

# MID-CONTINENT BANKER

*The Financial Magazine of the Mississippi Valley & Southwest*

OCTOBER, 1970

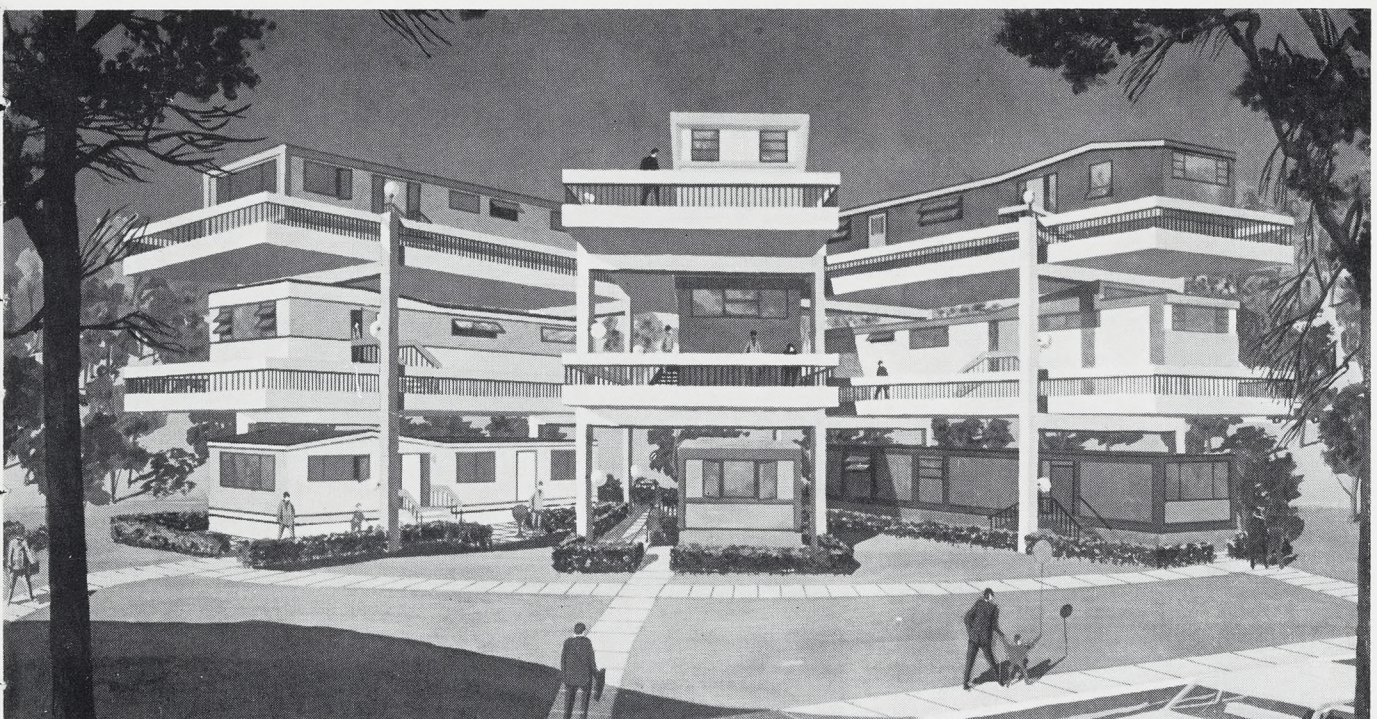
Open House at Commercial Nat'l, Little Rock (Page 82)



**Registered  
Bank Holding  
Companies  
Change Missouri's  
Banking Structure**

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'Skye-Rise' Mobile Home Complex (Page 66)



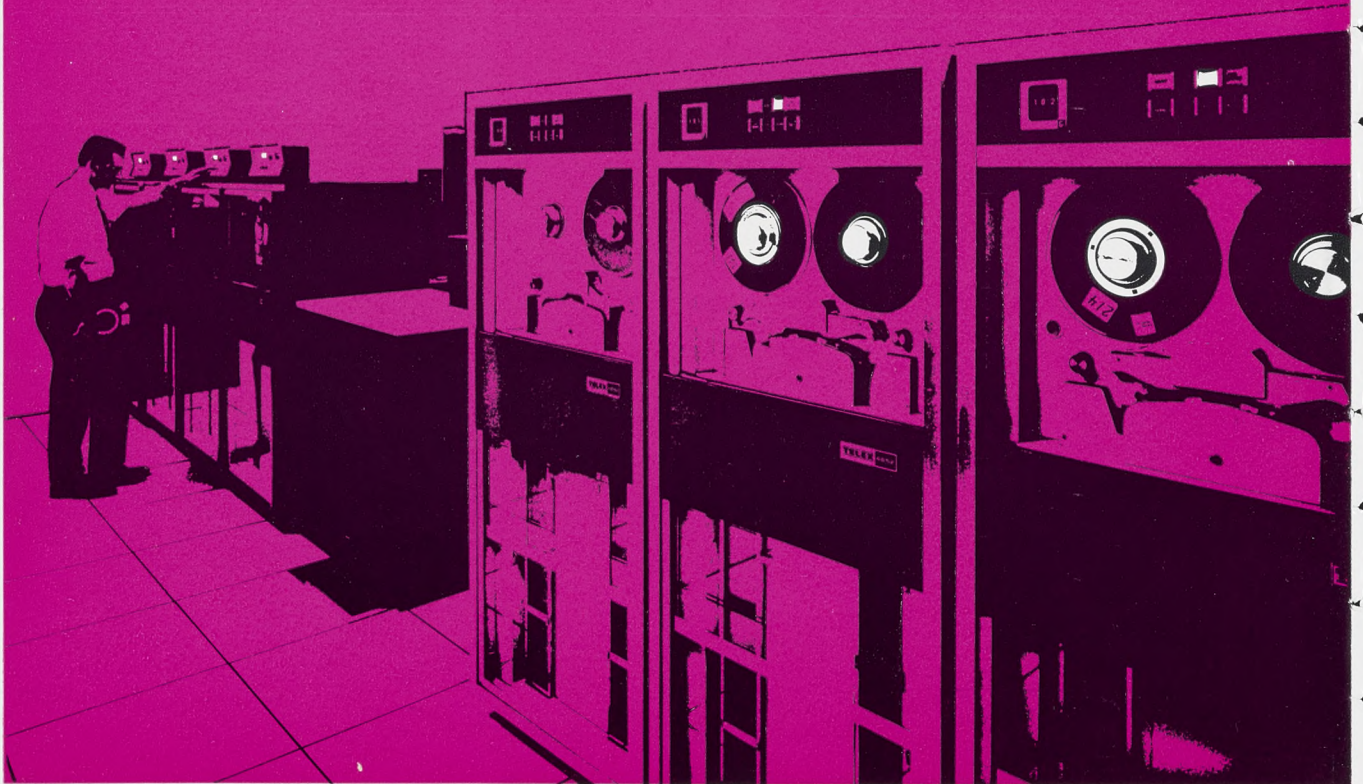
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**Q**  
**A**

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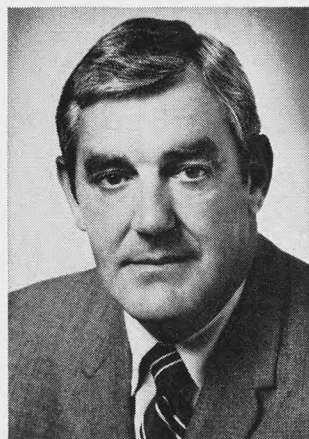
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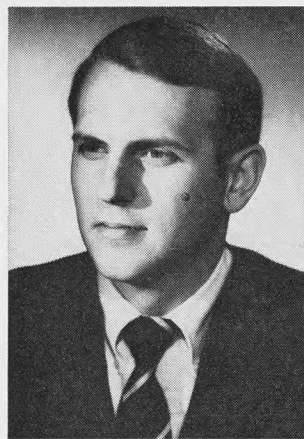
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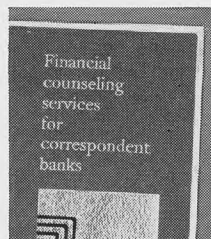
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# New business.

## Who can help you break the ice?

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## Hauge and McGillicuddy To Get New Posts in 1971 At Manufacturers Hanover

NEW YORK—A series of top-management changes will become effective at Manufacturers Hanover on February 1, when R. E. McNeill Jr., chairman, reaches retirement age. Identical changes will be made in Manufacturers Hanover Corp., the bank's parent holding company.

Succeeding Mr. McNeill as chairman will be Gabriel Hauge, who has been president for seven years. John F. McGillicuddy, now vice chairman, will become president. Walter F. Thomas last month moved from executive vice president to vice chairman.

Mr. Hauge's career has included many posts, from college instructor to statistician and researcher, editor, Presidential economic adviser, as well as banker. He holds a master's and a Ph.D. degree from Harvard. He went to Manufacturers Trust in 1958 after having been special assistant to the President of the U. S. for economic affairs. When Manufacturers Trust and Hanover Bank were merged in 1961, Mr. Hauge became vice chairman of the merged bank, president in 1963 and president of Manufacturers Hanover Corp. in 1969.

Mr. McGillicuddy entered banking in 1958, became a vice president in four years and in 1964 was named head of the bank's southwestern division. He moved up to senior vice president in charge of the western region of the national division in 1966, was appointed to the general administrative board (the bank's top-management group) in February, 1969, and became executive vice president and assistant to the chairman in September, 1969.

Mr. Thomas has charge of the bank's over-all operations and is on the general administrative board. He was elected a director of the bank and its holding company parent last January. He has been a banker since 1931.

New management team at New York City's Manufacturers Hanover Trust will be composed of (l. to r.): Gabriel Hauge, who will be chairman; John F. McGillicuddy, who will be president; and Walter F. Thomas, who became vice chairman last month. Messrs. Hauge and McGillicuddy will assume their new titles February 1.



# MID-CONTINENT BANKER

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# Bank Operations

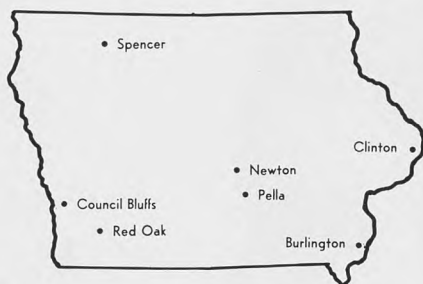
## Decentralization of Paper Handling Seen as Essential for Banking

**“THE TIME** has come for bankers to think in terms of eating their cake and having it, too. In the case of commercial banks, survival may be at stake. This is an analogy, of course,” says P. James Van Dine, president of Hawkeye Bancorporation Computer Services, Inc., Cedar Rapids, Ia., “but it makes an important point.”

Mr. Van Dine explains, quickly and enthusiastically, that his reference is to a new, survival-necessary trend in bank automation: a combination of centralized computer processing and decentralized handling of bank media, with two-way telephone transmission of data bridging the gap.

“Central computers have the power to process our industry’s data,” Mr. Van Dine states flatly. “But there’s no way for central facilities to keep up with the tidal wave of paper created by commercial banks. Right now it looks as though our best bet is to handle transaction media and report printing locally. Computers will have no trouble keeping up with the processing—as long as we relieve them of data capturing from and sorting of demand-deposit media along with printing of trial balance and exception reports.”

Backing his statement with fact, Mr. Van Dine reports his own firm will be able to increase central processing unit



This map of Iowa shows locations of cities in which data capturing/printing systems will be installed to permit local processing convenience for Iowa banks. Actually, centers will be located in six cities, but it has not yet been decided whether one will be placed in Pella or Newton.

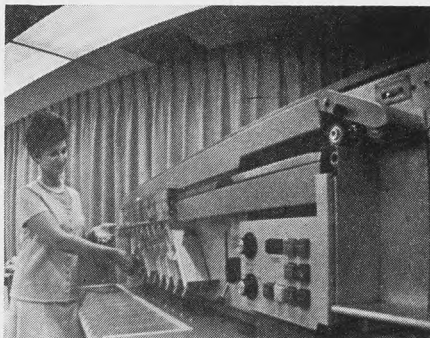
(CPU) utilization time by about 20% through conversion to decentralized, communication-oriented techniques. This improvement, he says, results directly from reduction of document reading and printing workloads in favor of magnetic tape input and output operations. There has been no modification of Hawkeye’s NCR Century 200 central computing facility with the transition.

“This approach also leaves demand-deposit media in the individual banks or branches—right where they belong,” Mr. Van Dine indicates.

He points out that most bankers never liked the idea of transporting data to central computer facilities. For the most part, they did so grudgingly,



Data transmission from magnetic tape unit of NCR 720 Remote Bank System is made over regular telephone lines. Operator is shown here establishing phone connection prior to transmission.



Decentralization of paper handling and report printing for banks will be achieved through application of equipment like this NCR 720 Remote Bank System.

Hawkeye Bancorporation is a holding company with member and affiliated banks throughout Iowa. Economies of group operation and management were among the basic reasons for the firm’s founding.

Shortly after the holding company was formed, the directors moved to make full-scale data processing support available to members by forming the wholly owned Hawkeye Bancorporation Computer Services, Inc. The data processing organization functions as a full-line, specialized service bureau supporting banking operations.

Even before the NCR 720 became available, the firm used data communication techniques by capturing items at remote banks on punched tape and transmitting data to Cedar Rapids for processing. This experience proved the feasibility of transmission/processing for Hawkeye. But the punched-tape technique was a one-way street—lacking the capacity to print reports at the point of origin and leaving the banks with half a transportation crisis every day.

P. James Van Dine, president of Hawkeye Bancorporation Computer Services, sees the network discussed in the accompanying article as a giant step toward a state-wide online network.

accepting the risks and inconveniences as inevitable conditions for the necessity of automation. But, he feels strongly, this situation is on the threshold of being changed. “Our industry has reached a new critical dimension. We’ve got to change again to accommodate our own growth.”

Mr. Van Dine recalls that it was the threat of growth in transaction volumes that led to computerized banking in the first place. Back in 1958 when automated banking started, it was spurred on by threats that volumes of checks written in the United States would soar to 20 billion by 1970. When the country actually passed this figure in 1969, it was time to readjust the system to its real world requirements—particularly with forecasts now indicating that check volumes could swell to 30 or 40 billion during the ’70s.

Further, Mr. Van Dine points out that document volumes will form only a small part of the workload for bank-oriented computers during the ’70s. He predicts that the value emphasis of computers will shift during the seventies. The computer of the future will become more than a piece of production equipment, he says. It will become a management tool handling such currently emerging jobs as central infor-

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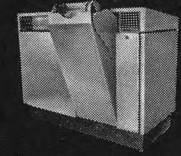


do it). Two tellers will be able to handle three or four customers at a time, and love it.

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"Our logical growth lies in applying what we are already calling fourth-generation concepts. In banking, this boils down to having your cake and eating it—applying the power of high-capacity computers while leaving the media out in the field—where the bankers really want them," Mr. Van Dine says.

The same principles, he believes, will apply equally to small banks working through correspondents or service bureaus, holding companies or large multi-branch institutions.

"Geography is the thing," Mr. Van Dine explains. "It's all a matter of mileage and transaction volumes. With the new, so-called intelligent satellite processors and terminals now coming to market, we don't have the tremendous break-even points for localized processing we had to fight in the '60s.

"Our new satellite processors cost less than \$2,000 per month. And each unit includes an MICR sorter-reader, a printer with capacities of up to 600 lines per minute, a magnetic tape unit that handles either data transmission and receiving or keyboard entry operations and a controller that incor-

porates its own mini-computer with both offline and online programs."

Mr. Van Dine's plans call for installation of six data capturing/printing systems in key market areas to permit local processing convenience anywhere in Iowa. Centers will be located in: 1. Burlington. 2. Clinton. 3. Pella or Newton. 4. Red Oak. 5. Council Bluffs. 6. Spencer.

Each of these will be equipped with an NCR 720 Remote Bank System. (Hawkeye ordered the first six 720 systems, installed the initial unit in July, 1970.) Banks using the local facilities will gather batches of documents throughout the business day. Media data will be captured on magnetic tape and transmitted over WATS lines to matching NCR 736 tape encoders at the Cedar Rapids computer center. A single remote facility will have a capacity for 12,000 to 19,000 items per hour.

The sorter of the NCR 720 can be used on a freestanding basis to sequence items for local customer files. As magnetic-tape transmissions are returned from the computer center, status and exception reports are generated on the system's printer—concurrently with media sorting if schedules fall that way.

Advantages to individual bankers, Mr. Van Dine indicates, include:

- Security through elimination of extensive transportation of documents.
  - Faster turnaround and greater reliability of service through the speed and all-weather availability of telephone service.
  - Reduced transportation costs—several banks in western Iowa are realizing direct savings of \$156 per month each by eliminating a daily document shipping run.
  - Availability of transit funds 24 hours earlier in several cases because these items can now be "quick-killed" in local proof operations and sent directly to the clearing house instead of having to go through the processing center.
  - Elimination of one protective microfilming operation in cases where media do not leave local control.
  - Greater eventual economy in a program for online status inquiry to a central information file—to be implemented in the 1972-74 time frame. This program will be facilitated greatly by increased processing efficiency resulting from elimination of document handling and report printing.
- "Obviously," Mr. Van Dine summarizes, "both bankers and data processing people will come out way ahead on this trend.

"But most important of all is the

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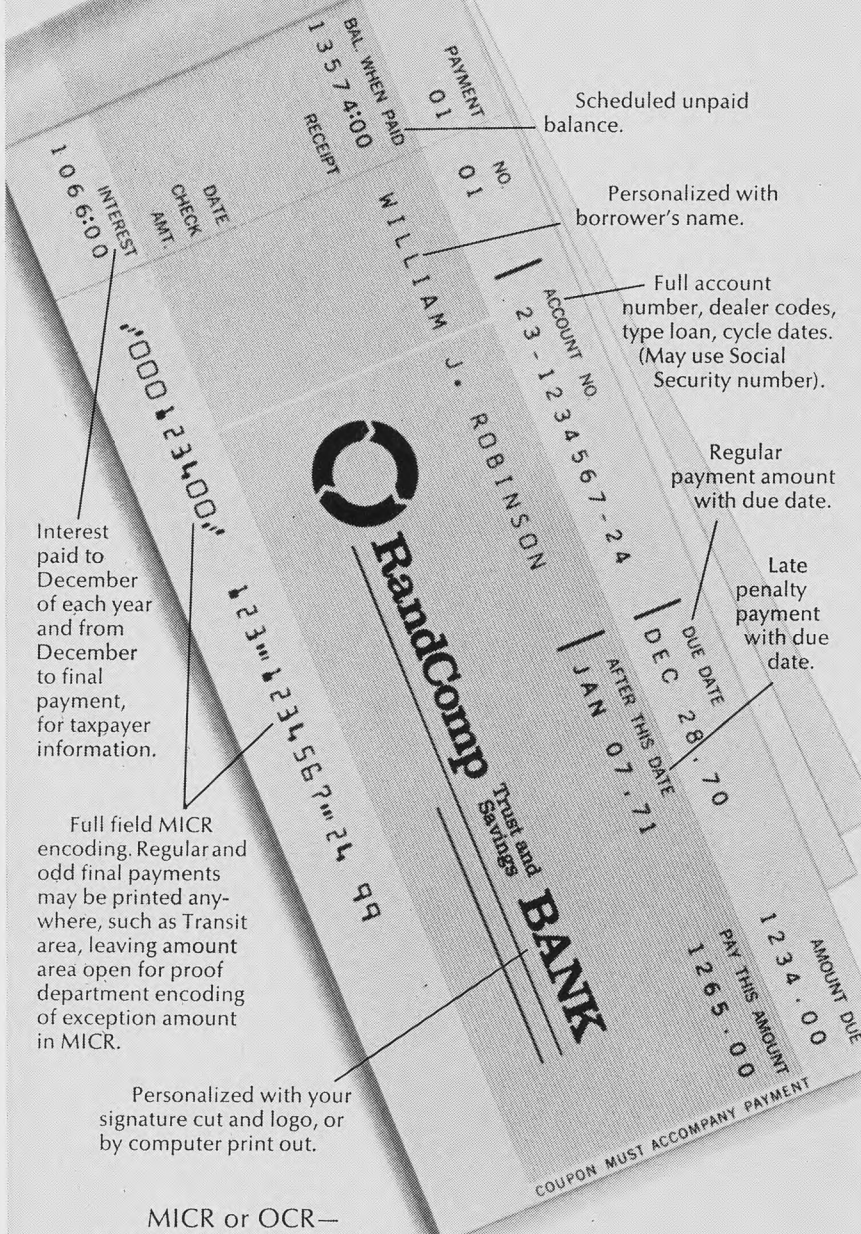
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# For turnaround documents, turn to RandComp.



