plan for Firms Offered by First of Atlanta

ATLANTA—First National has begun marketing a new "Master Corporate Profit-Sharing Plan." Designed to allow small corporations to implement a profit-sharing program at reduced start-up costs, the plan allows an employer to select options that tailor his individual needs.

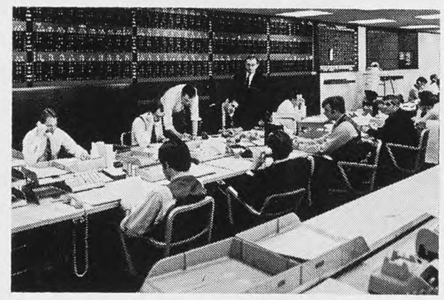
According to a bank official, the master plan enables First National to become more involved in assisting small corporations. When a plan is begun, the bank will provide administrative and investment supervision.

Travel Club in Progress at Indiana National

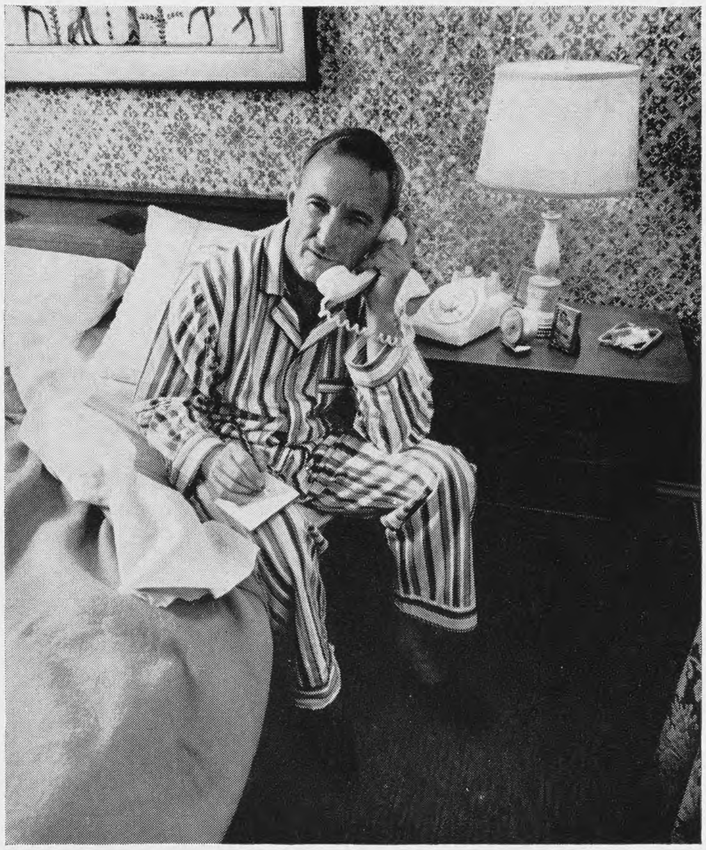
INDIANAPOLIS—Club Adventour, Indiana National's new travel club, began operations January 1. The club's first trips will be scheduled this spring. Trips will be arranged for single young adults, couples, families and special-interest groups. Club members are charged $25 annual membership fees.

When a person joins the club, he opens a special travel savings account on which the bank pays 4% annual interest, compounded quarterly. If a member decides to take a trip before he has saved enough the balance may be paid by the bank. Club membership includes a subscription to *Club Adventour* magazine, a monthly newsletter and an opportunity to attend travel lectures.

BofA Installs Quote Board



Bank of America has installed Scantlin quotation boards in a 2,500-mile link among its New York, Los Angeles and San Francisco investment securities offices. Shown above is the quote board in the trading room of the New York office. It is the first electronic trading board for the bond market and the first such system for a bank, according to BofA. Traders in any of the three cities are able to effect simultaneous price changes as they occur.



The newest innovation in foreign exchange is located in somebody's bedroom.

The "somebody's bedroom" belongs to John Hawes, the head of our Foreign Exchange Department.

The "latest innovation" is the special telephone we installed by his bedside.

"The hotline," as Hawes calls it, is a direct line to our top foreign exchange traders in London, the major money market of the world.

When you're dealing with millions of dollars of somebody else's money, you have to keep up on everything (and we mean *everything*) that affects the price of exchanging dollars into yen, pounds, francs, pesos, lire and so on.

That's easy enough to do during normal working hours. But how about 4:00 in the morning (10:00 AM London time)? Or on Saturday or Sunday?

Almost anything can happen during those hours. War. Peace. Another devaluation. A coup d' état.

Enter "the hotline." In a matter of minutes, John Hawes can find out what, if anything, upset the tenuous balance of world money.

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MID-CONTINENT BANKER NEWS ROUNDUP

News From Around the Nation

PEOPLE

• Chase Manhattan has appointed four vice presidents in its U. S. department. They are BRUCE A. CROCCO, BYRON S. PARDEE, FRANK L. TENUSAK and ROBERT D. WEEKS JR.

CROCCO

TENUSAK

Messrs. Crocco and Tenusak have responsibility for the bank's business in Illinois. Mr. Weeks serves the southeast, including Alabama, Mississippi and Tennessee. Mr. Pardee is with the public utilities division.

Mr. Crocco joined Chase in 1963, Mr. Tenusak in 1958, Mr. Pardee in 1937 and Mr. Weeks in 1957.

WEEKS

ROSBOROUGH

In other action, the bank has appointed BRUCE W. ROSBOROUGH as district VII executive in the U. S. department. Mr. Rosborough and his associates serve the bank's customers in Missouri, Kansas, New Mexico and a portion of Illinois, among other states. Mr. Rosborough joined the bank in 1959.

• HAMILTON B. MITCHELL, president and CEO of Dun & Bradstreet, Inc., has been elected to the board of Irving Trust, New York City. Mr. Mitchell is a former president of the Reuben H. Donnelley Corp.

St. Louis Charter Application Denied

A charter application for Security Bank, St. Louis, has been denied by the Comptroller of the Currency. In accordance with the Comptroller's policy, no reason was given for the denial.

Security Bank is to be established to settle an anti-trust suit by the Justice Department against the 1965 merger of Mercantile Trust and Security Trust.

The group seeking the charter is headed by Max Lubin and Thomas Green, owners of Supreme Management Co., St. Louis. The group was selected from a field of seven that bid for the right to apply for the charter at the end of 1968, when the Justice Department agreed to permit Mercantile Trust to sell stock in the new bank rather than to distribute its shares to stockholders, as originally stipulated in the consent decree that settled the suit.

Arkansas Bankers Blush

A number of Arkansas bankers are wearing crimson faces due to an abortive attempt to raise the legal interest rate from the present 10% limit in a new state constitution.

The bankers' support of a hike in the limit might have succeeded had it not been for a letter to the constitutional convention signed by 50 bankers which promised financial support for ratification of the new document on the condition that the delegates loosen the usury provision. Most of the signees said they had not seen the letter. If they had, they said, they would have clarified their intent with more appropriate wording.

Upon receipt of the letter, some convention delegates charged the bankers with attempting to "buy" a version of the constitution that would be favorable to banking. The effect of the letter was defeat of the provision raising the legal limit by a seven-vote margin.

The constitution will be presented to voters in November.

ABA Moves to Kill I-BHC Bill

The ABA has gone on record as opposing passage of legislation regulating one-bank holding companies until a Presidential study commission on banking releases its recommendations, sometime in 1971. If the Senate follows the ABA's recommendation, restrictive legislation on one-bank holding companies, passed last year by the House, will die.

The ABA recommendation is not supported by all bankers, especially those belonging to the Independent Bankers Association of America, which favors placing one-bank holding companies in a special category. The IBAA also favors passing a one-bank holding company bill this year, without waiting for the results of the Presidential study commission.

Bank Underwrites New Office

Rhode Island Hospital Trust National, Providence, has begun a \$10 million public offering of notes in denominations as small as \$100 to obtain money to finance a new 27-story structure. The notes will pay 7¼% annual interest and mature in 30 months.

A bank spokesman claims the offering is the most economical method of raising funds for the building. Although other banks have been offering similar notes, their intent was to raise funds for loans or other operational purposes, not to build new quarters.

MID-CONTINENT BANKER NEWS ROUNDUP

• THOMAS W. McMAHON JR., executive vice president of Chase Manhattan, has been appointed chairman of the ABA's urban affairs committee. Mr. McMahon succeeds DONALD M. GRAHAM, chairman and CEO at Continental Illinois National, Chicago, the committee's original chairman. Mr. Graham will remain as a member of the committee.

A second vice chairman has been appointed to the committee. He is WALTER E. HOADLEY, executive vice president and chief economist at Bank of America, San Francisco. Mr. Hoadley will serve with WILMOT R. CRAIG, chairman and CEO at Lincoln Rochester (N. Y.) Trust, who continues as vice chairman. The appointment of two vice chairmen is an indication of the growing importance of the urban affairs committee, according to the ABA.

• Four Mid-Continent area bankers have been selected to serve two-year terms on the regional advisory committee on banking policies and practices of the Tenth National Bank Region. They include A. DWIGHT BUTTON, chairman, Fourth National, Wichita, Kan.; A. J. COLLINS, president, Hutchinson (Kan.) National; RAY EVANS, president, Traders National, Kansas City; and MILTON TOOTLE JR., president, American National, St. Joseph, Mo.

Among committee members whose terms expire at the end of 1970 are CHARLES CLEVENGER, president, First National, Topeka, and DONALD E. LASATER, president, Mercantile Trust, St. Louis.

• CLIFFORD C. SOMMER, ABA vice president and president, Security Bank, Owatonna, Minn., has announced his intention to not seek reelection as a Minnesota state senator. He cited the press of his ABA duties as being responsible for the decision. His term expires at the end of 1970.

• JAMES F. BERÉ, president of Borg-Warner Corp., has been elected to the boards of Continental Illinois National and Conill Corp., one-bank holding company that controls the bank. Both firms are in Chicago.

In other action, the firms announced the retirements of three directors, including ROBERT C. BECHERER, PORTER M. JARVIS and CLARENCE H. SHAVER.

'Economic Crime' Charged by Nader

The practices of banks have come under fire by consumer advocate Ralph Nader, who has charged that banks are engaging in "the largest kind of organized crime in our country—economic crime"—through what he called "established practices."

Among these, Mr. Nader said, were cutting off of entire districts of cities from mortgage and real estate loans, the use of trust funds to generate "compensating balances" from brokerage houses and helping wealthy citizens to avoid paying income taxes through deposits in Swiss banks.

Mr. Nader challenged institutional investors to form "non-profit" investment firms which they would fund with "donations" and which would use ownership of stock as "leverage" to force manufacturers to adopt more socially responsible policies and practices.

'Keep Savings at Home' Plea

Bankers, realtors and savings and loan executives in metropolitan New Orleans have joined in a campaign to urge savers to keep their dollars at home. In a full-page ad in a New Orleans newspaper, citizens were advised that savings invested in local institutions were "the fuel that keeps metropolitan New Orleans' economy running."

The ad deplored savers' attempts to earn higher interest by depositing their savings in out-of-state banks. It reminded savers that continuance of out-of-state banking would result in a slowdown in the local economy that eventually would adversely affect most citizens.

Customs Broker Licenses Opposed

The granting of customs broker's licenses to banks would be opening up another "non-banking activity" to commercial banks, according to Representative Wright Patman (D.,Tex.). The remarks were made in connection with the consideration by the Treasury of granting a custom broker's license to South Shore National, Quincy, Mass.

Mr. Patman said that such a license would conflict with the law that now limits commercial banks to activities "incidental to banking." He said it would also violate the "intention of Congress" as expressed in the House-passed bill to regulate one-bank holding companies, which would limit the companies to activities "functionally related" to banking.

Unions Vie at Seattle-First National

Seattle-First National has terminated contract negotiations with its AFL-CIO-affiliated employee bargaining agent. The move came after another employee group laid claim to recognition as the proper bargaining unit, charging that the bank would be guilty of unfair labor practices if it continued with the first agent.

The original Employees' Association is associated with the Professional Office and Industrial Union, Marine Engineers' Beneficial Association, AFL-CIO. The new group, called the First Bank Independent Employees Association, is not affiliated with any union, and, in fact, has been called a company union by representatives of the Employees' Association.

Despite the fact that no new contract has been negotiated, the bank has granted 6% salary increases and 4% across-the-board increases on all non-official salaries, retroactive to January 16, when the old contract expired. In addition, dental and vision care have been added to the present employee medical program.

Premium Value Limitation Effected

New regulations have been issued by the Fed, FDIC and the Federal Home Loan Bank Board that limit the wholesale value of premiums given away to attract deposits to $5, excluding shipping and packing costs. The limit is $10 on deposits of more than $5,000.

The regulation, which took effect March 1, is intended to prevent banks from giving away gifts like TVs and sets of dishes in order to attract deposits. One New York City bank has been offering free TVs to $1,000 depositors who bring in friends who open five separate $1,000 accounts and leave the money on deposit for at least two years.

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orner ☐ between buildings ☐ other location.
ace is brick ☐ stone ☐ or ____________.

Title ______________________________

f Business ______________________________

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State ______ Zip ______

e call for an appointment
Phone Number ______________________________

"Facia-wal" is completely adaptable to a wide variance of building configurations. Older buildings can be harmoniously blended as one unit by erecting a MACO "facia-wal" facade of modern maintenance-free components. If your building is old but structurally sound, it is an ideal base for "facia-wal." Send the attached card in today for complete details.

The
MACO
CORPORATION
Huntington, Ind. 46750

Solid older bank building is a perfect foundation for a MACO facia-wal® exterior modernization system

The officials of the Bank of Amory, Mississippi saw how "facia-wal" transformed other older buildings in Mississippi, as well as many other states, to attractive business centers. Now, their bank is receiving praises after their "facia-wal" remodeling project was completed.

Often an old building is only worn out in appearance. It is wise planning to save the quality construction while updating the building's style with architecturally engineered "facia-wal."

The Bank of Amory clearly shows how "facia-wal" so completely renovates a building's appearance so it is looked upon as a fine, new building — a real asset to the business community.

The reverse side of this page tells how thorough the Maco "facia-wal" system is in engineering and design.

If your building is structurally sound MACO facia-wal® is the next step to a highly rewarding exterior transformation program

Maco "facia-wal" offers the cost advantages of modular construction without the design restrictions of other prefabricated systems. Each "facia-wal" project is custom engineered, then prefabricated at the factory. All components are pre-assembled to a point within shipping limitations. Everything needed for each job is included with the shipment so local workmen can easily follow the installation plans. Erection time is surprisingly short. In most cases, there is no interruption of business.

"Facia-wal" is especially ideal where the original facades of buildings are irregular in height or configuration. The flexibility of "facia-wal" makes it possible to blend the exteriors harmoniously. A wide selection of paneling material, textures, and colors add to "facia-wal's" versatility. Each job is carefully planned in detail and full advantage of prefabrication is taken to achieve a modern looking structure.

If portions of the original building surface have acceptable aesthetic characteristics, "facia-wal" can be used in conjunction with these for special effects. The Maco system can accommodate the individual variations common in various architectural styles. This is why each "facia-wal" project has the quality and custom appearance you expect.

The original exterior of the Bank of Amory building was adaptable to a wide range of "facia-wal" treatments. "Facia-wal" panels, with a screened texture, can be selected to allow access of light and air to existing windows while retaining the appearance of a solid facade.

Mr. Property Owner—

The biggest reward from a modest "facia-wal" remodeling program is the increased value of the property in terms of both public relations and real estate investment. Often neighboring businesses follow the lead of the progressive businessman by remodeling their buildings so the environment is profitably beneficial to the whole community.

THE MACO CORPORATION, HUNTINGTON, INDIANA 46750

Form No. MFW-1-769 Litho in U.S.A.

Law-and-Order Project

East Texas National of Palestine gave the cause of law enforcement a boost recently when it cooperated with the local chapter of the Daughters of the American Revolution in observing Peace Officers Appreciation Day. Sponsored by the William Findley Chapter of the DAR, the observance featured a reception in the bank's quarters and a special display of old and unusual weapons on the bank's second floor.

Law enforcement officials having jurisdiction in the county were honored, along with their wives, at the reception in the bank's lobby. Nearly 700 persons attended the event and were greeted by bank President John D. Saunders; Mrs. N. C. Woolverton, wife of the bank's chairman; Mrs. Alton King, regent of the William Findley Chapter, Palestine; and Mrs. B. W. Woolley of Dallas, state regent of the DAR Texas Society. Honor guests included the special agent in charge of the FBI's Dallas division, J. Gordon Shanklin, and David McDowell, president of the Anderson County Peace Officers Association.

The bank announced the special reception in a newspaper ad prior to the event, citing peace officers as "democracy's first line of defense." Children of bank employees and DAR members acted as pages during the open house. The bank lobby was decorated with a patriotic theme. In addition to identifying itself with the popular subject of law-and-order, East Texas National gained the gratitude of one of its community's important organizations, the DAR. Such grass-roots public relations projects do immeasurable good for a bank.

Senior Citizens Appreciated

The nation's youth are capturing the headlines these days, and most banks are orienting their services to the "under 30" group. Yet it behooves bankers not to neglect the opposite end of the age scale —senior citizens. Many communities are becoming havens for seniors, and thereby are offering great potential to the banks serving these areas.

First City National, Gadsden, Ala., recently acknowledged the influence of senior citizens in its community by sponsoring a senior citizens banquet. A record turnout of nearly 1,200 persons attended to hear bank Chairman Albert Rains urge them to "be happy by keeping busy." He said their participation and leadership were needed in various church, civic and social groups.

Entertainment was provided and special guests included political, business and civic leaders. Plans were revealed for the construction of a special senior citizens lodge.

One of the seniors in attendance was the mother of bank President J. D. Johns. She received an orchid from Chairman Rains.

The senior citizens banquet is an annual affair. There's little doubt that the bank, which recently celebrated its fourth anniversary, can attribute much of its growth to its consideration for senior citizens.

The Best Deal

Here's a bit of bank advertising copy we believe would have appeal in any community:

"A few weeks ago, one of our customers picked up the phone and asked us if we could help him finance his son's college education.

"Instead of offering him our regular educational loan, we explained how his son could apply for a simple-interest, government-financed plan that could save him a good deal of money over the next four years.

"We don't like to lose business. But we like to get our customers the best deal.

"May we help you?"

The bank? American National, Chicago.

Matchless Month

The month of December was "Matchless Month" at Marshall (Tex.) National—and it was all for the good of charity and the health of customers. The bank has been in the habit of distributing free books of matches to customers, each book carrying bank advertising on the inside.

The bank decided to conduct its own type of "anti-smoking" campaign, but with a new twist. The money allocated to pay for the matchbook advertising was donated to the Cancer and Empty Stocking funds.

Large newspaper advertisements and signs in the bank announced the "Matchless Month" to customers. The announcements began with a large "Sorry" to those who were expecting matches, and ended with the following sentence: "Where there is no 'fire' there's less smoking!"

The bank plans to continue the campaign throughout 1970, with advertising monies going to various charitable agencies.

Commemorative Silver Bar

First National of Larned, Kan., used a novel device to call attention to the town's historical heritage. Fort Larned is a historical site and the first location of a national park in Kansas. The bank struck a 3-ounce bar of fine silver to commemorate the 110th year of the fort and the 80th year of the bank.

The bar was designed by Foster, Inc., of Walla Walla, Wash., in collaboration with S. N. Moffet, president of First National. On the face of each bar are scenes depicting two of the nine buildings that have been preserved from the original site of the fort. On the reverse of the bar are the bank's logo and a prairie schooner and oxen (see photo). The silver bars were sold by the bank and the Fort Larned Historical Society. Funds were to be used toward the construction of a new Santa Fe Trail Center planned near the fort.

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Your correspondent banker at The First is responsive to your desire for thorough, prompt service. He provides regional, national, and worldwide information—when you need it—utilizing The First's sophisticated, ultramodern computer system. His sound thinking, coupled with The First's modern facilities, means correspondent service second to none. We welcome the opportunity to serve you.

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Implications of the Federal Tax Bill on the Municipal Bond Market

By ROBERT C. BROWN
Vice President, Bond Dept.
First National Bank, Chicago

IN 1969 Congress enacted substantial changes in the Internal Revenue Code. Several of these new provisions seem harmful to commercial banks. For those of us on the investment side of banking, the legislative change in the taxation of capital gains is of particular concern.

BROWN

The old law permitted banks to take unlimited amounts of capital losses as an offset to ordinary income, while treating capital gains at the same preferential rates other taxpayers enjoyed. Like other taxpayers, banks were required to offset gains and losses received in the same year. The special provision for banks was in the treatment of losses, not gains. Other taxpayers were and still are limited in the amount of capital loss (net after gains) that they could write off against income. Because of their special position in the structure of the economy, banks were permitted to write off unlimited amounts of capital loss against ordinary income.

All taxpayers can find advantage in tax-loss selling, but this special provision of the law made the process especially attractive for banks. By carefully managing the bond account, so that gains and losses did not fall in the same year, the banker could offset all his losses against ordinary income, while all his gains were taxed at the 25% rate. In this period of extended interest rate rise, the mechanism of tax-loss trading was a godsend for the bond account. Banks were able to sell low-yielding assets, write off the loss against ordinary income, and re-invest at higher yields.

The new tax law, in effect, does away with a capital gains tax for banks. Since banks were permitted to treat capital loss as ordinary loss, Congress reasoned that they should treat capital gain as ordinary income. The treatment sounds fair and symmetrical, but the concept changes banker thinking in ways that have adverse implications for capital markets.

This adversity is already reflected in the long-term government bond market. At today's interest rate levels, all long-term government bonds are trading at a discount. The discount price, of course, represents a built-in capital gain. Under the old rules, there was an active and viable market because the preferential tax on the discount portion more than compensated for the meager current income off the small coupon. With the preferential tax on gains removed, the prices on discount treasuries have been driven lower. This same price action has taken place in the other bond markets too. In the municipal bond market in late December and early January, current coupon bonds were moving up in price, while discount bonds were falling. At the same time, the yield curve was steepening, as buyers demonstrated a preference for short maturities where capital gain or loss was less likely to happen.

The visible effect of the new tax law is exactly what might be expected: bankers shun capital gain situations. In the bond markets, we see this in their preference for short maturities over long ones, and in their preference for current coupons over discount bonds. The net effect on the banking system is a marked decrease in liquidity. With the catastrophic drop in bond prices over the last three years, all of us now own large amounts of bonds that would sell below par. These tax changes have caused such bonds to decline even further in price than the market in general. More important, the market for discount bonds is significantly reduced by this lessening of demand. If the banking industry decided to liquidate its low-coupon discount bonds in major amounts (as in 1966), there would be some question of the bond market's ability to accommodate the supply at anything but totally unreasonable prices.

It would appear that the banker is locked-in to his low yielding investments, that he cannot dispose of them except at distress prices. It would also appear that there is no incentive for him to buy discount bonds or longer maturities.

A free market, fortunately, is a self-correcting mechanism, capable of adjusting to all kinds of change. Despite the Fed's occasional interference, the bond market is still functioning freely. Fears and facts are discounted by the market so that the price structure inevitably represents the balance between supply and demand. If the demand is skewed in favor of certain maturities or certain types of bonds, this will be reflected in the market.

It is interesting to observe the market's action with regard to investor fears about long maturities and discount bonds. In January of 1969, the price difference between one-year and 20-year municipals was 65 basis points. By January of 1970, this spread had widened to 120 basis points. An even more striking comparison can be made to 1966. At that time, even though money was very tight, municipals were offered on a flat scale (i.e., no yield difference be-

(Continued on page 42)

Assessing the Municipal Bond Situation

Mid-Continent Area Securities Experts Share Opinions on the Direction the Bond Market Is Heading

By CLARK COX
Manager, Municipal Division
The Heitner Corp.
St. Louis

THE YEAR 1969 is history. It will not soon be forgotten by the banker or the investment banker. It was a year for breaking records on interest rates—a year in which borrowing costs for the individual, the corporation, the municipality and the federal government reached highs not seen for over 100 years.

As shown by the Bond Buyer's Index, the yield on municipal bonds increased by about 2%, from 4.85% to 6.90%. The yields on corporate bonds ranged from 8½% to 10%, depending on the credit. The yield on governments reached 8% and recently, since January 1, 8% to 8¼% on new financing.

Bankers and investment bankers know what happened and we know what we think were the causes for interest rates to rise so dramatically. Operating exclusively in the field of high-grade municipal bonds, we saw the yield on our bonds rise all year, to climax in December. There were a few short periods when prices reversed their downtrend, but these were of short duration and minor in nature.

As a result of the increasing borrowing cost, far more issues of municipal bonds were turned down at the polls by the voters than normal. Only about 40% of new bond proposals were approved by the voters in 1969. Many issues approved were not marketed because of interest rate limitations or the issuer being unable to attract a bid or unwilling to accept a bid. Thus the volume of municipal financing for 1969 was considerably less than normal. It is estimated that between \$3- and \$4-billion of municipal financing has been postponed due to being unwilling, or unable, to come to market.

December climaxed the year with three large offerings of state bonds—\$90 million State of West Virginia on December 1, rated "A-1" by Moody; \$50 million State of Ohio on December 16, rated "AAA" by Moody; and \$125 million Commonwealth of Pennsylvania on December 18, rated "AA" by Moody.

With issues of this size and with money so tight, prices had to be cheap, and yields high, in order to attract enough money to underwrite and distribute the bonds.

As is usual, there were few new issues of municipal bonds from about December 20 to January 15. As so often happens at this season of the year, the bond market rose in price and declined in yield, augmented this year by passage and signing of the tax reform bill.

From about July until final passage of the bill, the possible attack on tax exemption of municipal bonds had a large part to do with the market behavior of municipal bonds.

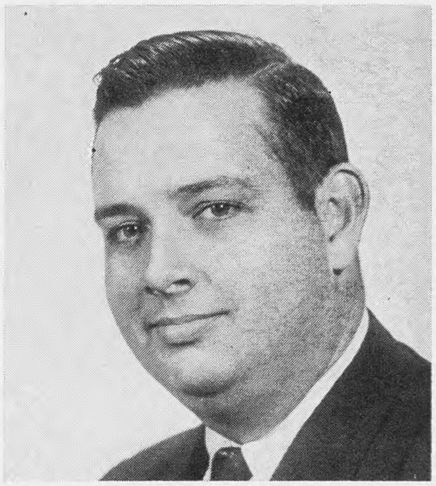
The bill, as passed, does not in any way tax the income from these bonds. This in itself was helpful to the market. However, the bill did make changes in the law for taxing capital gains. Under the new law, banks may continue to take losses against ordinary income. They must also take capital gains as ordinary income and be taxed, not at a capital gains rate, but at the full corporate tax rate, which currently is 48% plus 5% through June 30, 1970, or 49.2% for the year. The same law provides for a capital gains tax for corporations of 30% and for individuals of 25%, up to \$50,000 in one year. These are, of course, subject to the surtax, as long as it is a part of the tax structure.

This capital gains treatment in the new law has made discount bonds less attractive to banks. Banks had been large buyers of these bonds. The market for discount bonds has lost, at least temporarily, and to a large extent, one of its best customers—the banks.

With the decline in price for the discount bonds, individuals and some insurance companies were quick to see their advantages—good current returns on amount of money invested, plus a fine, built-in capital gain.

Banks, on the other hand, have confined their interest primarily to the full-coupon market. This shift in emphasis in the municipal market, plus the technical position of the market with a light supply, no doubt has had the effect of improving prices for the bonds. The Bond Buyer's Index, which stood at 6.90% near the end of 1969,

(Continued on page 44)



By GEORGE H. C. GREEN III
President
The George Green Co., Inc.
Oklahoma City

By A. F. STEPP
President
A. F. Stepp Investments, Inc.
Kansas City

By GLENN R. SCHULTZ
Bond Department Manager
Stephens, Inc.
Little Rock

FOR MANY years Oklahoma has been considered "an island unto itself" by outside security dealers who were unwilling to venture into our local market for issues other than a few general market names. There has always been a strong demand in Oklahoma for Oklahoma municipals. Banks wanted them not only for their quality, but because they are eligible to secure public funds. Individuals had to buy only Oklahoma municipal bonds to escape the intangible tax. Now that the intangible tax is out and some individual investors, as well as banks, are looking more and more at bonds of other states, our "image" is changing—as is our market.

Besides the confusion common to all states these hectic days, Oklahoma found itself confronted with two serious legal problems:

1. Many Oklahoma school bond issues were held up in district court over the argument of whether the individual school district or all school districts in the state would benefit from public service properties located in a school district. The matter was settled in favor of the district where the public service property is located; however, it was a costly delay when the school districts found that the interest rates they must pay now are the highest seen in many years.

2. The U. S. Supreme Court ruled recently in another state that all registered voters are eligible to vote on issues of cities and counties. Our Oklahoma constitution states that only taxpaying voters may vote on city and county issues. It is not yet settled in the minds of most dealers as to which law prevails. Until it is settled we seem to be faced by another expen-

(Continued on page 46)

"MUNICIPAL bonds are second-grade investments; otherwise they wouldn't have the terrible loss they now have." This remark by a country bank president, irrational as it may seem, typifies the emotional reaction of a considerable segment of our local buying public to market conditions at the end of 1969. Certainly the investment industry can sympathize —it is not pleasant for either the investor or the dealer to review his holdings and see a constant and catastrophic erosion in market value.

Prime general obligation municipal bonds have been forced into a price structure inferior to any other fixed income investment, yielding far more net retained income than even marginal real estate loans for the average commercial bank. During most of 1969 it was virtually impossible to commit to a bond purchase without an immediate, and serious, loss appearing in asset value.

However, I submit that external pressures of unprecedented magnitude were responsible for this debacle rather than the blanket condemnation of inferior quality as pronounced by my friend above. In 1969 we saw federal authorities take belated steps to "head off at the pass" a galloping inflationary erosion of the value of the dollar. Furthermore, conditions were so far along the disaster route that regulatory authorities were forced into a position of trying to correct the results of several years of economic abuse in a few months by credit constriction, running the net borrowed reserve position of commercial banks to approximately $1.25 billion.

To further add to the pressure on the local government, we saw the most

(Continued on page 46)

NINETEEN SEVENTY—year of the Phoenix arising from the ashes or a copy of the debacle of 1969? This question faces bond men and investment officers as they ponder the many variables that will affect bond prices this year. Correct analysis of these variables can mean much in money made or money lost.

The war in Vietnam will, in my opinion, exert a steadily smaller impact on economic considerations as the year progresses. The Administration is committed to a continually lessening American presence there, as well as to a smaller military budget. There is a better than even chance that military funds will be cut even further by Congress than the President's budget message envisioned.

Ordinarily, these savings would add to the thin budget surplus projected. However, in this political year, it appears likely that whatever savings are realized through further military cuts will be more than offset by additional social welfare expenditures.

Also, it appears unlikely that Congress will give the President all the revenue raising measures for which he has asked. In addition, lower economic activity will probably reduce the federal tax take substantially.

Adding all of these things together, it seems highly unlikely that there will be a budget surplus for the year. This means that instead of an anti-inflationary surplus, there will be an inflationary deficit.

Ordinarily, this failure of fiscal policy would require even greater discipline in the monetary sphere. These are not ordinary times, however, as the economy is moving quickly—perhaps too quickly—toward a recession.

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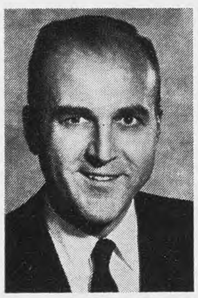
Software Program Provides 'Instant' Facts for Portfolio Management Decisions

By THOMAS V. MARKLE
President
Beverly Bank, Chicago


MARKLE

A PORTFOLIO MANAGER has to move fast. Decisions must be made swiftly in changing markets, often with far less information than the manager would like to have. Meanwhile, costly and time-consuming manual operations are dragging down his department's profitability. Maximum returns on a portfolio require thoughtful evaluation by the manager—and that takes time. He has to have precise, up-to-the-moment information about securities under his management. He knows the information is in his records—if only he had the time and the staff to get it out.

This is where I have found the computer to be most helpful. By putting its enormous speed and accuracy to work, it can locate and assemble the information so the portfolio manager can make his vital decisions with full information at his fingertips. We have written a program to do this. It is currently assisting not only Beverly Bank but a number of client banks. The program has been sold to major banks so they, too, can use it for their own portfolios and for the portfolios of their correspondent banks.

Current market valuations for every security in the portfolio are produced by the computer, together with a total inventory listing. Analyses are compiled and printed for the manager's attention. Tedious and expensive manual accounting is cut down to entering transactions and making a few general ledger entries each month. Because the computer can handle a number of portfolios simultaneously, the cost is reduced to a surprisingly low level for each. Furthermore, information is available on a timely basis, so action can be taken promptly.

Portfolio managers are primarily interested in what information is available to them, so I shall briefly describe the computer-prepared management reports:

- *Portfolio Analysis.* This is a one-page summary giving a complete statistical analysis of the portfolio. It breaks the portfolio into its various segments and itemizes maturities, tax bases, variations between market and book value, percentage of each term of the total portfolio, average maturity, average tax equivalent yield and, for tax exempt issues, shows a breakdown by rating. It is a conclusive, all-encompassing overview.
- *Maturity Analysis.* On this report a list of all securities by maturities is available. When used in conjunction with other reports, it helps to implement purchases and sales and to maintain a balanced portfolio.
- *Security Inventory.* Here is provided a complete list of all securities by group and a geographical distribution by state for municipal bonds. It is the basic inventory record.
- *Coupon and Maturity List.* This report provides a monthly projection of upcoming maturities and interest due. It is helpful to the portfolio manager so that he can plan for reinvestment. Also, it serves as a working report to check off amounts received. It is a good tool for balancing credit advices from safekeeping agents.
- *Pledged Security Reports.* All pledged securities are reported here, identifying the pledgee, describing the security and revealing the safekeeping location of the security. This report can help relate collateral requirements to the pledgee's deposit fluctuations. It is of considerable value to auditors and bank examiners as well.
- *Safekeeping Report.* This sheet lists all securities by their safekeeping agency. Produced upon request, it is most helpful to auditors or bank examiners in their verification efforts.
- *Daily Transaction Journal.* Securities pledged, sold, called, matured and the interest collected are all reflected in the columns of this report. At a glance it shows all of the day's investment activity which affects the general ledger.
- *Monthly Transaction Journal.* This report summarizes purchases, sales, calls and maturities that have occurred from the previous such report. It also indicates the resultant profits or losses and net changes.
- *Quarterly Transaction Journal.* This offers sale and call transactions and maturities, to reflect the profits, losses and net changes for the quarter. There is an annual report also, which contains a summary for the year. This is most useful for tax purposes.
- *Security Pricing Lists.* Separate reports prepared for government and municipal issues show the current market values and the amount of variation from book value of securities in the portfolio. The pricing for governments and federal agency issues is picked up from quote sheets. The key to the municipal pricing list is a simple "pricing grid." The municipal pricing program contains a formula to

(Continued on page 41)

Before joining Beverly Bank as its president, Mr. Markle served as vice president and treasurer of First Bank System, Inc., Minneapolis. His responsibilities there included investment portfolio management for 85 affiliated banks located in five states.

A Look Ahead at Bank Liabilities

By JAY N. WOODWORTH

Associate Economist
Chemical Bank, New York City

IN MANY WAYS, the period of Federal Reserve monetary restraint that has persisted since December, 1968, has accelerated the growing tendency throughout the '60s for bank credit expansion to be fed by increases in liabilities which are not "deposits." Credit expansion at all commercial banks during 1969 was the slowest rate of growth since the 1960-61 years of recession, yet the still overheated economy was demanding and willing to pay for additional credit at the same time that the supply was diminishing.

As the Federal Reserve pursued its course of monetary stringency and the banks were confronted with mushrooming requests for loans, the banking system was hit with the dual problem of money market interest rates rising above Regulation Q ceilings, which caused interest rate-sensitive time deposits to plummet—particularly at larger banks. From the banking system's viewpoint, the "loss" of time deposits is not significant, however, for they will be converted automatically into demand deposits—provided that the Federal Reserve supplies the extra reserves, which it did not do in 1969. Thus, while time deposits at all commercial banks have dropped some 6% since December, 1968, net demand deposits (excluding U. S. government demand deposits) have risen by less than 2%.

The conversion of time deposits to demand deposits, moreover, does not always take place evenly throughout the banking system. In 1969, for example, a disproportionately large share of the banking system's losses of time deposits was reported by the weekly reporting member banks (some 340 of the nation's largest commercial banks), while total deposits at smaller banks actually increased.

Nearly 10 years ago, as the economy emerged from its fourth postwar recession, it was clear that bank credit expansion in the 1960s could not be supported by any reasonable increments to the nation's money supply. Negotiable certificates of deposit were invented in early 1961 and were widely used by individual banks to support loan growth until the credit crunch of 1966.

Large CDs had never been market-tested in a period of monetary restraint, and Regulation Q had never been used to force a reduction in time deposits, which was produced in 1966 and again in 1969 as money market rates soared above the interest rates that banks were permitted to pay on time deposits. From their inception until mid-1966, CDs had supported 35% of the increase in total loans at the large weekly reporting member banks, but their potential volatility was realized when they dropped by nearly 6% (20% for New York City banks) from mid-1966 to January, 1967.

While the banking system perhaps surprised some observers by not collapsing in its own liquidity problems in 1966, the lesson was still clear that asset growth could not be largely dependent upon short-maturity time deposits, which, in turn, were dependent upon Regulation Q ceilings to be competitively attractive in the money markets. Partly as a result of the 1966 experience, banks rediscovered and invented liability instruments that had the same characteristics as CDs, but frequently were not graced with the distinction of being a "deposit." By far the most popular money market instrument was the Eurodollar, which larger banks began "borrowing" in significant amounts in 1966 through their overseas offices or Edge Act affiliates (usually in New York), and smaller banks could often "borrow" through their money-market correspondent banks or U. S. offices of foreign banks.

Bank managements, stockholders, and certainly the bank regulatory authorities often took a jaundiced view of liability instruments such as Eurodollars, possibly because they were labeled as "borrowings," which are often frowned upon in traditional banking. Nonetheless, many types of borrowings are potentially less volatile, have a vastly larger supply of funds, offer more varied maturities, and are sometimes less expensive than the sanctified time deposit (particularly CDs). Many times in 1966 and especially in 1969, banks have had to resort to borrowings to cover their deposit losses and, also, to lend against commitments that were made in times of easier money.

Between the 1966 and 1969 periods of monetary restraint, the banking system's total borrowings drifted along on the plateau of late-1966 levels, as high rates of demand and time deposit growth adequately supported the increases in invested assets. Still, however, the long-run trend was fairly clear. Large commercial banks were increasingly involved in money market operations—not only to raise time deposit and non-deposit liabilities, but

(Continued on page 72)

Mr. Woodworth joined Chemical's economic research department as a summer trainee in 1964. He received his BA in economics from Columbia College and went on to earn his MBA degree in banking at Columbia's Business School.

Insurance

Banks Can Realize Potential Tax-Free Advantages Through 'Reverse' Life Insurance Programs

By
FRANK E. SULLIVAN

Mr. Sullivan is a past president of the Million Dollar Round Table, past chairman of the board of editors of the Journal of the American Society of Chartered Life Underwriters and author of the book "Selling Life Insurance for Deferred Compensation." He has spoken before more than 100,000 life insurance men, CPAs, attorneys and bankers in the U. S., Canada and Europe. He is a director of St. Joseph Bank, South Bend, Ind.

THE MOOD of the Congress as it studies one-bank holding company legislation appears to lessen the possibility of banks owning or controlling life insurance companies in the months ahead. There is also the ever-present question as to how big a bank would have to be to develop a profitable holding company that could supervise a profitable life insurance operation.

Yet there are some ways through which banks can, in effect, "go into the life insurance business." They can go into the life insurance business *in reverse* and enjoy potential tax-free gains without being exposed to any of the mortality losses which can put annual life insurance operations in the red. They can do this because of the "pass through" profit advantages of the mutual life insurance company structure. By "pass through," I mean the effect mutual life insurance company concept has on corporate policy owners. After expenses (approved by state commissioners), claims and reserves, all of the profits must flow back to the policy owners. This is one of the main reasons why life insurance premiums are one of the few items in our economy to have decreased in the last decade.

If *all* of the senior officers in such a bank operation were to live to their normal life expectancy, the bank would show a slow sure profit somewhat similar to that shown by the bond portfolio. But, let just one death occur in the executive force and a dramatic tax-free gain would result. Any abnormal death pattern due to the stress of "the hurricane years" might well make this the most profitable center in the total bank picture.

A Unique Relationship. Such an opportunity comes about as a result of the unique relationship that develops when one financial institution (a bank) deals with another financial institution (a life insurance company). The bank has the opportunity to "self-insure" by operating on the "float" available between the "cost" of life insurance company money and the prime rate of interest.

All bankers are familiar with the collateral value of "CVI" to their borrowers. As this cash value increases, close to 90%-95% of the premiums are available for loan at a guaranteed loan rate of 5%-6%. (In some states companies have gone to 6% in the last several months although the New York State Insurance Commissioner has held the line at 5%.) If this money is re-invested at 8%-9%, the difference (a kind of "float") can finance a total executive program of hedging options, deferring compensation and making group insurance profitable.

Let us take as an example a bank with an executive force of 10 men whose average age is 45. The bank insures them for a total of one million dollars. (See Figure 1.)

See figure 2 for another example of a study we ran for a company with 60 executives and an average age of 50. This was to demonstrate the results of their company "going into the life insurance business."

Tax judo. Since so many banks were (and some still are) aggressively pursuing the holding company concept with a goal of eventually owning a life insurance company, we must presume there were some plusses available.

Let's look at some potential advantages under the heading of "tax judo." In the art of judo you take a strong point and work it against itself. In tax judo you determine what the IRS had in mind when they designed a regulation or a law and then use it to your advantage.

Example Number One—"Leveraging" the cash values. Section 264 of the Internal Revenue Code says that a taxpayer cannot *deduct the interest* on a life insurance policy loan if he has a systematic plan of borrowing or if he does not pay the substantial portion of four or more of the first

FIGURE I

Composite Man Age 45

(Dividends used to accumulate*)

ANNUAL DEPOSIT: $32,622.00

End of Year	Cumulative Deposits	Total Cash Loan and Dividend values (5-6%)	Potential Loss or (Gain) Cumulative	Average Loan value at work at 4% (9%-5%=4%)	Actual "carrying" Cost (Gain)	Death Benefit
1	$32,622.00	$ 16,670.00	$15,952.00	$17,337.00	$15,285.00	$1,000,000
5	$163,110.00	$132,370.00	$30,740.00	$149,128.00	$13,982.00	$1,020,860
10	$326,220.00	$296,360.00	$29,860.00	$370,047.00	($43,827.00)	$1,067,080
20	$652,440.00	$721,030.00	($68,590.00)	$1,116,486.00	($464,046.00)	$1,263,190

*We would not recommend leaving dividends to accumulate but for this type of comparison this use is best.

seven premiums. By shifting portfolios into tax exempts, deductibility of interest becomes of little value to a bank. But the judo effect of being able to borrow at a guaranteed rate of 5%-6% to loan out at 8% to 9% could be the difference between profit and loss.

Example Number Two—Tax factors affecting group life insurance. The advantage of group life insurance is that the premium is tax deductible to the employer and tax-free to the employee. If the employer can't take the deduction (because of the tax-exempt income) group insurance is costly. If the amount on any given executive exceeds $50,000, he must report as income the "economic benefit" *at his age* of the life insurance. This means that every time the executive gets an increase in salary and every time his age changes (at five-year intervals) the cost of this group life insurance increases. As he approaches the age when the insurance becomes most important (age 65-70), the amount of insurance usually decreases.

Here is how the use of tax judo is a solution. (1) Limit the amount of group life insurance. (2) Put all executives in these potential tax brackets into a non-deductible plan combining death benefits with deferred compensation. Deferred compensation receives a clean bill of health in the new tax bill. Using the same funds shown in the example for the composite man age 45, let the bank own the policies and have the proceeds go to the estate of the executive under the most desirable circumstances *for him.* Every case is different.

Example Number Three—Hedging stock options. In the past 10 years stock options have been the center of more controversy than any other single management or employee benefit. The criticism comes from all sources, the IRS, employers, employees and their families or estates. Two articles of some consequence are referred to in the footnotes.*

Life insurance can't resolve this entire controversy but there are two important areas where it can bring tax judo into play in the event of death.

1. By hedging the option with a "split dollar plan" to give income tax-free (and possibly estate-tax-free) cash to the widow to exercise the option at death.

2. By using the reverse stock option. Section 303 of the IRS permits the redemption of enough of a person's stock to pay all taxes and death costs if such a person's total holdings in the company (bank) exceed (a) 35% of the value of his gross estate, or (b) 50% of the value of his taxable estate.

Good estate planning and careful designation of life insurance ownership and beneficiary and real estate titles can frequently cause a bank officer's holdings to qualify under Section 303. When they do, this becomes one of the best management benefits available. The very asset whose growth creates the taxes and costs provides the funds to pay them. Tax judo is at work when this reverse stock option is insured.

It appears that there are many areas where banks can take unique advantages of the "pass through" structure of the *mutual* life insurance companies.

My frame of reference in writing this article is:

1. A stockholder concerned with continuity and profitability of a bank.
2. A director concerned with representing all stockholders and retaining the most competent management available.
3. A senior citizen in the life insurance and estate planning area who has worked with bankers and attorneys from coast to coast.

If these credentials were to cause any banker to ask my advice on how to look into these subjects without getting every life insurance man in town into the act, I would say:

1. There are in America today more than 400,000 men and women licensed to sell life insurance.
2. Over 100,000 are professional enough to belong to the National Association of Life Underwriters.
3. More than 13,000 have earned the designation of Chartered Life Underwriter—C.L.U.
4. Over 2,745 have earned their life membership in the prestigious Million Dollar Round Table.
5. 1,153 are both C.L.U.s and life members of the Million Dollar Round Table.

(Continued on page 50)

FIGURE 2

Assume Average Mortality (New 1958 Table)

60 Males Average Age 50

$50,000.00 each - $3,000,000.00 of Insurance

Year	Death Rate per 1000	Tax Free Annual Death Benefit	Tax Free Cumulative Death Benefits	Cash Value	Cumulative Outlay	Surrender and Mortality Gain Cumulative
1	$8.32	$24,960.00	$24,960.00	$27,900.	$182,378.00	($129,518.00)
2	9.11	27,100.00	52,060.00	185,700.	364,739.00	($126,979.00)
3	9.96	29,362.00	81,422.00	338,460.	547,098.00	($127,216.00)
4	10.89	31,675.00	113,097.00	497,220.	729,457.00	($119,140.00)
5	11.90	34,355.00	147,452.00	702,590.	911,814.00	($ 61,772.00)
6	13.00	37,084.00	184,453.00	832,800.	1,094.170.00	($ 47,107.00)
7	14.21	39,727.00	224,263.00	1,009,200.	1,276,524.00	($ 42,925.00)
8	15.54	43,136.00	267,399.00	1,192,200.	1,458,874.00	+605.
9	17.00	50,026.00	317,425.00		1,641.222.00	Note - these
10	18.59	54,038.00	371,463.00		1,823,568.00	gain figures
11	20.34	58,025.00	429,488.00		2,005,911.00	do not take
12	22.24	62,155.00	491,430.00		2,118,250.00	into con-
13	24.31	66,429.00	558,072.00		2,370,586.00	sideration the fact that
14	26.57	70,840.00	628,912.00		2,552,918.00	the life
15	29.04	75,368.00	704,280.00		2,735,246.00	insurance
16	31.75	80,009.00	784,289.00			proceeds come
17	34.74	84,764.00	869,053.00			in tax free
18	38.04	89,592.00	958,645.00			
19	41.68	94,430.00	1,053,075.00			
20	45.61	99,027.00	1,152,102.00		2,735,246.00	+$1,127,759.00
21	49.79	103,172.00	1,255,275.00			
22	54.15	106,620.00	1,361,894.00			
23	58.65	109,227.00	1,471,121.00	Life Expectancy		
24	63.26	110,903.00	1,582,024.00			
25	68.12	111,868.00	1,693,892.00			

* Important References:
Harvard Business Review (January-February 1968) "Executives Lose Out, Even With Options."
Dun's Review (November 1969) "The Uproar Over Options."

How the New Tax-Reform Act Affects Employee Benefits

By ALLAN KENT, CLU

Mr. Kent is editor of Life Insurance Selling and associate editor of American Agent & Broker, sister publications of MID-CONTINENT BANKER.

AS NEARLY everybody knows by this time, the Congress passed and the President signed (reluctantly) a tax-reform act toward the end of 1969 that will have an effect on individual and corporate taxpayers in 1970 and the years that follow.

KENT

The provisions of the Tax Reform Act are complex and cover a wide range of subjects (although the law is not so sweeping a reform as it was once thought it might be). No effort will be made here to provide a detailed analysis of all its provisions, but rather I will attempt to touch upon the area that relates to the employee-benefit programs of businesses.

It was in this area that it was felt the Congress might make a major thrust. In fact, however, the changes are not too great, although the increased complexity and communication problems created by the new law will cause headaches for those who sell in the employee-benefits market and for those who have such plans in effect. Some employee-benefits consultants complain that the language of the law is imprecise.

The most significant employee-benefit change probably is that applying to lump-sum distributions for qualified retirement plans. Under the prior law—and it continues to apply to contributions made prior to 1970—employer contributions distributed in a lump sum to employee participants under a qualified plan were taxed at capital-gains rates in the year in which the employee received them. Under the 1970 revision, employer contributions made after 1969 are taxed as ordinary income when they are distributed in a lump sum to the participant in the plan, but a seven-year forward-averaging device is used in computing the tax, with a ceiling on the total tax.

The apparent effect of the new lump-sum rules is one of disadvantage to high-income distributees to whom the previous capital-gain rule was helpful, but it appears to be to the advantage of lower-income retirees whose brackets could be lower than the capital-gains rate that applied previously.

Fund earnings included in a lump-sum distribution will continue to be taxed at capital-gains rates.

In some instances, distributions to plan participants are made in the employer's stock, rather than in cash or "other" stock. Such stock was subject to capital-gains treatment under the prior law, and under the new law is taxed as ordinary income subject to the same seven-year forward-averaging rule. Cash dividends on employer's stock that are included in the distribution are still taxed as capital gains, as are unrealized appreciations in the stock.

For some time, restricted stock options have been used as an employee-compensation device, and the tax revision has some things to say about such options. In general, the previous law taxed restricted stock options at the time the restrictions lapsed, and they were taxed as ordinary income. For example, if such stock was sold to an employee and he was unable to sell it until after his retirement, he was taxed on the lesser of the value on the date of issue or the date the restriction lapsed, over the amount he had actually paid for the stock, and the tax was at ordinary income rates. Upon subsequent sale, appreciation in value was taxed as long-term capital gains.

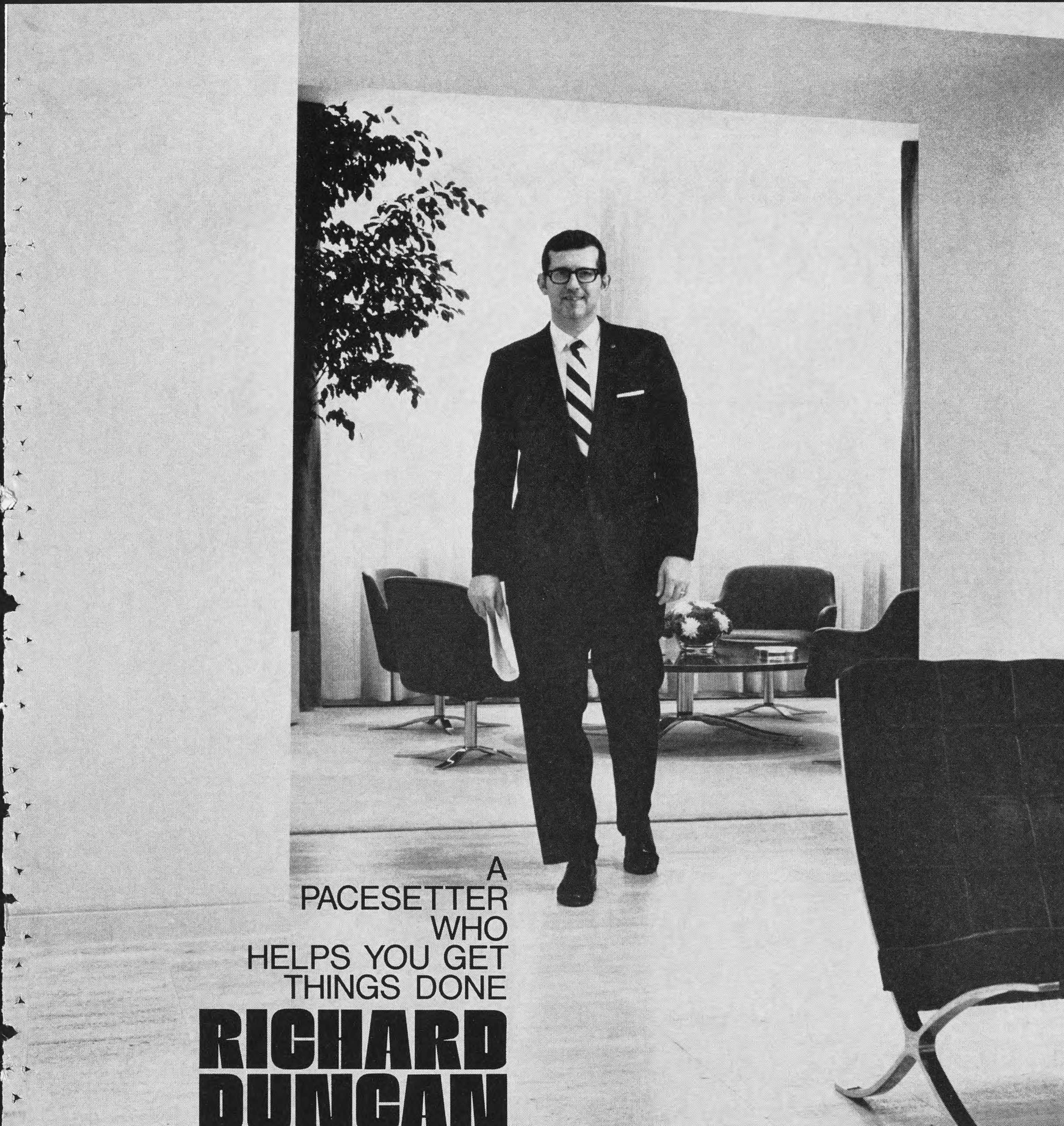
Now, however, if at the time the employee purchases the stock it is either transferable or nonforfeitable, he must include in his ordinary income for that year the excess of the fair market value over the amount he paid for stock, rather than including it in the year in which the restriction lapses. However, if the stock is both nontransferable and forfeitable, the stock purchaser is taxed at the time the stock becomes transferable or nonforfeitable. (An employee's right is considered to be forfeitable under the law when his full enjoyment of the stock is contingent upon his performing substantial services in the future.)

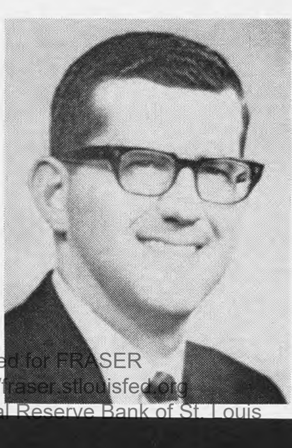
When an employee is taxed under the restricted-stock-option rules, the employer receives a business-expense deduction equal to the amount included in the employee's income.

Benefits often are provided for employees through the use of deferred compensation arrangements of one kind or another that are not "qualified" plans. When non-exempt trusts and non-qualified annuity plans are used for this purpose, says the new law, the treatment will be much like that of restricted stock options. Under the old law, if the employee had rights that were forfeitable but later became nonforfeitable, he did not declare the funds as ordinary income until they were distributed to him, and the employer's ability to deduct for contributions made to the plan was questionable.

Now the employee has taxable ordinary income as soon as his rights under the plan become nonforfeitable,

(Continued on page 52)





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Insurance

Home Improvement Loans Offer Attractive Yields

By LELAND C. McCALLUM, President
Insured Credit Services, Inc., Chicago

IN A PERIOD of tight money and high operating costs, the yield on loans becomes a matter of ever-increasing importance to the installment lender. In this economic climate, it is surprising to find that a great many otherwise astute bankers apparently are overlooking a prime source of above-average earnings—home repair and modernization financing.

McCALLUM

The December Federal Reserve Bulletin reported total consumer credit outstandings of almost $96 billion at the end of 1969. Automobile paper accounted for approximately $37 billion of the total, personal loans $29 billion and other consumer goods paper $26 billion. Home improvement loans accounted for only $4 billion. The most puzzling aspect of this unbalanced distribution is the disparity in yields as illustrated by the accompanying comparison table.

In most areas, new cars are being financed at a 5½% add-on rate. Finance charges of 7% to 8% (add-on) on modernization and repair loans are now prevalent across the country. The difference in simple interest yields is obvious. Home improvement loans yield from 12% to 14%. The auto average is closer to 10%.

The market for home improvement financing is stimulated by the scarcity of mortgage money and extremely high mortgage interest rates. Growing families who need more space frequently are frustrated when they price new homes. They can do much better dollar-wise by adding living and recreation space with short term financing at consumer credit rates. Although interest rates may decline to some extent during the latter part of 1970, most bankers and economists do not foresee any drastic change.

Another development that should help increase the national volume of modernization business during 1970 is a vigorous promotion campaign being conducted by the home improvement industry. Forty prominent manufacturers and trade associations are represented on an advisory committee which has designated May as National Home Improvement Month. Its objective is to create an awareness of the better living benefits and investment advantages in spending money for home modernization and repair.

The governor of each state and the mayor of each major city will be asked by the advisory committee to issue formal proclamations on the naming of May as the key month in the campaign. The Department of Housing and Urban Development will send radio spots and TV film to stations for use as public service announcements. During last year's promotion, 1,364 radio stations and 497 television stations participated in the campaign.

There will be ample opportunity for lenders to tie-in with this promotion. A lender's group, made up of representatives of many leading banks and sales finance companies, has been organized within the framework of the over-all committee to help publicize the availability of financing for repairs and improvements.

Not only can installment lenders make more profit on repair and modernization loans than is usually possible through auto financing and other type consumer loans, but through private credit insurance they can have a no-loss portfolio that in effect guarantees the profit.

Insured Credit Services manages such a program for a pool of prominent insurance companies. Under the plan, insured lenders are reimbursed in full for losses arising from bankruptcy, marital problems, unemployment, strikes, over-obligation, illness and related causes. Similar coverage is provided by the FHA Title I home improvement insurance program, but the profit margin is smaller. The FHA stipulates a maximum finance charge of 5.5% on loans up to $2,500 and 4.5% on any portion of a loan in excess of $2,500.

Under the ICS program, insurance coverage not only is provided for conventional repairs and improvements, but also for specialized finance plans for vacation cottages and major rehabilitation projects.

ICS works closely with participating banks through its underwriting staff whose members have had many years of experience in home improvement financing. These regional representa-

(Continued on page 48)

Prior to joining the staff of Insured Credit Services, Inc., Mr. McCallum served in the Washington Headquarters Office of the Federal Housing Administration for 23 years. During 1956 and 1957, he supervised the FHA's Title I property improvement program. He became associated with Insured Credit Services, Inc. in 1958 and recently was elected president of the company.

COMPARATIVE YIELDS FROM LOANS

$1,000,000 Loan Volume - Average 48 Month Maturity

Home Improvement Loans	Other Type Loans
7 Percent Rate	5.5 Percent Rate
Gross Income - $280,000	Gross Income - $220,000

(Difference - $60,000 ... 27.3% Increase)

Want to have your agricultural loans "insured" against loss, enabling your bank to grant larger, safer loans to farmers? Then learn more about . . .

Speculators—Bankers' Indirect Partners

By FRED BAILEY JR.

MEET YOUR "partner," the commodity speculator. He (and sometimes she) is a businessman in Cincinnati, a doctor in Peoria, a farmer in Prairie Junction, an advertising executive in New York City.

Like you, he plays an important role—although an indirect one—in financing inventories of agricultural commodities.

A commodity speculator in "partnership" with a bank?

Exactly, but with one major difference. As a banker charged with management of other people's money, you can't prudently afford to take certain risks. Like the risk that collateral you're holding might take a sudden and precipitous drop in value. So, to allow for such a contingency, you naturally limit the size of your loan to some given percentage of the collateral's current market value.

That's *one* way of protecting yourself against a drop in the value of collateral. But it means making a smaller loan. It means earning less interest. And it may mean lending your customer less money than he needs.

Hedging on the futures market is a *better* way of protecting collateral against unfavorable price change. Better for your borrower and better for you, since hedging relieves *both* of you of the risk of a price decline.

This is where the speculator comes in. Since he is using his own money—and needn't be worried about the likes of bank examiners knocking on his door—he can take risks that you can't, and that your borrower may not want to.

Through hedging, your borrower shifts the risk of price change to the speculator. The commodities you accept as collateral are thus protected against a decline in price. If there's a loss, it's the speculator's.

For his part, the speculator is willing to accept this risk, knowing that if prices should move upward he'll stand to pocket a profit.