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Late penalty payment with due date.

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MICR or OCR—your computer entry is RandComp's order to produce your coupon payment books. End transcribing errors—get faster coupon book delivery (within 48 hours)—reduce costs. Write for RandComp's special plan for producing books for your correspondents.

ability gained from this type of operation to expand check-handling capacities. Banks exist as a convenience for business, government, and the general public. They will exist profitably only so long as they have the capacities to serve customers promptly and efficiently. With the trend toward decentralized paper handling, the industry can gain capacity to grow with rising demands and opportunities." • •

## 'Ask the Experts' Sessions To Be Included on Program Of BAI Convention Nov. 1-4

WASHINGTON, D. C.—The 46th national Bank Administration Institute convention will be held at the Washington Hilton Hotel November 1-4, with an expected attendance of more than 2,000 members.

The convention will feature morning general sessions and afternoon technical sessions covering auditing, operations, personnel and control. Educational displays and key government official speakers, especially drawn from bank supervisory ranks, will highlight the sessions.

The last day of the convention will be given over to the traditional "Ask the Experts" sessions, at which chairmen and members of the accounting, audit, federal taxes, operations, personnel administration, savings, security and trust commissions of the BAI will answer questions from delegates to the convention.

Convention general chairman is L. A. Jennings, chairman, Riggs National, Washington, D. C.

## Optical Reader Reduces Work At Republic National, Dallas

Punching cards with hole codes used to be a required step in the automation revolution. Now technicians at Republic National, Dallas, are eliminating that step by using an Optical Character Recognition Reader to count Wide Area Telephone Service (WATS) calls.

As a WATS call is being placed, a bank telephone operator prints pertinent information on a form. This information includes a caller code assigned to each person. During processing, the completed forms are fed into an optical reader that is capable of scanning 11,000 documents per hour.

The optical reader can read data consisting of a single character, multiple characters, a paragraph or pages of paragraphs. Documents may be typewritten or printed by hand or machine.



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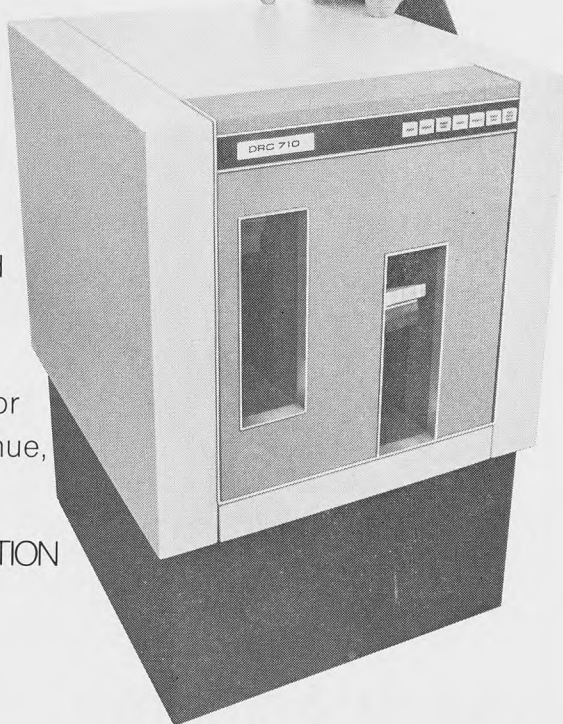
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# Selling Bank Services

## Bank Tellers Are Front-Line Troops In PR and Selling Services Battle

By PAUL N. SHY

Vice President  
Columbia National Bank  
Columbia, Mo.

WHAT IS the teller's role in business development? All too often it appears that the teller feels his or her responsibility begins and ends with balancing the window. Certainly this is a prime responsibility, but business development must be placed alongside it as an equal. Just as surely as a teller loses cash by overpaying items, he loses cash by causing a customer to move his account or by failing to take advantage of an opportunity to sell bank services.

I would like to mention a few important points that I'll call the four "Rs" of bank salesmanship. They are *recognize, respond, review* and *request*. That is, *recognize* the opportunity, *respond* by suggesting a service,

*review* the benefits of the service to the customer—not the bank—and *request* action—now.

The first R, *recognize* the opportunity, is simply learning to listen for the countless selling opportunities that present themselves daily. A checking account customer is a good prospect for a savings account and an automatic transfer arrangement. A customer purchasing a CD or E bond might need a safe deposit box. One customer might mention buying a car; offer to introduce him to a personal loan officer. These, and many other opportunities to sell bank services occur daily. By being alert you can make a worthwhile contribution to your bank.

*Respond* to this opportunity by suggesting the appropriate service. Do you know your bank's services? Many don't. For this I blame bank management. In many cases they keep rates and other details a big, dark secret

and don't communicate with tellers, those who are in a position to—and should be—selling.

A friend of mine wrote 100 banks, many the largest and most progressive in the country, asking for copies of their service manuals for a Bank Public Relations and Marketing Association (now Bank Marketing Association) school project. Very few had manuals and most replied, "We don't have one, but when you develop yours we'd like to have a copy." This shows the amateur status selling holds in banking today.

On the other hand, look at retail and wholesale businesses and their catalogs of products available for sale. A bank is no different, except that checking, savings, CDs, loans and other familiar services are its product. We should all have a product manual to study and refer to when we want to know a detail, price or rate.

Next, *review* the benefits of the service with the customer. He wants to know what's in it for him, not how much additional revenue the bank will make, or about the promotion or bonus you'll get.

A safe deposit box protects valuables from fire or theft. A savings account at the bank saves time—just one stop at one window for cashing his check, making that checking account deposit, the loan payment and then adding to his savings account. Why not get that car loan here at the bank? The rates are low and will save him money and the bank can automatically take the payment from his checking account on any day the customer chooses.

Last, *request* action now. This step is frequently termed "asking for the business." These are the four most important words in selling. Two common closes requesting action are the benefit close and the either-or close.

The benefit close restates the major benefit of the service, tagged with a question designed to solicit prompt action. For example, "Now that you see how safe your valuables would be in our safe deposit box while you are on vacation, can I take you down and introduce you to Mr. Jones?"

The either-or close encourages your prospect's action by giving him a choice of two ways to act, either of which leads to your objective. Decisions involving minor details encourage quick action. "Would you prefer the \$4.70 or the \$5 size box?" "What type of check to you prefer, voucher or end-stub?"

With either answer you sell a safe deposit box or a checking account. Never give a yes or no alternative. This reduces your chances 50%. Rather than imposing on the customer, you

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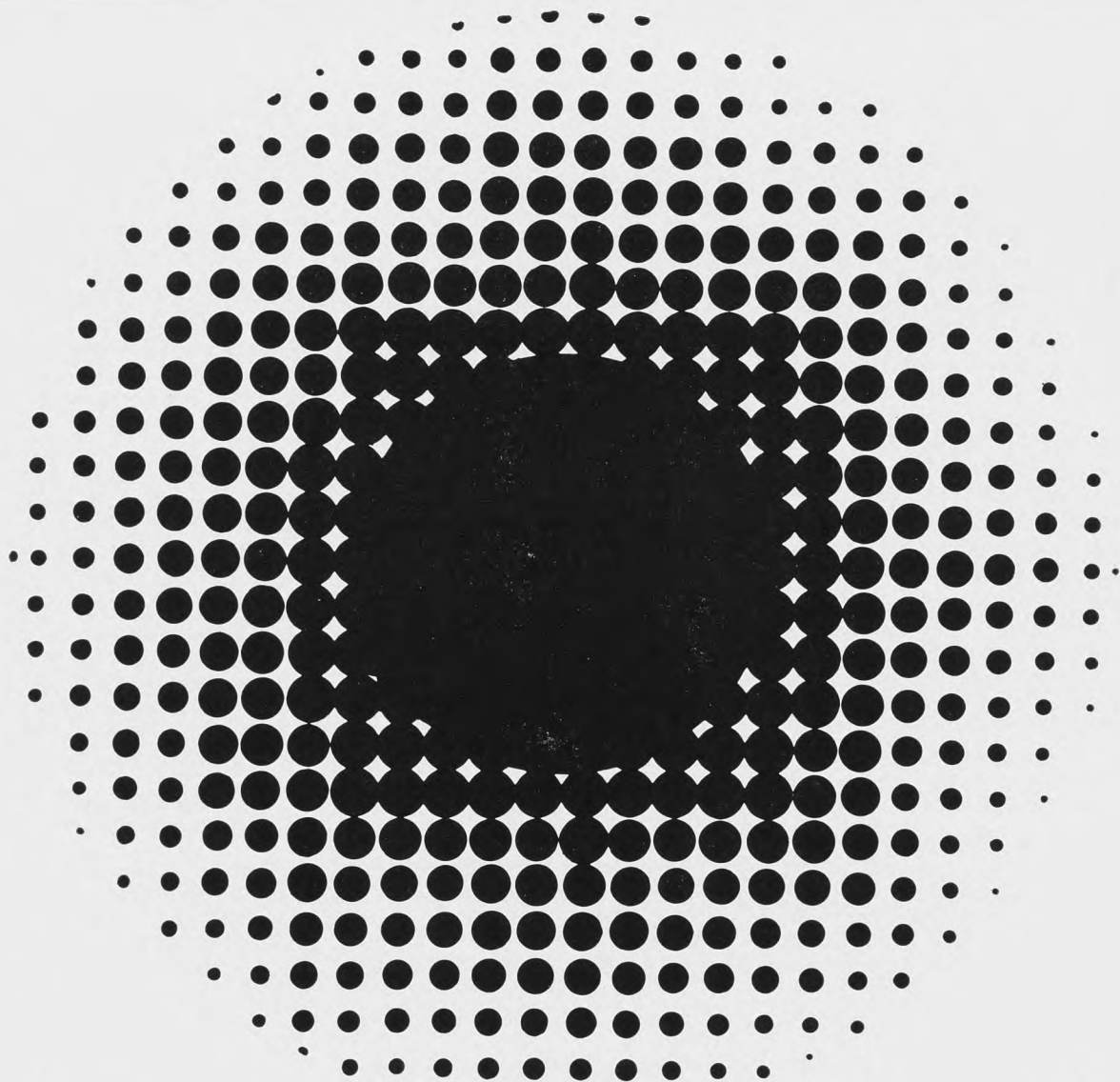
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should feel you are helping him by suggesting a service that will actually benefit him.

How many of you have called the telephone company to have a plain old black phone installed? I guarantee the service representative who handled your call tried to sell you something. How many of you ended up with color, an extension in the bedroom, bell chimes or a princess phone? And now you find you can't do without the extra phone and plain old black just would not match your fancy new draperies. You're not angry at the telephone company; in fact, you appreciate its helpfulness. If we as bankers could only do as well!

In summary, I quote Will Rogers who said, "I never met a man I didn't like." This is a statement of truth. The important thought behind it is that Will Rogers obviously met many men whom he could have disliked, but he disciplined himself to a point where he was prepared to like that next fellow he met. If more of mankind today would discipline themselves to this type of attitude, our problems would be less severe.

It is necessary to work diligently at the art of liking people. People want to be liked—need to be liked—and can be liked. Public relations and business development require us to use courtesy at every turn. One cannot continually treat people with kindness without benefitting them, himself and others.

The fierce competition of banking today can be reduced to a war of personalities. This is perhaps the finest battle any of us could be engaged in. It forces us to bring out our artillery of friendship, our battleship of kindness

and our troops of courtesy to attempt to display the attitude desired most by our customers, both potential and current.

Spearheading this attack will be our teller line. This is the teller's role in public relations and business development. • •

#### Meissner Is Representative At City National, K. C.



MEISSNER

Previously, Mr. Meissner was a member of the metropolitan group of the bank's major accounts and business development division. He joined City National in early 1968.

**KANSAS CITY**  
—Frank Meissner recently was appointed special representative in the correspondent banking division, City National. He will represent the bank in Oklahoma, Texas and New Mexico.

#### Banks Receive Recognition For Advertising Programs

Specialty Advertising Association International, Chicago, recently honored eight banks and their advertising counselors for their 1969 specialty advertising programs.

Banks and their advertising agencies in the Mid-Continent area that received awards were: Gateway National and Davis Advertising Co., Fort Worth; Commercial National, Laurel, Miss., and K & R Advertising Spe-

cialty Co., Inc., Clarksdale; Merchants National, Indianapolis, and Shaw-Barton, Inc., Coshocton, O.; and Indiana Bank and M. E. Koher Co., Inc., Fort Wayne.

#### Chicago Investors Purchase Lawndale National Control

**CHICAGO**—A group of investors, including Michigan Avenue Financial Group and First Drivers Corp., recently purchased a majority interest in Lawndale National, a \$43-million institution.

Newly elected directors are: Raymond J. Allen, president, International Industrial Leasing Co.; Anthony Antoniou, real estate developer; Richard J. Fencil, industrialist; Joseph O. Kostner, attorney; Urban F. Myers, newly elected executive vice president, Lawndale National; and Vaclav Pletka, contractor.

Remaining as directors are: M. J. Freed, chairman; Edward F. Kennedy, president; and R. V. Graham Jr., president, First Savings, La Grange Park.

#### Seminar Conference Planned For Small-Bank Presidents

A conference for bank presidents on "Meeting Executive Responsibilities in the Changing Bank Environment," sponsored by the bank management seminars division of the Sorensen Group, will be held November 18-20 in New York.

The seminar is for presidents of banks with up to \$50 million in deposits and will consider small bank policies, problems and every-day management decisions.

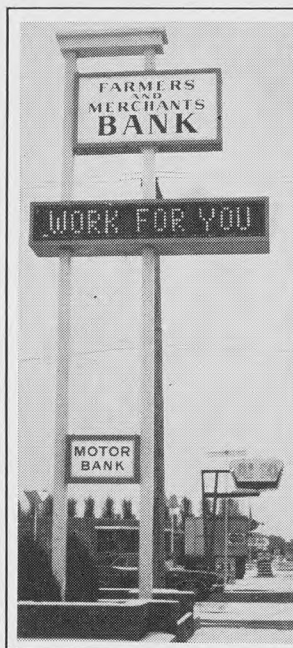
Conference speakers include: Senator John Sparkman, chairman, Senate Banking and Currency Committee; James J. Saxon, former Comptroller of the Currency; and Anthony E. Chase, chief counsel, Small Business Administration, Washington, D. C.

Registration can be made through Bank Management Seminars, a Division of the Sorensen Group, Suite 1700, 964 Third Avenue, New York, N. Y. 10022.

#### BofA Plans Subsidiary

**SAN FRANCISCO**—Bank of America recently announced that it will establish an international banking subsidiary in Chicago.

The bank has received Federal Reserve approval for the new Edge Act corporation, which will become the bank's second international banking subsidiary in the United States. The corporation, to be known as the Bank of America International of Chicago, will have initial capitalization of \$2 million and is expected to begin operations early in 1971.



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invite the public to buy them at big savings for just a few dollars and even make a profit. My wig is a luxurious, nationally known, synthetic, stretch wig. One size fits anyone. It is available in different styles and many colors, including the popular new frosted.

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Send wig and information.

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<input type="checkbox"/> Medium Brown	<input type="checkbox"/> Auburn	<input type="checkbox"/> Silver Grey
<input type="checkbox"/> Light Brown	<input type="checkbox"/> Medium Frosted	
<input type="checkbox"/> Ash Blonde	<input type="checkbox"/> Light Frosted	



# THE BANKING SCENE



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

## The Changed Role of Bank Directors

**B**Y THE TIME this column is printed, over half the deposits in Missouri will be in banks controlled by bank holding companies. The strong upward growth trend in bank holding companies is similarly evident in most of the states represented in this magazine's territory.

When it is viewed in relationship to the situation of only a few years ago, this only reinforces the validity of what has been described as the continuing *Banking Revolution*.

Naturally, any change, be it in the social, political or financial structure, will cause reactions both pro and con depending on whether one individually or bank-wise benefits or is adversely affected by the change.

This column will deal with only one small, but I think very important, facet of the growth of the bank holding company movement: the changed role of directors in banks that are now part of holding companies. It is not intended to draw value judgments, but more appropriately to raise questions as to the potentials both for good or ill of the new posture such as bank directors will have.

To appreciate the change, we have only to go back to the former status of a bank's board.

In a unit-unaffiliated bank, a director typically was chosen because of his leadership in the local business community. Naturally, he had ownership of the stock of the bank since the law required it. However, if one point is stressed, it is the recognition that he was elected by the bank's shareholders and the tradition of banking called for the bank to be represented by its board as a strong community leader—even at times to the extent of a bank's liquidating its government bond portfolio at a loss to be able to accommodate the local borrowing needs of the bank's customers.

At the annual shareholders' meeting, there is from time to time a poignant period when dissatisfied shareholders

can and occasionally do voice disagreement with the board's and the bank's policies and directors squirm and listen.

While all corporate directors represent shareholders, the bank director is in a much more complicated and delicate position. Because his bank is such a highly financially leveraged institution, he legally—and from the bank regulators' view—has an even more compelling obligation to the creditors of the bank; that is, the depositors who for the most part are local individuals and companies. A board whose imprudent and cavalier actions lead to a bank's failure can be successfully sued by shareholders and depositors. The directors of the late San Francisco National Bank individually paying out hundreds of thousands of dollars illustrate this point.

It is part of this milieu that has made the dual- and unit-banking structure unique and, let us rather proudly say, has contributed substantially to the over-all high economic level of our nation, by far the highest of any major nation.

In my humble opinion (as a financial historian), a substantial part of that higher economic level is because the boards of banks were sensitive and responsive to the needs of their communities. The boards, made up mostly of local community leaders, intimately knew and were sympathetic to their communities' pressing problems. They could and did marshal the communities' funds to meet their financially prudent needs.