The arrangement is mutually profitable: The speculator profits in proportion to his market judgment. Your borrower has established a firm selling price for the commodity he is holding. And you, as the lender, receive collateral that is "insured" against price loss.

Consequently, because the loan is safer, it can be larger. You earn more interest and your customer gets the size of loan that he needs. It is all possible because your "partner," the speculator, is willing to assume the risks of price change.

Hedging to Protect Collateral. Consider the arithmetic of a hypothetical hedge: A customer of your bank (possibly a farmer or local grain elevator owner) needs to borrow, say, $10,000 and offers as collateral 10,000 bushels of corn held in storage. He has hedged it by selling two contracts (of 5,000 bushels each at $1 per bushel) on the Chicago Board of Trade.

Assume the price of corn drops by a dime and the stored corn is now worth only $9,000. This loss of $1,000 is offset by a $1,000 profit when the customer buys back the futures contract at $1,000 (10¢ a bushel) below the price at which he had previously sold. Total value of collateral has thus remained intact.

Similar arithmetic could be cited for almost every major agricultural commodity, ranging from broilers to soybeans to choice steers.

Take steers, for example. With today's high-cost feeder cattle, profit

(*Continued on page 54*)

Mr. Bailey, author and economist with Farm Communications, is a seasoned reporter, covering the agricultural marketing and finance scenes. He has had numerous articles published in both farm and financial publications. He holds degrees in agricultural economics from Purdue University and marketing from Indiana University.

More $ With Hedging

Farmers frequently can borrow more when the risk is hedged or covered by a forward contract, according to a study of lending policies reported in *The Central Idea,* publication of Central National, Chicago.

The study indicated that about half of the creditors who have had experience with this type of operation said they increased loan size on livestock, while 60% reported doing so with grain.

Livestock loans increased anywhere from 12.5% to 17.5% of the value of the assets, while loans on crops increased anywhere from 11.9% to 18.3%, according to the study. None of the institutions polled indicated they charged lower interest rates on a hedged loan.

The practice of using the commodity markets to offset risks is still limited, according to study. Only one-third of the creditors polled had made any loans to farmers using this business tool. None required farmers to hedge or contract, but about 25% advised them to do so. Beef, hogs, eggs, corn, soybeans, wheat and potatoes all were included.

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Ranking third in volume of life insurance written among all stock companies and a leader in the credit life field, Old Republic was the logical one to develop Joint Credit Life protection. Why not find out about all of its benefits for your customers?

Old Republic provides a wide diversity of life, accident, health, disability, fire and casualty protection plans for nearly six million families and numerous industries. Important industries served include banking, mortgage and finance, manufacturing, mining, mutual fund, franchising, leasing, agricultural, transportation, merchandising and construction.

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Polygraph Techniques in Banking

By FRED L. HUNTER
Vice President
John E. Reid & Associates
Chicago

THE FACT that crimes against financial institutions are rising is of major concern. The President's Commission on Law Enforcement and Administration of Justice has reported that thefts by employees cost employers more than shoplifting does.

HUNTER

A sticky problem with the embezzler is the fact that he could be anyone in the organization who has been moved to commit thefts by any number of circumstances or situations. This type of crime problem demands sophisticated solving techniques.

During the last 25 years, the polygraph (lie detector technique) has emerged as an effective investigative means to expose dishonest employees.

The polygraph is not an automatic indicator of deception. It does not light lights, ring bells or blow whistles when a lie is told. Rather, the polygraph is a scientific instrument that simultaneously measures a subject's blood pressure, pulse rate and respiration during the time he is being interrogated.

Before anyone is tested, he is asked to read and sign a voluntary agreement to take a polygraph test. The questions administered in the test are prepared and read to the subject before the test is given. The questions are confined to the matter under investigation and questioning does not deteriorate into an inquisition about the subject's personal life or habits.

When the subject attempts to deceive examiners, his emotional reactions cause changes in the blood pressure, pulse or respiration recordings—all of which are measured by the polygraph. If these changes are noted by the examiner as occurring consistently throughout several tests, the subject is reported as not telling the truth. However, if no deception is indicated in the polygraph records, the subject is immediately dismissed with no other discussion. He is reported as being truthful.

Approximately 70% of all subjects are reported as being truthful, while about 20% are reported as being untruthful. The remaining 10% result in inconclusive reports because of some physical, mental or emotional condition on the part of the subject.

When a subject is found to be untruthful by the polygraph examination, the examiner confronts the subject regarding the test reactions with the aim of determining the truth. About 65% of the time the subject explains his deception.

The relatively few errors that occur favor the innocent, since the known mistakes in diagnosis almost always involve a failure to detect the lies of guilty subjects rather than a finding of lying on the part of a truthful, innocent person.

The polygraph technique can be used in the following situations by financial institutions: screening employment applicants, locating embezzlers and clearing the innocent.

• *Screening Employment Applicants.* A young man recently out of the military service applied for a job at a bank. He had received an honorable discharge and his references were favorable. However, the bank maintained a policy of administering polygraph tests to all job applicants. The test revealed that the young man had committed a number of armed robberies since his discharge. Obviously, he was not a good prospect for the bank, or for any position.

The applicant polygraph test cost $35 to administer, an amount that the young man could easily have stolen on his first day of work, had he been hired.

• *Locating Embezzlers.* An elderly woman called at a bank to inquire why she had not received a requested check covering the funds in her savings account. She wanted to deposit the funds in another bank located in the city to which she recently had moved. She stated that she had written the bank, requesting that her account be closed and the money sent to her.

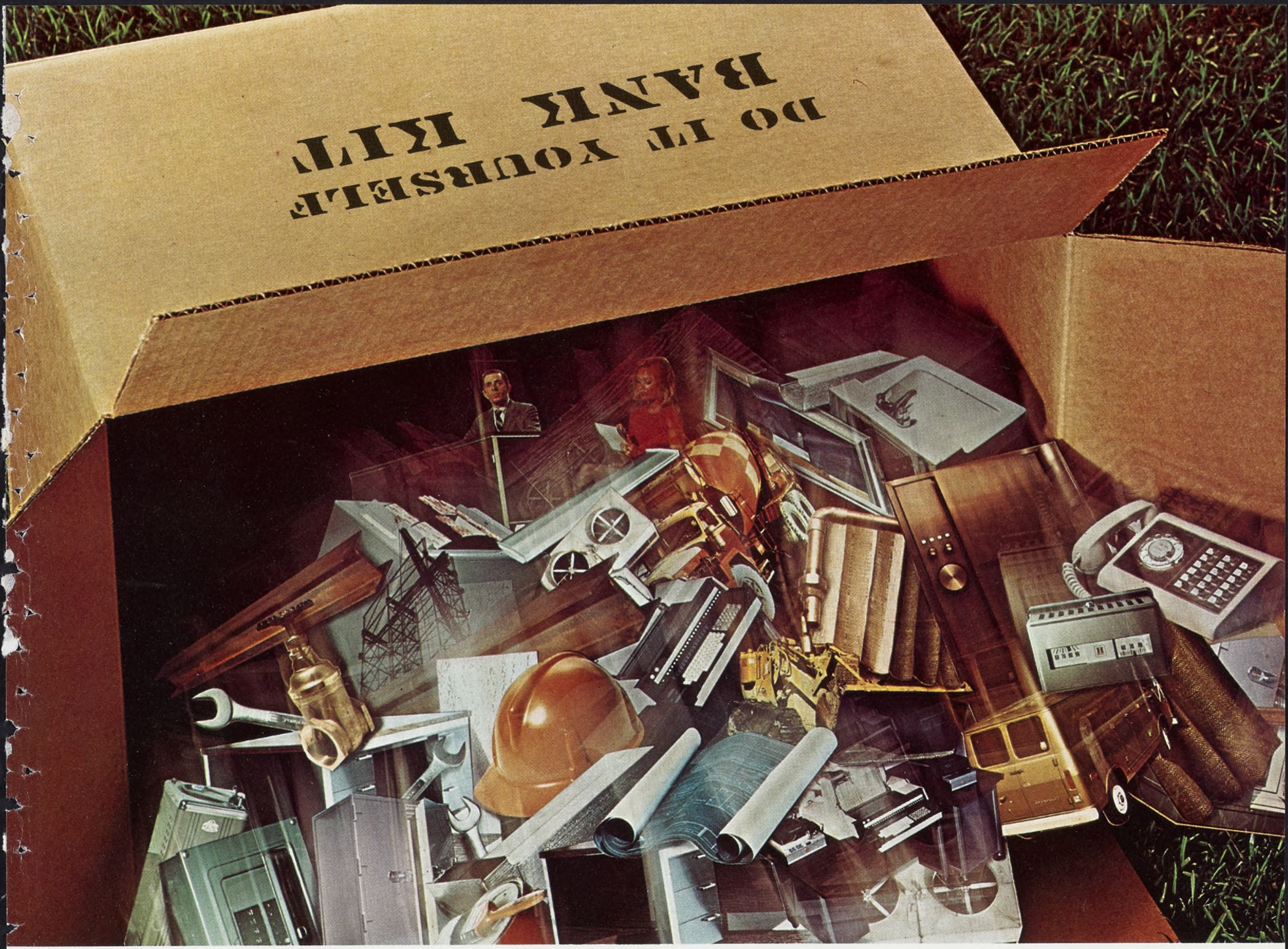
Upon investigation the bank ascertained that the account had been inactive for several years. About six months previous the funds had been withdrawn. The withdrawal slip was located, bearing the initials of a former bank employee who, when interviewed, admitted that the initials were hers. She professed to have no recollection of the details of the transaction.

Under the circumstances, suspicion was directed toward the former employee, especially when it was learned that she had quit her job shortly after the date on the withdrawal slip. However, lie-detecting completely exonerated her and implicated the savings department manager, who confessed that he had given the former employee a withdrawal slip and requested the funds for delivery to the customer who was presumed to be waiting in the bank. The manager converted the funds to his own use.

• *Clearing the Innocent.* A Chicago bank had experienced an unusually large number of teller shortages. The officers were contemplating the dismissal of several tellers because they were presumed to be dishonest. An investigator for the bank's fidelity bonding company, assisted by the bank's auditor, could uncover no evidence of thefts on the part of the tellers. But the investigator became suspicious of the auditor and arrangements were made for a lie-detector examination. The test revealed the auditor to be responsible for the shortages. He thereupon confessed to taking $5,000 from various accounts. Had not the test procedure revealed the dishonesty of the auditor, several innocent tellers probably would have been fired.

Fees for specific issue polygraph

Mr. Hunter joined John E. Reid & Associates as a staff polygraph examiner following experience as chief investigator for McKesson & Robbins, Inc. He is a licensed polygraph examiner in Illinois and Texas and is a charter member of the American Polygraph Association.



There's a bank in there somewhere.

To put together all the things that make a bank, you'd have to deal with 39 different experts. Or one Bank Building consultant . . . to give you a bank that works at a profit.

Our consultant is the professional who knows your business problems and opportunities. He represents the one organization . . . with skill and experience in 39 areas of specialization . . . that can put together a structure, new or remodeled, that will give you full return on your investment.

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Names of competent examiners are available from state polygraph associations or the American Polygraph Association. The latter lists more than 600 members. • •

Software Programs

(Continued from page 28)

provide an adjusted cost price for discount bonds in the same manner as a trader would evaluate a low-coupon security.

In addition to the reports described above, there is much accounting information which the computer automatically prepares, from which general ledger entries can be made with a minimum amount of effort. Such accounting reports include:

- *Interest Accrual Report.* Here will be found accrual entries for each security for the month. The report shows the total amount of interest earned but not collected for each group of securities.
- *Premium Amortization Report.* A detailed monthly report of premium amortization on all bonds purchased at a premium. The difference between the purchase cost and the par value is amortized monthly during the life of the bond on a constant yield basis. Optionally, the program may be set up to employ the straight-line or cash method of accounting.
- *Discount Accretion Report.* This report gives a detailed monthly record of discount accretion on all bonds purchased at a discount. The difference between the purchase cost and the par value of the bond is accreted monthly during the life of the bond on a constant-yield basis. Optionally, the program may also be set up to use the straight-line or cash method of accounting.
- *Bond Edit and Entry List.* This report offers a proof of the accuracy of items keypunched for entry into the system. It detects errors or inconsistencies and makes correction possible immediately.
- *Security Master Record.* On this one card is a compact ledger record of all the information on file about any given security. It is a valuable verification tool during conversion to the portfolio program. Later, it serves as a verification against brokers' invoices and as a test of the accuracy of data entered into the computer. It is a method as well of changing the information pertaining to any security.

The program is written to run on an IBM 360 computer Model 25 or larger, with capacity of 32K or more. Peripheral devices required are a card reader, a printer and three disk drives and/or three tape drives. The program is written in BAL and will run under DOS, TOS or OS.

Full advantages of the management reports and accounting records generated by the program are not apparent until portfolio managers and assistants start to use them. Most banks which have converted would not go back to manual recordkeeping and report preparation. Most of the computer reports are prepared automatically at the end of each month. They are ready for use the following day. The saving in clerical cost and management time is only a fraction of the value of the computerized system. The ability to make intelligent investment decisions based on adequate and well prepared information is the main benefit. • •

Bank of Southwest Considering Formation of Holding Company

HOUSTON—Shareholders of Bank of Southwest are considering a plan under which the business of the bank will be conducted as a subsidiary of a newly created bank holding company, Southwest Bancshares, Inc. Shareholders were voting on the plan as MID-CONTINENT BANKER went to press.

Southwest Bancshares, Inc., a general business corporation, has been organized by Bank of Southwest for the purpose of making it a bank holding company. The present bank would be merged into a new Bank of Southwest with all the stock owned by Southwest Bancshares. No changes in directors or personnel at the Bank of Southwest would be made.

Bank of Montreal Promotes 2

MONTREAL—Bank of Montreal has elected F. H. McNeil executive vice president and general manager at the Head Office. Mr. McNeil succeeds R. L. Sheard, who has retired after 46 years in banking. H. D. Walford, formerly assistant to Mr. McNeil, has been elected vice president, administration.

Implications

(Continued from page 25)

tween the one-year and 20-year bonds). Clearly the investor's liquidity preference (his fear of losses on long-term bonds) is, reflected in today's pricing. The banker willing to take the risk of extending his maturities now has some reward.

A similar study of discount bond pricing is also enlightening. In May, 1969, before the fears of the new tax law began to materialize, discount bonds were selling to yield 25 basis points (net, after capital gains tax) more than comparable full-coupon bonds. By December, the spread in after-tax yield had widened to about 115 basis points (at the old 25% capital gain rate). Applying the new capital gains rate (i.e., ordinary income) to the resultant gross yield, we find the net yield of the discount bond now offers 35 basis points over a full-coupon offering. The banker who prefers discount bonds (for their built-in call protection and constant accretion) is now rewarded for foregoing the current income of full-coupon bonds.

We can see, then, that the market compensates for the buyer's fears, adjusting its pricing downward until the fears can be overcome. That's fine for the buyer of bonds, but what about the banker who wants to sell bonds? All the price movements which make long bonds and discount bonds attractive to the buyer are being made at the seller's expense. The liquidation of low-yielding municipals is almost prohibitively expensive in today's market.

If low-yielding municipals cannot be sold at anything but unreasonable prices, are we forced to suffer with them until maturity? Looking for an answer to that difficult question, we re-examined the tax-loss trading mechanism. Most of us believed that all the advantage in "tax-swapping" resulted from the differential treatment in the taxation of gains and losses to a commercial bank. With that special consideration now revoked, the benefits of "tax-swapping" ought to disappear. We were intrigued by the fact that the insurance companies have never had preferential treatment in the taxation of gains and losses, yet they have always been active in "tax-swapping." As an experiment, we ran a hypothetical swap through the computer, applying ordinary income tax rates (49.2%) to all gains and losses. The results were enlightening.

We assumed a swap out of a 10-year 3% bond purchased at par into a bond of similar quality having the same coupon and maturity. Other assumptions were tested at the same time, but the results of this particular example focused our attention on the key factor. Net income on the swap (after all taxes) increased by an astonishing 45% over the alternative of holding the original investment to maturity. Since we had used an artificial example buying and selling the identical bond, and since gains and losses were taxed at the same rate, we were curious to know how the earnings increased. The answer was found in the investment of the tax saving.

Losses incurred in the bond account are charged against ordinary income. Federal income tax liability is reduced by 49.2% of the amount of the loss; the remaining portion (50.8%) is charged against the P & L account. In this example, the gain at maturity is exactly equal to the loss incurred at the time of the swap, and the accounting entries are the exact reverse.

So what have we accomplished? We have exchanged a tax liability in the future for a tax credit today. In doing so, we have freed the tax dollars for our use at no cost. (Profits have been reduced in the current

year, but this represents no out-of-pocket loss.) Taxes have been reduced, and this reduction is equivalent to actual cash available for investment. The tax dollars "freed up" for investment could be utilized in the loan portfolio, in the purchase of additional governments or additional full-coupon municipals. Our example assumed that this tax saving was invested in the open market in discount municipals identical to the bonds swapped. The example was run at year-end, so the figures will become out-dated by changes in the market, but the general results show in this illustration:

EXAMPLE

Swap $100,000 face amount of 3% bonds due 10-1-80 (originally purchased at par) for bonds of similar description; invest tax saving dollars in same bond.

Cost of bonds sold	$100,000	
Market value	63,090	(8.25% yield)
Capital loss	$ 36,910	
Tax saving	18,160	(at 49.2% rate)
Net loss	$ 18,750	

Funds available for reinvestment

Sale proceeds	$ 63,090
Tax saving	18,160
Total	$ 81,250

Results of reinvestment

	Face Amount	Cost
Bonds received on swap	$100,000	$63,090
Bonds purchased with tax savings	28,784	18,160
Totals	$128,784	$81,250

Value at maturity	$128,784	
Cost	81,250	
Capital gain at maturity (1980)	$ 47,534	
Capital gains tax at maturity	23,387	(at 49.2% rate)
Net gain at maturity	$ 24,147	

Since the $100,000 bonds sold in this swap are identical to the bonds purchased, their coupon income would be the same. Investment of the tax saving, however, represents an increase in the income stream:

3% interest on $28,784 for 10.67 years = $9,280

Summary

Net gain at maturity	$24,147	
Net loss on swap	18,750	
Advantage		$ 5,397
Coupon income on new bonds	41,522	
Coupon income on old bonds	32,242	
Advantage		$ 9,280
Total advantage of this trade		$14,677

It is important to note that no additional cash is required to effect this transaction. The tax saving dollars that are invested come out of the reserve for taxes. If the loss were not created, those dollars would have to be spent for another purpose, namely the payment of federal income taxes. The only real price for using this technique is the immediate charge to current earnings for the net portion of the loss. The profit account will fully recover this amount at maturity.

Obviously the advantage of tax-switching is not as great as it was under the old tax laws. But there is an advantage! We are not forced to suffer the inadequate yield on old investments made in a different interest rate market. By an aggressive search for new methods and critical examination of old tools, we can improve the earnings on the bond investment account. • •

Clark Cox

(Continued from page 26)

now stands at 6.42%, a decline of half of 1% in yield.

So much for where we have been and where we are. What is ahead?

We know the supply of bonds is available, if the market can accept it. With normal municipal financing, plus the backlog of $3- to $4-billion that did not get to market in 1969, it is possible that municipal financing could reach an all-time high in 1970—possibly $20 billion. This can happen only if we have some favorable market conditions.

However, this supply should act as a brake on the upside of the market. We do not expect to have our market harassed by another tax reform bill attacking the tax exemption of these bonds. We would hope that if tight money and high interest rates are the answer to combating inflation, that the dose of medicine will have been large enough and taken over a long enough period of time to ease up on the dosage before the year is out.

Therefore, at present, with less than normal support from banks, and with a good supply factor, I can see nothing more for the immediate future than a market with some stability around current levels. Further into the year, assuming we get some easing of the pressure on the money market, along with more evidence of the inflation psychology being diminished, and no tax reform clouds in the background, the municipal market could show further material improvement. However, this can happen in a big way only if and when the banks have the money to invest maturities and add to portfolios.

The municipal market needs the banks. The banks need municipals. Municipal prices are cheap. Bankers know this. Given money, they will buy municipal bonds. • •

Capital Boost at Mercantile

DALLAS—Mercantile National's stockholders have approved a 14.3% stock dividend that boosts capital to $20 million.

In its year-end report, the bank reported record net income of $7.4 million, or $4.21 a share, for 1969.

Industrial Development to Be Theme April 1 of Meeting in Memphis

MEMPHIS—The eighth annual industrial development conference, sponsored by Union Planters National Bank, will be held April 1 at the Holiday Inn—Rivermont in Memphis.

PRESTON FULTON UIHLEIN

Among the speakers at the conference will be: Richard Preston, executive vice president of the American Industrial Development Council, Inc., Boston; Maurice Fulton, president of the Fantus Co., Chicago; and Robert A. Uihlein Jr., president and chairman of the Joseph Schlitz Brewing Co., Milwaukee.

Reports on the 1969 economic growth of Arkansas, Mississippi and Tennessee will be made at the conference, which was instituted by Union Planters Chairman W. Porter Grace. Mr. Grace estimates that about 600 bankers, industrial development officials and other guests will attend this year's meeting.

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Georgia

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Oklahoma

George Green

(Continued from page 27)

sive delay in getting vital improvements for the health and the welfare of our own people.

Confusion and misgivings are evident in all areas of our country, including Oklahoma. The ever present questions are, "What should I do with my discounts?" and "Would I be wise to sell now and take the loss or should I wait and see?"

When I am asked these questions I have one answer I believe to be correct, and that is, "Take one year at a time with one objective and that is, do not allow any gain." If the bank has a capital gains locked in for the year 1970 I suggest it consider a loss of at least the same amount in order that the government will not get what should have been earned by the bank. Also, I would suggest the bank consider a program of selling the one- and two-year discounts to prevent any gain and, in turn, keep the loss at a minimum.

With the problem of discounts, let us not overlook the new offerings in this depressed market for there are many good buys available. There can be no capital gains, but bonds can be purchased either on a dollar yield or true yield, whichever the banker prefers.

The depressed market and money shortage have caused us to see high coupons on new issues, both federal and municipal, that we have never seen before. The new full-coupon bonds are in demand due to the shift of discount buyers into this market with the result being a temporary strengthening of prices for new issues. With money leaving the country banks, I see nothing to improve the market unless money becomes available or until the government stops issuing securities that the banks cannot compete with in this market.

The change in savings interest rates is going to cost country banks a great deal of money and in reality will help only a few of the largest banks in the nation. At one time this increase would have given the municipal market a lift by putting money into the market, but today there is little money and the loan demand stands at a peak. This means that the country banker in Oklahoma will have to take this additional expense out of present income.

Tight money we have and tight money we will have for some time to come. Some think we will enjoy this way of life for several years, along with an ever-changing economy, ideas and ideals. With these changes perhaps someone will see the error made in the tax reform bill and realize that capital gains is not a tax loop-hole.

Al Stepp

(Continued from page 27)

skillful attack on basic tax exemption for local securities that has yet been launched. Using a handful of wealthy individuals who allegedly were not paying their fair share of taxes as justification, elements at the Washington level so attacked the basic principle of reciprocal tax immunity that markets for local securities were practically destroyed.

Couple all the above adverse factors with what surely was the highest volume of tax-loss trading in the history of our industry and the setting for the market debacle in the last quarter of 1969 was completed. For a period in the last two months of 1969 it appeared that all concept of basic yield differential between credits was completely ignored and dollar price matching within acceptable maturity range the only determining factor. Market change was delineated, not in the traditional .05 or .10 basis point gradations, but more often in the magnitude of ¼% to ½%—a net dollar change ranging to several points on consecutive trades.

Further evidence of the emotional rather than logical approach to investment decision is supplied by the number of bank friends who seriously have informed us they "no longer will consider discount municipal bonds." The tax reform bill of 1969, passed in the final days of the year, removed capital gain treatment in taxation of security gains of commercial banks. To many bankers this action brought forth the immediate repudiation of discount municipals. Had this program been in effect in the last half of 1969, these banks seeking par or premium commitments would have been forced to limit their purchases of tax-exempt securities only to issues marketed in the primary market within the first few days of issue. For those of us who have watched this market over a number of years, the idea of one year, 5% tax-exempt bond selling at under 97 is incomprehensible; but millions and millions of dollars of this type of paper changed hands in the last quarter of 1969.

It seems obvious to us that reason will overrule emotion and that future market performance will assign to each bond its rightful and equitable market position regardless of maturity and coupon in relation with other available investment outlets.

My experience suggests that successful marketing of discount paper and resulting market stability are achieved when net after-tax differential is sufficient to reimburse the investor for accepting lower current income. Each investor determines this acceptable differential for his particular needs. Whether today's pricing structure is in line with general investment differential requirements, I do not know; however, I am convinced the market cannot long demand the ¾% to 1% differential which was available in late 1969. As confidence in markets affecting the bond account reappears, we should expect normal investment patterns to reassert themselves, after allowing for the higher tax provisions on accretion.

Additional market demand from individuals and non-bank corporate investors who are not saddled with ordinary income tax on net accretion should further buttress this segment of our market over the near term and we expect to see a rapid return to a more normal marketing relationship.

In our opinion, if federal authorities succeed in curbing inflation, markets of late 1969 and early 1970 may well emerge as having represented a buying opportunity of unprecedented proportion for the true investor. In retrospect, considering all of the above adverse conditions with which our market was beset, one comes to the conclusion that the market may have given a better account of itself than casual consideration might dictate. • •

Nash Is 'Outstanding Young Tulsan'

TULSA—William R. Nash, assistant vice president and head of public relations and advertising at National Bank of Tulsa, has been selected as the "outstanding young Tulsan of 1969" by Downtown Tulsa Jaycees.

Fourth Nat'l Elects Ryan VP to Head Data Processing


RYAN

WICHITA—Fourth National has elected Paul E. Ryan a vice president to head the data processing division. He will direct the development of operations and marketing of computer services.

Before joining Fourth National, Mr. Ryan had been chief computer systems officer for five years at the Cleveland Trust Co. He had been with the bank for more than 10 years. Mr. Ryan has been in the data processing field since 1955.

Fidelity National's Earnings

BATON ROUGE—N.O.E. at Fidelity National last year were $1.5 million, or $4.70 a share, compared with $1.4 million, or $4.16 a share, the previous year.

Commerce Bancshares Reports

KANSAS CITY—Commerce Bancshares, Inc., has reported 1969 net consolidated income of $10.1 million, or $4.56 a share, compared with $9.2 million, or $4.14 a share, in 1968.

Home Improvement

(Continued from page 34)

tives are qualified to offer constructive recommendations on such matters as dealer selectivity and control, credit investigation procedures, collection methods and similar matters that have a direct bearing on a bank's earning potential. • •

Bank Earnings Booster

Banks currently can earn from 18% to 28% more on privately insured home improvement loans than they can on loans insured by the FHA. Editors of this publication cite the following example on a guaranteed return from an insured portfolio of $1 million of home improvement loans with an average maturity of 48 months:

Under the FHA rate, gross earnings from finance charges to a bank would total $212,000. After deductions of cost (premium charge and 10% co-insurance), net earnings would be $190,367.

However, under a privately insured rate $6.50 or $7, gross earnings would be $260,000 and $280,000, respectively, from which would be deducted premium charges of $40,000 (in each case), less premium refunds of $4,160 (refund amount could vary, dependent upon the experience of the private insurer). Thus the total cost to the bank under either privately insured rate would be $35,840. When this figure is subtracted from gross earnings figures, the percentage increases of privately insured home improvement loans over FHA financing are 17.8% and 28.3%, respectively.

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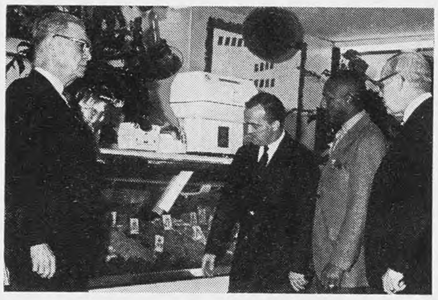
St. Louis Banks and SBA Cooperate in Minority Business-Venture Loans

ST. LOUIS—Three banks here recently joined forces with the Small Business Administration to make possible minority ownership of retail businesses. In three separate cases, the three largest banks in the city—Mercantile Trust, First National and Boatmen's National—cooperated with the SBA in extending credit to minority businessmen for ventures which included two grocery stores and a filling station.

First National and the SBA made it possible for two black entrepreneurs to obtain a $45,000 commercial loan and buy a going supermarket on St. Louis' North Side with gross sales of $1 million a year. The loan was made by the bank to Willie B. Garrett and Richard Ramel, officers of the newly formed Super Saver Tom Boy, Inc., and was partially guaranteed by the SBA. The loan was made possible through participation of the government agency as the two officers invested only $3,750 each in the new enterprise.

Richard Ramey, sec.-treas., Super Saver Tom Boy, Inc., signs the contract completing a $45,000 commercial loan made by First National, to Mr. Ramey and Willie B. Garrett (far r.), company pres. The loan made possible the purchase of a supermarket. Present were Ronald Rasse (seated), First National v.p.; Gregory Krekeler (standing l.), pres., Tom Boy, Inc., and John P. Pfeffer, SBA regional director.

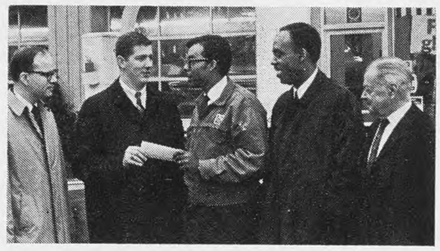


At the recent opening of Lincoln Market were, from l., William H. Duff, v.p. of Mercantile Trust, which made the loan for the market; Donald E. Chiles, v.p. of the market; Hardy B. Hogue, Lincoln Market pres.; and Arthur E. Poth, v.p. of Mercantile.

Mercantile Trust made a loan to Hardy B. Hogue and Donald E. Chiles, officers of a supermarket which was recently opened. The SBA participated in the loan for the new Lincoln Market, located in the city's West End. Arthur E. Poth and William H. Duff, Mercantile vice presidents, represented the bank, while John P. Pfeffer, regional director, and Norman J. Broadwell, chief of financial assistance division, represented the SBA.

Assisting at the ribbon cutting was Reuben Fogg, who heads the SBA's minority enterprise team engaged in the transaction. Walter W. Douglas, new enterprise director of the Interracial Council for Business Opportunity, acted as intermediary. Robert A. Frahm Jr., also a Mercantile vice president, serves the council as voluntary consultant in banking and credit.

Boatmen's National provided the funds to make a loan to Carl E. Cunningham, new owner and proprietor of Cunningham's Shell Service, located at Delmar and Skinker in St. Louis. The project was coordinated by the Interracial Council for Business Opportunity, and the loan was guaranteed by the SBA.



Carl E. Cunningham, center, presents purchase check for his service station to Donald J. Dozier, Shell Oil dealer representative. At left is William A. Sullins Jr., a.v.p. at Boatmen's Nat'l, which made the loan. Looking on are John Seay, 2nd from r., director of the Interracial Council for Business Opportunity, who coordinated the project, and John P. Pfeffer, r., regional director of the SBA, which guaranteed the loan.

Net Income Up

INDIANAPOLIS—Consolidated net income of Indiana National Corp., holding company for Indiana National, and the firm's subsidiaries rose 31% in 1969 to $8.2 million from $6.3 million the previous year.

Sullivan

(Continued from page 31)

When you get that close you've narrowed it down to less than 1% of the people licensed to sell life insurance. My suggestion is to find the man in your community who falls into this category. Then call him in—show him this article—and ask him to make a total analysis.

Chances are he will be able to put your bank in the life insurance business. And as a by-product you may find a choice customer for the bank because this same man's income will place him in the top 1% in your community. • •

Glenn Schultz

(Continued from page 27)

The first quarter of 1970 will show a further slowdown in the economy, thereby meeting the economists' classical definition of a recession: namely, two successive quarters of decline.

It is entirely possible, and my feelings incline this way, that the second quarter of 1970 will show a further decline in economic activity. If this is the case, then it is entirely possible that an inflationary budget will be highly welcome to help stem the tide. Perhaps, the thinness of the projected surplus is an Administration move to meet just this objective.

As economic indicators continue to point downward, but price levels continue to point upward, the Federal Reserve Board and the Administration both face dilemmas. They both feel strongly they must dampen and, if possible, kill once and for all the inflationary psychology built up in the economy over the last half of the 1960s. At the same time, the Administration is acutely aware of the impending congressional elections and would like to show a substantial gain in those elections. Many political analysts have attributed Richard Nixon's narrow loss to John F. Kennedy in the 1960 election to the slight economic downturn that occurred at that time, so he is acutely aware of the dangers that an economic slowdown would pose to Republican political opportunities in 1970.

The Federal Reserve, on the other hand, is also under the gun. If it lets up on its restrictive posture too soon, there is the danger of rekindling the inflationary fires as was done in 1968. If the Fed follows the present restrictive line too long, however, it faces the danger of pushing the economy too close to the brink of all-out recession or even depression.

It is my feeling that once the first quarter 1970 figures are in, an overt move, such as reduction in the discount rate, will be forthcoming. I would predict that this would happen prior to May 1.

All of the foregoing point to an easier money situation and a move to lower interest rates in the near future.

The municipal market will, I believe, move toward higher prices and lower rates along with the general market trend. The move, however, will not be as smooth, nor as rapid, as it might have been, were it not for the tremendous amounts of displacements that occurred during 1969. The total of bonds brought to market for which no bids were received, or all bids were rejected as being too high, is approximately $3 billion. In addition, there is a substantial amount of financing which was never brought to market because of the high prevalent rates. This financing would undoubtedly be consummated should interest rates start to fall. The amount of this pent-up demand plus current requirements would tend to keep rates from falling as rapidly as they might otherwise, but the trend line will still be downward.

As of this writing, the Bond Buyers Index of 20 municipal bonds stands at 6.42%. I would expect these averages to reach 5% before the year is out. Tax-exempt volume in 1969, reflecting high displacement figures, totaled $11.4 billion, which was the lowest yearly total since 1966, and compared with the $16.3 billion volume of 1968. Admittedly, the 1968 figure was considerably inflated by a large amount of non-recurring industrial revenue financing. However, it seems probable that with more normal interest rates, this year's total financing will be close to, or more than, $16 billion.

In order for the market to approach a 5% bond buyer average with this volume, commercial banks will again have to become large purchasers of municipal bonds. This buying interest will probably be somewhat slow in developing, as the first thought of a great many commercial banks after the stringency of the last year will be in rebuilding liquidity. I am optimistic, however, that this buying trend will develop as early as the third quarter.

All in all, a potentially bright year for bond prices appears to be in the making. • •

Babin, Cooney Elected Sr. VPs

HOUSTON—Bank of the Southwest has elected two senior vice presidents: Donald A. Babin, vice president, cashier and manager of customer services division since 1966; and John T. Cooney, vice president and trust officer, who recently was named manager of the trust division.

Employee Benefits

(Continued from page 32)

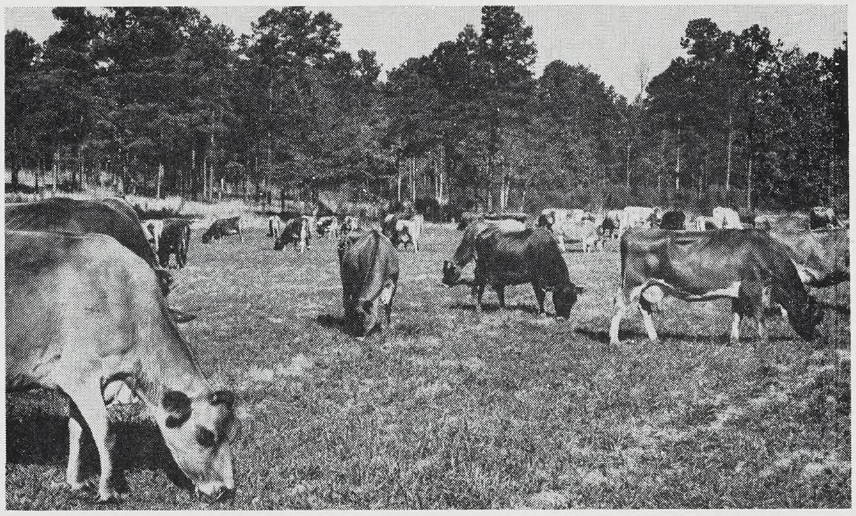
and the employer may deduct an amount equal to the amount included in the employee's taxable income.

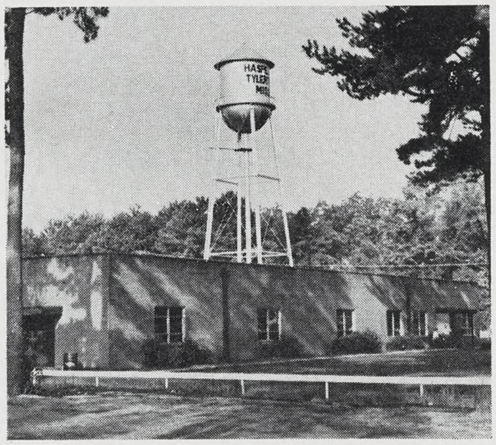
For some time, certain firms have been able to elect to be taxed as corporations rather than partnerships, and thus are known as tax-option corporations or "Subchapter S" corporations. One of the benefits of the corporate-tax election was the right to establish corporate-type qualified retirement plans. The new law changes that advantage, in that Subchapter S corporations now will be subject to rules quite like those found in the Self-Employed Individuals Tax Retirement Act (HR-10).

As we indicated in the opening paragraphs, this is not to be considered in any way an analysis of the new tax law. It is designed to alert readers to areas in which changes have been made that might affect them or their businesses. Tax counsel should be sought in all instances where it is necessary to determine the specific effect of the new law on individual circumstances. • •

Tylertown, Mississippi

"Cream Pitcher of Mississippi"





Don't let Tylertown's nickname, "Cream Pitcher of Mississippi", fool you. While dairying is the largest single contributor to the economy of the area, timber and manufacturing also provide important jobs and income.

Tylertown is ideally located in Southwest Mississippi, easily accessible by rail and highway to New Orleans, Jackson and the Mississippi Gulf Coast. Major industrial developments in the area provide all kinds of opportunity for satellite operations. Nearby vocational training facilities assure the technical labor force needed by industry.

Tylertown Bank has served the area since 1904 and no one knows it better!

TYLERTOWN BANK

TYLERTOWN, MISSISSIPPI

BRANCH OF FIRST NATIONAL BANK, JACKSON, MISSISSIPPI □ MEMBER: FDIC

Speculators

(Continued from page 36)

margins in cattle feeding allow little leeway for an unexpected drop in the price of finished cattle.

Futures markets enable a cattle feeder to "lock in" a feeding margin. By selling a choice steer futures contract, he is "insured" against a decline in the price of fed cattle. Conversely, by buying a corn futures contract, he protects himself against an increase in feed costs.

Such uses of futures add considerable security to the otherwise risky business of cattle feeding. Not to mention the additional security for the lender who is *financing* feeder cattle.

The "How-To" of Hedging. Since you may be called on—if you haven't been already—to help set up a hedge for a borrower, take a closer look at the details.

Assume: At harvest, the local price of corn is $1 a bushel. A nearby elevator requires financing to purchase 100,000 bushels of corn from local farmers with the intention of storing it until, say, May.

The futures market, at the time of harvest, is offering $1.30 a bushel for May delivery of corn in Chicago. Knowing that local prices are generally 15¢ below the Chicago price in May, the futures price represents an offer of $1.15 for *local* delivery in May. That's a guaranteed 15¢ above the elevator's buying price of $1.

If the elevator does *not* hedge its corn purchases, it is at the mercy of the market. The local price of corn in May may be exactly $1.15. It may be more. Or it may be less.

If you, as a banker, have accepted 100,000 bushels of corn as collateral, the value of your collateral fluctuates as prices fluctuate. A price drop triggers a call for additional collateral.

Say the price drops by a dime, reducing the value of the corn to $90,000. To protect your loan, you call for additional collateral of $10,000.

A Forced Sale

Unless the elevator happens to have $10,000 of cash or other unpledged inventory on hand, it may be forced to sell a part of its inventory at a 10¢ a bushel loss. Thus begins a costly game of "economic dominos" as inventory pledged for collateral must be sold, reducing the value of collateral, forcing still more sales at a loss, reducing further the value of collateral, and so on.

In the end, the elevator may realize only enough income to repay its initial loan. Or it may realize *less!* At the very least, it has been socked with a sizable loss.

Had the elevator hedged at the outset, the outcome would have been considerably different. At harvest, you'll recall the futures was offering $1.30 for May delivery in Chicago—equivalent to a local May price of $1.15. By having sold futures contracts, the elevator would be guaranteed approximately $1.15—thereby assuring a 15¢ storage return.

Here are the steps:

1. In November (at harvest) the elevator buys corn locally at $1 and sells May futures contracts at $1.30, as follows:

CASH		FUTURES	
Nov. Buy corn @ $1.00	$1.00	Nov. Sell corn futures @ $1.30	$1.30

2. Assume (as in the previous example) that the cash price of corn in May has dropped to 90¢ a bushel. The Chicago futures price is the expected 15¢ a bushel higher: $1.05. The elevator thus sells its inventory at 90¢ and buys back its futures contracts at $1.05, as follows:

CASH		FUTURES	
Nov. Buy corn @ $1.00	$1.00	Nov. Sell corn futures @ $1.30	$1.30
May. Sell corn @ 90c	.90	May. Buy corn futures @ $1.05	$1.05
Loss	$0.10	Profit	$0.25

Result: Added to the 90¢ cash price received from the sale of corn in May, the elevator has a profit of 25¢ on its futures transaction—a total return of $1.15.

Without hedging, the elevator would have received only 90¢ for its corn—a loss of 10¢ a bushel (in addition to losing the expenses of storage).

Since, in this case, the elevator realized a profit of 25¢ a bushel on its futures transactions, it follows that someone must have *lost* 25¢ a bushel. The loser, most likely, was a speculator. (Or it may have been another hedger—such as a processor—who had *bought* the futures contracts as protection against a possible price *increase.*)

More Farmers Using Futures. While the arithmetic of futures markets is, at first encounter, somewhat complex, forward-looking agricultural bankers will find it increasingly necessary to have a working knowledge of the "hows" and "whys" of futures trading.

Reason: More and more farmers and other agri-business borrowers are *using* futures markets in their businesses, and, in the interest of sound financial management, many others *should* be.

The local grain elevator is but one example. Similar "case histories" could be illustrated for almost any and all businesses engaged in the production, storage, processing and merchandising of agricultural commodities.

While no precise statistics are kept, signs point particularly to a steady rise in the use of futures markets by *farmers.* One reason, of course, is that futures trading today is conducted in more types of commodities. Two of the most recent additions are iced broilers and choice steers on the Chicago Board of Trade.

But this is by no means the only reason. A bigger reason is *prices.* As

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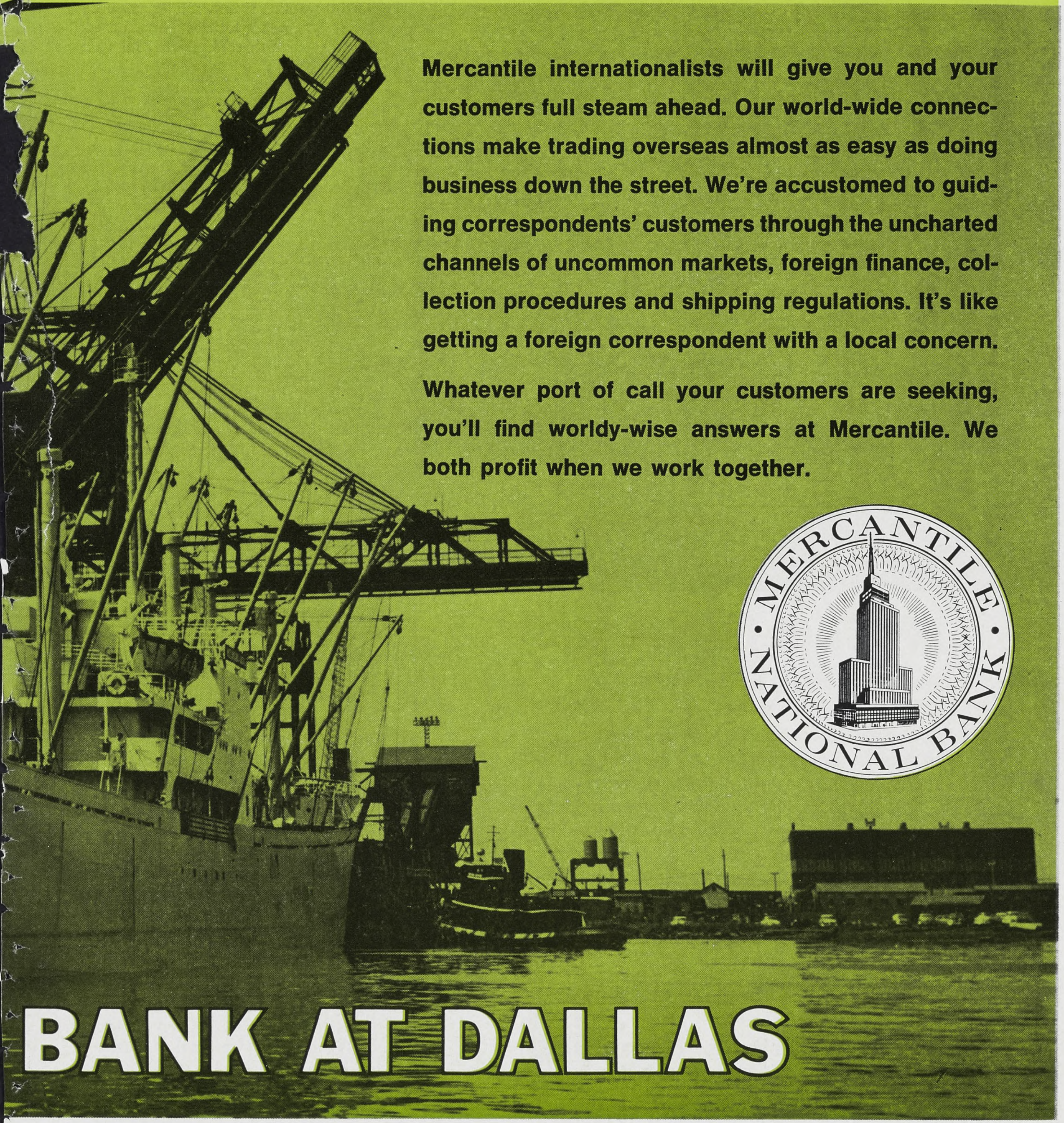
winds blow...



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BANK AT DALLAS

the high costs of farming continue to butt against low prices brought by farm products, farmers are seeking every possible means of protecting and bolstering their profits. One such means being discovered by a record number of farmers is the use of futures contracts.

For the farmer with futures market know-how and supply-demand savvy, the payoff can be substantial. In seven of the past 10 years, for example, farmers who sold corn on the futures market at the right time netted more for their crop than they would have by selling for cash at harvest—up to 30¢ a bushel more.

The same for soybeans in five of the past 10 years, and for wheat in eight of the past 10. And, although futures trading in livestock has been in existence for a shorter period, the past several years abound with examples of similar profit opportunities.

In brief, there are four major ways farmers can use the futures:

1. Through the use of the futures, a farmer can "lock in" a selling price for his crop. To the extent prices when the crop is ready for delivery are below the price assured by the sale of a futures contract, the difference is made up (as in the example of the grain elevator mentioned earlier) by a profit on the futures market.

In some years, the best time to sell a crop on the futures has been before the crop was even planted. Several years ago, soybean growers who used futures to sell their crop two months ahead of planting netted nearly 40¢ a bushel above the price at harvest.

Similarly, cattle feeders have been able to establish a firm selling price by selling *fed* cattle futures contracts at the same time that *feeder* cattle were purchased. A year ago, cattle feeders with steers for October delivery netted up to an additional $3 a hundredweight by selling on the futures.

2. A farmer with grain to store can use the futures to assure himself the harvest-time price *plus* a storage return—regardless of what happens to prices while the crop is held in storage. (The arithmetic is the same as for the grain elevator that used the futures as protection against a price decline.)

This use of the futures market is especially profitable in a year when prices *drop* from harvest into spring. The 1966 and 1967 corn crops are cases in point. In those years, it was possible to earn up to 42¢ a bushel additional profit by using futures to pre-sell corn for delivery the summer following harvest.

3. A livestock producer needing to buy feed can use the futures to establish a purchase price well in advance of delivery.

Assume, for example, that the price of corn at harvest is, say, $1 a bushel. A cattle feeder in need of 20,000 bushels for summer feeding (but with no place to store it) can use the futures to buy corn at the harvest price of $1 plus the costs of storage to July, say 15¢ a bushel. Even if the price of corn climbs to $1.30 by July, the feeder is assured of corn at a net cost of $1.15.

4. Farmers can, of course, also use the futures market to speculate. A soybean grower expecting sharply higher prices but without adequate storage on his farm can sell his beans and purchase a futures contract. Since he no longer holds the actual beans, there is no risk of physical damage. And, to the extent prices increase by more than the cost of storage, he will profit accordingly.

Likewise, a cattle feeder anticipating higher—or lower—prices can use the futures to speculate without actual ownership of the livestock.

While decisions about *whether* to

use, *when* to use, and *how* to use the futures markets are essentially farm management decisions, the decisions frequently involve *financial* management. As such, they may involve you, the banker.

Indeed, lending decisions may well *hinge* on futures contracting. Without using futures, for example, a particular farmer operating on a narrow profit margin and having a low equity in his business may be a chancy risk for a large loan. By selling on the futures to assure an acceptable selling price, he may become a far better candidate for the needed loan. • •

National Banks Warned by Comptroller Camp on Bond Sale Practice

WASHINGTON—The Comptroller of the Currency has issued a warning to national banks concerning "unsound" practices in connection with the sale of bonds to brokers at above-market prices.

Comptroller William B. Camp says increasing evidence that a small number of bond dealers or salesmen are promoting this type of scheme prompted the warning. He added that criminal prosecution is possible.

A key outcome of the complex process is that the bank is able to defer accounting for a loss on the bond sold and to establish an artificially high price on its books for a replacement security, Mr. Camp said.

A spokesman for the Comptroller's office explained that often a bank with bonds purchased some time ago finds that their market value has dropped. A bond salesman then offers to buy the bonds at book value and sell the bank other bonds at a similar book value, claiming the second issue will have a higher yield. The salesman then assures the bank it won't realize a loss, despite the fact that the second bonds are often worth less than the first, the spokesman said.

The bank is actually selling its bonds at a substantially higher price than market value and is receiving, in exchange, other bonds priced sufficiently high for the broker to recover the loss from the sale of the original bonds in addition to making a profit.

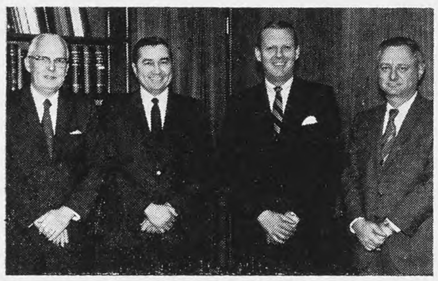
The concern of the Comptroller centers about the artificial cost placed on the bond and the deferred accounting of the loss on the bank's books.

BOARD ROOM NEWS

Promotions . . . Staff Changes . . . Financial Reports

Promotions Announced for 22 Officers at Bank in Baton Rouge

BATON ROUGE—City National has announced several promotions, including those of Hermann Moyse Jr. from vice president to executive vice president; R. Prentess Mathis and William A. Morris from vice presidents to senior vice presidents and M. J. (Kelly) Simoneaux from vice president and comptroller to senior vice president and comptroller.



Promoted at City Nat'l, Baton Rouge, were (l. to r.): R. Prentess Mathis, sr. v.p.; M. J. (Kelly) Simoneaux, sr. v.p. & compt.; William A. Morris, sr. v.p.; and Hermann Moyse Jr., exec. v.p.

Named vice presidents were: Michael M. Gauthier, John C. Hamilton and John H. Hernandez, all formerly assistant vice presidents. Assistant cashiers who moved up to assistant vice presidents are: Francis A. Furrate, Herbert R. Harthcock, Ronald W. Lalumandier, Mrs. Ophelia H. Lane and N. A. Maestri Jr. Larry K. Lalumandier, formerly auditor, also has been elected assistant vice president.

City Nat'l, Baton Rouge, advanced these officers: (standing, l. to r.) Larry K. Lalumandier, Ronald W. Lalumandier and Francis A. Furrate, all a.v.p.s; and Michael M. Gauthier, v.p.; (seated, l. to r.) Herbert R. Harthcock, a.v.p.; and John C. Hamilton and John H. Hernandez, v.p.s.

Newly elected officers are: auditor, Miss Mary C. Barr; assistant cashiers, Donald D. Gaudet, Leven L. LeJeune, Cleament B. Smith and Paul N. Vidrine; and administrative officers, Mrs. Elsie D. Forbes, manager, collection department; Miss Merle A. Leefe, manager, savings; Mrs. Annie Laurie Stout, assistant to the chairman; and Mrs. Myrtle T. Doize, assistant to the president.

Union of Little Rock Stockholders Re-Elect Couch to Presidency

LITTLE ROCK—Donald P. Couch was elected president and chief executive officer of Union National January 28, climaxing a three-month struggle for control of the bank.

COUCH

On October 31 the bank's directors elected J. H. Bowen to the two posts and Douglas F. Graves executive vice president. By a 6-5 vote, they decided to remove Harlan Lane as chairman and CEO and Mr. Couch as president. However, both remained directors. No official reason was given for the ousters of Messrs. Lane and Couch, but one source attributed the actions to a "personality clash" among the bank's top officials.

In the intervening three months, both factions worked to line up stockholder support for their respective sides in preparation for the annual meeting January 28. During that time also, there were newspaper reports that Mr. Lane had stockholder support representing more than 51% of the stock, that he had offered this stock for sale and that Universal Telephone Co. of Milwaukee had inquired about purchasing it. Mr. Lane also announced that he was not planning to seek an office again in Union National and that he would not take an active part in its management should his and Mr. Couch's side win.

Following the January 28 meeting, Mr. Couch, according to newspaper reports, told bank employees that controlling interest might still be sold, but that there would be no change in personnel.

At the January meeting, Mr. Bowen was elected senior trust counsel and Mr. Graves senior vice president in charge of the loan and investment division. Dale A. Renaud was named assistant to the president.

L. A. Taylor Jr. Elected VP at Union Planters Nat'l

MEMPHIS—Union Planters National has elected L. Arnold Taylor Jr. a vice president. Mr. Taylor, who is director of personnel, has been with the bank since 1968 and in bank personnel work since 1960.

TAYLOR

The bank also has elected C. J. Lowrance III a director. Mr. Lowrance of Driver, Ark., is president of Lowrance Brothers & Co., farmers, and chairman of the Mississippi Equalization Board.

Lessley Promoted to VP at Citizens Fidelity

LOUISVILLE—Citizens Fidelity has promoted Robert W. Lessley from assistant vice president to vice president. Mr. Lessley is a portfolio manager in the trust investment department.

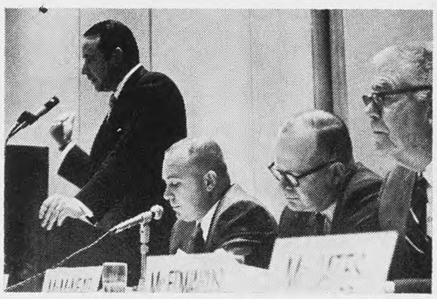
LESSLEY

Mr. Lessley began his employment with Citizens Fidelity in 1962 as an assistant cashier in the bond department. He was elected an assistant vice president in 1967. Before joining Citizens Fidelity, Mr. Lessley had been with Union Planters National in Memphis.

Investment Experts Field Questions as Liberty Nat'l Holds Unusual Annual Meeting

OKLAHOMA CITY—More than 400 shareholders were attracted to the first annual meeting of Liberty National Corp., parent holding company of Liberty National, when the bank gathered a panel of top-rated investment specialists to answer stockholders' questions and discuss the problems such queries indicated.

J. W. McLean, corporation and bank president, acted as moderator. On the panel were Bruce Thomas, branch manager, Francis I. duPont & Co.; Tom McNear, resident vice president, Merrill Lynch, Pierce, Fenner & Smith, Inc.; John H. Edwards, president, R. J. Edwards, Inc.; David Cates, president, David Cates & Co.; Wayne R. VonFeldt, vice president, Stifel Nicolaus & Co.; W. R. Shoemaker, president, Shoemaker & Co.; and Clay Miller, manager, Harris Upham & Co.



J. W. McLean, president, Liberty National, Oklahoma City, uses the microphone to answer a stockholder's question as (l. to r.) Bruce Thomas, Francis I. duPont & Co.; Tom McNear, Merrill Lynch, Pierce, Fenner & Smith, Inc., and John H. Edwards, R. J. Edwards, Inc., study their notes. The men were part of a panel of investment experts gathered for the annual stockholders meeting of Liberty National Corp., parent of the bank, so that stockholders' questions might be answered by specialists.

The type of probing questions asked is indicated by the response of Mr. Cates, a security analyst, to one of them. He described Liberty National's stock as "having the qualities of under-valuation" when Liberty's performance was compared with that of other banks. He said the price-earnings ratio of other leading banks currently ranged from 13 to 17 times, but Liberty's is still 10½ times—"an investment paradox that should not long obtain for a bank that has just become 'No. 1' in its market area."

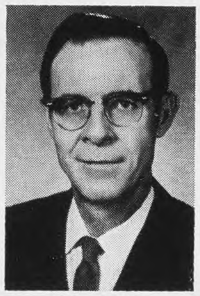
Third National Promotions

NASHVILLE—Third National has elected two assistant vice presidents—J. Fred Turner, formerly branch officer, and Richard M. Cate, formerly commercial officer. Charles Bryan was made a branch officer.

The bank has two new directors—D. Roscoe Buttrey, president, Crescent Co., and Jack W. Kuhn, president, Kuhn's-Big K Corp.

Fidelity Nat'l Promotes Corkern, Elects Five Assistant VPs

BATON ROUGE—Fidelity National has elected Leroy T. Corkern a vice president. An employee of the bank since 1944, Mr. Corkern has been manager of the computer department since 1963.



CORKERN

Promoted to assistant vice presidents were: Eldon D. Abbott, assistant manager, Delmont Branch; J. D. Bogan, manager, bookkeeping department; Donald R. Fontenot, who has worked in the transit, bookkeeping and credit departments; Richard F. Gill, business development representative; and J. Dennis Williamson, manager, charge card department.

In other action, shareholders approved a 5% stock dividend.

Two Sr. VPs Named at Hibernia National; 23 Others Are Promoted

NEW ORLEANS—Charles H. Mayfield and Gilbert H. Vorhoff have been elected senior vice presidents at Hibernia National. Mr. Mayfield also is a senior loan officer and head of the correspondent division. Mr. Vorhoff is manager of the international section.

Five persons were promoted to vice presidents. They are: Robert L. Cowart, correspondent division; Leo J. Cassou, Jefferson Branch, and Miss Harriet E. Kensla, St. Charles Branch, both managers; William H. Solis, commercial department; and Alphonse J. Werner Jr., manager, Civic Center Branch. Martin O'Neil, vice president in charge of operations, also has been named cashier.

Those promoted to assistant vice presidents were: Raymond M. Asprion Jr., Edison V. Burrough, Joseph F. Gonzalez, A. Henry Kinberger, Vernon J. Stubbe, John F. Timken Jr. and Gervis B. Wyble. Hibernia has also named nine assistant cashiers: Wayne J. Borne, Peter J. Caruso, Rubin Chandler, Harold Geagan, Herbert C. Gould, William J. Henderson, Mrs. Leah Mey, Anthony J. Serio and Mrs. Anna S. Tarou. Theodore A. Lajaunie was named assistant auditor.

John P. Laborde, chairman and president of Tidewater Marine Service, Inc., was named to Hibernia's board.

Chemical Elects Heuermann VP in Correspondent Trust Services

NEW YORK—Chemical Bank has promoted Hugo Heuermann, formerly assistant vice president, to vice president. In this new post, Mr. Heuermann is responsible for correspondent trust investment services.

HEUERMANN

Mr. Heuermann began his employment with Chemical in 1933. He was assigned to investment analysis in 1939, promoted to assistant secretary in 1958 and to assistant vice president in 1962. Mr. Heuermann is a graduate of the American Institute of Banking and also attended New York University.

Lee, Hopkins Elected Sr. VPs at Commerce Union, Nashville

NASHVILLE—John M. Lee and Dan W. Hopkins have been elected senior vice presidents at Commerce Union. Mr. Lee continues as manager of the investment management department, and Mr. Hopkins continues as manager of the credit standards group and head of the management training program.

Before joining Commerce Union in February, 1969, Mr. Lee had been senior vice president and director of Cherokee Insurance Co. and secretary-treasurer and director of Cherokee Equity Corp. Mr. Hopkins had been a vice president at First National in Atlanta before joining Commerce Union in April, 1969.