Has the holding company movement adversely affected this community rapport? Will it?

Perhaps a point of clarification between one-bank holding companies and registered bank holding companies would be appropriate. They are different in a number of regulatory and supervisory reporting requirements. However, in both the IBHC and the RBHC the bank's board is

elected by the parent company. The board's directors serve at the pleasure of the parent holding company. The parent holding company's management may or may not be locally oriented. With a IBHC there is a strong likelihood that the parent corporation will be locally oriented, but in RBHCs, especially those with interstate, statewide or state regional coverage, this is less probable. Put simply, an additional level of administration is added to the management structure. How will this affect the local decision-making process of the board? It of course will vary. One director of a bank that recently joined a RBHC said that his understanding of its policy was that his board should continue to operate as it had in the past with only a nominal change to provide minority-director representation and feed-back to and from the parent RBHC. In other words, continue a mostly autonomous operation with the local bank benefiting from the management depth and resources of the parent RBHC in such areas as loan participation, trusts, buying and selling federal funds but interestingly enough *not* in sharing the computer of that RBHC.

Since there had recently been a modest change in his board, I suggested that a new and local board member would find participation at the next assembly for bank directors a worthwhile experience. It would be beneficial not only to the new directors but even more so to the bank. The interesting answer I received was to the effect that while the director personally thought the idea worthwhile, he doubted if the management of his RBHC would go along with the idea, especially as it might set a precedent for the other banks in the system. In other words (in this small but incremental area), the policy of the RBHC either as implied or as interpreted by that director was at variance with the basic view of this director. The additional layer of administration apparent-

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Pictured from left to right are Tim Myers, West Virginia, Ohio; Jimmy Fortner, Alabama; Steve Shepherd, Oklahoma; Bob Johnston, Illinois, Missouri; Gid Jenkins, Tennessee, Kentucky; Marty Gohmann, Indiana, Illinois, Michigan.





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ly had blurred or clouded the decision-making of that bank board or at least the one director. I could not but wonder if the director and his board would do this in the preceding instance, would it not similarly do so in other cases.

Put in another framework: Whereas the directors of the subject bank owned a substantial de facto controlling block of the bank's stock, today they hold a *non*-controlling block of stock of the RBHC. It is more marketable—but their attitudes of authority and decision-making have undergone a subtle change. This is *not* to infer that change is either bad or good. It is simply that a changed board relationship *vis-à-vis* control of a small bank and influence is *not* the same as control of a RBHC.

It brought to mind Shakespeare's "Julius Caesar"—"I'd rather be No. 1 in a small village than No. 2 in Rome."

From both the borrowing public's and the depositors' points of view, the inferred somewhat diminished authority of the director of a bank controlled by a holding company may not be too apparent.

What is important is that those directors have an *added* dimension of responsibility—that added area is to their holding company. However, they have not been relieved in any shape, manner or form from their responsibilities to their community, their depositors, their borrowing customers, their officers and employees. It is important for directors of banks that join (or contemplate joining) holding companies to recognize that their roles are made increasingly complex, that they call for an *even higher level of fairness* to all the parts that make up their financial families.

Often joining a RBHC will provide a stronger, better-trained management structure for the joining bank. However, there is a serious need for fairness on both sides of the merging board table. Inevitably the pensions, the hospitalization programs, the age and criteria of employees' retirement, etc., will differ between the two organizations. It is the awesome and difficult task of the board to resolve such factors since most boards frankly are not sufficiently attuned to all the variations of the two systems.

Thus, directors on both sides of a RBHC negotiation have a challenging obligation to effect a fair and equitable arrangement that does equal justice to their shareholders, their officers and employees, their local community, their customers.

It's tough but it is essential that the directors do this. They can, but it will take extra effort. •••



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MID-CONTINENT BANKER for October, 1970



# Bank Holds Commodity-Trading Seminar In Conjunction With Brokerage Firm

NORTH LITTLE ROCK—As a means of enlarging its commercial customers' knowledge of the operations and advantages of the commodities markets, First American National recently held a seminar in commodity trading. A session also was held for area bankers.

Presenting the seminar were Carl Anderson, a vice president of Merrill

Lynch, Pierce, Fenner & Smith, Chicago, and Dan Henning, a commodities specialist for the brokerage firm at its Tulsa office.

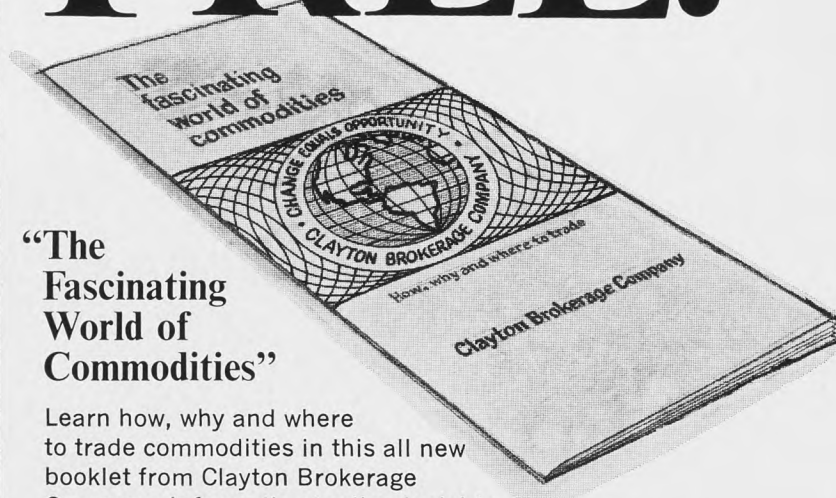
Wayne W. Harris, First American National vice president, acted as coordinator for the seminar.

Discussion and films shown dealt primarily with functions of the commodity futures markets as a hedge for



Carl Anderson (l.) and Dan Henning (r.) are shown making their presentations during commodity-trading seminar held recently by First American Nat'l, North Little Rock. Mr. Anderson is vice president, Merrill Lynch, Pierce, Fenner & Smith, Chicago. Mr. Henning is commodities specialist at Merrill Lynch, Tulsa.

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producers and handlers of commodities. Thus, Mr. Anderson and Mr. Henning in their talks cautioned the commodity producer and handler against certain assumptions when making hedging sales or purchases.

These were:

The futures market is not a means of guaranteeing the producer or handler a profit.

In virtually no case is it advisable to hedge an entire crop or in the case of the processor or handler the entire holdings.

The purchase or sale of a futures contract does not relieve the operator of the need to watch the market in order to determine its apparent fluctuations.

On the other hand, they pointed out, the market can do these things:

It offers the producer or handler an opportunity to “lock in” a profit, assuming his operation is profitable in itself, and assure himself a return on time, labor and money invested.

It broadens the time period in which the producer or handler may sell his stock of commodities and thereby increases his chances of making a profit.

In the case of farmer or handler, the futures contract can be a useful tool in obtaining needed credit because it reduces the risk and provides the bank of which he asks a loan with reasonable assurance that his collateral (the commodity involved) will maintain a given value.

In discussing the value of hedging on commodity crops or holdings, the seminar brought out that 98% of futures contracts are never fulfilled by delivering the commodity. Instead, they are offset by buying and delivering a contract for the month required.

Inasmuch as futures and cash prices tend to move in parallel lines, when the operator of a large wheat ranch is ready to sell his crop, he will find that the cash price he can get for his grain and the price at which he can buy a contract for the month in which he plans to market will be close to identical. Thus, the price which he ac-



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You'd be surprised at what Howard Beermann, Wayne Obrecht, Bob Norrish, Alan Meyer and Don Anderson see when they look out of the window.

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associated with farming.

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tually receives for his wheat is the price of the futures contract he sold months before.

Thus, the futures market offers a kind of built-in crop insurance both for the producer, processor or handler and for the bank that makes a substantial loan on a crop that may be at the time the loan is made only a producer's plans or seed in the ground. Of course, the difference between the price at which the wheat producer sold his futures contract when planning his crop and the price at which he bought a contract for delivery represents the producer's gross profit. This reasonable assurance of a profit is the crop insurance alluded to.

Bankers who are knowledgeable about futures know that a hedged commodity is less subject to price risk. As a result, it is superior loan collateral. As a consequence, bankers will make a relatively larger loan to a producer, processor or handler who is also a hedger.

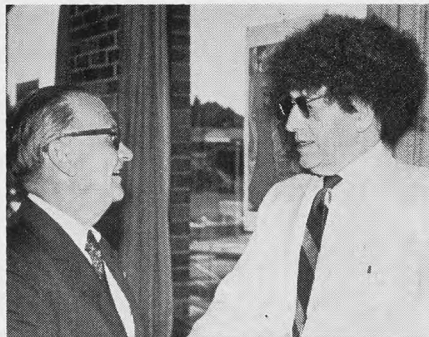
**Citizens Nat'l of Decatur  
Holds 31st Annual  
Correspondent Gathering**

DECATUR, ILL.—Citizens National held its 31st annual correspondent bank party September 10 with more than 300 bankers in attendance.

The party featured the traditional golf tournament, stag dinner, awarding of golf and attendance prizes and the famous stories told by the party's founder, John Crocker, retired chairman of the bank.

Approximately 165 bankers participated in the golf tournament on a near perfect golfing day.

Presiding at the festivities following dinner were William Barnes III, chairman, who introduced the bank's new president, J. L. Hunter. Dale P. Arnold, assistant vice president, awarded golf and attendance prizes.



Melvin C. Lockard (l.), ch. and pres., First Nat'l, Mattoon, chats with the party's founder, John Crocker, retired ch. of Citizens Nat'l. In keeping with the theme of a rock festival, Mr. Crocker sports a hippie-style wig. Mr. Lockard is a candidate for reelection as a Class A director of the Federal Reserve Bank of Chicago. Mr. Crocker is a former director of the Chicago Fed.



T. E. McNamara (l.), ch., Union Nat'l, Streator, poses with M. H. McKee, inactive v.p. Minonk State, at a social hour preceding dinner.



J. L. Hunter (l.), newly elected pres. of Citizens Nat'l, speaks at the party following an introduction by William Barnes III, the bank's ch. Mr. Hunter formerly was general manager of General Electric's audio products dept. in Decatur.

**RMA Conference Planned  
Nov. 8-11 in Boston**

Robert Morris Associates, the national association of bank loan and credit officers, will hold its 56th fall conference on November 8-11 in Boston. About 1,400 members and their wives are expected to attend.

Planning for the event is being done by RMA's New England Chapter, under the leadership of John B. Gray, vice president, First National, Boston.

Conference speakers include: Daniel P. Moynihan, assistant to the President on urban affairs; Senator Thomas J. McIntyre (D., N.H.), a member of the Senate Banking and Currency Committee and chairman, Subcommittee on Small Business; and Edwin O. Reischauer, Harvard professor and former U. S. ambassador to Japan.

Panels, seminars and workshops will cover commercial lending and asset management, legal and legislative aspects of banking and operating problems.

■ BANK OF NEW ORLEANS recently named three new assistant cashiers in the credit department. They are Joseph W. Berey, credit analyst, Paul C. Boyer, real estate mortgages and interim construction financing, and Ronald J. Thurman, special loan services. All three men joined the bank in 1966.

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These are the four men who head up our Correspondent Bank Division teams.

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And when it comes to serving you, they certainly don't horse around.

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OF MEMPHIS**



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Walter Ireland  
Vice President  
(Miss., Ala., La.)

Ralph Colley  
Vice President  
(Tenn., Mo., Ky.)

John Dulin  
Vice President  
(Ark., Tex., Okla.)

Armistead Smith  
Vice President and  
Senior Lending Officer  
Correspondent Division





# CORPORATE NEWS ROUNDUP

## News of Firms Serving Banks

• **Bankers Dispatch Corp.** Bankers Dispatch, headquartered in Chicago, has announced the start-up of a new air route from Boston to New York to Detroit and return. The flight originates in Boston, stops in Newark, New York, Philadelphia, Pittsburgh, Detroit and then returns the same way. Through shuttle service, the flight will be linked with midwestern flights maintained by the company.

The service will carry bank shipments and other high-priority items.

The firm maintains regional offices in Milwaukee, Indianapolis, Detroit, St. Louis and Kansas City. Through its present ground-courier service and through its air subsidiaries, Apollo Airways and International Air Courier, the company services hundreds of cities throughout the area listed.

• **Rowland & Co.**

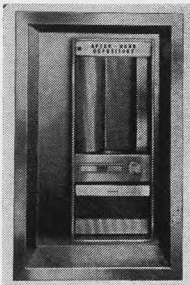
Ralph M. Zitzmann has joined Rowland & Co., headquartered in St. Louis, as head of the expanded institutional bond department. Formerly, he was vice president and director of a nationally known brokerage house. Mr. Zitzmann has been in the investment banking business since 1951 and is a specialist in religious institutional financing.



ZITZMANN

• **Diebold, Inc.** A new electrically operated after-hours depository has been introduced by Diebold, Inc., Canton, O.

The Diebold Electra automatically transports bag and envelope deposits to a receiving chest by means of an electrical mechanism. After the customer makes his deposit and closes the door, the deposit is transported to a chute at the rear of the depository and drops into a receiving chest below.



• **Douglas-Guardian Warehouse Corp.** Charles C. Carpenter, vice president and district manager, Atlanta Office, Douglas-Guardian Warehouse

Corp., died recently after suffering a stroke. Morris C. Haller, district manager, Memphis Office, has been transferred to Atlanta to fill Mr. Carpenter's position. Mr. Haller will be succeeded by Loren E. McClung as manager of the Memphis Office.

• **St. Louis Terminal Field Warehouse Co.** Effective October 1, St. Louis Terminal Field Warehouse Co. changed its name to SLT Warehouse Co.

• **Howard J. Blender Co.** This fall, Howard J. Blender Co., headquartered in Northbrook, Ill., will open a new office in Grand Prairie, Tex. Grand Prairie is in the Dallas-Fort Worth area. The Blender company is a consulting firm working exclusively for banks.

• **Mosler Co.** Mosler Counter Systems Division recently moved to a new location in Buffalo, N. Y. The newly remodeled facility occupies 60,000 square feet and houses offices, manufacturing and warehouse operations. The plant will manufacture modular financial furniture for financial institutions.

• **American Express Co.**

Leon H. Clemons has joined American Express Co., as Dallas resident manager in the travelers cheque division. He will represent the company in Arkansas, Oklahoma and in the eastern and northern areas of Texas. Previously, Mr. Clemons was with Republic National, Dallas.



CLEMONS

• **American Repossessors Association.**

The 1970-71 edition of the Repossessors Directory, published by the American Repossessors Association, Minneapolis, was recently released. The book is the world's largest roster of bonded, professional repossessors-skiptracers. It is available at no charge by writing American Repossessors Association, Box 35114, Minneapolis, Minn. 55435.

• **Scarborough & Co.** Four new executives recently were appointed by Scarborough & Co., headquartered in Chicago. Richard L. Stengel, as sales executive, will call on banks in Min-

nesota. William K. Ericksen is sales-account executive for casualty, aviation and directors and officers liability insurance.

Timothy P. Kanelos will serve as an account executive on all financial insurance for banks and Robert C. Stearns was appointed a claims attorney.

• **Delta Corp. of America.** Jack L. Funk has joined Delta Corp. of America, headquartered in Miami, as a regional vice president in Kansas City. He will head the regional office, supervising activities in Missouri, Kansas, Iowa, Oklahoma and Texas.

Formerly, Mr. Funk was vice president and senior loan officer, First National, Independence, Mo. He has been involved in the financing of mobile homes for dealers for the past 15 years.

• **Bank Building Corp.** Arne W. Brnton recently joined Bank Building Corp., headquartered in St. Louis, as a consultant with the Northern Division Office, Des Plaines, Ill.



BRNTON

Previously, Mr. Brnton was assistant director of marketing, Interlake Steel Corp., Howell Contract Furniture Division. Prior to this, he was regional sales manager, Geneva Industries, and national sales manager, Albert Pick & Co., Inc.

• **Foremost Insurance Co.** "Lenders' Indemnity," a complete protection program for banks and other lending institutions financing mobile home purchases has been developed by Foremost Insurance Co., Grand Rapids, Mich. The coverage includes payment of all costs in event of default, credit life insurance, venter's single interest and dealer fraud.

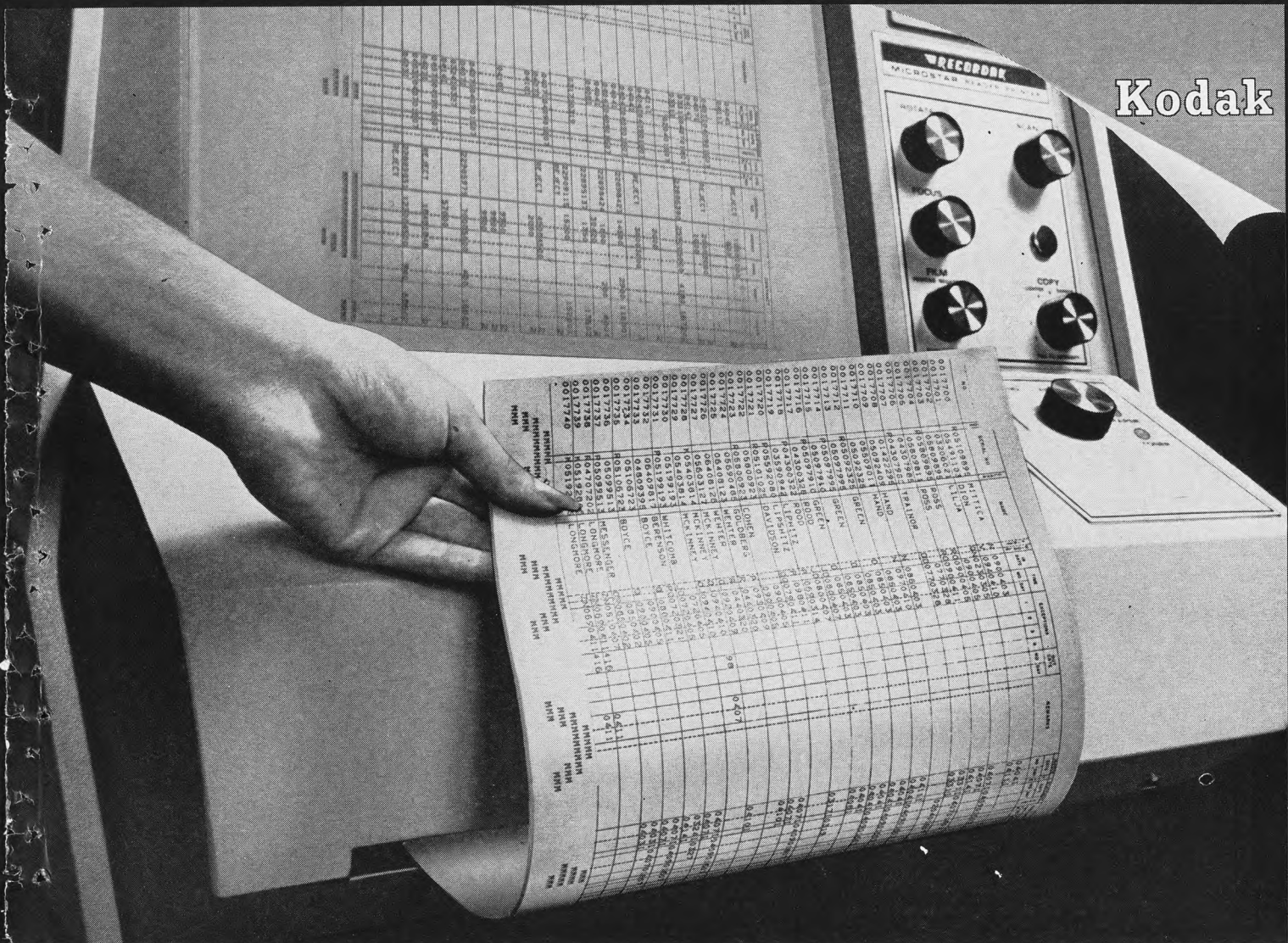
• **Diebold, Inc.** A visual information retrieval system (VIRS) 8511 has been introduced by Diebold, Inc., of Canton, O. The system is a closed-circuit television document transmitter capable of televising



full 8½ by 11-inch records on remote reviewing monitors.