COWART MAYFIELD CASSOU KENSLA VORHOFF O'NEIL SOLIS WERNER

Blanchard and Ruysser Named to New Posts

KANSAS CITY, KAN.—Commercial National has elected Henry G. Blanchard chairman and Bernard Ruysser president. Mr. Blanchard joined the bank in 1947 as vice president and had been president since 1961. Mr. Ruysser was promoted from executive vice president, a post he had held since 1961.

BLANCHARD

RUYSSER

DUNMIRE

HURST

DICKERSON

Commercial National also has advanced Fred A. Dunmire from vice president to executive vice president. He is a commercial specialist. T. C. Hurst and Max Dickerson were promoted from vice presidents to senior vice presidents. Mr. Hurst also is a trust officer, and Mr. Dickerson has been officer in charge of the correspondent division for the past eight years.

Also promoted were: Max Dupuy, trust officer, to vice president and trust officer; Robert W. Chenoweth, manager of Bankmark credit card division, and Marvin J. Schmidtberger, manager of the transit department, both to assistant vice presidents. Miss Mildred Sutter, executive secretary, Mike Osborne and Craig Sherrill, data processing, were promoted to assistant cashiers.

Three Promoted to Asst. VPs at Central Trust, Cincinnati

CINCINNATI—Central Trust Co. has promoted the following assistant cashiers to assistant vice presidents: Edward J. Bender, Frank F. Minning and Miss Estelle M. Topmoeller.

Central Trust also has promoted James V. Dugan from assistant trust officer to trust officer and has appointed Jerry O. Holder, Jerome M. Mohr, James E. Ries and David J. Venneman assistant cashiers.

At the March 10 annual meeting of stockholders of Central Bancorporation, Inc., Central Trust's directors will propose the election of Ralph R. Burchenal, executive vice president, as a director of the bank. Two bank board members will not stand for re-election: William E. Anderson, former president and chairman of Central Trust, and Bayard L. Kilgour Jr., former president and chairman, Cincinnati & Suburban Bell Telephone Co. Both men will be proposed for election as directors emeriti. Central Bancorporation is a registered bank holding company that owns more than 99% of Central Trust and Citizens National, Marietta.

Also at the March 10 meeting, the holding company's board will propose the election of Lloyd I. Miller and Ray M. Klemmt as directors. Mr. Klemmt is a senior vice president of Central Trust. Mr. Miller is president, American Controlled Industries, Inc.

McGillicuddy Is Vice Chairman at Manufacturers Hanover

NEW YORK—John F. McGillicuddy, an executive vice president, has been elected a vice chairman at Manufacturers Hanover Corp. and Manufacturers Hanover Trust. He will succeed Eugene S. Northrop, who will retire June 1.

In addition to electing Mr. McGillicuddy to the board, MHT has named two directors: Walter F. Thomas, MHT executive vice president, and Barron Hilton, president, Hilton Hotels Corp.

THOMAS

McGILLICUDDY

Director Elected; Earnings Up at First American Nat'l

NASHVILLE—First American National has elected a new director, Wallace D. Holman, plant manager, textile fibers department, Old Hickory plant of E. I. DuPont Co.

In its year-end report, the bank showed 1969 net income before security gains of $5.8 million, or $3.84 a share, a 9% increase over the $3.53 a share in 1968. Net income after security gains amounted to $3.91 a share last year, a 10.8% gain over 1968.

New Posts at Hamilton Nat'l

Hamilton National of Chattanooga has elected the following assistant vice presidents: Thomas E. Pride, Charles K. Carter, Charles Champion, Samuel B. Hammer, William J. Camden and Edward Carver. Charles Carter also was named manager of the Red Bank Branch. Those promoted to assistant cashiers were: Leslie Hudson, Robert Hitt, Terry Scarbrough and William E. Hodges. Seated, left to right, are: Messrs. Hudson, Pride, Carter, Champion and Hitt. Standing, left to right, are: Messrs. Hammer, Camden, Scarbrough, Hodges and Carver.

Grant Named Chief Exec. Officer at Wynnewood State of Dallas

GRANT

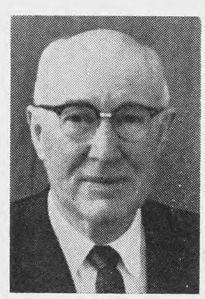
DALLAS—H. Dane Grant Jr. has been elected chief executive officer of Wynnewood State. Mr. Grant is a former senior vice president in charge of correspondent banking at National Bank of Commerce, Dallas.

In addition, the new chief executive officer has resigned as advisory director of the Medical Center National Bank in Houston and White Rock National, Dallas.

P. Mason to Succeed M. Kyger as CEO at First of Ft. Worth

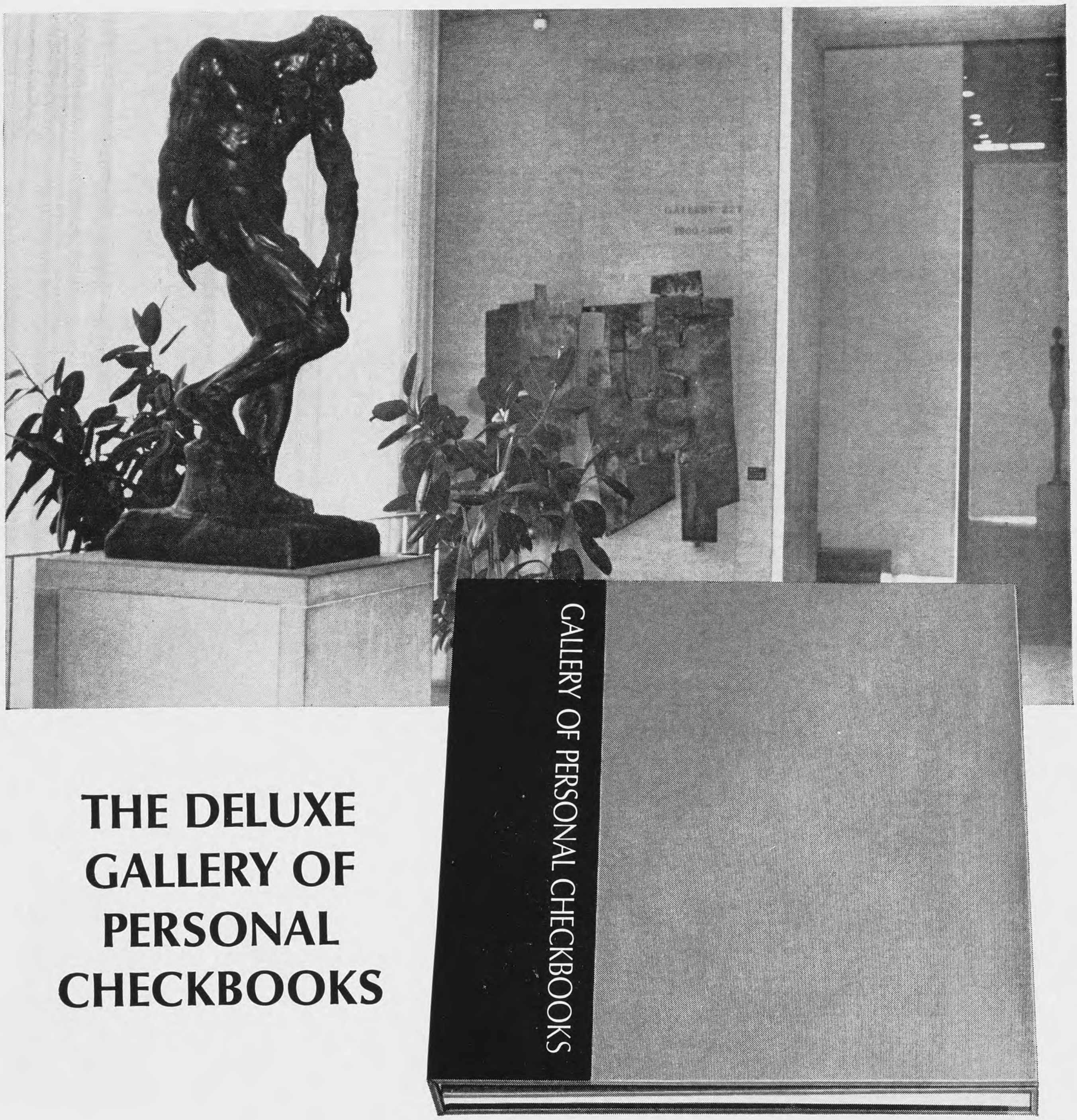
FORT WORTH—Murray Kyger, who has been chairman and chief executive officer at First National, will continue as chairman but Paul Mason, president, has been elected to succeed Mr. Kyger as chief executive officer. Harris H. Bass, senior vice president, has been named an advisory director.

First National has reported a 21.5% increase in net operating income for 1969 over 1968 and a net income increase of 11.69%.



KYGER

MASON



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Commerce Elects Sr. VP, Advances 22 Others

KANSAS CITY—Commerce Bank has promoted Donald L. Reynolds from vice president and controller to senior vice president. In his new post, Mr. Reynolds will head the administrative division.

Five assistant vice presidents were promoted to vice presidents. They are: Ronald Francis, who is in charge of the Missouri correspondent banking department; Leo Stolzer, in charge of the discount department; James Kliewer, in charge of Kansas correspondent banks; James Pearce, to head administrative services; and Lloyd Olson, national accounts.

Among those assistant cashiers promoted to assistant vice presidents was James Fowler, Missouri correspondent banking department. Other newly elected assistant vice presidents were: Joseph Bartels, Richard Conn, William Dealy, Joe Herring, Mrs. Mary Harper, Allen Schneider and Steve McCammon. William A. Spencer was made an assistant vice president and assistant secretary. William Humphreys was made trust investment officer.

Donald Dunaway, Fred H. Eller, George Marino, Robert C. Miller and William K. White were named assistant cashiers. Ray Payton was named trust officer, and Robert Thornburgh was elected assistant trust officer.

Merger, Acquisitions Department Formed by NBC of Memphis

MEMPHIS—A new merger and acquisitions department within the national accounts division has been formed at National Bank of Commerce. Charles H. Orndorff, vice president, and Jack Marsh Jr., assistant vice president, both of the national accounts division, have been named to supervise the new department.

ORNDORFF MARSH

The department was created, according to a bank official, "to assist local and/or national firms in acquiring and/or selling established businesses in the Mid-South." The new service will locate buyers, assist in the pricing of businesses and act as an intermediary during negotiations.

Texas Bank Advances Price, Makes 4 Other Promotions

DALLAS—Donald Price has been named vice president and trust officer at Texas Bank. He is head of the new business department of the trust division. Mr. Price has been an employee of the bank since December, 1969.

PRICE

Bobby Joe Burris, accountant administrator of the personal trust department, was promoted to trust officer; Michael Wayne Paulk, supervisor of operations in corporate trusts, was advanced to associate trust officer and assistant cashier; Royal Parks James, national accounts director, and Jerry Doyle Arrant, sales administrator, were promoted to assistant cashiers, BankAmericard division.

John Rehage, 29 Others Promoted at NBC

NEW ORLEANS—National Bank of Commerce has promoted John A. Rehage to vice president in the correspondent banking department. Others promoted to vice presidents were: Edward J. Driscoll, Robert D. Andre, John E. Morgan, Thomas A. Masilla, Paul R. Hasperue Jr., Edwin G. Jewett Jr., Jack Knight and Fred M. Smith.

Elected assistant vice presidents were: Robert J. Bavido, Harold G. Buoch, Joseph A. Catanese, James E. Denny, John Giroir, George J. Livermore, Miss Barbara Strauss, George R. Pabst Jr., Roeling G. Wellmeyer, Lyn D. Davis, Henry E. Jamison, Frank A. Seo and Frank J. Marzoni.

John E. Boardman, Richard W. Hare, W. Scott Gibson, William R. Laughlin, Gary O. Rapier and Ernest A. Yates Jr. were named assistant cashiers.

Ronald G. Barnes and Earl G. Egan advanced from assistant trust officers to trust officers.

T. S. Davidson Named Sr. VP at NBC of New Orleans

NEW ORLEANS—National Bank of Commerce has named Thomas S. Davidson senior vice president to head the real estate and mortgage loan department. Mr. Davidson had been with Republic National in Dallas nine years.

DAVIDSON

Mr. Davidson joined Republic National's real estate and mortgage loan department in 1963 and was elected a vice president in 1965. In his most recent post, he had been a senior analyst in the commercial and industrial credit department. Mr. Davidson also has been employed with the Topeka Gas Service Co. and the Kroger Co.

Central Nat'l Elects Anderson to Correspondent Dept. Post

CHICAGO—Central National has elected Donald C. Anderson a second vice president in the correspondent and agricultural banking division. In this post, he will travel throughout Iowa.

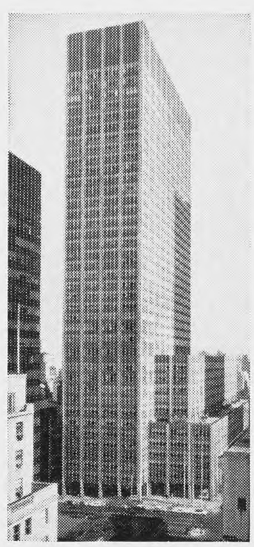
ANDERSON

Mr. Anderson had been a senior vice president at Packers National in Omaha from 1968-1969. He began his banking career with Commerce Bank of Kansas City in 1963. At Commerce, Mr. Anderson was an assistant cashier and a correspondent bank officer, traveling in Nebraska and Iowa until 1968.

Mr. Anderson is a graduate of Kansas State College of Pittsburg, receiving a B.A. degree in 1963.

DRISCOLL ANDRE MORGAN REHAGE MASILLA HASPERUE JEWETT KNIGHT SMITH

These are the people of the Kellogg Citizens National Bank of Green Bay, Wisconsin



This is "their office" in New York

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SAWYER HUFF SMITH PATTERSON HOLTON

Inflation, Legislation, Equal Opportunity Headline Bank Management Meeting

LAKE OF THE OZARKS, MO.—A record-breaking crowd of more than 525 bankers gathered at Tan-Tar-A Resort February 17-19 for the 30th annual bank management conference sponsored by the Missouri Bankers Association.

The resort on the rolling Ozark hills overlooking the Lake of the Ozarks provided an inspiring setting for an outstanding program covering a broad range of subjects including a bank management case study; bank supervision by state and federal authorities; agricultural, commercial and consumer lending; taxes; federal legislation; computer time-sharing; the money market and the economy; safe deposit procedures; personnel administration and management succession; equal employment opportunity; and the bond market.

Conference Chairman William R. Mills, cashier at Boone County National, Columbia, opened the meeting and was followed by association president Robert J. Gaddy, president of Tower Grove Bank, St. Louis.

A feature of the conference was a bank management case study in which conferees were given the task of selecting a new bank president from three candidates of differing management philosophies. Playing the parts of the candidates were three adept college professors who have presented similar programs to a variety of management groups. Selected for the post was the candidate who stressed the "hard line" approach in management and who would take authority in his own hands rather than delegate it to subordinates.

In an address that drew considerable comment, Arthur A. Smith, economist and senior vice president at First National, Dallas, presented a sobering view of the outlook for inflation and the economy. Mr. Smith stated that the present cooling in the economy might not be due to restraints that have been imposed; but, rather, to tiring from the economy's internal forces. He said the present state of the economy "feels like a recession." He predicted continued easing of the economy with lower interest rates in a matter of weeks or two to three months. He felt the top 2% in the prime rate was due to inflation, and when inflation is halted the top 2% will come off.

Speaking broadly about the economy, Mr. Smith said that we have a bad situation in this country with the lack of confidence in the dollar. He predicted that if inflation were not brought under control, some day it will "wreck us."

John W. Holton, ABA federal legislative counsel, discussed the current federal legislative scene. Speaking of the one-bank holding company legislation, he stated that the bill has turned into an "anti-banking" bill. "It's dangerous for Congress to prepare a laundry list of what banking should or should not do," he said. "That's what the Comptroller of the Currency, the Federal Reserve Board and the FDIC were set up for," he added.

A talk on equal employment opportunity, as set forth in Executive Order 11246, was presented by David A. Sawyer, director of the Treasury's equal opportunity program. The Executive Order provides that banks handling federal funds that do not practice equal employment opportunity may lose the federal funds.

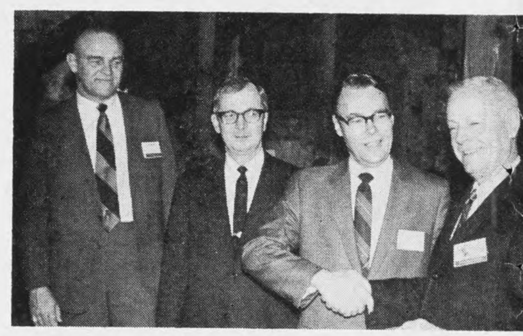
Mr. Sawyer commented that four banks have lost their federal deposits under the provisions of the Executive Order so far. But, he said, these banks lost federal deposits only because of "open recalcitrance and defiance to even consider the equal opportunity requirements." He outlined the numerous attempts that are made to negotiate with banks that resist compliance with the Executive Order. Only when all attempts fail does a bank lose its federal deposits, he said.

Thomas G. Patterson, second vice president, Continental Illinois National, Chicago, discussed computer time-sharing and what it can do for the average bank.

M. Wells Huff, chairman of the MBA public relations committee and director of advertising and public relations, Boatmen's National, St. Louis, presented the results of an independent study made by the MBA membership on the effectiveness of the association. An interview sampling of 73 bankers by an independent research firm found that the MBA is "doing a good job, but could do more." Areas in which the MBA could do more, according to the representative group of bankers, were legislation, public relations and advertising. Some felt the MBA should hire a lobbyist for better representation. Others felt that the association should take the initiative in introducing legislation favorable to member banks, while others thought the association should push bankers harder in legislative matters.

Some indicated they need help in the area of advertising and public relations in the form of guidelines. One banker wanted a method of obtaining a better image with customers.

One of the questions in the sampling asked bankers to rate the various meetings the MBA sponsors. Rated the most worthwhile was the bank management conference. • •



Boatmen's Bank officers Lee McNorton, Parker Smith and John Monroe Jr. welcome Mack Aldrich, ch. and pres. of Central West End Bank, St. Louis, to Boatmen's traditional breakfast held during the conference.

1st National Elects 2 VPs, Makes Other Promotions

ALBUQUERQUE—Robert Clemmensen and T. R. Pendergraft have been promoted from assistant vice presidents to vice presidents at First National. Promoted from assistant cashiers to assistant vice presidents were: Walter Marrs, Rex Smith, Jerry French, William Oglesby, J. E. Cummings, Mrs. Johnnita Johnson and Mrs. Mary Peppler.

G. Patrick Darnell was named assistant vice president and assistant trust officer. He was an assistant trust officer. Elected assistant cashiers were: LeRoy Padilla, M. L. Cannon and Frank Krest.

Less-Restrictive Monetary Policy Foreseen by Mississippi Banker

CONSIDERATION by the Federal Reserve Board of a less-restrictive monetary policy is foreseen by Russ M. Johnson, chairman and chief executive officer, Deposit Guaranty National, Jackson, Miss. Mr. Johnson was speaking at his bank's 1970 economic symposium on the topic, "Outlook for the Money Market."

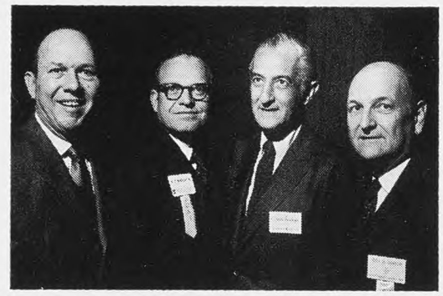
Mr. Johnson led into a discussion of monetary policy by referring to the appointment of Dr. Arthur Burns as chairman of the FRB. Dr. Burns, according to Mr. Johnson, knows that inflation has its roots in the government's excessive expenditures and, presumably, the new Fed chairman is placing emphasis on fiscal responsibility and budget decisions that will *realign* fiscal policy to fight inflation. Convincing evidence of cooperation in this area from the budget message and definite support for this objective by Congress, in Mr. Johnson's opinion, will allow the Fed to consider some less restrictive monetary policy.

"At the appropriate time, monetary policy would be relaxed," he continued. "Such relaxation presupposes deliberate and disciplined fiscal cooperation."

The decade of the '70s, as was the decade of the '60s, will be introduced by recession, said Mr. Johnson. The economy will recede throughout 1970, he predicted, and the severity of the recession should be impressive enough and should be costly enough to check inflation and should be convincing enough to banish the psychology of expecting inflation to remain a "way of life."

Hopefully, he said, those responsible for monetary and fiscal policies would observe the facts as the correction takes place. Before the economy slips into a slight depression (which would be possible with another year of monetary stringency), Mr. Johnson believes that accurate judgment and skillful moves will be made toward stimulating the economy. Proper moves well timed could then re-establish confidence and assure maintenance of real sustainable economic growth for another decade, he said.

Mr. Johnson defined interest rates



Pictured at Deposit Guaranty of Jackson's economic symposium are (l. to r.): J. H. Hines, ch. of exec. comm. of bank; W. P. McMullan Jr., bank pres.; Dr. Martin Gainsbrugh, sr. v.p. & chief economist, Nat'l Industrial Conference Board; and Russ M. Johnson, ch. of board and CEO, Deposit Guaranty. Dr. Gainsbrugh and Mr. Johnson were speakers on program.

as nothing more than the market price for money and—like all prices—these rates at any point in time reflect the demand and supply factors. Clearly, the level of interest rates now is evidence that the demand for credit has been and *is* excessive relative to the available supply, he said.

Interest-Rate Outlook. Turning to the outlook for interest rates, Mr. Johnson said that, by analyzing the demand for and supply of credit, we can approximate the future course of interest rates. The short-term supply of credit is effectively regulated by the Federal Reserve System, he said, and should be expected to remain restrictive until more significant signs of a meaningful slowdown appear. This, he predicted, is in prospect.

Credit-Demand Outlook. What is the outlook for the credit demands of business, consumers and government in 1970? According to the Jackson banker, all the evidence *now* available indicates that the total of credit demands will continue to be excessive relative to the available supply of investment funds. Business credit needs this year will be at best as large as in 1969, even if the economy is stagnant. Last year corporations relied heavily on short-term debt and also reduced liquidity. A large amount of long-term corporate financing will be necessary for utilities, said Mr. Johnson. Debt financing has been deferred by others, and this debt will be brought to market as soon as market conditions improve. Therefore, he said, it is difficult to forecast a significant downward rate adjustment on corporate securities in the near future.

"I think that an adequate description of the situation confronting us is that of a capital shortage and a high interest-rate economy for the year ahead," said Mr. Johnson. "While interest rates may ease slightly, responding to attitude changes of businessmen in a slowing economy, no significant reductions of rates will occur because of the pent-up demand for legitimate and needed credit hanging over the market.

Mr. Johnson further predicted: "The credit demands for consumers should also increase in 1970, even with the forecast of recession. Consumer-credit growth will drop, but this reduction in net credit usage will be more than offset by the insistent demand for mortgage credit. Residential mortgage credit through the first three quarters of 1969 was running at an annual rate of $20 billion to finance approximately 1.4 million new housing units. If the Administration's goal for the new decade of 26 million new housing starts is to be met, mortgage credit requirements will significantly increase.

"Government borrowing—federal, state and local—also should continue its increasing trend. While the federal government was in approximate cash balance for all of 1969, the outlook now is that both the Treasury and agencies will be net borrowers of at least a few billion dollars in 1970. Additionally, the inflationary tax-reform bill will cut tax revenue and increase expenditures during 1970. This will affect the projected budget surplus. A substantial amount of state and local bond financing has been deferred because of market conditions or interest-rate limitations on borrowers. We must assume that the purposes of the bonds were for needs that cannot go unsatisfied and that these municipal bonds surely will come to market whenever conditions permit. During 1969 the volume of tax-exempt bonds issued declined 30.1% from the record level of 1968 to $11.4 billion, the lowest since 1966.

Mr. Johnson then spotlighted his own state, describing it as "capital-deficit" because it is hampered by a restrictive legal ceiling of 6% on state and municipal bond financing. By pointing out that the municipal bond index had reached 6.90%, he said it's no surprise that Mississippi and its municipalities are no longer able to sell bond issues.

Hopefully, he continued, the state legislature, recognizing the disadvantages the state faces, will pass legislation required to permit needed financing for schools, highways, industrial support and for a variety of essential municipal services.

He cautioned that Mississippi businessmen will find it more difficult and more costly to finance their operations this year. Last year, he said, national corporations withdrew about $13 billion in time deposits from commercial banks, and local banks felt some of this drainage.

He advised his listeners that now is a good time for everyone to rationally assess the debt position of his business because many Americans are too heavily in debt. In the present uncertain business environment, he suggested that serious thought be given to more liquidity in business operations that will keep initiative in the proprietor's hands.

At this point, Mr. Johnson told his listeners he hoped they would work with their banks because the latter are in business to serve them and the banks are staffed by well-qualified individuals who would be most happy to assist the businessmen in financial matters. Because profit margins will narrow, said Mr. Johnson, businessmen should seriously consider generating funds internally through inventory reductions and more rigid cost controls. During a transition period from rapid inflation to more normal growth, he warned his audience not to run the risk of being caught in a liquidity squeeze. Bankers, he pointed out, want to help with financial planning and in making decisions. He urged businessmen to call on their bankers for this help and counsel and backed up this plea by saying:

"Commercial banks are a catalyst for economic development and for new capital information. Financial institutions significantly influence the growth of the areas they serve. It is certainly a truism that if a community is prospering and developing, financial institutions also are progressive and growing. Banks serve an invaluable function by serving as an intermediary between savers and people with credit needs. Their function is to generate capital by attracting and rechanneling community funds into highly productive uses."

In addition to Mr. Johnson's talk, there were "outlook" discussions on the economy by Dr. Martin R. Gainsbrugh, senior vice president and chief economist, National Industrial Conference Board, New York City; agriculture by Jim Ross, Mississippi commissioner of agriculture; real estate and construction by Robert S. Warren, executive vice president, Reid-McGee & Co., Jackson; economic development by J. R. Peterson, associate director, Mississippi Research and Development Center; and on Washington by U. S. Representative G. V. Montgomery (D.,Miss.), Meridian. • •

Liabilities

(Continued from page 29)

also in many of their short-term lending and financing operations.

The onset of the 1969-70 period of monetary restraint has accelerated the trend to the point where the money market commercial banks are now within a short step of becoming money brokers: Buying funds in the money market and lending them to commercial and financial customers, and receiving an interest rate spread which has been substantially narrowed over the past five years. A substantial portion of the banks' activities in money-market centers already, of course, is conducted in this fashion, as larger banks have sought borrowings to cover their deposit runoffs over the last 15 months and honor lending commitments that were made before 1969.

Total loans and investments have hardly changed (after allowance for seasonal variation) since December, 1968, at all weekly reporting member banks, but total net deposits have declined by more than 12%. The lion's share of the discrepancy in balance sheet changes is explained by borrowings. In late 1968 and through mid-1969, banks again sought large quantities of funds in the Eurodollar market, but also turned to new methods, partly because the twin Federal Reserve regulatory changes in mid-1969 placed reserve requirements on the banks' additional Eurodollar borrowings and brought an end to Eurodollar "float," by which some banks had been able to borrow overnight Eurodollars and effect a substantial reduction in the effective cost of the funds. This latter regulatory change made the effective cost of overnight Eurodollar borrowings equal to the "nominal" cost, which, up to several weeks ago, was generally higher than the average rate paid on federal funds.

Banks also in 1969 turned to outright sales of loans as one alternative to carrying higher "borrowings" figures on their balance sheets. Some large banks sold domestic loans to their overseas offices, which obviated the need for the foreign branches to purchase additional Eurodollars for "head" office use. This procedure also reduced both sides of the domestic office's balance sheet for certain statement reporting purposes.

The advent of the one-bank holding company gave rise to a second method of selling loans. Since the holding company itself is technically not a bank, it has been free to issue commercial paper—either directly in the money market or through a dealer. (As this article is being written, the Federal Reserve has proposed amendments to regulations D and Q, which would place reserve requirements or interest rate ceilings or both on financial transactions between the holding company parent and the subsidiary bank.)

Proceeds Passed Along

The cash proceeds from the commercial paper sale have then been passed along to the bank in exchange for an equivalent amount of the bank's loans. Within the past year, several dozen banks have raised a total of more than $4.5 billion in the commercial paper market, generally saving more than one and one-half percentage points in interest cost (compared with the more expensive federal funds) and obtaining considerably more flexibility on maturities than with negotiable CDs. One drawback to the use of commercial paper is that it does appear as a "borrowing" when the holding company issues a consolidated balance sheet.

Other banks also sold loans outright to non-financial institutions through the use of documented discount notes. As long as the loans were sold without an obligation to repurchase them in the future, the transaction was not subject to regulations D or Q. In addition, some banks sold loans, municipal securities, or other assets under a repurchase agreement, but Federal Reserve regulatory changes last year raised the effective cost of such borrowings.

Banks have also resorted to some more esoteric methods of finding the necessary borrowings, but some methods have typically cost more than bank-holding company issuance of commercial paper. Interest payments on time deposits held by foreign official institutions or international financial institutions in which the United States is a member are exempt from Regulation Q ceilings. Large banks have raised nearly $2 billion within the past year from this source, although the effective cost of these deposits has often exceeded the effective cost on comparable maturities of Eurodollars.

Avoid Regulation Q

Another method of securing a deposit but avoiding the Regulation Q interest rate ceilings is to buy a time deposit in a foreign currency which is trading at a premium in the foreign exchange markets. While the bank pays an interest rate that is within permissible Regulation Q limits, the bank's effective cost on the transaction is greater because it must sell the currency and pay the foreign exchange premium when it delivers the currency to the depositor at maturity.

Even beyond the 1969-70 period of intense monetary restraint, it seems quite clear that growth in conventional deposits will not be adequate to finance any reasonable expections for bank credit expansion during the '70s. Some repairing of the banks' investment portfolios would seem to be necessary, but a substantial reduction in interest rates and corporate loan demand appear to be a required first step.

If, beyond 1970, bank credit rises at the same 8.9% per year as during the first half of the last decade, and total net deposits rise by some 6.5% annually, then substantial growth in non-deposit liabilities as they are now defined would be necessary to close the gap. This assumes, however, that the Federal Reserve's tendency over the past year to shut off many sources of non-deposit liabilities and to raise the effective cost on almost all other borrowings will not be continued. And it assumes, of course, that the Federal Reserve would be willing to supply the reserve necessary to support such rates of bank credit expansion in a less-inflationary environment. As the level of borrowings continues to rise, there will also be, in all likelihood, continued efforts by the money market banks to find and tap funds which result in a lower effective cost. • •

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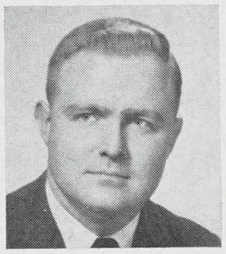

RON MURRAY
Vice President


AL SWIRCZYNSKI
Vice President

NBC Names Buck, Lane, MacGregor Sr. VPs

DALLAS—Tom J. Buck and David E. Lane, correspondent department, and George L. MacGregor Jr., national accounts, have been promoted to senior vice presidents at National Bank of Commerce. Both Messrs. Buck and McGregor have been in banking 10 years, and Mr. Lane has been with NBC since 1962.