By pressing the proper selection button on the VIRS, an operator can gain access to loan records, inventory records or central information file records within seconds.

Kodak



## Kodak's new microfilm reader-printers:

# They accentuate the positive.

Now you can get dry positive prints from both negative and positive microfilm in ten to twelve seconds. At the flick of a switch, and without changing toner.

Your prints are automatically trimmed to any one of twelve sizes ranging from 4" x 8½" to 11" x 14." They'll be uniform and have high contrast. Price is low—less than 5¢ for a letter-size print.

There are many operator advantages. For example, a new roll of paper can be loaded in just five seconds. And you're backed up by Kodak's international service organization and our pledge to total systems responsibility.

Think positive. Ask your Kodak microfilm systems expert about the new Recordak reader-printers. Or the new printer module designed for the Recordak Microstar and Motormatic readers. Eastman Kodak Company, Business Systems Markets Division, Dept. DP 596, Rochester, N.Y. 14650.

## Kodak Microfilm Systems



**We'll help you  
any way we can.  
After all, that's  
what friends  
are for.**



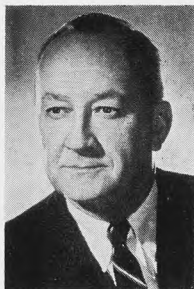
# **THE FIRST NATIONAL BANK OF ATLANTA**

**MID-CONTINENT BANKER for October, 1970**

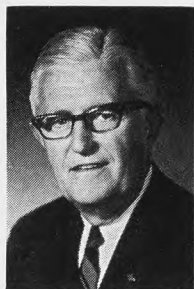
# MID-CONTINENT BANKER NEWS ROUNDUP

News From Around the Nation

## PEOPLE



MOTHERSHEAD



MAHRDT

• J. KURT MAHRDT has become chairman and chief executive officer of Indiana National and Indiana National Corp., both in Indianapolis. He succeeded WILSON MOTHERSHEAD, who has retired.

Mr. Mahrdrdt was formerly vice chairman, Indiana National, and president, Indiana National Corp.

• PETER M. NELSON has been promoted to senior vice president in the national division at Bank of America's San Francisco Headquarters. At 39, he is the youngest senior vice president in BofA and has been there since 1955. Mr. Nelson now heads the northern California section of the national division.

• RICHARD J. FLAMSON III has been named an executive vice president and member of the managing committee of Security Pacific National, Los Angeles. As administrator of the corporate banking group, he succeeds NORMAN R. REHM, executive vice president, who will retire October 31. RALPH E. BELLVILLE has been named a senior vice president and successor to Mr. Flamson as administrator of the international banking department.

• THOMAS A. WOOD and ROBERT D. LILLEY have been elected directors of Chase Manhattan Corp. and Chase Manhattan Bank, New York City. Mr. Wood is president, TAW International Leasing, Inc.; Mr. Lilley, executive vice president, American Telephone & Telegraph Co.

• OTTO N. MILLER, chairman and CEO, Standard Oil Co. of California, has been appointed a director of Crocker National Corp., San Francisco.

## Unionization for Missouri Banks

First North County Bank, Jennings, Mo., reportedly is the first bank in the state to have union representation of employees. Last month, staff members voted 44-25 to be represented by the Office and Professional Employees Union of the AFL-CIO.

A week later, employees of First Northwest Bank, St. Ann, Mo., also voted to be represented by the OPEIU. Both of these banks have the same ownership.

Another bank involved with unions—Otoe County National, Nebraska City, Neb.—has had an employees' strike over wages on its hands since August 18. However, the bank has threatened to fire striking employees—members of Communications Workers of America—if they do not return to work. According to a spokesman for the National Labor Relations Board, the bank's threat to fire the employees is not an unfair labor practices act because the dispute is considered an "economic" strike involving contract issues and agreement on a new contract.

## Brokered Funds Get Close Scrutiny

Brokered funds have been much in the news lately. The three federal bank regulatory agencies have mailed questionnaires to all banks under their jurisdictions to learn the extent to which banks are obtaining funds through brokered loans.

The three regulatory authorities have expressed concern about the use of these funds and the role they may have played in several bank failures. However, according to FDIC Chairman Frank Wille, they don't want to issue blanket rules on the subject without getting all the facts first.

In Kentucky, bankers at their annual convention last month approved a resolution officially deploring use of brokered funds.

In Washington, Representative Wright Patman (D., Tex.) has introduced his Safe Banking Act of 1970, which includes a section forbidding banks to use these funds. He will begin holding hearings on the proposed act after the new Congress convenes early in 1971.

## No Class-Action Suits for Banks?

Should banks be exempt from legislation allowing consumers to file class-action suits? This question has been put to the three federal banking regulatory authorities by Senator Warren G. Magnuson (D., Wash.), chairman, Senate Commerce Committee. It's believed that the agencies' replies may determine whether banks will be subject to such suits. The Consumer Bankers Association requested the exemption from the Class-Action Bill (S. 3201) and was joined by the ABA.

The bill provides that class-action suits could be started in federal courts by consumers against allegedly unfair practices by companies, including lenders. If the plaintiffs win such suits, all consumers buying or using the products or services over which the suits were filed would be entitled to damages or some other redress ordered by the courts.

## Interest for Christmas Club Accounts

First National City, New York City, will pay 4½% interest on Christmas Club accounts, beginning with the 1971 club.

Most banks refuse to pay interest on such accounts because they believe them to be costly to handle. However, Citibank said use of computers to record individual transactions will enable the bank to reduce handling costs on Christmas Club deposits to the point where it's possible to "pass the savings along to the consumer."



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There are many major services correspondents perform for their member banks.

You probably are already utilizing all or most of them. But if you're not using them all, or aren't completely satisfied with the way your correspondent is working for you, try us. We may just be a little better.

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- Transfer Your Funds to Other Banks.
- Provide Channels for "Fed Funds".
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- Provide Complete Trust Services and the Administration of Wills, Estates, and Corporate Investments.
- Streamline Your Operational Procedures and Banking Systems.
- Provide International Services.

We believe in ourselves and our ability to perform with high ratings of success for your best interests. We want you to believe in us. We believe in you.

## First National Bank of Kansas City

# Growth of Registered Bank Holding Firms Changes Missouri's Banking Structure

*Holding Companies expected to control 46% of state's total deposits by 1972; independents consider countermeasures*

By JIM FABIAN, Associate Editor

SINCE 1899 Missouri has been a unit-banking state, and it appears destined to remain one. The issue of state-wide branching has been effectively controlled by Missouri's many independent bankers, and there is little reason to believe there will be any change in their thinking on the subject.

But Missouri's banking structure is changing, nevertheless—and rapidly. Banks across the state are lining up as members of registered bank holding companies. It would appear that bankers who have been denied branching privileges are effectively circumventing branch banking prohibition statutes with a somewhat cumbersome—yet workable—system that enables realization of many of the goals held dear by exponents of branching. By 1972, holding companies are expected to control 46% of the state's total bank deposits.

And the big question is: What are unit-banking advocates going to do about it? Will registered bank holding companies be permitted to have free rein to expand into state-wide networks of affiliated banks? Will small, independent banks that resist holding company affiliation be squeezed out by competitors that enjoy the advantages of such an affiliation? Will legislation be introduced in the 1971 legislature to limit—or even ban—registered bank holding companies? In short, in what direction is Missouri banking headed?

State statute books are silent regarding registered bank holding com-

panies. The entire matter is under the jurisdiction of federal statute, with the Fed serving as judge over the merits of holding company activity. Regulation Y, as implemented by the Fed, is the rulebook for determining the eligibility of a registered bank holding company. So long as a company complies with Regulation Y's strictures, the Fed is authorized to approve the formation and expansion of registered

bank holding companies—providing there is no state statute to the contrary.

The Fed is charged by the Bank Holding Company Act of 1956 with the evaluation of the competitive effects, among other factors, of formations and acquisitions of registered bank holding companies. In 1966, Congress amended the Act, prescribing, among other things, that the same competitive standards be applied by the federal bank regulatory agencies and the Department of Justice in all cases involving bank mergers and registered bank holding company formations and acquisitions.

The agencies cannot approve acquisitions that would violate the anti-monopoly provisions of the Sherman Act or that would substantially lessen competition or tend to create a monopoly or which would be in restraint of trade, unless the anti-competitive effects are clearly outweighed in the public interest by the probable effect on the convenience and needs of the community.

The Justice Department can sue to stop a merger or acquisition within 30 days of approval by a bank regulatory agency. If it doesn't act in the allotted time, Justice is barred from entering a suit, except under the anti-monopoly section of the Sherman Act. If such a suit is filed, the merger is held up until court action is completed.

What is a registered bank holding company? It is a firm that owns 25% or more of the stock of two or more

## State HC Law Roundup

The majority of the statute books of the 13 states in the Mid-Continent area are silent regarding the subject of registered bank holding companies. These include Alabama, Arkansas, Kentucky, Missouri, New Mexico, Tennessee and Texas.

States prohibiting registered bank holding companies include Illinois, Indiana, Kansas and Mississippi. Louisiana and Oklahoma permit one-bank holding companies, but not registered bank holding companies.

On a nation-wide basis, 12 states prohibit registered bank holding companies, 30 states are silent, four states permit holding companies on a restricted basis and five states require state approval of holding company acquisitions.

Bankers in five Mid-Continent states anticipate the introduction of legislation next year on the subject of bank holding companies. The states are Alabama, Arkansas, Indiana, Missouri and New Mexico.



banks. (For tax reasons, registered bank holding companies usually own at least 80% of an affiliated bank.) Such a firm must register with the Fed and obtain Fed approval before it can operate.

Upon formation of a holding company, stockholders of affiliating banks exchange their individual bank stock for holding company stock. Each individual bank must maintain its own identity and its own board. Usually the holding company's headquarters decides over-all policy, but the directors of an affiliate are largely responsible for running their institution's affairs.

The loan limit of each affiliate is retained, but it is possible, through organizational policy, to combine the loan limits of all member banks. This enables an affiliate having a loan above its own legal limit to sell participations to other affiliates. In cases where a large city bank is part of a holding company, that bank's resources and specialists are in a position to assist smaller affiliates with investment, trust, data processing and other services.

The question naturally arises: Is this a form of branch banking? In a legal sense, the answer must be "no," but many of the state's independent bankers claim there is actually little or no difference between a holding company setup and a branching system.

Respondents to a recent MID-CONTINENT BANKER survey, when queried which they would prefer—branching or registered bank holding companies—replied two-to-one in favor of holding companies. Reasons included the following: Holding companies allow for a certain amount of autonomy on the part of affiliates; an affiliate would retain an interest in its local customers, whereas a branch bank would tend to favor interests of big-city customers; holding companies can provide small affiliates with greater know-how and services that are beneficial to the local area. Also mentioned was the fact that in order for a holding company to acquire an affiliate in a given area, it must have the consent of the affiliate's stockholders, whereas the establishment of a branch facility is decided by state regulatory authorities.

Another argument in favor of holding companies reasons that a holding company would tend to be more careful when considering the acquisition of an affiliate than would a bank seeking branches. Such a bank might be forced to open more branches than it could profitably support, due to competitive pressures. Still another "plus" factor put forth for holding companies was that growth of an affiliate's area would

be more orderly because the affiliate's board would have the advice of holding company executives who had access to a wider range of experience.

Those opting for branch banking countered with the following reasons: Branching has all the advantages of the registered bank holding company and it is a "cleaner" way of doing business; under branching, any bank could expand, while with holding companies only "invited" banks can become affiliates; branching involves less investment and enables aggressive banks to service areas that are lacking in banking services; branching would be a more stable form of banking in the public's mind; branching would result in bank stock being offered on organized exchanges, making it a more liquid asset.

When bankers were queried as to the principal advantages of registered bank holding companies, they replied as follows:

- Registered bank holding companies enable larger lines of credit to be made available to member banks.
- They provide for executive succession from the holding companies' large pools of executive talent.
- They enable banks to broaden their services.
- They make bank stocks more valuable.
- They provide economies of scale, efficiency and expertise of operations.
- They permit loan participations at the prevailing local rate without undue second-guessing.
- They permit solicitation and service of large corporate accounts having branch operations in a local bank's area.
- They provide development of standardized accounting and audit pro-

#### IBA Gets Branch Curb

The Illinois Bankers Association has been successful in getting the Illinois Constitutional Convention to adopt a restriction on branch banking.

The restriction provides that branch banking can be authorized only by a 3/5th vote of the legislators voting on the proposal, or a constitutional majority, whichever is greater.

Prior to adoption of the restriction, the proposed constitution was silent regarding all banking issues. If this version had stood, a simple majority of the House and Senate could have passed any branching bill.

The proposed constitution will be submitted to Illinois voters in December.

cedures with audit service for member banks.

- They provide assistance in management of a bank's bond portfolio.
- They maintain a viable and active market for holding company stock.
- They maintain a higher dividend payout than most small country banks can afford in a situation where they are having good growth in total assets.
- They provide services such as trust, investment counseling, farm management and computer services by pooling the talent and resources of all banks in the group. This enables small banks to become more competitive.

The following disadvantages of registered bank holding companies were enumerated by respondents:

- Small borrowers could have difficulty in receiving consideration when dealing with a city-controlled bank holding company.
- As independent banks disappear, borrowers will have less choice as to where they can bank.
- The possibility of complications arising from multi-level management.
- The possibility of divorcing the local bank from its community roots and taking little interest in community development.
- The possibility of rigid controls, robbing banks of autonomy.
- The possibility of domination by metropolitan area bankers who don't understand rural problems.
- The possibility of a few holding companies gaining control of the majority of a state's banks.
- The possibility of correspondent sources drying up because city banks, as members of registered bank holding companies, might no longer serve independent banks.

- Red tape involving certified financial statements for holding companies.
- Local money could be channeled to distant parts of the state.

- Holding companies cause the purchase price of banks to rise too high.

Other survey questions asked bankers' opinions as to whether they recommended curtailment or banning of registered bank holding companies in Missouri. Response was almost three-to-one favoring curtailment, but opinion was almost evenly divided on banning. The lop-sided majority favoring curtailment was not unexpected, since the majority of the state's banks (and, thus, of respondents to the survey) are independent. The response on banning reflected two main trends of thought—that some form of registered bank holding company should be permitted and that it would be useless to try to ban them at this late date, since the "horse has already escaped from the barn."

# Missouri Multi-Bank Holding Companies

Following is a tabulation of existing and proposed registered bank holding companies in Missouri and their banks, with deposits taken from bank directory listings as of year-end, 1969 (in millions of dollars).

## Approved Companies

<b>Commerce Bancshares, Inc., Kansas City</b> .....	<b>\$ 827.2</b>
Commerce Bank, Kansas City .....	551.4
Citizens National, Kirksville .....	10.5
Commerce Bank, St. Joseph .....	26.5
Commerce Bank, Hannibal .....	7.5
Tipton Farmers Bank .....	4.0
Mexico Savings Bank .....	17.7
Mechanics Bank, Moberly .....	17.7
Commerce Bank, University City .....	36.2
Commerce Bank, Kirkwood .....	25.7
Commerce Bank, St. Charles .....	14.1
Columbia National .....	13.8
Citizens Bank, Joplin .....	12.0
Chariton County Exchange Bank, Brunswick ..	4.8
Citizens Bank, Springfield .....	64.2
State Bank, Lebanon .....	13.8
Commerce Bank, Bonne Terre (p) .....	7.3
<b>First National Charter Corp., Kansas City</b> .....	<b>\$ 453.3</b>
First National, Kansas City .....	391.2
Leawood National, Kansas City .....	16.2
National Bank, Boonville .....	9.4
Webster Groves Trust (p) .....	36.5
<b>First Union, Inc., St. Louis</b> .....	<b>\$ 901.4</b>
First National, St. Louis .....	832.6
Vandalia State .....	9.8
First National, West Plains** .....	28.2
Bank of Springfield** .....	8.1
Rolla State** .....	15.2
Crystal City State** .....	7.5
<b>General Bancshares Corp., St. Louis*</b> .....	<b>\$ 303.6</b>
Bank of St. Louis .....	170.0
Jefferson-Gravois Bank, St. Louis .....	44.0
Northwestern Bank & Trust, St. Louis .....	31.8
Baden Bank, St. Louis .....	35.3

\* Company owns four banks in Illinois and Tennessee under grandfather clause.

\*\* Application to be filed with Fed soon.

Lindbergh Bank, Hazelwood .....	11.7
Commercial Bank, Olivette .....	10.8
<b>Missouri Bancshares, Inc., Kansas City</b> .....	<b>\$ 443.4</b>
City National, Kansas City .....	369.4
Security National, Joplin .....	9.0
Central National, Carthage .....	16.2
Kemper State, Boonville .....	16.6
Peoples National, Warrensburg .....	12.9
First Security, Kirkwood (p) .....	19.3
<b>Mark Twain Bancshares, Inc., Clayton</b> .....	<b>\$ 115.6</b>
Mark Twain South County .....	30.8
Mark Twain State, Bridgeton .....	25.3
Mark Twain Northland, Jennings .....	59.5
<b>U. N. Bancshares, Inc., Springfield</b> .....	<b>\$ 85.4</b>
Union National, Springfield .....	85.4
Springfield National .....	
<b>First Midwest Bancorp., Inc., St. Joseph</b> .....	<b>\$ 81.8</b>
First National, St. Joseph .....	59.3
First Stock Yards Bank, S. St. Joseph .....	16.5
First Trust Bank, St. Joseph .....	6.0
<b>Midwest Bancorporation, Kansas City</b> .....	<b>\$ 16.3</b>
Laurel Bank, Raytown .....	12.2
Platte Woods Bank, Kansas City .....	4.1
<b>Jos W. Ingram Trust B, Kansas City</b> .....	<b>\$ 12.2</b>
Salisbury Savings .....	11.3
Bank of Bynumville .....	0.9

## Pending Companies

<b>Mercantile Bancorporation, St. Louis</b> .....	<b>\$1041.1</b>
Mercantile Trust Co., St. Louis .....	967.8
Mercantile-Commerce Trust, St. Louis .....	48.4
Southern Missouri Trust, Springfield .....	24.9
<b>Boatmen's Bancshares, Inc., St. Louis</b> .....	<b>\$ 321.0</b>
Boatmen's National, St. Louis .....	284.4
Bank of Concord Village .....	20.3
Manchester Community Bank, Ballwin .....	16.3
<b>First State Bancorporation, St. Louis</b> .....	<b>\$ 167.9</b>
State Bank & Trust Co., Wellston .....	86.6
First North County Bank & Trust, Jennings ..	59.5
First Northwest Bank, St. Ann .....	21.8

(p) Registered status planned.