Vice President Lewis H. Johnson Jr. has been given additional responsibilities and the title vice president and assistant to the chairman. David Simmons, who had been with another Dallas bank, has been elected vice president in charge of the credit department. Frank Ricossa, correspondent department, and Albert Freeman, operations, have been promoted to assistant cashiers.

BUCK

LANE

Eight-Man Committee Organized to Explain Banking's Services

NEW YORK—A group to organize an industry-wide banking communications program designed to increase public understanding of banking's services has been formed.

The eight-man committee will be responsible for preparation and distribution of materials to the public explaining such possible topics as interest rates or causes of inflation. Among those named to the committee were: William N. Flory, vice president, Harris Trust, Chicago; and Wayne R. Starr, chairman and president, Citizens State, Hiawatha, Kans. Over-all policy for the program will be the responsibility of an ABA-Foundation committee chaired by Clifford C. Sommer, ABA vice president, and president, Security Bank, Owatonna, Minn. Among members are: Charles W. McCoy, chairman and president, Louisiana National, Baton Rouge; and Allen P. Stults, chairman, American National, Chicago.

New Name for Texas NBC

HOUSTON—Texas National Bank of Commerce has changed its name to Texas Commerce Bank.

Illinois News

Gilbert Todd Promoted to Sr. VP at Elliott State in Jacksonville

JACKSONVILLE—Gilbert H. Todd has been promoted from vice president to senior vice president at Elliott State. The bank also has promoted John W. Hinde from leasing officer to loan officer.

TODD

In addition, Elliott State stockholders have elected Mr. Todd and Robert A. Fay to the board. Mr. Fay is vice president and general manager of the Jacksonville Journal Courier Co.

William A. Fay, a director since 1941, has retired. He is president of the Jacksonville Journal Courier Co.

Two Promotions, Retirement Announced by Kankakee Bank

KANKAKEE—First Trust has promoted William A. Richards, formerly a vice president, to executive vice president. Robert H. Schlenz was promoted from assistant cashier to assistant vice president. Mr. Schlenz is manager of the drive-in facility.

Fred H. Zeisler retired as a director and as a senior vice president. He had been with the bank 62 years.

In other action, First Trust has transferred $500,000 from undivided profits to surplus, increasing it to $2,000,000.

First Trust has begun its third and final phase of a six-year, multimillion-dollar building program with construction of a new building. The new structure will have six stories and a modern design. The first phase of the building program was the construction of a drive-in facility and the second was the opening of a two-level parking deck.

The new building will be part of the bank's Dearborn Square Plaza, which will provide downtown with a landscaped area including trees and a fountain.

■ MELVIN C. LOCKARD, president of First National in Mattoon, has been named to the regional advisory committee for the Seventh National Bank Region for a two-year term, which ends December 31, 1971.

■ MID-AMERICA NATIONAL, Chicago, has named two assistant cashiers: David W. Collins, formerly collection manager, and Richard A. Conrad, supervisor of teller operations.

Edward McGuar Dies

SPRINGFIELD—Edward McGuar, an officer and director of Illinois National, died at 67. Mr. McGuar joined the bank in 1922, was elected a vice president in 1958 and to the board in 1967.

Rogers Succeeds Hallemeyer as Union National President

EAST ST. LOUIS—C. J. Rogers has rejoined First National as president, succeeding Edward W. Hallemeyer, who has been named chairman. Mr. Rogers had spent 24 years at the bank before leaving as vice president in 1962 to go to Union National here as president.

Dan Kussart and Delmar E. Valine Sr., formerly assistant vice presidents at First National, have moved up to vice presidents. Ronald Wallace and Thomas Haley have joined the bank as vice president and assistant vice president, respectively. Both also came from Union National, where Mr. Wallace was vice president and Mr. Haley assistant cashier.

Mr. Hallemeyer joined First National as assistant vice president in 1954 after 30 years as general manager of Model Laundry here. He advanced to senior vice president in 1962 and president in 1964.

Data Processing Center Opened in Effingham by Citizens Nat'l

DECATUR—Citizens National has opened its third data center. Located in Effingham, the center will augment and expand existing data processing operations in Decatur and Quincy.

The data center will use the IBM System/360, Model 25. A building of about 3,100 square feet had been remodeled to accommodate the computer room, combination key-punch and control offices and two private offices.

■ GLENN W. SWANSON, vice president and a director of First National in Harvey, has retired after 38 years in banking, 28 of them with First National. The bank has promoted Henry J. Lenting from assistant loan officer to vice president.

■ MERCHANTS NATIONAL, Aurora, has opened its new motor bank. With eight drive-in units, the new facility also provides a canopy for drive-in customers, landscaping and a parking area.

Littlefield Elected President of Southern Illinois Nat'l

LITTLEFIELD

EAST ST. LOUIS—Southern Illinois National has elected Herbert E. Littlefield president. He succeeds John A. Harszy, who had been president since 1953. Mr. Harszy, who joined the bank in 1903, will remain chairman. Mr. Littlefield has been with the bank three years and in the East St. Louis banking field seven years.

In other action, the bank promoted Robert M. Sabo from cashier to vice president and cashier; and John M. Schlecht and Robert J. Louis from assistant cashiers to assistant vice presidents. The bank has named John M. Eck, an employee for one year, an assistant cashier. Jordan Hauss, secretary-treasurer of Hauss Chevrolet, has been named a director. He succeeds his father, Frank Hauss Sr., who had been a director 23 years.

Engelhard Is Elected President of Union of East St. Louis

EAST ST. LOUIS—L. A. Engelhard has advanced from vice president and cashier to president of Union National, succeeding C. J. Rogers. Mr. Rogers has been elected president of First National here.

In other action at Union National, E. C. Schlosser, Louis Schlafly and Paul Woesthaus were elected vice presidents; Ray Stephens, cashier in charge of operations and security officer and William Donovan assistant vice president and auditor. Mr. Schlosser came from Belleville National Savings Bank, where he also was vice president. Mr. Woesthaus was an assistant vice president, and Messrs. Schlafly, Stephens and Donovan were assistant cashiers.

Mr. Engelhard has been with the bank 44 years.

■ FIRST NATIONAL of Mattoon's total assets, deposits and profits reached new highs last year, President Melvin C. Lockard told stockholders at their annual meeting January 27. He also reported that all departments had substantial increases during 1969. Stockholders approved a 100% stock dividend that boosted capital to $600,000. Surplus is $1 million; undivided profits, $300,000 and reserves for contingency and bad debts, $1,053,800.

■ FIRST NATIONAL, Chicago, has elected two assistant cashiers: Eric P. Selin, information systems division, and Robert R. Yohanan, international section.

Formation of Holding Company Under Study by Peoria Bank

PEORIA—Commercial National is planning the formation of a one-bank holding company. Actual organization of the company would not take place until federal legislation has been studied, stockholders were told at their annual meeting.

Stockholders also learned that net income before security transactions was $2,005,000, or $6.68 per share. This is an increase of $226,000, or 75¢ per share over $5.93 per share for 1968.

Two directors were elected: Harry M. Goldstein, president of Cohen Furniture Co. in Peoria; and Lee L. Morgan, executive vice president of Caterpillar Tractor Co.

IBA Appoints Administrator for Employee-Benefit Program

Financial Insurance Service, Inc., Des Plaines, was named administrator of the Illinois Bankers Association-sponsored employee-benefit program effective February 1. The program makes life insurance, hospital-surgical, major medical and pension programs available to personnel of IBA-member banks.

Financial Insurance Service is now actively serving the specialized insurance needs of banks in more than 20 states.

■ BANK OF HINSDALE has promoted Jack M. Stone from cashier to vice president and cashier and has elected Gerald P. Czuba an assistant cashier. Mr. Czuba joined the bank in 1968 as a management trainee.

■ BANK OF BELLEVILLE has elected Kenneth J. Picha vice president in charge of loans and R. Terry Patterson assistant vice president in charge of marketing. Mr. Picha was an assistant vice president.

■ MICHAEL W. COLLINS has been elected chairman of the new Woodridge Bank to be located at 1900 East 75th Street. Mr. Collins is vice president in the real estate banking division of Financial Management Associates, Inc., Chicago.

■ HARRIS TRUST, Chicago, has elected Vice President Harry W. Lindhorst to succeed Arthur Osgood as head of commercial loan division three. Mr. Osgood has retired.

Illinois Death

GEORGE ROESSLER JR., 53, a director of Monroe National in Columbia. Mr. Roessler, a director for 10 years, was in the Ready Mix concrete business.

Indiana News

American Fletcher Nat'l Promotes Cline to VP

INDIANAPOLIS—William T. Cline has been promoted from an assistant vice president to a vice president at American Fletcher National. Mr. Cline will be in charge of the installment credit department.

The bank also has promoted Webber LaGrange, installment credit, and John W. Sanders, manager of the West Side Banking Center, to assistant vice presidents. Randall P. Landberg has been named a consumer finance officer.

American Fletcher Corp. has elected Robert H. Malott a director. He is executive vice president of FMC Corp. in New York. L. E. Kincannon, executive vice president of Rock Island Refining Corp., was elected to American Fletcher National's board.

■ FAIRLAND NATIONAL has promoted James H. Williams, formerly president, to co-chairman, and R. W. Barger, formerly vice president and cashier, to president and trust officer. K. W. Hardwick was promoted from assistant cashier to cashier and John D. Bush, an employee for one year, to assistant cashier and farm loan representative. Mr. Williams now serves as co-chairman with John D. Tucker.

New Evansville Bank Directors

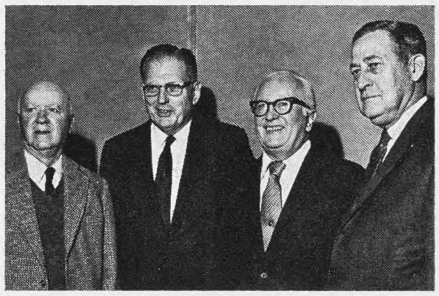
EVANSVILLE—Old National has elected two directors: Charles H. Braun, president of Industrial Contractors, Inc., and Jacques A. Caldwell, president and general manager of the Evansville Printing Corp.

Old National's net income increased from $1,656,006 in 1968 to $1,921,793 in 1969.

■ IRWIN UNION, Columbus, has named Philip B. Pitkin vice president in charge of the commercial loan division. He had been vice president and cashier, and head of operations. He succeeds Robert O. Hall, who has been named executive vice president at Union Bank, Greensburg.

■ FIRST NATIONAL, Marion, has elected four assistant vice presidents. They are: Edwin L. Cole, marketing and public relations: Jere R. Ferguson, installment loans; Jerry E. Jones, commercial and real estate; and Frederick R. Verner, customer services program.

Stofleth Marks 50 Years



Celebrating Vice President Alvin J. "Ted" Stofleth's 50 years with National City Bank of Evansville are, left to right: retired and former Vice President Joseph H. Conner; William R. Needler, president and chairman; Mr. Stofleth; and Robert E. Carter, senior vice president. Mr. Stofleth is vice president of special projects. Mr. Conner retired in 1953 after 26 years with the bank, where he was in charge of correspondent banking in Kentucky, Indiana and Illinois. Mr. Carter, who succeeded Mr. Conner in 1953, is in charge of correspondent relations.

■ GLEN L. SAKEL has been promoted from cashier to executive vice president and cashier at First National of Huntingburg.

■ FIRST NATIONAL, Elkhart, has promoted two senior vice presidents to executive vice presidents: George F. Burke and William H. Myers. Mr. Burke will continue as manager of operations and Mr. Myers will continue as manager, corporate banking.

■ FIRST NATIONAL, Elkhart, has named Howard A. Weisblat vice president. An employee since January, Mr. Weisblat joined the bank as manager of information systems, operations. He had been vice president and manager of banking systems for Continental Computer Center of Cleveland.

Police Cited for Fast Action

SOUTH BEND—After the Lincoln Way West Branch of First Bank had been robbed, the suspect was apprehended in two hours by area police. In appreciation of the quick action by police, First Bank published a "thank you" advertisement in the South Bend *Tribune* and also donated a check to the police pension fund.

About $1,250 was stolen and police recovered all but $8. The robber, who was on parole, had stashed the money into a suitcase—which also contained a .22 caliber revolver.

Indiana National to Begin Move to Tower in April

INDIANAPOLIS—More than 80% of rentable space in the new 37-story Indiana National Bank Tower has been leased or committed, according to bank officials. The bank will begin the move of its offices in mid-April from 3 Virginia Avenue, 41-47 East Washington Street and 120 East Market Street.

Moving should be completed this June and many of the general administrative offices should be in the tower by mid-May, officials said. The bank will continue to operate branches in the Inland Container Corp. Building at 120 East Market Street and at 3 Virginia Avenue.

Purdue Nat'l Promotes 8; to Move This Month

LAFAYETTE—Purdue National has elected Miss Dorothy Thoma, secretary to the president, and James S. Backoff, trust officer, assistant vice presidents.

The bank also has elected the following assistant cashiers and branch managers: Ronald O. Hurtt, MarJean Village; H. Earl Ulrich Jr., Jefferson Square; and William Powers, Reserve Square. Hugh H. Steele Jr. was elected an assistant cashier. Named assistant trust officers were Donald J. Hamm and David P. Ferguson.

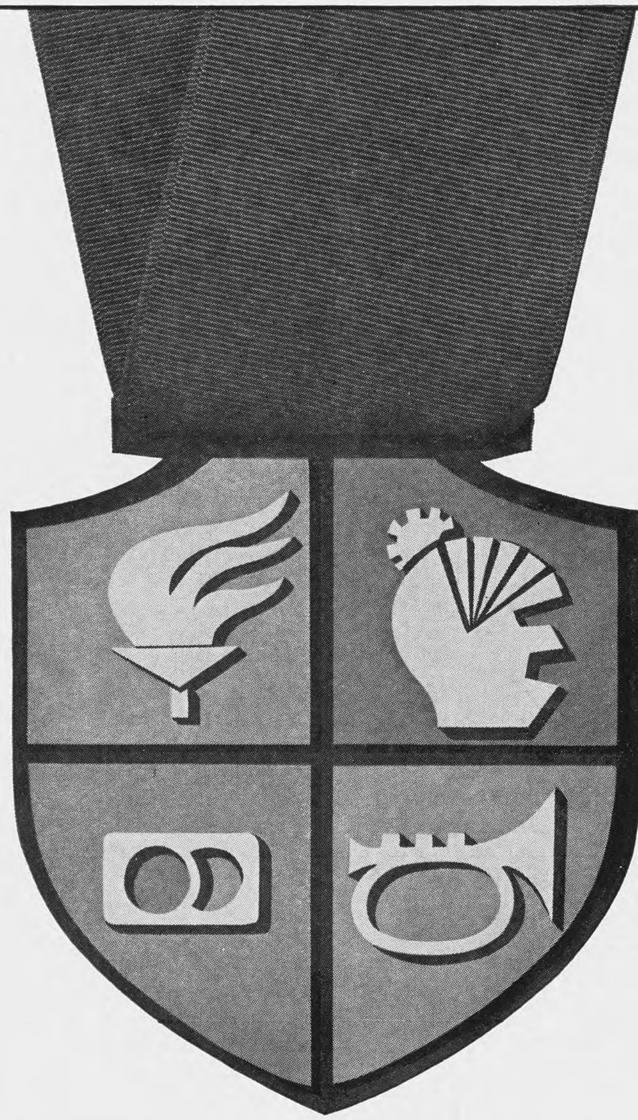
In observance of Purdue National's move to its new quarters this month, Herbert O. Stitz, assistant cashier, constructed a scale model in plexiglass and masonite of the new building.

■ IRWIN UNION, Columbus, has elected Mrs. Mary Lou Smith travel services officer and Richard B. Conger trust officer. Mrs. Smith has been with the bank since 1961 in the travel service. She will continue as travel services manager. Before joining Irwin Union, Mr. Conger had been a trust officer at Liberty National in Louisville.

■ RAY J. MALICKI has been elected assistant vice president at First Bank, South Bend. He will be director of the dealer sales finance program, personal loan department.

■ PEOPLES TRUST, Fort Wayne, has elected Charles P. Diamond vice president and director of marketing. He will supervise advertising and public relations.

■ ST. JOSEPH VALLEY BANK, Elkhart, has elected Roger A. Etter assistant vice president, insurance division. He began his employment with the bank in 1965.



Kentucky News

Citizens Fidelity Cited for TV Commercials

LOUISVILLE—Two BankAmericard television commercials, "BankAmericat" and "BankAmeripony," have been selected among the 100 best U. S. television commercials by Harry McMahan, feature columnist for *Advertising Age*. The commercials were prepared by Zimmer-McClaskey-Lewis, advertising agency for Citizens Fidelity, and Keitz & Herndon, Dallas film studio.

The commercials were specifically made to promote BankAmericard. The 100 best commercials were chosen from about 40,000 commercials telecast last year. According to Mr. McMahan, the selection of the "100 best" was based "on the degree to which each of the 100 contributed to the actual sales successes of the advertisers who ran them." The columnist expects to show the "100 best" to more that 1,500 advertising people in New York, Chicago, Los Angeles, Montreal and Toronto.

In 1969, Zimmer-McClaskey-Lewis won first-place award for a BankAmericard outdoor poster design prepared for Citizens Fidelity.

■ FIRST KENTUCKY CO., Louisville, has named Anthony J. Zimmerer Jr. vice president. Mr. Zimmerer also is assistant vice president of First National, Louisville, and an investment officer at Kentucky Trust. The three companies are affiliated.

■ W. F. PERKINS, formerly executive vice president, has been elected president of National Bank, Paris. He succeeds Dr. B. N. Pittenger, who was named chairman. Don Hiles, formerly assistant vice president, has been elected vice president and cashier.

■ NEWPORT NATIONAL has promoted Robert L. Bichlmeir, vice president and cashier, to executive vice president and assistant trust officer; Wilbert J. Enzweiler, assistant vice president, to cashier; Charles King, Donald Bauer and Larry Schreiber, assistant cashiers, to assistant vice presidents; and Herman Dotchengall to assistant cashier.

■ BANK OF CADIZ has named William E. Fuller president. Mr. Fuller had been vice president at First National in Georgetown.

Interest Boost to 9% Essential, State Senators Told

FRANKFORT—A change in the state statute to permit banks to charge a maximum of 9% instead of 7% on all loans of $5,000 or less is essential to the state's economic health, senators were told early last month.

As a result bankers, home builders and realtors who paraded through Senate Banking and Insurance Committee hearings on SB 139 were successful in inducing the group to give the bill a favorable report unanimously. At press time the full Senate was considering the bill and early passage was expected.

Innes W. Dobbins Jr., president, Liberty National, Louisville, and president-elect of the KBA, said: "We are concerned with the individual, with legislation so that we can compete for the supply of money. Today we can't do it."

He was emphasizing the statement of John W. Robinson, executive vice president, Home Builders Association of Louisville, who said that the 7% rate was drying up the flow of money into the state and had reduced single-family housing starts 52% since 1965.

State Banking Commissioner E. G. Adams pointed out that many families are being forced to buy mobile homes. He said sales-finance company interest rates are not subject to regulation by his department.

Welch, VP at Liberty Nat'l, Named Life Member of AIB

LOUISVILLE—Vincent Welch, a vice president at Liberty National, has been elected a life member of the American Institute of Banking. Mr. Welch, who was AIB president in 1963, has represented the Louisville AIB Chapter at the national level for the past five years as associate councilman.

A life membership plaque was presented to Mr. Welch by S. James Aldridge, outgoing president of the Louisville AIB Chapter, and Frank B. Hower Jr., a former president of the AIB. Mr. Aldridge is vice president and trust officer and Mr. Hower is executive vice president at Liberty National.

■ LOUISVILLE TRUST has elected Richard T. Burke assistant vice president in the marketing division.

Liberty Nat'l Elects Roth, Makes Other Promotions

LOUISVILLE—Liberty National has elected Robert C. Roth vice president, Bankard credit department. Elected assistant vice presidents were: Ronald Shartzer, A. Lambert Clark, Graff Parish, Charles Morrical, John P. Knight, Joseph J. Urban and Wesley Schissler.

Named assistant cashiers with additional areas of management were: John Boyd, Murphy G. Brock and Hugh M. Shwab Jr. Appointed assistant cashiers were: Donald R. Daniel, Robert L. Webster, Ted R. Frith, John L. G. Richards, G. Lawrence LeBlanc, C. Louis Edmondson Jr., Miss Ethel S. Brewer, Mazelle Allen, John H. Shaver, Jack H. Holt Jr., Lonnie Ragan, Miss Josephine McCoy and Miss Martha L. Warren.

Receiving officer status were: Thomas L. Seacat, operations; Misses JoAnna Deane and Hazel Houchin, managers; Richard E. Blasi Sr., systems; Misses Patricia Powell, Mary L. Bennett and Ann S. Miller, assistant managers. Robert F. Baker was named assistant personnel director.

Branch Project Manager Named at Citizens Fidelity Bank

LOUISVILLE—Citizens Fidelity has named H. W. Wright Jr., assistant vice president, as branch project manager to implement marketing programs.

Citizens Fidelity also has named three assistant cashiers: Barry Osburn, manager, Cane Run Road Office; Noel B. Robertson, assistant manager, Broadway Office; and Douglas J. Richardson, manager, Jeffersontown Office. John R. McClure, assistant cashier, was named manager, Dixie Manor Office.

■ WILLIAM S. DALE JR., cashier at State Bank of Harrodsburg, has resigned. He is succeeded by Mrs. Jo Etta McCloud, formerly assistant cashier.

■ FIRST SECURITY NATIONAL, Lexington, has received supervisory approval to relocate its Main Office from 167 West Main Street to 201 East Main Street.

■ CITIZENS BANK, Shelbyville, and Bank of Simpsonville are planning to merge, pending approval of state banking authorities. If approved, the proposed bank will be called Citizens Union. Citizens Bank also has elected John S. Mathis assistant cashier. He had been with an investment firm in Louisville.

Member Federal Reserve System, Federal Deposit Insurance Corporation

Tennessee News

First American National Elects Hereford, Smartt

NASHVILLE—First American National has promoted Rufus T. Hereford from an assistant cashier to an assistant vice president and has elected Robert L. Smartt an assistant cashier. Both officers are in the correspondent bank department.

SMARTT

HEREFORD

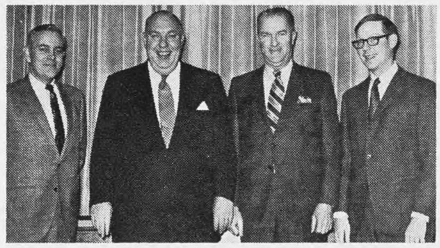
Among others promoted from assistant cashiers to assistant vice presidents were: Jack C. Boone, William H. Coles Jr., Samuel R. Leggett Jr., Mack S. Linebaugh Jr., William A. Lowe, James R. Shrum, Joe E. Trotman and Daniel M. Weber.

Elected assistant cashiers were: Thomas E. Denning Jr., James E. French and Larry Vickers.

■ UNION NATIONAL, Fayetteville, has promoted James T. Cox, cashier, to vice president and cashier, and John H. McKinney, assistant vice president, to vice president. Mr. McKinney will continue as manager, West College Street Branch. Tom Holland Jr., an employee since January 1, has been named assistant cashier. Promoted to assistant branch managers were: Mrs. Joan Harrison, Highland Rim; and Mrs. Martha B. Keith, West College Street.

■ LON P. MacFARLAND, formerly president for 30 years, has been elected chairman of the Middle Tennessee Bank, Columbia. R. M. McKay, senior vice president, has been named vice chairman of the board and chairman of the finance committee. Beverly Douglas Jr. has been promoted from executive vice president to president. The bank also has promoted Norman Harris, cashier, to vice president and cashier; James C. Couch Jr., assistant vice president, to vice president; and Clyde E. Beard and Jerry White to assistant vice presidents.

Murfreesboro Promotions



Murfreesboro Bank has promoted, left to right: Jack O. Weatherford, executive vice president to chairman; A. C. Mifflin Jr., president to senior chairman; Edward C. Loughry, vice president and cashier to president; and Robert B. Mifflin, assistant cashier to cashier.

Promoted at Union-Peoples

CLINTON—Wallace Cantrell has been promoted from vice president and cashier to senior vice president and cashier and George Anderson and Frank Fox, vice presidents, to senior vice presidents at Union-Peoples. Also promoted were: Milas Stooksbury and Miss Gladys Rutherford, assistant vice presidents, to vice presidents; Herbert Clark, Glen Massengill, Glen Parks, assistant cashiers, to assistant vice presidents; Thomas Leach and David Arnurius, assistant cashiers, to operations and branch officers, respectively.

Hamilton Nat'l Names Knoph Head of Correspondent Department

KNOXVILLE—Vice President Nic L. Knoph has been elected manager of Hamilton National's correspondent banking department. Mr. Knoph succeeds James F. Young, vice president, who has resigned to become president of the affiliated Hamilton First National in Oak Ridge-Clinton.

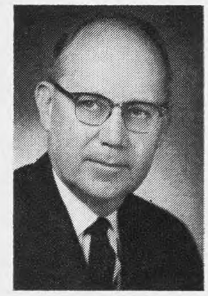
KNOPH

Mr. Knoph joined Hamilton National in 1966 as vice president in charge of public relations, advertising and business development. Formerly he had been president of Tysaman Machine Co.

■ ASHLAND CITY BANK has elected I. F. Robertson chairman; S. A. Marable honorary chairman; and Homer J. Tidwell Jr. president. Mr. Robertson had been president; Mr. Marable had been chairman; and Mr. Tidwell had been executive vice president.

Denton Promoted to Sr. VP at 1st Nat'l of Memphis

MEMPHIS—Ira C. Denton has been promoted from vice president and senior trust officer to senior vice president and senior trust officer at First National. He has been with the bank since 1928.



DENTON

The bank also has promoted Frank D. Benton from assistant vice president to vice president, time pay department; Norris Avey from trust officer to vice president and trust officer; David L. Berry, manager of the Park-Highland Branch, to assistant vice president; and Bill Wilson from assistant trust officer to trust officer.

C. D. Walling Jr. Elected Chairman at City Bank; Others Promoted

McMINNVILLE—City Bank has elected Clarence D. Walling Jr. chairman. He is vice president and manager of the securities department at National Life & Accident Insurance Co. in Nashville. Mr. Walling succeeds his father, Clarence D. Walling Sr., who died of a heart attack November 20.

Elected vice chairman was Herman R. Spivey, treasurer of Cumberland Lumber Co. in McMinnville. The bank also has promoted Flavil H. Patton, Von Hall and Larry Young from assistant cashiers to assistant vice presidents. Adjuster James H. Hillis was named an assistant cashier and Ben Vaughn an assistant trust officer.

■ McALLEN FOUTCH, a director, has been elected chairman of Citizens Bank in Smithville. Other elections were: Othel Smith, inactive president; Jim Amonett, secretary; Hoyte Odom, executive vice president and cashier; and J. Rou Wauford and Dr. N. R. Atnip, directors. Officers who resigned were: M. T. Puckett, chairman; W. H. Moss, president; Dr. Jerry Puckett and Dr. J. K. Twilla, secretary, both directors.

■ BANK OF COMMERCE, Morristown, has promoted Harding E. Williams from president to chairman and Clarence G. Williams from executive vice president to president. Elected a director was John W. Hale, vice president and treasurer of Hale Brothers, Inc. The bank also is planning to construct the new College Park Branch in the Sky City Shopping Center and a new addition to the First North Street drive-in facility.

He decided on our fast transit service between the 2nd and 3rd floors.

So our correspartner got out of the elevator at the 4th and called Chattanooga 615—265-3581. He got a fast "yes" when he asked if it was true about our clearing checks so fast.

We explained that we're so fast because we can go directly to the paying bank when practical or possible . . . make a quicker presentation of checks for payment.

We were the first bank in the Southeast to offer 24-hour transit service . . . started night transit over 40 years ago. We hope you let us handle your check collection. Not because we were first. Because we are fast.

Hamilton of Chattanooga
makes good things happen

Alabama News

Group Seeks Lineville Bank

LINEVILLE—A group of Lineville citizens, after more than a year's campaign, is waiting for approval from the state banking department on an application for a new bank. If the application is approved, the proposed bank will be called First State Bank of Lineville and will have capital of $300,000.

Formation of Holding Company Studied by Montgomery Bank

First National of Montgomery is considering the formation of a registered bank holding company with Exchange Security of Birmingham and First National of Huntsville. Combined resources of the three banks would be about $450 million with capital of more than $30 million.

In other action, First of Montgomery's capital was increased from $3,240,535 to $3,564,585 through a 10% stock dividend.

The bank has elected Stephens E. Maxwell and Adolph I. Weil Jr. directors. Mr. Maxwell is president of Montgomery Fair and Gayfers Store in Tuscaloosa. Mr. Weil is chairman of Weil Brothers-Cotton, Inc. William C. Bowman and Leonel Weil were elected advisory directors.

Birmingham Trust National Appoints Three VPs

BIRMINGHAM—Three new vice presidents have been elected by Birmingham Trust National: Carl B. Smith, trust officer; George L. Baumhauer, manager of the Mountain Brook Office; and E. Dan Hartley, manager of the Roebuck Office.

Birmingham Trust also has promoted Robert Henderson, a loan authorizer, to assistant cashier and has named George F. Somers and Dabney Ramseur Jr. trust officers.

■ SAND MOUNTAIN BANK, Boaz, has named Spurgeon Holcomb assistant cashier.

■ ALBERTVILLE NATIONAL has named two assistant cashiers: Mrs. Carolyn G. Burgess, loans and discounts, and Terry Canady, an employee for five years.

■ PEOPLES BANK, Selma, has promoted Richard P. Morthland from assistant cashier to assistant vice president, commercial accounts. Mr. Morthland also is secretary to the board.

'Assistant Cashier' Title Dropped by Central Bank of Birmingham

BIRMINGHAM—Central Bank recently initiated a new system of officer titles to make titles more meaningful for customers. The most notable change, according to a bank spokesman, has been the elimination of the title "assistant cashier." If a former assistant cashier is a branch manager, his new title will be "branch manager."

A second change has been a reorganization of Main Office operations and the addition of several new departments. For example, an assistant vice president will have a clarifying name added to his title—such as assistant vice president—branch manager.