Respondents were asked their opinion on whether legislation to either curtail or ban registered bank holding companies would be introduced in the 1971 Missouri legislature. A negative response was voiced over a positive response by two-to-one. Many replied that they expected curtailment legislation to be introduced, but that it had no chance of being enacted.

The Missouri Independent Bankers Association will introduce a bill during the next session of the Missouri legislature to limit the activities of all multi-bank holding companies. The extent of

the limitations is not known as of this writing; however, the bill will contain a grandfather clause.

At present, 10 Missouri registered bank holding companies are operating or have received Fed approval to begin operations.

Largest and fastest growing of the group is Commerce Bancshares, Inc., operating out of Kansas City. The firm has 15 affiliates, with the 16th—the former First State of Bonne Terre—awaiting Fed approval. Headed by James M. Kemper Jr., chairman and president, Commerce took the initial step

to holding company status in 1967 when it signed affiliation contracts with banks in Springfield, Joplin and Brunswick. Fed approval was granted in 1968. Assets as of last June 30 totaled \$944 million.

(Multi-bank holding company assets as reported in the text of this article do not agree with the figures contained in the chart on this page because chart figures are from year-end 1969 reports, while figures in the text are for mid-year 1970.)

First National Charter Corp., also  
(Continued on page 78)





Citizens cooperate to clean up junk in rundown areas.



CDC financing enabled Sylvester Williams to become entrepreneur.



Junk autos are hauled off to disposal site during cleanup.

## 'Georgia Plan' Provides Attractive Model For Bank-Led Community Betterment

SLUMS can be changed when the people do something together with the proper use of private capital instead of the government dole, says Mills B. Lane, president of Citizens & Southern National, Atlanta. For C&S, the model for proper use of private capital is "the Georgia plan," an ambitious effort with three objectives:

- Improved communication between races, economic groups and citizens in general;
- Clean-up and physical improvement in communities where physical decay now exists;
- Economic community development within these areas—seeking to bring them, reclaimed and revitalized, into the economic mainstream of the local community.

According to Mr. Lane, "One of our big problems of the past has been to recognize a problem, talk about it, and then write a check to someone else, thinking we've done our job. Here we saw what needed to be done and wrote a check to ourselves—and then we went out and did it."

To carry out the Georgia plan, C&S has established a subsidiary, Community Development Corp. (CDC), with offices in each of the 11 Georgia cities where the bank maintains branches. CDC funds are used to provide down-payment loans so that first-mortgage home financing can be obtained for low-income families and so that equity or total financing can be obtained for new small businesses. The initial capitalization of CDC was \$1 million, with an additional million added last January.

The bank chose to establish the subsidiary corporation because federal banking laws prohibit national banks from making second-mortgage loans. Yet, C&S felt the major deterrent to low-income people owning homes was the down payment. Mr. Lane was able to convince the Fed's Board of Governors that the purpose of CDC was to restore the physical appearance of Georgia cities and to contribute to the social responsibility and economic well-being of citizens.

CDC was chartered in Savannah in July, 1968. In June, 1969, CDC offices were established in 11 other Georgia cities.

Over \$1.8 million in CDC loan funds have been injected into numerous small businesses and used for down-payment loans for over 250 new homeowners. With down payment requirements met, bank funds could be brought into force for the longer term first-mortgage financing, if necessary. Also, the bank has loaned over \$2.5 million for the renovation of over 1,200 dwellings throughout the state.

Mr. Lane started with a total bank commitment of \$10 million in 1968, but has said this would not be a ceiling—whatever amount would be necessary to do the job would be allotted. As of January, 1970, the bank's investment in the Georgia plan had topped the \$4 million mark.

The results of the first 24 months of the plan's operation indicate a solid record of banking achievement and the Georgia plan appears to offer an attractive model of banking involvement in minority community econom-

ic development—combining profitability with a strong sense of social responsibility.

The Georgia plan had its start with a giant clean-up campaign in Savannah in May, 1968. C&S organized the campaign to become involved in cleaning up two Savannah ghetto areas. Some 10,000 black and white citizens from all backgrounds participated in the effort; college students surveyed residents and convinced them to participate; businesses donated trucks, drivers and workcrews; churches prepared 13,000 sandwiches and distributed them among the workers; local government assisted in a number of ways. A garbage can, a new fence and an American flag were presented to participating residents.

In May, 1969, this activity was repeated in Savannah and 11 other Georgia cities. Over 75,000 volunteers worked together to move more than a thousand junk autos and almost 13,000 tons of trash. These combined efforts did much to erase suspicion and open lines of communication to create an atmosphere of mutual respect and cooperation.

The Georgia plan and CDC evolved from the interest and trust relationships developed in these clean-up campaigns. CDC began in Savannah with Richard L. Kattel as president and William J. VanLandingham as secretary-treasurer and operating director. Four programs were undertaken: home-ownership loans, home-improvement loans, equity financing for low-income entrepreneurs and demonstration housing programs.

*Home ownership.* This program in-

volves a down-payment loan by CDC with terms adjusted to individual needs and family budgets so that first-mortgage financing can be obtained. Experience has shown that while only 5% of low-income families own their own homes, a majority of the other 95% can successfully transfer their rent payments to mortgage payments. Loans are made at standard market rates.

**Home-improvement loans.** Working with Carver State Bank, a Negro-owned institution in Savannah, the Georgia plan has extended over \$1.5 million in "fix-up" loans to refurbish over 1,200 dwellings.

**Business-ownership loans.** An aggressive lending program to identify undeveloped talent and then to furnish equity capital to "high risk" low-income entrepreneurs was undertaken. Examples of loans approved include:

- A plastering and drywall contractor who was struggling because of insufficient working capital and a delinquent tax bill. CDC provided working capital, management assistance and advice, credit assistance and payroll financing.

- A man desiring to open a dry cleaning establishment was given the funds to purchase equipment, a delivery truck, property and a building.

- An employee of a used-car establishment was granted funds to become the first Negro automobile dealer in Savannah.

- A cook was provided with funds to open and operate a first class soul food restaurant, which has become extremely successful.

**Demonstration housing.** In addition to its lending activity, CDC is conducting several demonstration housing projects. In Savannah, a city block of deteriorated rental property was purchased and was converted to attractive apartments that are owner-occupied. In Augusta, to stimulate other activity of a similar nature, CDC purchased a 16-unit rundown white apartment complex for \$80,000 and renovated it for resale to owner-occupants.

In Savannah, CDC purchased Riverside Gardens, a 132-unit housing project built in 1942, which became a poverty pocket of low-income white families. Approximately \$500,000 in renovation funds was added to the initial investment of \$245,000 to result in a strikingly improved complex.

New housing, involving a townhouse concept in Savannah and a concrete-and-steel "round house" concept in Atlanta, has been developed. The purpose of CDC involvement in demonstration housing is to serve as a catalyst for innovative ideas and private efforts in solving the housing crisis.

**Other programs.** Several other programs have resulted because of C&S involvement in the Georgia plan. A  
(Continued on page 84)

## Chicago-Area Bank Offers Business Tips

EVANSTON, ILL.—As part of a program to let local businessmen know the bank is interested in their success, State National, located in this Chicago suburb, recently mailed letters offering tips for fighting creeping inflation to 250 merchants.

The letter suggested that inventories be kept low, that merchants offer merchandise that appeals to youth, that careful consideration be given before undertaking any remodeling projects and that advertising and public relations programs be examined to see that they give the buyer the impression that the merchant is endeavoring to offer the best buys for the shopper's money.

A financial editor for a Chicago radio station, who had heard about the letter, read it in its entirety during one of his weekday broadcasts. According to Dennis B. O'Malley, bank assistant vice president, many phone calls requesting copies of the letter were received from those who heard the broadcast.

The last item of advice in the letter was an invitation for the businessmen to call at the bank. Several merchants responded and some took advantage of valuable bank services they had overlooked in the past.

## Missouri Banker Comments on Community Development Role

By JAMES M. KEMPER JR.

Chairman and President  
Commerce Bancshares, Kansas City

Following are excerpts from a talk delivered by Mr. Kemper at Mexico, Mo., at the time Mexico State became an active affiliate of Commerce Bancshares, Kansas City.

AS COMMUNITIES and their development have become more complex, their citizens have rightly looked to their bankers for leadership and for advice, and this has not been an easy assignment for bankers, no matter what size the community. Where the banker in the larger community was apt to have the specialized problems of either the central city or the suburb, depending on his bank's



KEMPER

location, the banker in the smaller regional communities had the whole ball of wax of community problems thrust on him as his responsibility.

This included the development of new industry, the consolidation of school districts, the passage of bonds, the rebuilding of downtown areas, the financing of every conceivable type of enterprise, whether church, hospital, livestock auctioneer, senior citizens' home, farm, manufacturing plant, shopping center or whatever. The bankers supposedly should be able to provide the answers. I think all of us in the profession would privately admit some amazement in the confidence that so many people show in us as prophets, seers, analysts, advisers and financiers.

During our recent years of unparalleled prosperity, it has often been more difficult to be skeptical than optimistic about new community ventures. When we as bankers have suggested that financial details of new community ventures should be more carefully reviewed before the community em-

barks on them, we have seen the community look elsewhere for advice. We have seen new ventures that we would not have dreamed of just a few years ago confidently proposed by newcomers to our communities. Sports stadiums, medical schools, regional airports, ice hockey arenas, all seem a necessity for community development to those who are especially interested in them.

In the meantime, less glamorous necessities, like public transportation, local road systems, juvenile detention facilities, jails and police and fire departments, struggle to keep up with our rapidly expanding cities.

I think the time has come for all communities to insist that their bankers and their business leaders go on the line and make firm commitments when new community ventures are proposed. Architects are great at designing buildings, but they are not noted as accountants. Municipal bond underwriting houses purchasing a city's general obligation bonds are not nec-

(Continued on page 70)

MID-CONTINENT BANKER for October, 1970



# Banks Reverse Economic Downtrend In Western Kentucky Community

By **JIM FABIAN**  
Associate Editor

**F**EW RESIDENTS of Princeton, Ky., would argue with the statement that the community owes its economic well-being to its two commercial banks—Farmers Bank & Trust and First Bank & Trust. For it was the leadership of J. L. Williams Jr., president of Farmers Bank, and Edwin Lamb, president of First Bank, that enabled Princeton to pull itself up by the bootstraps after its fortunes were mired in economic stagnation.

Imagine the situation Princeton faced in 1960: Only two major employers, sustaining 400 jobs, remained in the pleasant western Kentucky community; the town was an important rail center, but dieselization of operations had eliminated many jobs; a trucking firm had moved out of town; a new telephone dial system had eliminated numerous operator jobs; the veterans hospital had been closed; and a milk plant had been sold, resulting in a curtailment in jobs. This situation had developed over a two-year period, and it left Princetonians with little choice but to migrate to other areas of the state to secure employment.

Realizing that Princeton had to reverse its decline, Messrs. Williams and Lamb, along with the county clerk, were instrumental in forming and manning an industrial development committee for the Princeton Chamber of Commerce. The three civic leaders saw that their first project was to change the attitude of the community and its citizens from one of frustration to one of expectancy of progress through industrial development.

To accomplish this, the bankers reasoned that Princeton must construct a new public water system, build an airport and secure a planned four-lane highway to the Princeton area.

## The Princeton Success Story

	1960	1970
Population	5,200	5,200
Industrial Employers	2	6
Industrial Jobs	400	2,700

**Annual Payroll \$1.1 million \$9.8 million**  
**Bank Deposits \$8.5 million \$28.6 million**

Above figures testify to the dramatic improvement in the economy of Princeton and surrounding area due to the work of the town's industrial development committee, headed by competing bank presidents.

All three projects were accomplished, following the expenditure of much time, money and effort on the part of Princeton's bankers. A federal grant was obtained to help finance the water system. The four-lane toll road route was wrested from a more northern route by dint of many trips to the state capital and the shrewd formation of a lobbying group comprised of representatives from most of the communities that would benefit from re-routing the highway through Princeton. The airport was financed and constructed to enable representatives of business to fly to Princeton to inspect plant sites and to provide ready access for executives to those sites after they were developed.

Competitors Williams and Lamb



Grinnell Corp. (top) was first major industry to move to Princeton at urging of bankers Williams and Lamb. Plant employs 300. Arvin Industries (bottom) employs 1,700 from Princeton area; manufactures radio and stereo components. Water tower at far right stands on 52-acre industrial tract where construction has begun on a new \$5 million plant for Federal-Mogul Corp.



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ON YOUR  
WAY UP



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worked together to woo business to locate in Princeton. When Grinnell Corp., world's largest manufacturer of high pressure welding pipe fittings, expressed interest in a nearby site, the industrial development committee promptly bought it and resold it to Grinnell, resulting in 300 new jobs for Princetonians. To raise the \$25,000 to purchase the land, the committee canvassed Princeton's businessmen, asking for donations totaling \$50,000. The sum was pledged in 24 hours. The extra \$25,000 enabled the committee to purchase other sites for prospective industrial firms.

The second major industry to take an interest in Princeton was Arvin Industries, maker of radio and stereo equipment. With 1,700 jobs in the offing, the industrial development committee again went to local businessmen to raise another \$50,000, which was used to secure a site for Arvin plus a 52-acre adjoining industrial tract. From an initial size of 30,000 square feet, Arvin has grown to 270,000 square feet.

Other business firms have located in Princeton due to the efforts of Messrs. Williams and Lamb, so that the 400 jobs that existed in 1960 now



Bankers J. L. Williams Jr. (l.), and Edwin Lamb study plans for industrial development in Princeton, Ky. Mr. Williams is president of Farmers Bank; Mr. Lamb is president of First Bank.

total 2,700. Many of the residents who had to go elsewhere to find employment have returned to Princeton to work close to home. They find that the wages in Princeton are not as high as in major industrial centers, but the rewards of living in Princeton, where they can farm on the side while still making good wages, far outweigh any wage differential.

Firms locating in the Princeton area are happy with the abundance of labor and the wage scale. They also appreciate the climate of cooperation prevalent among Princetonians.

City government is nonpartisan and the community's leaders make every effort to assure that the best-qualified candidates are elected to city offices, thus insuring the continuance of Princeton's progress. Each of the two banks had representation on the city council for eight years.

Princeton continues to upgrade its facilities. A \$1.5 million school building program is being implemented to replace the outdated high school that serves both community and county residents.

A cluster of luxury homes is being built adjacent to the country club. The homes are being occupied by corporate executives who have settled in Princeton along with their firms. These people are finding that small-town living is economical, friendly and downright pleasant.

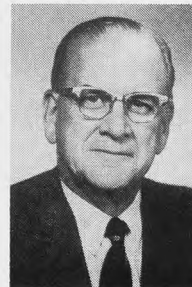
Princeton's bankers and their industrial development committee are looking for prospects for the remaining industrial areas, making plans to install a lighting system at the airport, going ahead with the new high school and seeing to it that every element in the community has modern banking services.

Thanks to the forward-looking bankers of Princeton—who realize that their banks can only grow if the community grows—the community's economic picture has changed from one of gloom to one of prosperity. • •

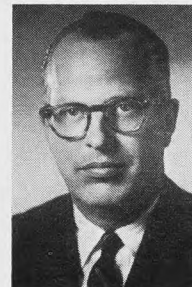
### Two Are Promoted At Chemical Bank

NEW YORK—Chemical Bank recently named Donald C. Platten first vice president, international division, and J. Kenneth Townsend senior vice president, personnel division.

Mr. Platten has been in charge of the international division since he was named executive vice president in 1967. He now joins the bank's senior-management group consisting of William S. Renchard, chairman; Hulbert S. Aldrich, vice chairman; and Howard W. McCall Jr., president.



TOWNSEND



PLATTEN

## Harris Trust Education Program Trains Minority Group Youths

“DON'T GOT NO learnin', don't got no job, don't got no money, don't got no future.” That's the story for many minority group youths and it usually ends right there.

The job of reclaiming youth from a background of indifference and defeat is being taken on by the special education program of Harris Trust, Chicago.

The program features training in basic math and reading, in office skills and with business machines, plus on-the-job training at the bank.

Anderson Fain, program director, gives individual counseling to instill self-confidence and goals in youth. He says the ghetto dweller needs realistic examples of success obtained by others similar to him.

The program, as it now exists, started in 1968 and has graduated about 90 employees. Currently, there are 28 youths enrolled. The typical candidate for the program is 17 through 27, a high school dropout without any skills and probably on welfare. He is from a minority group. Minority group members include Indians, Chinese, Japanese, Hawaiians, White Appalachians, blacks and Spanish-speaking peoples.

The bank does not seek out candidates for the program. This method of recruitment makes the candidate feel he is not like everyone else and that he does not have to try as hard. A special education employee usually walks in off the street or is referred by an agency or by another employee.

The personnel department interviews the youth and, if he qualifies for training, special education goes to work improving his reading ability and comprehension level. Aside from on-the-job training, the boy receives sensitivity training, designed to give him more confidence in his abilities, and tips on hygiene and how to budget money.

About 80% of department supervisors are pleased with special education employees. While most of the youths stay at the bank, some leave to attend high school, college or to find another job.

With the training at the bank comes a job. With a job comes money and with money comes a future. • •



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*\*Top row: J. Wayne Kempton, Southwestern Representative; Stephen L. Marley, East Central; Jack W. Impey, South Central; George F. Lang, Operations and Sales; Ronald O. Anfenson, Vice President, Finance. Bottom row: Robert M. Levi, Southeastern Representative; William Chris Eickhof, Jr., Executive Vice President; Richard T. Hepworth, President; Peter L. Engstrom, North Central Representative.*



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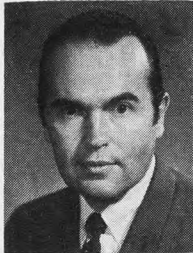


Miss Myrna Bates (l.) of First of Tulsa staff advises Junior Achiever Debby Rogers on JA bank payroll matters.



## First of Tulsa Junior Achievement Bank Brings Benefits to Area Students

**T**ULSA'S Junior Achievement business program has proved to be of great benefit both to the youngsters participating in the program and to the area businesses supporting it. We at First of Tulsa are proud of the part we have played in assisting with a Junior Achievement bank which has been in existence for four years.



ALEXANDER

Called the First of Tulsa JA Bank Co., the enterprise was charged with the responsibility of handling basic financial transactions for Tulsa's 41 Junior Achievement companies.

The JA bank is advised by 10 staff members from First of Tulsa who serve as counselors to the student bankers.

Because of the time required to order forms, checks, deposit slips and plan the operation of the company, the advisors had to establish plans well before the bank was scheduled to open.

Last October, 16 high school students were selected to man the bank. All were in their second or third year of Junior Achievement work, and all expressed interest in knowing more about the workings of a bank.

The first official meeting of the bank's board was held on opening day. All 16 Achievers met and each purchased a share of stock. Officers were elected and the First of Tulsa JA Bank name was officially adopted.

By **LINDSAY L. ALEXANDER**  
**Vice President**  
**Marketing and Public Relations**  
**First National Bank, Tulsa**

A senior girl at Tulsa's Thomas Edison High School—a third-year Achiever—was elected president. Other officers elected were a vice president of operations, a corporate secretary and a vice president of personnel. It was at this point that the advisors took back seats and the operation of the bank was placed directly into the hands of the officers.

A number of committees and work groups were formed under the direction of the officers, and the directors wrote and adopted their own bylaws as a guide for banking operations.

Service charge policies were drawn and approved and stock certificates were issued. First Achievers sold these shares to their families and friends throughout the community.

The directors approved a capitalization of \$130—the amount they deemed necessary for proper foundation of the company before regular income was received. To secure these funds, 130 shares of stock, priced at \$1 each, were sold to various firms in and around Tulsa.

After the JA business community was completely established and each of the organizations had chosen a name, the bank went to work. Deposit slips and checks were ordered, ledgers were prepared and the First of Tulsa JA Bank officially came into being.

Business hours were between 7:15 and 8:30 p.m., Monday through Thurs-

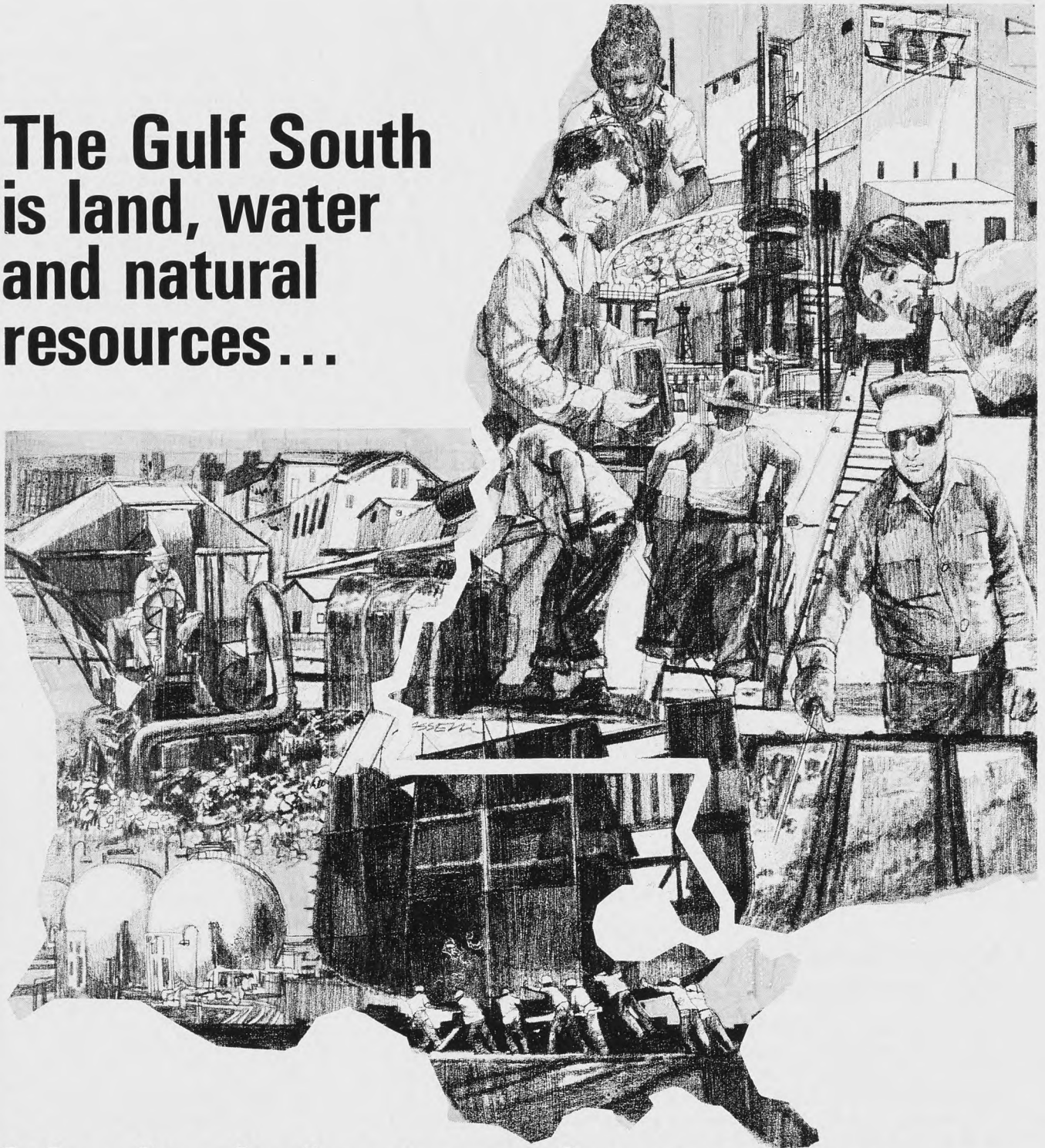
day. Four First Achievers and two advisors were chosen to work each bank night.

A formal list of operational procedures was written and a manual was prepared explaining in detail how the students would operate the bank. Everything from the initial opening of an account to preparing and delivering



Junior Achiever Floyd Harris (l.) works with First of Tulsa staffer Quemby Robison at the deposits window of the JA bank.

**The Gulf South  
is land, water  
and natural  
resources...**



**It's also industry and commerce... and  
the area the Whitney knows best.**

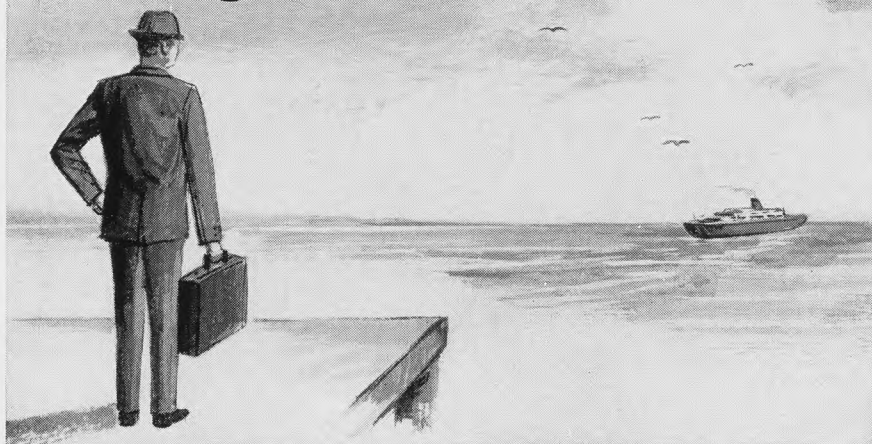
Our men from the Whitney have been in the depths of salt mines, high on piney hills, far out on the waters of the Gulf, and amid vast fields of cotton, sugar cane, rice and soybeans. They have visited with banks and bankers, talked with geologists, worked with agronomists. Having been around the circuit for more than 85 years, we understand the region—its ambitions, potentials, achievements. When you want data—call the Whitney. It's the area we know best!

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Arthur J. Frentz, Chairman of the Board  
Leland C. McCallum, President



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monthly bank statements to the other JA companies was included.

The First Achievers, representing seven Tulsa high schools, were guided in the operation of the bank, learning how to work as tellers, bookkeepers and managers. Technical skills in posting, balancing of books and public relations were also taught.

Each Achiever was assigned to specific jobs in the bank and worked closely with the advisors. After a few weeks of this intensified training, each of the students had received cross training in all phases of the total operation.

The benefits of the program are twofold. First, each of the participating high school students receives an insight into the operation of modern business by actually owning and operating a portion of an enterprise. Educational leaders say this gives students a more direct sense of responsibility and, in many cases, helps shape areas of advanced study in college.

The sponsoring company also receives much from JA. In addition to the natural feeling of accomplishment, the program provides a valuable training ground for future employees. Each First Achiever is a classroom leader and has expressed interest in business—otherwise he wouldn't have participated in the JA program.

Many of the benefits of JA are of a personal nature. In a letter to First of Tulsa President John Robertson, a previous JA bank president wrote:

"Since this year has been a profitable one for us, we are happy to pay you \$1.12 per share—which is but a small payment in comparison to the feelings of gratitude we feel. Thanks to the benevolence and willingness expressed to both the corporations and adults in the Tulsa area, Junior Achievement has flourished and enriched the lives of everyone it has touched." • •

### East Central Miss. Chapter Added to BAI Roster

Formation of the East Central Mississippi Chapter, serving parts of Mississippi and Alabama, recently was announced by the Bank Administration Institute. This brings the number of BAI chapters to 233.

Glynn Hughes, vice president, Peoples Bank, Meridian, Miss., will serve as president of the new chapter. Other officers include: vice president, Martin Pace, vice president, First National, Butler, Ala.; treasurer, David Thoms, assistant auditor, Commercial National, Laurel, Miss.; and secretary, Jimmy D. Knight, assistant cashier, Merchants & Farmers, Meridian, Miss.

MID-CONTINENT BANKER for October, 1970



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Color coded for quick, easy identification. Red for pennies... blue for nickels... green for dimes... to indicate quantity and denominations... eliminates mistakes. Tapered edges.

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Extra wide... extra strong. Designed for areas where halves are wrapped in \$20.00 packs... "red bordered window" for ease of identification. Accommodates \$20.00 in dollars, \$20.00 in halves. Tapered edges.

**9 BANDING STRAPS**

Ideal for packing currency, deposit tickets, checks, etc... do not break or deteriorate with age. Size 10 x 3/4 inches and made of strong brown Kraft stock with gummed end for ease of sealing. Packed 1000 to a carton.

**5 OLD STYLE COIN WRAPPER**

Basic coin wrapper in extra strong kraft stock. Printed in 6 different standard colors to differentiate denominations. Triple designation through colors, printing and letters. Tapered edges.

**6 KWARTET COIN WRAPPER**

Wraps 4 denominations in half size packages. A miniature of the popular "Automatic Wrapper"... 25c in pennies, \$1.00 in nickels, \$2.50 in dimes, \$5.00 in quarters.

**7 FEDERAL BILL STRAP**

Package contents clearly identified on faces and edges by color coded panels with inverted and reverse figures. Made of extra strong stock to assure unbroken deliveries. Only pure dextrine gumming used.

**8 COLORED BILL STRAP**

Entire strap is color coded to identify denomination. Printed amount appears on top and bottom of package. Extra wide for marking and stamping. Extra strong stock for safe delivery and storage. Pure dextrine gumming.

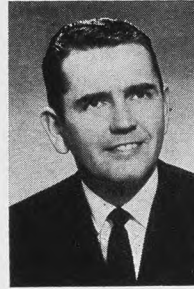
SEE YOUR DEALER OR SEND FOR FREE SAMPLES

**THE C. L. DOWNEY COMPANY • HANNIBAL, MISSOURI • DEPT. MC**

MID-CONTINENT BANKER for October, 1970



# A Banker Views Mobile Home Financing and Service Companies



By **WILLIAM N. McCALLUM**  
Vice President and Manager  
Consumer Loan Department  
Lafayette (Ind.) Bank

A SMALL BANK can build, with the aid of a service company, a loss-free short-term, high-net-yield mobile home loan portfolio.

Such results are contingent on the bank being selective in employing a service company offering full-service, one that is adequately staffed with competent personnel in addition to being financially sound.

Following are the results of my bank's experience, along with a few policy guidelines and operational techniques that may be of value to other banks considering embarking on a mobile home lending program.

In August, 1966, the percentage of installment loans at Lafayette Bank was considerably below that carried in most banks with a loan portfolio of similar size (\$14.5 million).

Our installment loan department's growth during the preceding five years had been slow, and had even declined during 1965. Our outstandings were top-heavy in automobile retail and wholesale loans, which totaled over 48% of loans outstanding. We were faced with a slow growth pattern and a heavy concentration in one industry's product.

At that time an article came to my attention concerning the growing role mobile homes were playing in satisfying the nation's housing needs. The article revealed that mobile housing had captured 18.7% of the new single family units built during 1965. This percentage had risen from a 1960 figure of 9.6%. Other figures showed that during this five-year period (1960-65) mobile home shipments had more than doubled. The 1960 figure of 100,000 units had grown to 216,000 in 1965. During this same period new single family conventional housing starts had decreased.

Another article appearing at about the same time estimated that mobile homes accounted for 75% of new housing selling under \$12,500. Incidentally, today it has been reported that inflationary pressures and the "tight money" situation have altered the above estimate to indicate that more than 90% of all single family dwellings selling for under \$15,000 are mobile homes.

These revelations prompted me to study the mobile housing industry from data available and by making frequent calls on the few mobile home dealers in our area. After considerable reading and much brainpicking of our area's more knowledgeable and experienced dealers, I concluded that this could be the industry to which to channel our available funds, and at an attractive high net yield and short-term investment.

Our chance at success in securing a share of this business was enhanced by the fact that neither competitor bank displayed any interest in mobile home financing, according to our dealer contacts. From our study, it appeared that, providing we could offer a competitive package including rate, maturities and participation, we would be able to serve our local dealers better than were their present out-of-town financing sources. The largest local dealer gave us an opportunity, on a limited basis, to prove our contention.

We soon learned we were correct in this reasoning, for less than a month later we were offered all the mobile home retail paper generated by this dealer. To earn the retail paper it was necessary for us to pick up his floor plan from a non-banking source. We were able to purchase 53 contracts during the last four months of that year.

Determined to learn the business on a go-slow, step-by-step basis, we seasoned ourselves for well over a year before we added another dealer.

The paper we purchased from the first two dealers was assigned to us on a recourse basis. We soon learned that contingent liability accrued by a volume dealer grew at a much more rapid rate than was anticipated. We found the average retail price of units financed to be \$6,000, with prices ranging from about \$4,000 to \$15,000 for the large deluxe units.

An analysis of the financial statements of these dealers, in view of their skyrocketing contingent liability, indicated that we were not being realistic or employing good banking practices in relying on dealer recourse endorsements. Dealers with medium five-

## Mobile Home Shipments

Year	Manufacturers' Shipments to Dealers in U.S.	Retail Sales (Estimated)
1969	412,690	\$2,496,774,500
1968	317,950	1,907,700,000
1967	240,360	1,370,052,000
1966	217,300	1,238,610,000
1965	216,470	1,212,232,000
1964	191,320	1,071,392,000
1963	150,840	862,064,000
1962	118,000	661,000,000
1961	90,200	505,000,000
1960	103,700	518,000,000
1959	120,500	602,000,000
1958	102,000	510,000,000
1957	119,300	596,000,000
1956	124,330	622,000,000
1955	111,900	462,000,000
1954	76,000	325,000,000
1953	76,900	322,000,000
1952	83,000	320,000,000
1951	67,300	248,000,000
1950	63,100	216,000,000
1949	46,200	122,000,000
1948	85,500	204,000,000
1947	60,000	146,000,000

Prior to 1947, production varied from 1,300 in 1930 upward to 60,000 in 1947.

10-wide homes came into mass production in 1955.

12-wide homes came into mass production in 1962.

14-wide homes came into mass production in 1969.



# Old Republic continues to pioneer Insurance Protection for owners of Mobile Homes



## Now... Joint Life Insurance pays off the mortgage if either the husband or wife should die

Disability, fire and extended coverages written by the operating subsidiaries of Old Republic International Corporation have, for years, paced the growth of the mobile home industry. Now, focusing on the security and welfare of the family as a unit, Old Republic Joint Life insurance pays off the mortgage in the event of untimely death of either husband or wife. It helps the surviving spouse maintain an established living standard during a most critical period of adjustment . . . without dipping into savings or other insurance proceeds.

Old Republic provides a wide diversity of life, accident, health, disability, fire and casualty protection plans for nearly six million families in the U.S. and foreign countries through numerous industries. Important industries served include commercial and mortgage banking, savings and loan, consumer and sales finance, leasing, mutual fund, agricultural, trade association, retail merchandising, residential improvement loan, mining and mobile home.



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of Progress  
and Growth**

## Old Republic Companies

Operating Subsidiaries of Old Republic International Corporation  
307 NORTH MICHIGAN AVENUE, CHICAGO, ILLINOIS 60601

MID-CONTINENT BANKER for October, 1970



figure net worths and medium six-figure contingent liabilities would find it extremely difficult to redeem many repossessions. We were thus faced with arranging for some other method of continuing in the market. What we needed was some source, government or private, to guarantee these loans instead of the dealer. The employment of a mobile home service company seemed a possible answer. To develop a successful volume program, we would have to go the "indirect" route, for the dealer directs where the loans will be placed.

There were only a few local mobile home dealers; therefore, we knew that if we were to develop new sources, and subsequently purchase a greater volume of retail paper, we would have to be regional in scope, not confined to our local trading area.

This decision was justified in view of the fact that smaller banks appeared not to be interested in, or could not handle, any volume of mobile home contracts.

Any prudent installment loan man would recognize the danger inherent in purchasing retail paper and in floor planning on a far-flung front. The distance limits the control that can be maintained over the quality of paper purchased and the units "floored." To properly promote our program, keep communication lines open with our dealers and work delinquents over a wide area would necessitate increasing our staff. This would result in additional salaries, fringe benefits and travel costs.

We also felt that to offer the borrower realistic and competitive financing terms we would have to increase the maturity of loans from our previous seven-year maximum to 10 years. We were concerned with the necessity of increasing our maturities to this extent, for we were aware that we could be treading in deep water extending such lengthy terms, as so little reliable information was available on mobile home depreciation schedules. It seemed apparent that we had to have a hedge against losses if we were to offer 10-year terms on new units; seven, eight and nine years on used units.

It was for these reasons that we reached the decision that we needed the assistance of a service company and obtain through it a credit-loss insurance bond and utilize its staff of mobile home specialists. Service companies had previously been restricted to handling and servicing automobile business for banks; but with the dynamic growth of mobile home sales, a proliferation of mobile home service companies came on the scene. Such

(Continued on page 54)

## Putting Yields in Their Place!

# Yields From Mobile Home Loans Top Short-Term Loan Results

By ROBERT T. WIENERT, Vice President

Mobile Americana Corp., St. Paul, Minn.

**I**N CONTACTS with lenders doing business with us, it has become evident that Truth-in-Lending, Regulation Z, the credit crunch and tight money have focused the attention of these lenders on the so-called "yields" of their investments, be they government securities, commercial loans, real estate loans, installment loans, etc. It is also apparent that the persons making the investments have been pressured to show high yields without corresponding pressures to investigate if these high-yield loans have been acquired at an increased cost.

Loan officers often have not investigated, or do not have access to accurate costing procedures to determine if these high-yield loans are accompanied by disproportionate increases in costs. They then cannot justify their position when attempting to increase outstandings in lower yield-lower cost-higher profit loan portfolios.