Birmingham Trust National Announces 8 Promotions

BIRMINGHAM—Birmingham Trust National has promoted Charles T. Smith from auditor to vice president and auditor and Neal P. Harbor, vice president, with added administrative responsibilities.

The bank also has named Aubrey D. Barnard comptroller; Rizzo F. Stanley assistant vice president in operations management; Walter Nash Johnston cashier; Mrs. Jill Saunders Henderson and Kurt D. Russell assistant cashiers; and John Sharp Roberts assistant trust officer.

■ BANK OF HUNTSVILLE has named William H. Moon an assistant vice president. Mr. Moon, who has been with the bank since 1968 as an installment loan officer, will head the loan department in his new post.

■ FIRST NATIONAL, Auburn, has promoted F. Gordon Bush from vice president and cashier to senior vice president; Robert B. Sims from vice president to senior vice president; Mrs. Vernice Brackeen from assistant vice president to cashier; and E. C. Crum from assistant cashier to assistant vice president. Mrs. LaRue Godfrey has been named an assistant cashier.

■ CAPITOL NATIONAL, Montgomery, is planning to build its first branch in connection with the bank's fifth anniversary. To be located at Norman Bridge Road between Augusta and Edgemont, the new structure will cost $200,000.

NASHVILLE MEANS MUSIC

The Country Music Hall of Fame and Museum on Nashville's famed Record Row draws visitors from around the world.

Symbol of the $75 million-a-year recording industry that has made Nashville one of the world's music capitals and second largest recording center, the Country Music Hall of Fame and Museum traces the growth of Nashville's best known musical export, the Nashville Sound. From the hills of the Southern mountains, country music has traveled out to the cities of America and the world and performers such as Roy Acuff and Johnny Cash are applauded in New York, San Francisco, Tokyo and London.

Music is big business in Nashville. When Nashville means business to you, call on the bank that means business in Nashville. Phone (615) 747-3291

THE BANK THAT MEANS BUSINESS

FIRST AMERICAN
NATIONAL BANK/NASHVILLE, TENN.
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Mississippi News

Strain Joins Investment Firm

R. Charles Strain has been named Mississippi representative for the New Orleans investment firm of Howard, Weil, Labouisse, Friedrichs & Co. Mr. Strain formerly was a vice president of New Orleans' National Bank of Commerce. In his new post, he will handle all phases of the investment field, specializing in municipal bonds.

■ CITIZENS NATIONAL, Meridian, has promoted Thomas J. Prince Jr. from vice president and assistant trust officer to vice president and trust officer. Mr. Prince also is secretary to the board.

■ C. E. DAY, vice president of Citizens Bank in Marks, has retired. He has been with the bank since 1935. Mr. Day will be a part-time consultant on insurance matters to the bank.

■ ROY F. WHITE, assistant cashier and installment loan officer, has been promoted to assistant vice president at Merchants & Farmers, Columbus. Mr. White has been with the bank two years.

■ A. G. MURPHEY has retired from Merchants & Farmers in Macon. He was assistant vice president.

■ BANK OF YAZOO CITY is planning to begin construction on a new building this fall. The new structure will have drive-in facilities and a parking area.

■ C. A. HARDIN, auditor, has retired from Citizens National, Meridian. He had been with the bank more than 46 years.

■ A GROUP of Corinth businessmen has applied for a charter to the state banking board to establish a bank in Corinth.

■ CITIZENS NATIONAL, Meridian, has opened its new branch at 613 22nd Avenue. Robert Rutledge, vice president, is manager of the new branch.

New First of Meridian Facility

Helping to open the new North Branch of First National in Meridian are, left to right: Walter I. Jones, executive vice president; Meridian Mayor Al Key; and Joe W. Williams Jr., vice president in charge of business development. The new branch is located on Poplar Springs Drive across from the Broadmoor Mart shopping center. The ribbon of one-dollar bills was presented to the chapel fund of the nearby naval air station after it had been cut by the mayor.

Hancock Promotes 6 Officers; Elects Four New Officers

GULFPORT—Hancock Bank has promoted L. Cooper Andrews from assistant vice president to vice president; A. Owen Bunn, operations officer, to assistant vice president and manager of computer services; Orbie M. Patton, customer relations officer, and James R. Ginn, branch officer, to assistant vice presidents; George L. Sullivan, assistant cashier, to branch officer and manager of Norwood Village Branch; and Carroll A. Kemp Jr., assistant branch officer, to branch officer and manager of the Edgewater Branch.

New officers named were: Mrs. Virginia Larroux, assistant branch officer; Charles L. Eastland, assistant trust officer; Virgil Johnson, assistant branch officer and manager of the Seabee Facility; and Percy H. Kaigler, assistant loan officer.

■ SECURITY STATE, Starkville, has named two assistant vice presidents: William C. Richards, who also is manager, Merchants & Farmers Bank in Mathiston, and Mrs. Marjorie J. Richey, who had been assistant cashier. Elected assistant cashiers and assistant branch managers were: Mrs. Helen Quinn, Bank of Sturgis, and Mrs. Eva Perkins, Mathiston Merchants & Farmers Bank.

■ HENRY D. HOLMES JR. has been elected president and chief executive officer of Planters Bank, Tunica. Mr. Holmes, formerly executive vice president, succeeds John Henry, who has been elected chairman in a consulting capacity.

Mississippi Death

TOM F. WALTON, 65, a director of Bank of Wiggins and a former city alderman for 33 years.

Stockholders Meeting in Meridian Given Novelty With Live Music

MERIDIAN, MISS.—Live music and an array of refreshments added novelty to the 39th annual stockholders meeting at First National. Among other activities attracting stockholders were: the awarding of service pins and $25, $50 and $100 golden savings bonds as door prizes. The 1969 report, of course, was distributed.

During the annual event, stockholders and personnel of First National heard praise for remaining nonviolent during school desegregation action from Brad Dye Jr. (pictured here), director of the Mississippi Agricultural and Industrial Board.

■ MERCHANTS BANK in Bay St. Louis is planning to restore service at its Waveland Branch. The former Waveland Branch was located at 128 Coleman before it was destroyed by Hurricane Camille last year. Full services will be offered in the same location in a trailer bank.

■ EDDIE W. CAVENESS JR. has been elected vice president at Bank of Mississippi, Tupelo. Mr. Caveness joined the bank in 1969 as an assistant vice president, Booneville Office. Billy Riley, manager of installment loans, has been promoted to assistant vice president. Named assistant cashiers were: Charles McKee, an employee since 1969; Lowell Dabbs, assistant manager, installment loans; and Robert Grant, manager, Gloster Street Office.

■ COAHOMA NATIONAL, Clarksdale, has named R. E. Dickinson an honorary director. Coahoma National also has elected four new directors. They are: Charles B. Southern Jr., Caruthersville, Mo., lawyer, president of an insurance agency and vice president of a towing company; John T. Longino, Jonestown, a farmer and president, East Side Gin Co.; John H. Sherard IV, operator of extensive farming interests in Sherard; and Joseph F. Ellis Jr., editor and publisher of the Clarksdale *Press Register*.

■ THOMAS A. WEBB, chairman, and Norman A. Johnson Sr., director, have been honored for their service at Citizens Bank, Philadelphia. Mr. Webb has been with the bank 50 years and Mr. Johnson has been a director 48 years.

■ COMMERCIAL NATIONAL, Laurel, has announced two promotions: H. Mack Rushing from assistant cashier to assistant vice president and Garey C. Holifield to assistant cashier. In 1968, Mr. Rushing was named lending officer and manager of the West Laurel Branch. Mr. Holifield, assigned to installment loans since 1969, is a graduate of the University of Southern Mississippi.

■ MAGNOLIA BANK has named Leon Williamson president. Mr. Williamson began his employment at Magnolia Bank as executive vice president in 1967 after being affiliated with Mechanics Bank, McComb.

■ BANK OF OXFORD has elected Russell N. Gaston assistant cashier. He had been a teller since 1968.

■ LeROY PERCY JR., chairman of First National in Greenville, has been named "Man of the Year" in service to agriculture by *Progressive Farmer* magazine. The award recognizes outstanding contributions to agriculture in Mississippi and the Mid-South. Mr. Percy operates Tralake Plantation, producers of cotton, soybeans and grains.

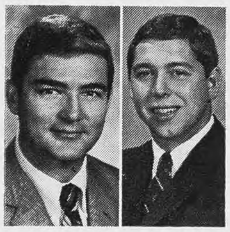
Mississippi Death

ROBERT T. LOVE, 65, a director at First National in Greenville and president of the Delta Federal Savings & Loan Association.

Louisiana News

Louisiana Nat'l Names VP, Promotes 13 Others

BATON ROUGE—Louisiana National has promoted John Bateman to vice president, commercial loan department, and Paul Melton to assistant vice president, correspondent banking department.


BATEMAN MELTON

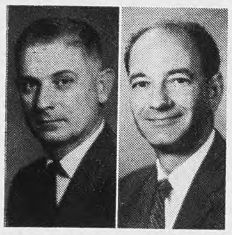
Also elected an assistant vice president was Sam Harris, personal loan department. Promoted to trust officers were: Errol Gautreau, Bob Jennings and John Adkins. Horace Wilkinson IV was named business development officer.

Gerald Caillet, Wallace Mixon and Miss Louise Newcomb were named administrative assistants. L. E. Daniel was elected assistant personnel officer.

Elected to the newly created post of branch bank coordinator was Robert L. Taylor, vice president and Republic Tower Branch manager. Gordon J. Christensen was named to succeed Mr. Taylor as Republic Tower manager and Russell J. Gauthier was appointed assistant manager.

Tramonte, Rehm Elected VPs at Bank of New Orleans

NEW ORLEANS—August J. Tramonte and Robert S. Rehm, formerly assistant vice presidents, have been promoted to vice presidents at Bank of New Orleans. Mr. Tramonte, of the investment services, collection and exchange department, joined the bank in 1947. After joining the bank in 1952, Mr. Rehm has been in several departments, including seven years in the correspondent bank division.


TRAMONTE REHM

Elected assistant vice presidents were: Henry F. Thompson, customer service; Mrs. Elaine M. Imhoff, manager of the bookkeeping department; Paul L. Ross, business development; Lewis B. Landry and Ronald S. Cordes, data services; Donald T. Jones, manager, Medical Plaza Branch; and Nelson Cherry, manager, Gentilly Office.

Beaumont Advanced to VP at Whitney National

NEW ORLEANS—Whitney National has promoted Robert G. Beaumont from assistant trust officer to vice president and trust officer. Mr. Beaumont began his employment at Whitney National in 1954 and was named assistant trust officer in 1966.


BEAUMONT

ICB Elects Directors

NEW ORLEANS—International City Bank has elected two directors. They are: T. G. Solomon, president of Gulf States Theatres, Inc., and Jack W. Grissom Jr., executive vice president and director of Hansen & Tidemann, Inc.

NBC's Kenilworth Office Opened

Opening the Kenilworth Office of the National Bank of Commerce in New Orleans are, left to right: Gary O. Rapier, assistant cashier and manager of the new office; James H. Jones, president and chief executive officer; and Warren R. Sullivan, vice president and head of branch administration. The Kenilworth Branch will offer, among other services, two drive-up windows and night depositories.

No. 1 in Resources Gain

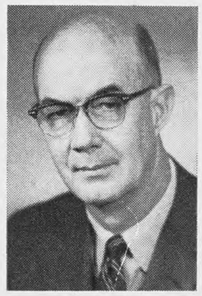
BATON ROUGE—The Baton Rouge Bank has again achieved the No. 1 position here for the largest percentage increase in resources during the previous year, said Chairman Theo. F. Cangelosi. Resources at the end of the year reached $24.6 million.

■ CITIZENS BANK, Springhill, has promoted Paul L. Offutt from vice president to executive vice president.

■ BANK OF LOUISIANA, New Orleans, has elected John Collier and John Manale assistant vice presidents. C. S. Villa Jr. has been named assistant cashier in charge of operations.

Banks, Bankers Post Goes to Junge at Whitney

NEW ORLEANS—Vice President Lester E. Junge has succeeded Morgan Whitney as head of the banks and bankers department at Whitney National. Mr. Whitney continues as senior vice president with expanded activities.


JUNGE

Mr. Junge has been with Whitney National since 1937. As a member of the operations and automation team, he was responsible for the transfer of trust operations to automation in 1959.

Creation of Holding Company Told by American Bank

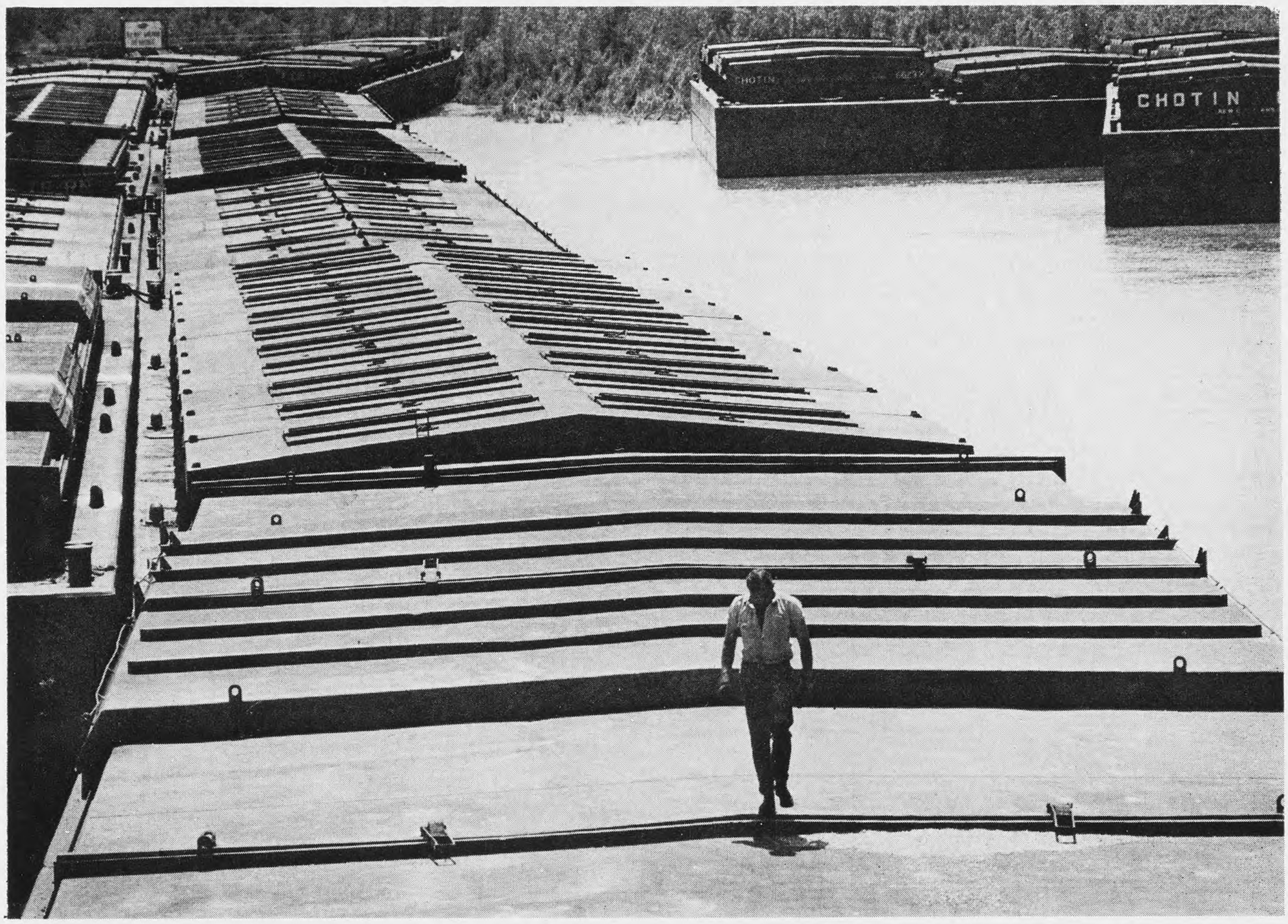
BATON ROUGE—American Bank has formed a one-bank holding company called the Great American Corp. —the first major one-bank holding company in Louisiana, according to J. Clifford Ourso, chairman and president of the bank.

As part of the procedure for organizing a one-bank holding company, the Great American Corp. formed the Great American Bank, with which American Bank was merged. The merged bank continues to operate as the American Bank, with directors, officers and employees of the latter remaining in their respective posts.

The One-Bank Holding Company Act was approved by the Louisiana Legislature at its session in 1968.

Promoted at Guaranty

Guaranty Bank, Alexandria, has promoted (seated, left to right): R. W. DeKeyzer, a.v.p. to v.p., head of general books section; Louis J. Knight, v.p. to sr. v.p., head of correspondent department; William J. Hamlin, sr. v.p. to exec. v.p., head of commercial loans; and J. R. Bond, a.v.p. to v.p., manager, Pineville Branch. Standing, left to right, are: James S. Morris, a.c., manager of BankAmericard department; John Whaley, asst. tr. off., an employee for one year at the bank; Malcolm A. Levy, manager of collections; A. J. Ard, head of operations, Pineville Branch, and C. E. Hudson, loans, Pineville, all three from a.c.s to a.v.p.s.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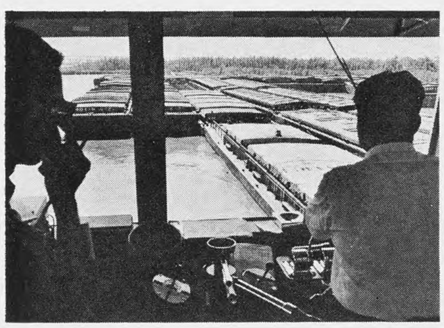
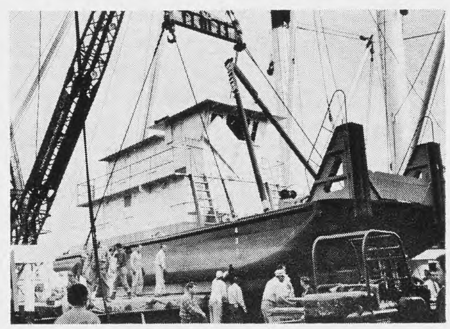




Arkansas News

Marion Smith Named Exec. VP at NBC in El Dorado

EL DORADO—Marion R. Smith has been promoted from vice president and assistant trust officer to executive vice president at National Bank of Commerce. He also has been named to the board.

Other promotions are: Miss Emma Jean Calloway, assistant vice president to vice president; Larry Kinard, cashier, to vice president and cashier; and Mrs. Julia M. Dill, assistant cashier to assistant vice president. Also named to the board were: Kenneth P. Oliver Sr., El Dorado Glass and Mirror Co., and Herbert S. Woods, president of Southern Hotel Corp.

Arkansas Group Meetings

The Arkansas Bankers Association will hold its 1970 group meetings as follows:

March 16—Group 1—Forrest City
March 17—Group 4—Texarkana
March 18—Group 3—Fort Smith
March 19—Group 2—Heber Springs
March 20—Group 5—Pine Bluff

The Junior Bankers Section will hold its annual educational conference May 16-17 at the Arlington Hotel in Hot Springs.

■ BERNARD F. SMART has been promoted from vice president and cashier to executive vice president and cashier at First National, Magnolia. John W. Weaver, a director, has been named vice president in charge of marketing.

■ FIRST NATIONAL BANK of Commerce, Paragould, has promoted Bob Spencer from vice president and cashier to executive vice president; Charles Vangilder from assistant cashier to cashier; Mesdames Jackie Baldwin and Mary Lou Jackson to assistant cashiers; and Mrs. Kitty McDaniel to auditor.

■ McILROY BANK in Fayetteville is celebrating its 100th anniversary.

■ FIRST NATIONAL, El Dorado, has elected Bill Givens assistant vice president. Mr. Givens, a lending officer in installment loans, joined the bank last May after 10 years with a finance company. The bank also elected T. A. Reynolds Jr. to the board. He is lumber operations manager, Crossett Division, Georgia-Pacific Corp.

Stone, Ramsay Get New Posts

PINE BLUFF—Former President Wayne A. Stone has been elected chairman and chief executive officer at Simmons First National. Louis L. Ramsay Jr., a director at Simmons for 17 years and the bank's general counsel, has been named president to succeed Mr. Stone.

Mr. Stone had been president since 1955. He is a past president of the Arkansas Bankers Association. Mr. Ramsay is a partner in the law firm of Coleman, Gantt, Ramsay & Cox.

Interest on Savings Boosted

LITTLE ROCK—Arkansas's state banking board last month increased the interest rates banks may pay on savings deposits. Interest or regular passbooks savings were boosted from 4 to 4.5%.

Increases on deposits of $100,000 or more are: 5.5 to 6.25% on savings on deposit 30 to 59 days; 5.75 to 6.5% on 60-89-day deposits; 6 to 6.75% on 90-179-day deposits; 6.25 to 7% on 180-364-day deposits.

The state action was necessary to activate recent changes in federal regulations.

Worthern Elects 3 to Board

LITTLE ROCK—Three new directors have been elected by Worthen Bank. They are: Dave Grundfest Jr., vice president of Sterling Stores; Robert Doubleday, president of Leake TV, owners and operators of KATV in Little Rock and KTUL in Tulsa; and Dudley Dowell, retired president and chief administrative officer of the New York Life Insurance Co.

■ GRANT COUNTY BANK, Sheridan, has elected Doyle E. McCoy Sr. chairman. Mr. McCoy, co-owner of McCoy-Tygart Drug Store, succeeds his father, A. J. McCoy, who had been chairman 25 years before his death in October.

■ CITIZENS BANK, Jonesboro, has increased its capital by $230,000 to a new total of $1,000,000. Paul Johnston, a certified public accountant in Jonesboro, was elected to the board.

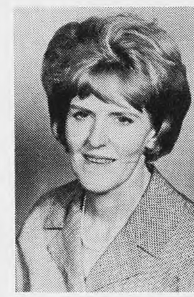
■ UNION BANK, Mena, is planning to begin construction on a new building. The new structure will have a modern design and two drive-in windows.

Women's Conference Planned for Hot Springs April 8

HOT SPRINGS—Jack T. Conn, former ABA president, will be the keynote speaker for the first women's conference of the Arkansas Bankers Association, April 8 at the Arlington Hotel here. Miss Dorothy Harris, assistant cashier, First National, Wynne, is chairman of the newly formed ArkBA's women's committee, which will sponsor the conference. Mr. Conn is chairman, Fidelity National, Oklahoma City.

CONN

VAN DERBUR



HARRIS

Miss Marilyn Van Derbur, a former Miss America, will be the luncheon speaker at the conference. Miss Van Derbur is sponsored by General Motors Corp.

The conference is planned to aid senior management by providing beneficial information for women bank employees. The program will be devoted to an over-all view of banking and its responsibilities, with discussions of challenges for the future and the role of women in banking.

■ BANK OF WEST MEMPHIS has elected Levy R. O'Bryant an assistant cashier and Davis Biggs a director. Mr. O'Bryant, an employee for five years, will continue as manager of the Plaza Office.

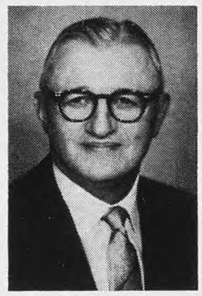
■ MRS. ELLEN STEEN, cashier at Merchants & Planters in Newport, has retired after 23 years with the bank.

■ BENNIE RYBURN SR., chairman and president of Commercial Bank in Monticello, has been named chairman of Citizens Bank in Tillar. Bennie Ryburn Jr., a director at Commercial, has been named vice president at Citizens. The Ryburns have acquired stock in Citizens Bank.

Texas News

Downs, Correspondent VP, Retires From Republic Nat'l

DALLAS—Vice President Robert J. Downs, correspondent bank division of Republic National, has retired, concluding a Texas banking career that began in 1925. Mr. Downs has worked in all phases of banking but has specialized in correspondent relationships.



DOWNS

Mr. Downs began his employment at Republic National as a vice president in 1956 and served in the correspondent bank division until his retirement. He previously had been associated with Texas Bank, Dallas; City National, Houston; Dallas National; and Mercantile National, Dallas.

■ KATY NATIONAL has named M. L. Scott chairman; he was inactive vice president. The bank also has elected Jack M. Townsend, formerly executive vice president, a director and president. F. B. Cornelius has been named consultant and public relations officer. He was president and will remain on the board.

■ NEW WAVERLY STATE has promoted John James Pasket from assistant cashier to cashier.

■ ROUND TOP STATE has named Wayne Wagner assistant cashier. He has been with the bank one year.

■ IKE D. HALL, formerly assistant vice president, has been elected vice president at Peoples State, Baytown.

■ FIRST NATIONAL, Navasota, has made the following promotions: A. C. Pratt, cashier, to vice president; Benton Dedman, assistant cashier, to cashier; and Mrs. Emma I. Bales, head teller, to assistant cashier.

■ CITIZENS NATIONAL, Beaumont, has elected Kenneth O. Snider president; John W. Howell executive vice president; Robert L. Fox vice president and cashier; Bob Campbell vice president; and Clellan M. Burns assistant cashier. Citizens National also has opened its new, contemporary-styled building.

■ FIRST NATIONAL, Brownsville, has elected two assistant vice presidents: Jesse B. Copeland, a loan officer, and Curtis L. Likens, a computer programer in the EDP department. Mrs. Rosario Lopez and Gustavo Barreda were named assistant cashiers. Mrs. Lopez is in charge of the bookkeeping department; Mr. Barreda is a computer programer, EDP department.

■ FIRST NATIONAL, Bryan, has increased its year-end deposits from $15,393,909 in 1968 to $19,248,612 in 1969. According to a newspaper report, the bank led the other Bryan-College Station banks in deposit growth last year, showing a gain of $3.9 million. In the same article, President Henry Clay was quoted as attributing this growth to the efforts of his bank's employees.

■ BANK OF ALMEDA, Houston, has promoted Horace W. Pennington from cashier to vice president and cashier.

■ PEOPLES STATE, Hallettsville, has promoted Roman J. Shimek from assistant cashier to vice president.

■ JAMES N. BOZKA, president of Peoples State in Hallettsville, has received the "community service award" from the Hallettsville Chamber of Commerce and Agriculture.

TBA Trust Meeting

The Texas Bankers Association will hold its 49th annual trust division meeting April 22-25 in the Marriott Motor Hotel in Houston.

■ FIRST STATE, Alice, has elected Fredrick Erck as its new president. Other new officers include N. O. Adams Jr., F. W. Ussery Jr. and Joseph R. Rehmet, vice presidents. New directors include Mr. Adams and Harry G. Keetch.

■ DANIEL J. FORRESTAL III has joined First National, Dallas, as a trust officer. Mr. Forrestal was previously with St. Louis Union Trust and Boatmen's National, St. Louis.

■ ISLAND STATE BANK, Port Aransas, has elected Edwin Smith an inactive vice president and director; Charles M. Friday a director; and Carlos W. Moore an advisory director.

Chairman of Texarkana National Voted 'Outstanding Citizen'

TEXARKANA—Chairman William G. Fuller has been named Texarkana's most outstanding citizen of 1969 by the Chamber of Commerce. A native of Texarkana, Mr. Fuller began his banking career in 1936 when he joined Texarkana National.

Mr. Fuller was elected president of Texarkana National in 1954 and was promoted to chairman in 1966 but remained president. He also is a director of Guaranty Bond State in Redwater. In 1968, Mr. Fuller was named "boss of the year" by the Jaycees of Texarkana.

■ SOUTHWEST NATIONAL, El Paso, has promoted the following assistant cashiers to assistant vice presidents: Walter R. Howell, operations; Stanley Jarmiolowski and Bart J. Monteleone, installment loans; and Rocco J. Pope, manager of BankAmericard Center. Edward Perez has been named assistant cashier, installment loans.

1st Victoria Nat'l Promotions

VICTORIA—Aaron Wieland, comptroller, has been advanced to vice president and comptroller at First Victoria National. Otto Kalischko, Charles Lassmann and the Misses Patricia McMullen and Lois Heldenbrand were promoted from assistant cashiers to assistant vice presidents. Mrs. Lucile Bielstein was named assistant cashier.

In other action, the directors transferred $1,000,000 to surplus from undivided profits to give the bank $2,000,000 in capital; $5,000,000 in surplus; and $1,818,368 in undivided profits and reserves.

■ CENTRAL BANK, Dallas, has promoted Dick H. Umbel from vice president to executive vice president; Richard W. Thomas, vice president and cashier to senior vice president; and Arthur W. Kavanaugh, assistant vice president to vice president. Nolan Aly was elected an assistant vice president. He has been with the bank since 1962. Donald R. Hammond was promoted from assistant cashier to cashier.

■ LOCKWOOD NATIONAL, Houston, has promoted the following assistant vice presidents to vice presidents: Ellis Carter and Beal Finch.

■ INDUSTRIAL STATE, Houston, has elected Paul S. Tillery, Henry A. Dube and J. A. Bean senior vice presidents. All were vice presidents. Former assistant vice president, Russell S. Jackson, was promoted to vice president. Mesdames Marie Tadlock and Betty J. Smith were promoted from assistant cashiers to assistant vice presidents. Larry W. Gwin has been named assistant cashier. He is in charge of the note department.

■ FIRST BANK of Bryan has promoted E. Ridley Briggs and Curtis Mathis, formerly vice presidents, to senior vice presidents. Mr. Briggs was named to the senior loan committee and Mr. Mathis specializes in commercial loans. O. A. Wood, an employee for six years, and R. J. Frenzel, head of the loan and discount department, were elected vice presidents. James Zubik was named assistant cashier. He is in charge of the BankAmericard department.

Texas Death

H. C. BREEDLOVE, chairman of the executive committee at Raymondville State Bank. Mr. Breedlove, 71, had been with the bank since 1945.

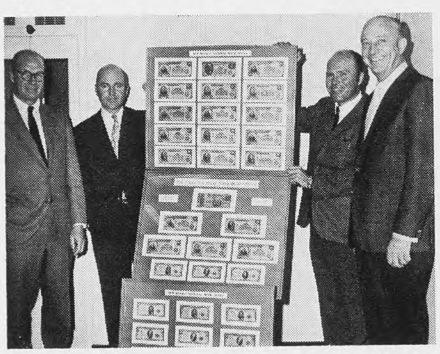
New Mexico News

Publication of Book Marks Beginning of Bank's Centennial

SANTA FE—First National is observing its centennial this year. One of its ways of celebrating this milestone was the commissioning of a book, "A Century in Santa Fe," which is available in the Main Office and its four branches.

The book, written by Wayne L. Mauzy, is a slim (48 pages), but colorful and informal work based on solid research. Easily readable, it's a quick summary of the Southwest's economic background of the last century. Mr. Mauzy is a one-time newspaper editor who retired some time ago as a long-time staff member and director of the Museum of New Mexico. He was commissioned by First National's board.