To clarify how such a situation can develop, let's look at the following examples:

*Example one.* If you had 50 loans, each with a term of two years, and each with a loan amount of \$500 at a \$7-per-hundred add-on rate, the principal investment would equal  $50 \times \$500$ , or \$25,000. The income developed would be  $\$500 \times \$7 \times 2$  years, or \$70 per loan. Considering 50 loans at \$70, a total of \$3,500 in interest would develop. The costs involved on this type of loan when applied to the \$7-per-hundred per-year rate would be as follows:

Of the \$7, \$1.05 (15%) goes for development; \$1.96 (28%) goes for processing; \$3.50 (50%) goes for cost of money; 21¢ (3%) goes for bad debts; and 28¢ (4%) is profit.

Thus, on 50 loans with a total income of \$3,500, development costs are  $3,500 \times 15\%$ , or \$525; processing costs are  $3,500 \times 28\%$ , or \$980; cost of money is  $3,500 \times 50\%$ , or \$1,750; and bad debts are  $3,500 \times 3\%$ , or \$105. Total expenses are \$3,360.

Total income is \$3,500 and total expenses are \$3,360; thus net earnings are \$140, or  $4\% \times \$3,500$ , or \$70 per year.

*Example two.* One mobile home loan written for ten years with a balance of \$7,000 at a \$7 add-on rate under a service company program would produce the following:  $\$7,000 \times 10$  years  $\times 7$ , or \$4,900 in interest. Two dollars add-on per hundred per year is paid for credit insurance to protect the loan, dealer participation and the service company fee.

Thus, the interest of \$4,900 is reduced by \$1,400 ( $7,000 \times 10$  years  $\times 2$ ) to cover the cost of the above items. Gross yield is then \$3,500, the same as the income from the 50 loans in example one.

As the costs of development and bad debt have been paid from the \$1,400 as noted above, the following factors would apply to the mobile home loan:

Of the \$5 remaining after deducting the \$2 from the \$7, these factors would develop: 12.5¢ for development, or 2.5%; 52.5¢ for processing, or 10.5%; \$2.47 for cost of money, or 49.4%; nothing for bad debt; and \$1.88 for profit, or 37.6%.

Thus, on one mobile home loan with total income of \$3,500, development costs are  $3,500 \times 2.5\%$ , or \$87.50; processing costs are  $3,500 \times 10.5\%$ , or \$367.50; cost of money is  $3,500 \times 49.4\%$ , or \$1,729; and bad debts are zero. Total expenses are \$2,184.

Total income is \$3,500, total expenses are \$2,184 and net earnings are \$1,316 (or  $37.6\% \times 3,500$ ).

*Comparison.* Fifty loans for two years with an original investment of \$25,000 produce \$140 of net profit before taxes, or \$70 per year.

One mobile home loan for ten years with an original investment of \$7,000 produces \$1,316 of net profit before taxes, or \$131 per year.

Thus, each dollar invested in mobile home loans will produce almost two times the annual income that \$3.57 invested in smaller loans with shorter terms will produce.

The short-term loan indicated a yield of \$7 add-on, whereas the mobile home yield was \$5 add-on, but the mobile home loan produced two times the earning with one-third the investment on an annual basis. • •

# Right now mobile homes are Big in National Housing

**MODERN MOBILE HOME DEVELOPMENTS ARE MAKING MONEY FOR INVESTORS AND LENDERS**

**Profit of 25% and more on equity is being realized — after debt service**

Reliable figures, available to you, show substantial net profit before depreciation and taxes but after debt service at current interest rates — the favorable safety factor or 'cushion' that every prudent lender looks for when granting a mortgage.

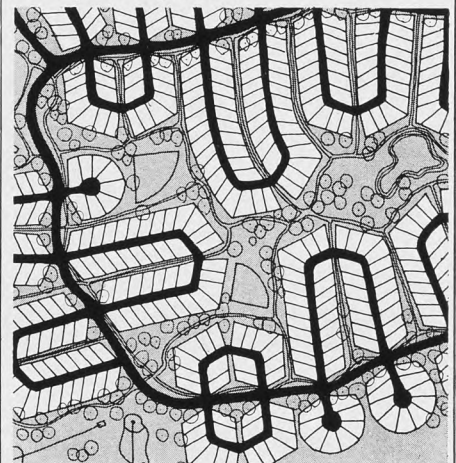
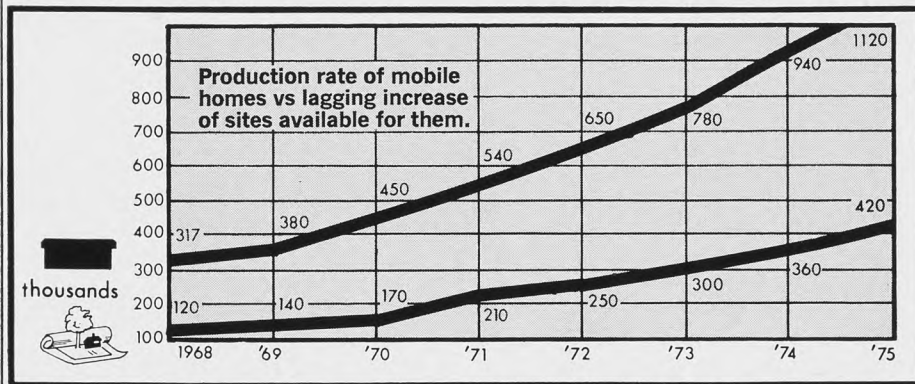
tennas, recreation areas and underground utilities — are a far cry from the unsightly 'trailer camps' set up in the 1940's. *No comparison.*

## QUALITY LIVING

Today's well-engineered residential mobile home developments are *assets* to their communities. They provide comfortable living at economical cost for millions of families. And the well-operated developments are making money.

is available on the homes, including FHA and Savings & Loan Assn.

- Today's mobile homes are spacious, beautiful and livable; are sold decorated, handsomely furnished and equipped with appliances—for living.
- Many of the manufacturers have been in business 15, 20, 25 years or longer; responsible firms, building constantly-improved products.



## HOW BIG?

More than 412,000 built in 1969. *Mobile homes, right now, account for:*

- 67% of new homes under \$25,000;
- 79% of new homes selling for less than \$20,000;
- 94% of all new one-family homes selling for less than \$15,000.

## MORE 'TRAILER CAMPS?'

BY NO MEANS! Today's well-landscaped mobile home developments — with curbed streets, community TV an-

## WILL THIS TREND CONTINUE?

Seems inevitable. And everyone concerned with housing owes it to himself to replace any out-dated opinions with up-dated facts.

## CONSIDER THESE BASICS:

- Factory methods produce more house for the money — and the 'spread' between manufactured and site-built is widening.
- Retail prices range from under \$5,000 to over \$15,000. Long-term financing

## DEPENDABLE GUIDANCE

is now available covering all phases of mobile home developments, from feasibility study through planning, architectural and engineering steps to efficient—and profitable—operation.

M.H.M.A. can help you find facts/figures for decision-making. As a first step, send the coupon. Or, you may contact Richard Mitchell, Director, Land Development Division, M.H.M.A., 6650 N. Northwest Highway, Chicago, IL. 60631.

(A)  
Free selected literature

(B)  
Site-planning Kit  
\$7.00

(C)  
Book, "Formula for Financing Mobile Home Developments" — N. G. Asbury  
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- \_\_\_\_(A)  
\_\_\_\_(B)  
\_\_\_\_(C)

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Name \_\_\_\_\_

Firm \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_



## Mobil Home Financing

(Continued from page 52)

companies offered not only servicing and soliciting of dealers, but were able to provide mobile home lenders with credit-loss bonds. This insurance coverage is similar to FHA Title I coverage, except that it provides greater protection than the 90% loss coverage associated with the federal housing program.

A typical credit-loss insurance policy could provide protection against losses of funds advanced, provided the loan is made within certain terms and conditions of the policy. The insurance company indemnifies the bank for loss differential between its interest in the mobile home and the sale price of the repossession, and, in addition, some policies include the following benefits: (1) sales commission for the sale of the unit; (2) court costs, attorney fees and other legal fees incurred in seeking recovery of the mobile home; (3) cost of repair and reconditioning to put the mobile home in a salable condition; (4) cost of physical repossession of the unit; and (5) adjusted finance charges accrued from the inception of the loan

to the date the repossessed unit is sold.

After reaching the decision to seek added protection and service, we began our search for a reputable company that was prepared to operate in this area. Inquiries were made of several known companies and after investigating the management and performance of one firm (through direct contacts with banks utilizing its services) and receiving favorable reports, we settled on the company with which we are still affiliated.

During the two years we have utilized the services of this firm we have processed over 600 mobile home and recreational vehicle loans totaling over \$3.5 million. I want to emphasize that, despite our insurance bond, we have not relaxed our credit-granting criteria when evaluating mobile home applications. We look at these requests with the same critical eye as we do when judging our other secured loans. It has never been our intention to use the credit-loss bond as justification for accepting sub-marginal credits.

Our policy of adhering to what we believe to be sound credit-granting principles has enabled us to control delinquencies to well within the ranges reported in a 1969 survey conducted among nearly 200 banks active in this financing field. Our latest delinquency report revealed that our 30-59 day past dues were considerably under the survey's average of 2% and our 60-89 day delinquents totaled less than .2% as compared to the .5% survey figure. The above is not an expression of self-satisfaction, for we plan an even closer scrutiny of credits and a more aggressive collection effort that we hope will result in an even lesser delinquency picture next year.

Installment lenders realize there are many inconstant factors affecting delinquencies, repossessions and average losses. To date, after 30 months of financing mobile homes at an accelerated rate, we have been forced to submit for claims under our bond only four contracts of the 700 loans made during this period.

For the new lender going it alone, I would like to single out a few "no-no's." You will quickly identify some of these as normal bank credit-granting guidelines.

**Retail Financing.** Don't rely on information from the dealer regarding how "good" the customer looks. Don't be pressured into making a deadline decision without completing your normal investigative process. Don't advance funds for an excess of dealer's costs without the presence of adequate compensating factors, such as hold-

backs, parental guarantees, additional collateral, mortgages, etc. Don't take a stray deal from any dealer not regularly submitting applications to you.

Don't rely on an applicant getting his own insurance. Be sure the mobile home is insured by including the premium in the amount to be financed. This reference to insurance is not restricted to the usual type of physical damage coverage associated with conventional single-family housing insurance, for there are other hazards to be considered when adequate insurance is defined in relation to mobile homes. To be sure that his investment is fully protected, the prudent lender should insist almost without exception that the following additional coverages, not included in standard house policies, be purchased from mobile home insurance specialists:

**In-Transit Protection.** Collision damage occurring during movement to the buyer's site represents a hazard that should be covered. Protection against such accidents can be obtained through the purchase of trip insurance.

**Vendor's Single Interest** (two separate and distinct coverages). Adequate mobile home insurance coverage should also include vendor's single interest "skip loss" insurance. This gives protection when a loss is due directly to the owner's conversion or embezzlement or due to collision or upset that may occur if there is a slip-up in follow-up procedures in getting and keeping the unit insured.

A second part to this VSI coverage provides for repossession expense should default in payment necessitate repossessing the unit.

Don't fail to analyze down payments. Be alert to falsified or overstated down payments. Especially, verify the source of cash "down strokes" and evaluate trade-in allowances.

Don't think it too much of an imposition to request your auditing department to send verification letters to retail buyers. We have begun a program of sending a gift certificate with the payment book, advising the buyer that we have a gift awaiting him at the bank in appreciation for his giving us the opportunity to finance his mobile home. This certificate is sent to every indirect borrower and gives us the opportunity to verify certain statements on the application.

Don't overlook where your collateral is going to be parked. There are legal situations that could arise that may jeopardize your collateral.

Here are a few questions you should pose to your legal counsel for research and advice:

*If the mobile home in which you*

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*Here is how the DELTA PLAN works . . .*

- . . . DELTA will handle the solicitation of qualified dealers in your area.
- . . . DELTA provides effective collection service, and handles all repossessions and sales.
- . . . DELTA will provide your institution with indemnification against all credit losses.



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have taken a security interest is placed on property owned by a third party:

- Should you have a clause in your security agreement in which the buyer specifically agrees that the mobile home will remain personal property and not be attached to or become a part of the real estate?

- Should you require the buyer to provide a disclaimer statement from the owner of the real estate so that you may enter onto the property at any time for inspection and repossession of the collateral; and further, that the collateral is not a part of the real estate and will not be attached during the life of the mobile home security agreement?

- Should a statement be included in the disclaimer providing that the owner of the real estate shall advise all future purchasers or mortgagees of the fact that the collateral is not a part of the real estate?

- In addition to the disclaimer statement received from the owner of the real estate, would the filing of a UCC-I financing statement in the fixture index further enhance your rights to the collateral in cases involving future purchasers or mortgagees?

- Should you itemize on your security agreement all furniture and appliances in the mobile home? There have apparently been court rulings in some states that have honored the lien on the mobile home (under motor vehicle laws), but since the furniture and appliances were considered as chattels and were not listed on the security agreement the courts ruled in favor of the defendant.

**Wholesale Financing.** Don't be so eager to sign a dealer and pick up his floor plan without conducting a complete investigation of his financial strength and personal integrity.

Don't be reluctant to insist upon periodic financial statements, including profit-and-loss reports, from the dealer you are "flooring."

Don't assume, after receiving favorable reports on a dealer, that it is unnecessary to check his floor plan at irregular intervals.

Don't be negligent in enforcing a periodic 10% reduction in floor plan balances (generally 10% every 90 days).

Don't accept any unit on floor plan without first investigating the financial strength of the manufacturer.

Don't hesitate to request manufacturer's repurchase agreements covering the units you have "floored."

Don't fail to request copies of the invoices on units you are flooring from the manufacturer, along with the related manufacturer's certificate of origin.

Don't be reticent about insisting upon written assurance from each mobile home manufacturer whose products you floor plan, that it (meaning the president on down to the credit and sales departments) will adhere strictly to the Uniform Invoicing Code adopted by the National Association of Mobile Home Manufacturers in 1966. Assurance should also be received that the bank will be notified immediately of any changes in the pricing structure. Such assurances will enable the bank to extend financing terms that are

equitable to all its dealers through the elimination of "gimmick" invoicing.

And, above all, don't play the "hero" or "good guy" role and try to buy every deal that is offered. A few of us can point to former bank installment loan men who tried to win popularity contests with their dealers and in the attempt lost the confidence of their bosses—and lost their jobs as well.

In analyzing the value of mobile home service companies, I consider their contributions to the success of a bank's program in the following order:

- They procure a credit-loss bond enabling you to extend your program without the added exposure of reaching out beyond your normal area enabling you to confidently offer 10-year terms.

- They assume responsibility for delinquencies and repossessions and the resulting sale of the repossessed units.

- They follow up on physical damage insurance policies on units financed and process claims against these policies.

- They make periodic person-to-person contacts with dealers for purposes of dealer education in the use of credit and especially for instructing him in the proper processing of retail installment sales papers and other related documents.

- They appraise, at the request of the bank, used or unlisted mobile homes.

- They assist bank personnel in checking floor plans if bank auditing policies permit such outside assistance.

Service companies are not immune to  
*(Continued on page 58)*

## Service Plan Companies Grow With Mobile Home Boom

One of the phenomena of the mobile home boom—in the financing end of the business—is the dramatic rise of mobile home service plan companies. These are the firms that act as the liaison between the lending institution and the mobile home dealer. Briefly, they solicit mobile home paper for the lender, provide inventory financing for the dealer and protect both against any loss that may arise from these transactions.

Service plan companies thrive for the same reason that other service-oriented businesses are successful—they do a job for a client more efficiently and economically than he can do it himself.

For instance, a bank that wishes to establish its own mobile home loan department must either train its own staff in the intricacies of the mobile home industry or go out and hire those already knowledgeable. Start-up costs

must be met before the first loan can be made.

On the other hand, a bank with little or no experience in mobile homes can select a service company and start to participate immediately. The service company, in effect, acts as the bank's installment loan department for mobile homes.

(Of course, banks that already have their own mobile home loan departments can also utilize service companies to expand their volume in this type of paper.)

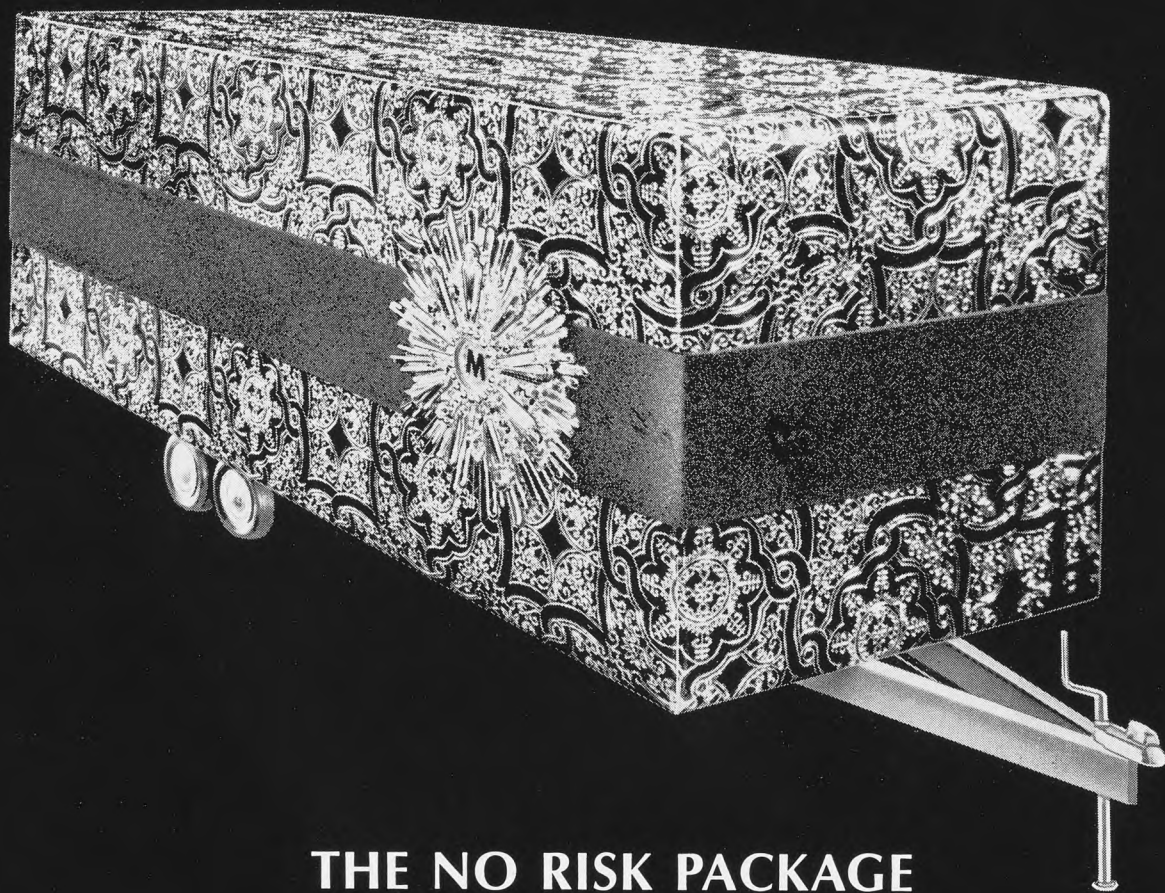
As the service company industry proliferated, leaders in the field saw the necessity for a national organization to help maintain industry standards. Following a series of preliminary meetings, the National Association of Mobile Home Service Companies (NAMHSC) was formed in August of 1969. Aims of the new group, according to its by-

laws, are to improve the quality of its services, facilitate the purchase of mobile homes through sound finance and insurance programs and maintain high standards of conduct and practices.