The century-old bank also is offering silver and bronze medallions and put on display the largest known collection of early New Mexico national bank notes. The display was especially assembled for First National's centennial and will be rotated among the bank's four branches during 1970.



Shown with New Mexico national bank note collection at First of Santa Fe are (l. to r.): D. D. Van Soelen, v.p. & cash. of bank and centennial committee ch.; C. K. Skinner Jr., bank pres.; R. L. Latimer of Santa Fe, who arranged collection for bank's centennial; and L. E. Meyer, bank director and centennial committee co-ch.

First National was founded in 1870 by a powerful land owner and frontiersman, Lucien B. Maxwell of Cimarron. He organized the bank with $150,000 he received from sale of his huge Maxwell land grant. Called the father of banking in New Mexico and Arizona, Mr. Maxwell was the bank's first president.

■ ORLANDO SILVA, assistant cashier, has been promoted to assistant vice president at Los Alamos National.

Grant Brumlow Leaves Post of Banking Commissioner

SANTA FE—Grant O. Brumlow has resigned as New Mexico commissioner of banking to organize a bank and financial consulting firm in Las Cruces. Guthrie Bennett, assistant commissioner, is serving as acting commissioner until a successor to Mr. Brumlow is named.

Mr. Brumlow was appointed to the bank commissioner's post in the fall of 1968. He had been vice president of First National of Dona Ana County in Las Cruces and is a former president of Group One of the New Mexico Bankers Association.

Bruce Pierce Made Exec. VP at Bank of New Mexico

ALBUQUERQUE—Bruce J. Pierce has been promoted from senior vice president to executive vice president at Bank of New Mexico. He has been with the bank since 1964. Newton W. Gillihan, formerly senior vice president and cashier, was advanced to administrative senior vice president. He joined the bank in 1966.

Former vice president-operations, James D. Wise, was promoted to vice president and cashier. Mrs. Lenore A. Schanning was promoted to corporate secretary. She had been assistant corporate secretary.

■ FARMERS & STOCKMENS, Clayton, is celebrating its 50th anniversary. In observing its 50 years, the bank is planning to hold historical exhibits depicting its role in community service.

■ JAMES H. FOLEY, cashier, has been promoted to vice president and cashier at First National, Belen. William E. Manning, an employee since 1968, has been named assistant cashier.

■ DENNIS HOGERHEIDE, vice president, has been named president of Farmington National. He succeeds William M. Gallaway, who will be an advisory director. Mr. Hogerheide, with two other persons, has bought controlling interest in the bank.

■ DEMING NATIONAL has elected William W. Burt, a druggist, as chairman. He had been an inactive vice president and director. Mrs. Billie Gray has been named assistant cashier. Ron Oliver has been named installment loan officer.

First Nat'l of Albuquerque Has Top-Level Changes; Cale Carson Jr. President

ALBUQUERQUE—A reorganization at the top level at First National has resulted in the election of Cale W. Carson Jr. as president, replacing Damon Bowersock. Mr. Bowersock, president since 1966, has not announced his future plans. Mr. Carson, who was executive vice president, is the son of Cale W. Carson, who became the bank's first president in 1933.

In other changes, David G. Livingston, former executive vice president, Bank of New Mexico, Albuquerque, was elected chairman of First National to serve on a full-time basis, and Sam Sugg, senior vice president and a director, became vice chairman. Arthur Cinader, who was board chairman, resigned that post, but continues as chairman of the executive committee.

Mr. Cinader described the combination of Messrs. Livingston and Carson Jr. as a "winning team" and noted that the reorganization placed an "emphasis on youth." Mr. Carson and Mr. Livingston are still in their 30s.

Majority stock of First National was acquired last June by Popular Services, Inc., headquartered in Passaic, N. J., but with diversified interests and operations throughout the nation. Three officers of Popular Services—Mr. Cinader, Wallace C. Kemper Jr. and Josh Weston—are on First National's board.

Mr. Bowersock has been in banking with First National, Kansas City (as senior vice president) and with City National, Oklahoma City. Mr. Carson joined First of Albuquerque 11 years ago after graduation from Yale University and a year of advanced study at Stanford University's Business School. Mr. Livingston joined Bank of New Mexico in 1962. Mr. Sugg went to First National in 1941.

■ CENTINEL BANK, Taos, has promoted Mrs. Bernice T. Torres to vice president. She has been with the bank since it opened last March.

■ FIRST STATE, Cuba, has elected Dennis C. Chavez assistant vice president. He had been assistant cashier.

■ CITIZENS STATE, Albuquerque, has promoted Donald Holmes from assistant vice president to vice president and T. L. White from assistant cashier to assistant vice president.

■ HARRY B. DAVIS, vice president, has been named executive vice president of Bank of Santa Fe.

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No, we're not transatlantic... but we are ⅔ transcontinental. (Which is better than being ⅔ transatlantic.) Denver? Yes. New York? Yes. Chicago? Yes. Dallas/Ft. Worth? Yes. Milwaukee? Yes. St. Louis? Yes. Over 50 other cities? Yes. But not Rome. (Not yet.) But we'll take you part way. And we can *ticket* you *all* the way.

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Oklahoma News

Ray G. Drew of 4th Nat'l Dies, Began Correspondent Dept.

TULSA—Ray G. Drew, executive vice president and executive committee chairman at Fourth National, died of an apparent heart attack February 10. Mr. Drew, 58, organized the correspondent department in 1951 and headed it until 1958, when he was transferred to commercial loans.

DREW

Mr. Drew had been with Fourth National since its beginning in 1930, when Producers Bank was reorganized as Fourth National. Mr. Drew was elected senior vice president in 1965, a director in 1967 and chairman of the executive committee and executive vice president in 1968.

NBT Corp. Shareholders Vote to Reorganize

TULSA—NBT Corp. shareholders last month voted to reorganize and recapitalize the corporation to effect a previously authorized increase in capitalization. The stock, issued and unissued, was split 3-for-1.

The authorized capital was increased from 1,000,000 to 6,000,000 shares and reclassified so that 5,000,000 shares are common, $4 par value, and 1,000,000 preferred, $1 par value. This move also provided 2,730,650 shares of common stock and 1,000,000 shares of preferred stock authorized but unissued, which can be used for future acquisitions by NBT Corp. on a stock-exchange basis.

■ FIRST NATIONAL, Wagoner, has opened its new $105,000-building. The new structure has a drive-in window with a protective canopy.

■ FOUNDERS NATIONAL, Oklahoma City, has changed its name to Founders Bank & Trust Co. The bank also is planning to construct additional drive-in windows.

■ FIDELITY NATIONAL, Oklahoma City, has elected two assistant vice presidents: Glyn E. Shelton, installment loans, and Phillip J. Curry, manager of systems, planning and development, data processing department. Raymond Janz has been named auditor. He has been with the bank two years.

Changes at American Nat'l

SHAWNEE—American National has elected W. E. Harber chairman and chief executive officer; H. T. Riddle vice chairman; H. Harber Lampl president; Jim Earls executive vice president and trust officer; W. Dwight Harber vice president and cashier; Miss Helen Weiss assistant vice president; and Gary Terry assistant cashier.

Tucker Named to Board

OKLAHOMA CITY—Morrison G. Tucker, of Morrison Tucker Co., has been elected a director and vice chairman of May Avenue Bank. Mr. Tucker formerly was chairman of the executive committee of Liberty National. May Avenue also has elected F. Dail Harper a director. He is secretary of Harper Oil Co. and also is in the ranching business.

■ PIONEER BANK, Ponca City, has elected Dr. Gale McArthur a director. Dr. McArthur, an orthodontist, has been a resident of Ponca City since 1959.

■ FIRST NATIONAL, Ardmore, has elected Joe Hendrickson a vice president. He had been an assistant vice president at Union National in Bartlesville.

■ M. E. (Dooney) ROBERTS JR. has been named vice president and cashier at Bank of Commerce, Chouteau. He was formerly the bank's cashier and has been with the bank since its opening in 1968.

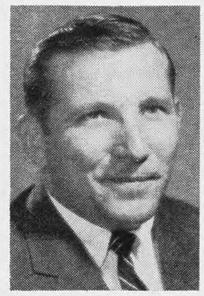
■ CITIZENS NATIONAL, Oklahoma City, has opened a trust department headed by Lynn Adams, vice president and trust officer. Mrs. Wilma Jeffress has been named assistant trust officer. Mr. Adams is a former vice president of Kerr-McGee Corp.

■ CITIZENS BANK, Drumright, has promoted Miss Evelyn Daly from cashier to vice president and cashier, and Miss Maxine Nichols and Mrs. Ellen Humphrey from assistant cashiers to assistant vice presidents. Miss Velma Jean Wilson was elected assistant cashier. Capital and surplus were increased $50,000 each.

■ MAY AVENUE BANK, Oklahoma City, has elected the Misses Vivian Beard and Georgia Ann Smith assistant cashiers.

Bonds, Leavell Promoted at Liberty National Bank

OKLAHOMA CITY—Liberty National has promoted W. Kenneth Bonds from senior vice president to senior vice president and senior trust officer; R. G. Leavell to assistant vice president in the correspondent banking department and Donald L. Felts to assistant vice president and training director in the personnel department.



LEAVELL

BONDS

Mr. Bonds was elected senior vice president and co-manager of the trust department in 1964. He joined the bank in 1951. Mr. Leavell began his employment with the bank in 1963 as an executive trainee and has worked in all departments. Mr. Felts joined Liberty National in 1960.

■ FARMERS NATIONAL, Cordell, has begun construction on its new building. The $300,000 structure is expected to be completed by late summer. The contemporary-styled building will have drive-in facilities. After the new building is completed, the present quarters will be demolished for construction of a parking area.

■ CITIZENS NATIONAL, Edmond, has promoted Bill Birchmier from vice president to executive vice president; Lou Mades from cashier to vice president; and Roy Helm from assistant cashier to cashier.

NBT Corp. Goes 'on Record' With Its 1969 Report

TULSA—The National Bank of Tulsa Corp. has added—for the first time—a voice recording to its annual report. In the recording, NBT President Eugene Swearingen maintains that the main cause of inflation has been the unwillingness of the federal government to balance its budget. The reverse side of the recording describes NBT's marketing program, narrated by Bill Nash, director of advertising and public relations.

The 1969 NBT report lists net income as $3,627,488, or $4.80 per share, compared to $3,023,385, or $4 per share, in 1968.

Kansas News

Security State Marks 20th Year by Creating Marketing Division


HEATON

GREAT BEND—In observance of its 20th anniversary, Security State is planning to establish a marketing department. The new department will be concerned with planning, research, sales, advertising, public relations, promotion and development activities and creation of new banking services.

James F. Heaton has been named vice president in charge of the new department. He is director of information and broadcasting at Barton County Community Junior College and will continue there until June 1. His bank appointment will become effective June 15.

In other action, the bank also has authorized a five-for-one stock split. In addition, Harold L. Bittel and Thomas H. Curtis, formerly assistant cashiers, were promoted to vice president and cashier, respectively.

■ FIRST NATIONAL, Salina, has elected President Gerald Shadwick chairman. Terry Odle was promoted from assistant cashier and farm representative to assistant vice president and farm representative. The bank also has announced the election of John A. Shaver as a director. Mr. Shaver is a senior partner in Shaver & Co., Architects, Salina.

■ FIRST NATIONAL, Sedan, has promoted Robert L. Barnes from vice president to president. He succeeds W. Ross Whitworth, who has retired after 28 years but remains as vice chairman. The bank also has promoted Earl E. Loyd from cashier to vice president and Bill D. Farris from assistant cashier to cashier. Mr. Loyd also was named a director to succeed Robert E. Graves, who has resigned.

1st Nat'l Aids War Wives

SALINA—First National is helping wives of men missing or held prisoner in Vietnam by offering its message center as a place to display notes recognizing the plight of these women's husbands.

Nearby Schilling Manor, located at the old Schilling Air Force Base, currently is home for more than 3,120 wives and children who have husbands and fathers stationed in Vietnam.

Gerald Shadwick, pres. of 1st of Salina, is shown visiting with families of three men missing in action in Vietnam. Group discussed what action might be taken to obtain names of those men being held prisoners by North Vietnamese. L. to r. are: Mr. Shadwick; Mrs. Neil Bynum and daughter, Angel; Bryan Johnson, his mother, Mrs. Bruce Johnson, his sister, Colleen, and his brother, Bruce; Stephen Clark and mother, Mrs. Lawrence Clark, and sister, Jan Clark.

Wives of two missing servicemen who met with North Vietnamese officials in Paris last Christmas suggested that the bank's message center be used to encourage Salina citizens to write foreign ambassadors asking them to help secure the release of the names of missing servicemen.

■ R. V. BUTCHER, chairman of First National in Cimarron, recently celebrated his 50th year in the banking business. Mr. Butcher began his career at Gray County State, which converted to a national charter in 1929 and changed its name to First National. Mr. Butcher was elected chairman and president in 1951 and served as president until 1967.

1st Nat'l Names Kimbrough AVP in Correspondent Division


KIMBROUGH

TOPEKA—First National has promoted Lanny Kimbrough from assistant cashier to assistant vice president in the correspondent department.

William A. Adkins was elected vice president and manager of the installment loan department and R. D. Shiney was promoted to vice president and trust officer. Both men had been assistant vice presidents.

Named assistant vice presidents were: Franklin K. Crews, trust investment officer; Bruce Hurd, trust officer; and A. W. Strecker, operations. Stanley Scott was elected a trust officer.

■ FIRST NATIONAL, Conway Springs, has named Dr. Farris D. Evans, formerly an inactive vice president, a vice president. Dr. Evans is a Wichita physician.

■ JAMES P. SWEARINGEN has been elected assistant vice president at National Bank, Pittsburg. He was formerly an assistant vice president at First National, Kansas City.

'Pavilion Bank' for Union Nat'l

Construction has begun on Union National of Wichita's new "pavilion bank," shown in the sketch above. The $300,000 facility will be a hexagonally shaped structure with four drive-up teller windows. With a completion goal of July 1, construction plans also include extensive landscaping and new sidewalks and curbs. A parking area will have space for 20 cars.

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THE WONDERFUL WORLD OF BANKING **COMMERCE BANK** *of Kansas City,*

Kansas City, Missouri

Missouri News

MBA Names Robert H. Dixson Director of Public Relations

DIXSON

COLUMBIA—The Missouri Bankers Association has appointed Robert H. Dixson director of public relations. Mr. Dixson had been public relations supervisor with the Illinois Bell Telephone Co. in Chicago since 1966.

Mr. Dixson also has been associated with the General Electric Co. in Schenectady, N. Y., where his assignments included public and employee relations and communications and community relations. Mr. Dixson, in addition, was a public information specialist with the U. S. army.

Indiana Banker to Speak at Women's Conference April 8-9 in Columbia

COLUMBIA—Mrs. Ruth Harrison will be the kick-off speaker for the sixth annual conference of bank women to be sponsored by the Missouri Bankers Association. The conference will be held at the Ramada Inn here April 8-9. Its theme will be "Perceive to Achieve."

Mrs. Harrison, assistant vice president, Irwin Union Bank, Columbus, Ind., will discuss the promotion of bank services and staff training. She handles public relations and marketing at her bank.

"The Woman in Banking and Her Future" will be the topic of Mrs. Pat Conwell of Chesterfield, marketing consultant to banks. Special-interest sessions will feature these topics: "No-Account New Accounts," "Your Bank's Market Basket" and "Tomorrow, How We'll Get There—Future Banking Operations." There will be a panel discussion of "This Is a Profit Business."

Registration, an early-arrival reception and a banquet April 8 will precede Mrs. Conwell's talk that night. Registration also will be held the next morning before the general session, which will be called to order by Miss Angela Mazzola, chairman of the MBA's committee on bank women. She is executive secretary, Manchester Bank, St. Louis.

First Union Acts to Acquire First Nat'l, West Plains

ST. LOUIS—First Union, Inc., has reached an agreement in principle with certain stockholders of First National, West Plains, to acquire a substantial portion of the bank's outstanding shares.

First Union officers said no detailed agreement had been signed and that under any final agreement all First National stockholders would be permitted to take part in the transaction. At year-end First National had assets of $30 million.

First Union, a holding company, owns First National, St. Louis, St. Louis Union Trust Co. and First-Union Automation Services, Inc. The corporation early last month executed an agreement to acquire all outstanding stock of Vandalia State, which has assets of $10.5 million. Upon federal approval of this transaction, First Union will become a registered multi-bank holding company.

In other action, First Union recently offered to buy up to 100,000 shares of its common stock at $44 a share. All stockholders were notified by mail of the offer, which was to expire February 13. At press time, First Union had received tenders of approximately 183,000 shares. However, First Union plans to purchase only 100,000 shares, as outlined in its original offer.

First Union's year-end statement showed consolidated net income, before securities gains and losses, of $9,674,000 in 1969 compared with $8,844,000 in 1968. Earnings per share were $4.48 in 1969, 9% higher than 1968's $4.11 per share. Net income, after securities gains and losses, was $9,555,000, or $4.43 a share, in 1969 against $8,897,000, or $4.14 a share, in 1968.

Bank in Chesterfield Sought by St. Louis Businessmen

A group of St. Louis and St. Louis County businessmen have filed a charter application with the Missouri commissioner of finance to establish a bank at Woods Mill and Clayton roads in Chesterfield. If the charter is approved, the new bank will be called West County Bank.

Capital of the proposed bank will be $600,000. Among the incorporators are James F. Dierberg, president, and Gerald W. Schoor, vice president, both of Creve Coeur Bank.

Frank Hamilton Jr. to Be Officer of New St. Louis-Area Bank

Frank H. Hamilton Jr. will leave Mercantile Trust, St. Louis, March 15 to become president and chief executive officer of the newly chartered Parkway Bank & Trust Co. The latter will be located near Chesterfield, a St. Louis suburb. Mr. Hamilton joined Mercantile 19 years ago and was vice president, commercial loans.

The Parkway Bank will open next fall with capital of $412,500 and surplus and undivided profits of $206,250 each. It will be located in a new building in a shopping center at Olive Street and Woods Mill roads.

Quad County State Bank Opens; Hirschman Named Chairman

VIBURNUM—The new Quad County State Bank opened January 19 in remodeled quarters. Capital structure consists of $100,000 capital, $100,000 surplus and $50,000 undivided profits.

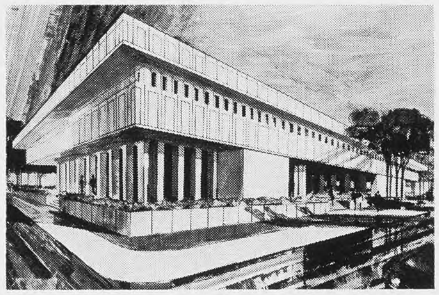
Officers of the new bank are: Stuart C. Hirschman, president and chairman; Sidney M. Cooke Jr., vice president; and Norman Fallesen, executive vice president and cashier.

Stadium Drive-In Opened by First Nat'l, St. Louis

ST. LOUIS—First National has opened its new Stadium Drive-In, located in the vicinity of two well-known St. Louis attractions—the Busch Memorial Stadium and the new Spanish International Pavilion. The opening of the drive-in complements the efforts of the Civic Center Redevelopment Corp. —a group of citizens, who for the past decade, have aided extensively in the renovation of downtown St. Louis and the riverfront area.

The two-story Stadium Drive-In is only one of several buildings constructed in the past decade in "the new downtown" St. Louis. Instead of moving to the suburbs, several firms in St.

Driving through one of seven drive-in lanes in a 1926 Rolls Royce after breaking the ribbon to open First National's new Stadium Drive-In are: rear seat, James P. Hickok, chairman, and Miss Downtown St. Louis; front seat, left, St. Louis Mayor Alfonso J. Cervantes, left, and Carroll Vail, owner of the classic car.



First National opened its new Stadium Drive-In last month. The new structure, shown in the sketch above, is an attractive addition to the renovated downtown St. Louis. A 30-foot-wide pedestrian mall on the east side of the drive-in ultimately will link the Busch Memorial Stadium with the proposed St. Louis Gateway Mall.

Louis have relocated their offices downtown to be near the Jefferson National Expansion Memorial—where the famous St. Louis "Arch" is located.

James P. Hickok, chairman of First National and a former president of the Missouri Bankers Association, is president of the Civic Center Redevelopment Corp., which was formed to raise $20,000,000 of private capital needed to launch the construction of the $89-million Busch Stadium and nearby Civic Center. Mr. Hickok also headed a special Chamber of Commerce survey committee in 1959 that made a study leading to formation of the Civic Center Redevelopment Corp. and eventual construction of Busch Stadium. The latter is the home of the St. Louis Baseball and Football Cardinals.

The $1,500,000 drive-in has seven, weather-protected drive-in lanes, 11 teller stations and lunchroom for employees. The second floor houses First National's time finance and Master Charge departments. Emil E. Schuster, vice president in charge of the retail banking division, has been named supervisor of the new Stadium-Drive-In.

■ GILBERT ALSMEYER, executive vice president and cashier at Normandy Bank in St. Louis, is celebrating his 50th year in banking. He has been with Normandy Bank since 1947.

■ CITIZENS NATIONAL, Chillicothe, has promoted Edgerton Welch from president to chairman; William E. Welch from vice president to president; and Mrs. Jerry Chmieleski from assistant cashier to comptroller.

■ SOUTHERN COMMERCIAL, St. Louis, has promoted Leo E. Long from assistant vice president and cashier to vice president and cashier and Joseph C. Abt from assistant vice president to vice president.

Two Banks in Purchase Accord With Missouri Bancshares

Officers and directors of Central National, Carthage, and Security National, Joplin, have reached an agreement in principle for the purchase of the banks through an exchange of stock by Missouri Bancshares, Inc., the holding company formed by City National, Kansas City.

At Carthage the proposed rate at which Central National shares would be exchanged for Missouri Bancshares stock is 2.80 Bancshares shares for each share of Central National. The bank has 20,000 shares outstanding. At year-end its total assets were $18,-218,080.

At Joplin stockholders would receive .775 share of Missouri Bancshares for one share of Security National. The bank has 60,000 shares outstanding and total resources of $10,401,491.

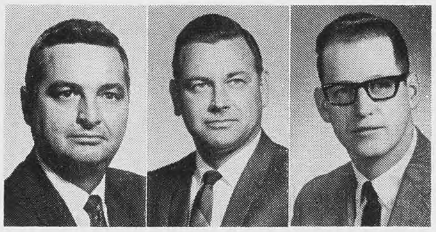
Acquisition of the two banks would change Missouri Bancshares from a one-bank holding company into a registered multi-bank holding company.

Summersville Bank Remodeled

Summersville State's building now has a new look as a result of a combination remodeling and building project. The higher area at the right contains the remodeled old bank quarters, while the lower area at the left is new construction. The exterior is light tan brick and the tile-like roof is red. The building now has a spacious banking lobby, private office space for consultation with customers and a community room containing a fully equipped kitchen. The project cost approximately $90,000.

Columbia Union Promotes Burrus, Lyle, Tritten

KANSAS CITY—Columbia Union National has promoted Glen E. Burrus from vice president to senior vice president; Homer A. Lyle from vice president, correspondent department, to vice president and head of the department; and Donald R. Tritten from auditor to vice president and controller. Mr. Burrus will continue as a commercial loan officer.



BURRUS LYLE TRITTEN

Mr. Burrus, who has been with the bank since 1968, formerly had been employed five years as vice president, commercial loans, at Stockyards National in Omaha. Before joining Columbia Union in 1968, Mr. Lyle had been president of Indian Hills Bank, Omaha. Mr. Tritten had been auditor of American National, St. Joseph, before beginning his employment with Columbia Union last March.

Frank R. Eaton, assistant controller, has been elected assistant vice president and assistant controller. Bernard J. Carroll and Frank Enna, assistant cashiers, were promoted to assistant vice presidents, and Robert W. Cook was promoted from assistant trust officer to trust officer.

Estep Dies; Was Bank Chairman and St. Louis Civic Leader

ST. LOUIS—Preston Estep, 55, chairman of General Bancshares Corp. and Bank of St. Louis, died unexpectedly February 1. He also was chairman of Transit Casualty Co.

Mr. Estep was co-chairman of the Civic Center Redevelopment Corp., which built Busch Memorial Stadium, home of the St. Louis baseball and football Cardinals. He was a past recipient of the St. Louis Award, given for outstanding service in civic affairs.

■ CITIZENS BANK, Festus, has promoted Miss Ruth L. Hall from assistant cashier to assistant vice president and advanced Roy D. Burnside from assistant cashier to cashier.

■ LEN A. SIMMER has completed military service and returned to Chillicothe State as an assistant cashier. He is the son of the late Leonard Simmer, former president of the bank.

■ CHARLES F. BEALKE has been elected to succeed William A. Dickison as executive vice president and secretary of Missouri State, St. Louis. Mr. Dickison has retired as an officer, but remains on the board. Mr. Bealke had been a vice president at Tower Grove Bank in St. Louis. Mr. Bealke also was elected a director, and William E. Paasch was elected vice president and cashier. He came from Rubin, Brown, Gornstein & Co.

Boatmen's Officer Named Head of St. Louis Savings Assn.

ST. LOUIS—The Savings Association of St. Louis Banks has elected Robert D. Goode, administrative assistant at Boatmen's National, president for 1970-71. Mr. Goode has been associated with the Savings Association for seven years. He has been with Boatmen's since 1956.

GOODE

Others elected were: vice president, Mrs. Virginia McMillian, assistant cashier, Hampton Bank; secretary, Charles Silva Jr., treasurer and assistant secretary, North County Bank, Jennings; and treasurer, Lowell Alexander, assistant vice president, Lemay Bank.

First Nat'l of Clayton Moves Into New Office Center

CLAYTON—First National moved into its new quarters last month in the Pierre Laclede Center. The new quarters give the bank twice the floor space it had in its old building.

The contemporary-styled quarters offer conference rooms for public use, walk-up depository and five drive-up windows. Indoor parking is provided in the Pierre Laclede Center garage.

The quarters were designed by Commercial Design, Inc., St. Louis.

New Building in Valley Park

Meramec Valley Bank in Valley Park has opened its new building, located one-half block west of the former structure in downtown. The interior of the new building is shown above. The new quarters are constructed of natural stone, brick and glass and have a drive-in window and parking area.

Greeting customers and employees during 80th-anniversary celebration of St. Louis County National in Clayton are: Merle M. Sanguinet (l.), senior vice president, and Edward H. Schmidt, chairman and president.

St. Louis County National Celebrates 80th Year

CLAYTON—St. Louis County National recently celebrated its 80th anniversary. In observance of its 80th year, the bank is planning to construct a new 15-story building at its present location.

According to a bank spokesman, St. Louis County National is the oldest and largest bank in St. Louis County. The bank has been on the same corner, Forsyth and Meramec, since 1890.

■ MANCHESTER BANK, St. Louis, has named Robert F. Eson to the board. He succeeds Edward J. Schnuck, who was named a director of the Federal Reserve in St. Louis. Mr. Eson is president of Huttig Sash & Door Co. Mr. Schnuck is president, Schnuck Markets, Inc.

■ FIRST NATIONAL, Montgomery City, has promoted Stanley A. Oliver from president to chairman; Donald V. Truitt from executive vice president and cashier to president; and R. Marion Lucas from assistant cashier to cashier. Mrs. Rhoda L. Garrett was named an assistant cashier.

Registered Bank Holding Company Sought by Mercantile Trust

ST. LOUIS—The formation of a registered bank holding company has been authorized by Mercantile Trust directors. Mercantile is applying for permission to the Federal Reserve Board and, if approved, the proposal will be submitted to shareholders.

The proposed holding company, if approved, will be able to acquire Mercantile Trust and Mercantile-Commerce Trust. Mercantile Trust also is contemplating additional bank acquisitions.

Advisory Directors Named at City Nat'l of K.C.

KANSAS CITY—City National has elected two officials as advisory directors: William J. Bolt Jr. and Jerome H. Scott Jr., both executive vice presidents. Mr. Bolt heads the loan and credit division, commercial department, and Mr. Scott heads the national and metropolitan groups, major accounts and business development division. Benjamin C. Adams III was elected an assistant cashier, correspondent banking.

Elected vice presidents were: William V. Pruett Jr., W. W. Schmidt, C. H. Kelly Jr., Roger N. Tranckino, O. Arthur Krebs and Harold L. Yocom. John W. Striegel, Paul L. Skahan and John M. P. Miller were named assistant vice presidents.

BOLT SCOTT ADAMS

Hudspeth Made Vice Chairman at Mark Twain Bancshares

Edwin W. Hudspeth has been elected vice chairman of Mark Twain Bancshares, Inc., a multi-bank holding company. Mr. Hudspeth had been elected chairman of Mark Twain State, Bridgeton, last December. In addition to Mark Twain State, other member banks of the holding company are South County Bank, Mehlville, and Northland Bank, Jennings.

Mark Twain Bancshares also has elected Robert C. Butler vice president. Before joining Mark Twain State as president last December, Mr. Butler had been vice president, commercial loans, at Mercantile Trust, St. Louis. The holding company also has named Oliver W. Hickel III executive assistant to Adam Aronson, chairman.

In other action, a new automobile dealers advisory council has been organized by the holding company. The council will determine with member banks marketing policies, trends and services to the automotive industry.

■ NORTH SIDE BANK, Jennings, has promoted Donald M. Collier from assistant vice president to vice president. He joined the bank in 1949.

■ CITY BANK, Moberly, has increased its capital from $200,000 to $500,000. Robert L. Mohney was elected an assistant vice president.

Elixir for Banks?

Looking for a way to rekindle that spark in the eyes of your bank's staff officers? It could be that a staff officer seminar would do the trick.

Here's how one bank goes about conducting such a meeting. The bank schedules a weekend retreat at some resort or hotel, invites its staff officers for a "mini-vacation" and provides everything "on the house." But it's not all play, for brainstorming sessions are held to discuss bank management problems. The relaxed atmosphere is often conducive to finding solutions for problems that have been bugging the bank. The sessions are also helpful in making future plans for the bank.

And, not be overlooked, the retreat serves as an effective fringe benefit.

BPRMA Regional Conferences Scheduled for April

Three Bank PRMA regional conferences are scheduled for April:

Denver: April 8-10, Denver-Hilton; chairman—Ted Mueller, vice president, Jefferson County Bank, Lakewood, Colo.

Cleveland: April 15-17, Sheraton-Cleveland; chairman—Ed B. Olson, vice president, National City Bank.

Charlotte: April 26-28, White House Inn; chairman—John Ketner, North Carolina National.

Although attendance at the conferences is not confined only to those bankers located in the respective regions, the Bank PRMA envisions the Denver conference as designed for the Southwest and far West; the Cleveland conference for the Midwest and the Charlotte conference for the Southeast up through New England.

Non-members of the association are invited to attend.

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