Since NAMHSC members are pledged to serve the best interests of the finance and mobile home industries, the association recommends that, when interviewing prospective service companies, bankers inquire about NAMHSC membership.

Bankers will also want to know what services these companies are prepared to perform, details of their service plans, who else they represent and the range of experience of their field representatives.

Persons interested in the names of NAMHSC members should contact the association at its headquarters, 505 Foshay Tower, Minneapolis, Minn. 55402.



## THE NO RISK PACKAGE

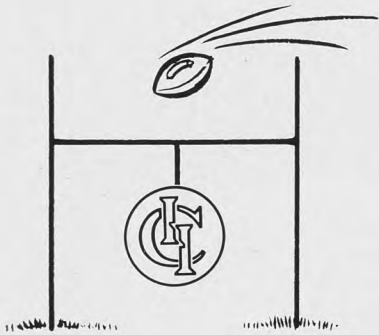
Beneath the shiny surface of the still growing \$2,500,000,000 Mobile Home lending market there's a tough hard business. Oh, it can be profitable all right, very profitable, and pre-constructed housing *is* the future of the housing industry; but there are some pretty thorny problems too. Mobile home lending is a highly specialized field where mistakes show up in bright red ink. Skilled personnel capable of staffing your operation are scarce and on the job training is difficult because of the major differences between consumer and real estate lending.

There is a solution! The Midland Company offers a highly sophisticated NO RISK SERVICE PACKAGE that is the most comprehensive in the industry. You realize the highest possible yield at no risk. The Midland Package eliminates worry about credits, collection, delinquency, repossessions, foreclosures, insurance coverage or adjusting. We even take care of the paper work. It's a new concept in no risk total service performed for you by experts in the field. Full details are as close as your phone, so why not pick it up right now and call us collect? Call Ed Graber.

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BANK \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

## Mobile Home Financing

(Continued from page 58)

criticism. Here are some that are most frequently expressed:

- Because of the cost of the bond they secure and the service fee they retain, a lower net yield to the bank results. This criticism can be answered most fairly by challenging the critic to objectively compare his net yield after absorbing the added costs of going it alone versus the yield he will retain by allowing a service company to provide him with a guaranteed loss-free managed portfolio.

- Another item not to be overlooked is the amount of the service company's charges held as a demand deposit in your bank. These deposits can have the same effect as do compensating balances on the net yield realized on commercial loans.

- Few service companies employ men with adequate mobile home experience. I would agree that it is rare to find men with well-rounded experience and that there are many who think they can put on a front that makes them look experienced.

Critics may be justified in their appraisal of some of the mobile home service companies operating today. My advice to any bank contemplating employment of a service company would be as follows:

- Request the firm's financial statement and analyze its capital structure, particularly its reserves that insure the return of unearned premiums on pre-paid contracts.

- Review the dealer-service company agreements. Know the basis on which participation is to be paid.

- Submit the bank-service company operating agreement to your bank's counsel, along with a copy of the credit-loss policy, for an analysis of the responsibilities of both parties.

- Thoroughly investigate the background and experience of a firm's senior management.

- Request an evaluation of the personal qualities and work qualifications of the firm's field reps.

- When a company is selected, be sure that there is a complete understanding of the services to be rendered. Insist upon meeting in advance with personnel assigned to your account.

The existence of service companies has made it possible for local banks to become major sources of mobile home financing, enabling them to compete on favorable terms with national financing sources. Failure of commercial banks to recognize this legitimate area of financing could result in its abdication to the national finance firms.

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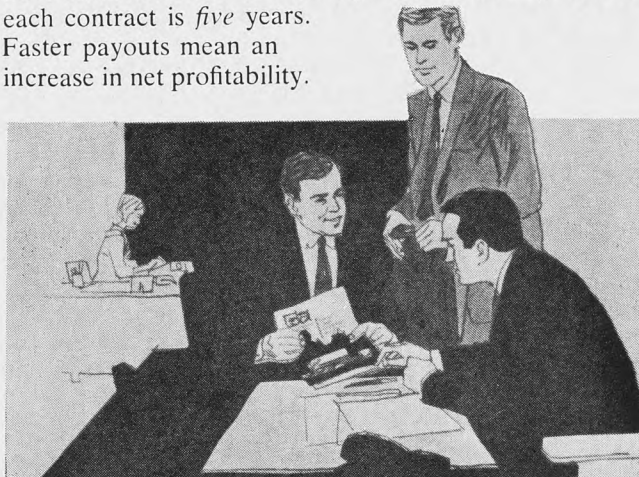
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# Credit Life and Term Insurance Protection Help Remove Mobile Home Loan Risks

By **JIM FABIAN**  
Associate Editor

**I**NSURANCE FIRMS active in the area of mobile home protection are nearly unanimous in their belief that the future of mobile homes is unlimited. Improved manufacturing techniques and public acceptance of mobile homes point to a rosy future for financing and insuring these units.

And bankers can be assured that mobile home financing with the protection of credit life and single term insurance can be profitable for their installment loan departments.

This optimistic attitude was reported by various insurance firms participating in a special MID-CONTINENT BANKER survey that requested comments on how mobile home loans differ from other types of chattel loans, what opportunities insurance plans offer banks, what type of coverage is available, statistics on loss ratios, what special underwriting techniques bankers should utilize and the profit potential mobile home financing offers banks.

Respondents commented that mobile home mortgages are different in some respects from other chattel mortgages, but there are similarities as well.

The major differences include the longer than usual term of the loans and the higher dollar cost involved. Predictions for the future indicate that a greater percentage of new housing will be of the mobile home variety and that economic changes may serve to hasten this trend. Therefore, it seems likely that families will be trading units (or homes) as readily as they trade autos in coming years.

Interest costs on mobile homes have not changed as much as have those on other types of dwellings. This has had the effect of making mobile homes more attractive to a wider market of buyers. Improved parks for mobile

homes have also increased public acceptance.

Mobile home financing has changed for the banker, too. The units do not weather and depreciate as rapidly as they once did. Substantial construction and realistic space accommodations for the family make mobile homes more secure investments. The average term of a mobile home loan will increase as units become still larger. The present average life of a loan is 84 months, with 42-48-month loans in force. With add-on interest, a bank can earn a substantial percentage of the financing in that length of time. An added advantage is that the bank will usually be dealing with a more stable clientele.

Not to be overlooked is the important point that, since most banks insure on a single premium basis, there is an unprecedented opportunity for commissions as a result of the greater premiums charged for the longer terms of mobile home credit life.

Credit life plans being offered include the following: A regular credit life plan at 60¢ per \$100 per year and joint life coverage at \$1 per \$100 per year. Under the joint life plan both husband and wife are insured for the same obligation, but in the event of the death of one partner, only one claim is settled. Coverage normally written under this plan goes up to \$10,000. Other plans are available that provide for no limit as to the amount or the term of the obligation.

Some firms offer single premium term insurance contracts that can be written on either decreasing or level

amount bases and for terms selected by the purchaser. Since premium rates vary by ages (the majority of mobile home owners are in either the young adult or retired age brackets) as well as by term of insurance, the cost is more equitably distributed with this plan than would be possible under conventional credit insurance. Under this plan, evidence of insurability is required, but it is not essential that the amount of insurance be exactly equal to the amount of the loan. Rather, the purchaser has the privilege of providing additional coverage and naming a secondary beneficiary.

Generally, loss experience with mobile home loans follows normal experience with over-all losses, but with these differences: Losses are slightly higher in frequency for mobile homes than for auto loans and the typical loss is larger, requiring a considerable premium to cover the larger mobile home loss.

In general, the banker will need to apply his usual practices in making mobile home loans, with these additional steps: He will want to have medical information about the applicant. Medical problems of an applicant can interfere with his ability to work and meet his mortgage commitment. The larger amount and the longer term of mobile home loans make it important to require more information than might normally be required for chattel mortgage applications. It is apparent that serious medical problems can lead to a life insurance loss. One added caution: It is important to have an accurate dealer-invoice to establish the cost of the mobile home.

The profit potential to the bank of credit life is between 30-40% of pre-

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Our other policy covers your floor plan financing against fraudulent acts of mobile home dealers. It's a coverage you'll probably never need. But if you ever do, you'll be glad you have it.

And so will your board of directors.

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INSURANCE IN MOTION



miums written, depending on the type of plan used and the rate structure involved.

Advantages of mobile home financing that should not be overlooked include the fact that a bank need handle fewer accounts to achieve a given dollar volume and that it has fewer col-

lection problems. One firm pointed out that the protection of the loan in the event of death of a borrower is of value to a bank, since it does not want to be in possession of a mobile home due to default because of death. However, in the event of repossession, the bank will find there is a strong

market for used units, even though there is some inconvenience in handling them. It is unusual for a bank to suffer a loss in such an instance.

The growing popularity of mobile homes is a good indication that banks should be providing financing services in this area. • •

## Mobile Home Owners Policies Provide Every Insurance Need

A number of insurance firms offer coverage tailored to mobile homes. These programs were devised to provide protection for risks unique to mobile homes as well as those faced by most homeowners.

One major firm's coverage includes the value of a mobile home and the equipment included at the time it was purchased, plus coverage of risks involved with gas bottles, oil drums, and antennas. Coverage can be extended to awnings, cabanas, porches, water pumps and air conditioners.

Comprehensive protection is available to protect a mobile home and other equipment from loss or damage from virtually any kind of direct, sudden accidental loss except loss by collision or upset. Examples of some losses covered by comprehensive include damages resulting from fire, lightning, hail,

flood, explosion, smoke and smudge, windstorm, theft of the mobile home, falling aircraft or parts, earthquake, riot and civil commotion, missiles, falling objects, attempted theft, window or door glass breakage, mirror breakage, faulty jacks or blocks, falling objects in the home, overspray, bursts of atmospheric fumes or gases, water from bursting pipes, chemicals and even damage from ink, paint, dye or shoe and nail polish!

The coverage also takes care of damage caused by landslides, off-right-of-way collision, malicious mischief and vandalism, heater oil overflow, faulty thermostatic controls, weight of snow or ice, stray pets, invasion by wild, stray animals and earth cave-in.

Extras that are available (often at no additional cost) include damage to trees, shrubs, lawns and plants up to

a given figure; payment for removal of debris from premises, up to a given figure; additional living-expense coverage for those whose homes become uninhabitable; fire department service coverage; and emergency removal service coverage.

Personal effects protection is available for items both inside and outside a mobile home. Inside coverage includes damage or destruction by fire, lightning, explosion, windstorm, hail, earthquake, landslide, flood, wind-driven snow, sleet or hail, riot, civil commotion, vandalism, malicious mischief, falling aircraft or parts and the collision of the home with an object.

Outside personal effects coverage includes a percentage of the "inside" amount of protection up to a maximum figure, which applies to personal effects damaged or destroyed by fire, lightning, landslide, earthquake, flood and forced landing of aircraft.

Theft insurance on personal effects is also available, as is personal liability protection.

Optional "on-the-road" collision coverage with a \$50 or \$100 deductible is available on a 30-day "trip" basis (desirable when a mobile home is in transit) or on a year-round plan. This coverage applies whether the home is in transit or at a fixed location.

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with some form of Accident & Health Coverage.

Why? Lower cost to your younger borrowers, plus higher non-medical limits.

Thus, on mobile home loans, let us give you full details on the flexibility of our Single Premium Term Policy. Also, we can show you how this policy can fit many other lending situations where insurance will make your lending officers "more comfortable."

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## Commercial Lending

### Banks Urged to Finance Mobile Homes Because of Their Attractive Yield

By W. G. TIDWELL

Vice President  
American National Bank  
Chattanooga

AMERICAN NATIONAL became the first bank in Chattanooga to establish a complete mobile home financing service for local customers and dealers 14 years ago.

Since that time we have seen the mobile home industry become a major factor in the field of low-cost housing. Today, more than 90% of the new single-family dwellings sold for under \$15,000 are mobile homes.

Looking back over the years, I realize there is something infectious about the mobile home industry. There is an optimism about its future and its way of life that is contagious. I think one of the reasons is that it has been developed by men who have the youthful enthusiasm to believe in what they're doing and to go out and make it work.

The industry's prime market is young people who are forming new families. This market, age 35 and under, represents almost 50% of the total mobile home market and is growing rapidly. These young people buy mobile homes, not because they are mobile, but because they get more for their housing dollar with such a home. Mobile homes, complete with furniture and appliances, cost less than half the price of conventional homes.

Low cost and ease of financing are among the principal reasons for the popularity of mobile homes. However, the more than 5.5 million people living in mobile homes realize that economy isn't the only reason mobile homes are popular. These homes are roomier and more luxurious than ever before. When American National began financing mobile homes, models measuring 40x8 feet were popular. Today the most popular size measures 60x12 feet. This size retails at about \$6,000.



TIDWELL

The mobile home market is expected to continue its rapid expansion because of the sharp increase in the under-35 age group. It is estimated that there will be 11 million more people in this group in the '70s. This age group represents almost 50% of the mobile home market. Other factors contributing to the mobile home boom include rising land prices and construction costs that reduce availability of conventional low-cost housing, and the rising demand for vacation homes, which is admirably satisfied by mobile home units.

Factors that may have an adverse affect on mobile home sales include the tight-money situation and a resultant lagging development of mobile home sites. Over 400,000 mobile homes were produced last year, but only 157,000 home sites were developed.

The Department of Housing and Urban Development is stepping in to help developers of mobile home parks. Previously HUD limited park mortgages to 75% of value on 15-year terms. Now FHA will insure 90% mortgages on 40-year terms.

Larger, well-financed companies are now entering the mobile home field with plans to include landsite development, manufacturing and mobile home sales centers within one corporation.

Bank financing is important to the mobile home dealer and to his customers. Banks have built an image in the field of consumer financing that lends prestige to the dealer and wins customer approval. Dealers find it easier to close a deal with bank financing.

Bank financing of mobile homes continues to increase as more banks enter the financing field because of the attractive yield (see article on page 52). In banking as in other business enterprises, profit is the name of the game. Net rates on new mobile home loans in Tennessee are 6% add-on. Terms are generally limited to seven years with a few banks and sales finance companies going eight to 10 years. With an increasing number of units sold in the \$6,000-\$8,000 price range, some further increase in terms beyond seven years may be seen.

Down payments are usually 10-15%





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MID-CONTINENT BANKER for October, 1970



and the maximum advance on new units is approximately 110% of dealer invoice. Our bank establishes a repossession reserve and obtains the dealer's guaranty on all contracts it purchases.

In establishing dealer lines of credit, it is well to remember the old adage, "good dealers produce good paper." It is not unusual for a mobile home dealer to sell you paper totaling \$1 million in one year. Hence, the importance of thoroughly investigating the integrity and financial responsibility of the dealer. His experience in mobile home sales and his management ability are also important. The dealer must be willing to give service after the sale, or your repossessions on his paper will be excessive.

In order to obtain the retail paper, it is necessary to floor plan the dealer's new mobile home inventory. It is customary to floor plan 100% of the invoice cost for 90 days. Reductions of 10% of the wholesale cost are required at 90-day intervals after purchase from the factory, with the full balance due when a unit is sold, or not later than one year from purchase. The bank pays the factory upon receipt of the bill of sale and certificate of origin from the factory. The factory will usually sign a repurchase agreement to buy back a mobile home if the bank requires such an agreement.

Just as it is essential to maintain an aggressive collection policy on retail accounts, so it is imperative to make a physical inventory of all units floor planned at least once a month. Any irregularities discovered in a floor plan audit must be referred promptly to management for handling.

Another requirement in handling floor plan is proper insurance. You should have in your dealer credit file a policy with a loss-payable clause in favor of the bank. This policy should include fire, theft and extended coverage.

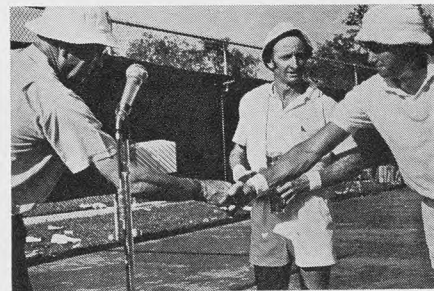
American National has several million dollars outstanding in mobile home loans. Our repossessions per year are around 3% of all accounts outstanding and our accounts delinquent 30 days or more are well in line with the national averages of less than 3% of outstanding loans reported by the Mobile Home Manufacturers Association.

If your bank has not had experience in this business and wants to find out how bank financing for mobile homes really works—it's easy. Go out and sign up a dealer! You'll find it is good to be a part of this dynamic industry that provides housing for so many young families! ••

## First Nat'l of Louisville Boosts Public Relations With Tennis Tournament

LOUISVILLE—Not only did the Tennis Classic sponsored by First National here draw a capacity crowd of 2,500 for the final day's play, but attendance at the five-day tournament was such that the bank approached the break-even point on the promotion.

So reports Barksdale F. Roberts, vice president, marketing, who said: "The tournament came within \$5,000 of paying for itself, had immeasurable public relations value for the bank, and from a community relations standpoint it's about the best thing we've ever done."



J. Van Dyke Norman Jr. (l.), chairman, First National, Louisville, congratulates John Newcombe, runner-up in First National Tennis Classic singles. Rod Laver (c.) won Louisville tournament, held July 29 through Aug. 2, plus \$5,500 and seven silver Kentucky julep cups.

To make certain that the event would be truly spectacular, top tennis professionals Rod Laver, John Newcombe, Ken Rosewall, Roy Emerson, Fred Stolle, Tony Roche, Andres Gimeno, Dennis Ralston, Mark Cox and seven other 1970 money winners were obtained for the tourney, which ran from July 29 to August 2.

In the singles final, Mr. Laver defeated Mr. Newcombe and by also finishing as runner-up in the doubles collected a total of \$5,500 and seven silver Kentucky julep cups.

First National unveiled initial plans for the tournament at a press luncheon almost a year before the event was scheduled. Promotion efforts were increased steadily and culminated with extensive advertising in area newspapers and on television together with frequent publicity in local news media.

In announcing plans to continue the tournament as an annual event, Mr. Roberts commented: "We believe this event will grow; it has shown great potential."

In organizing the program, Mr. Roberts was assisted by representatives of three Kentucky tennis organizations.

## Purchase of Common Stock Okayed At First Nat'l City Corp.

NEW YORK—First National City Corp. recently announced that its directors have authorized the corporation to purchase up to 200,000 shares of its common stock to be held as treasury stock available for acquisitions and other corporate purposes.

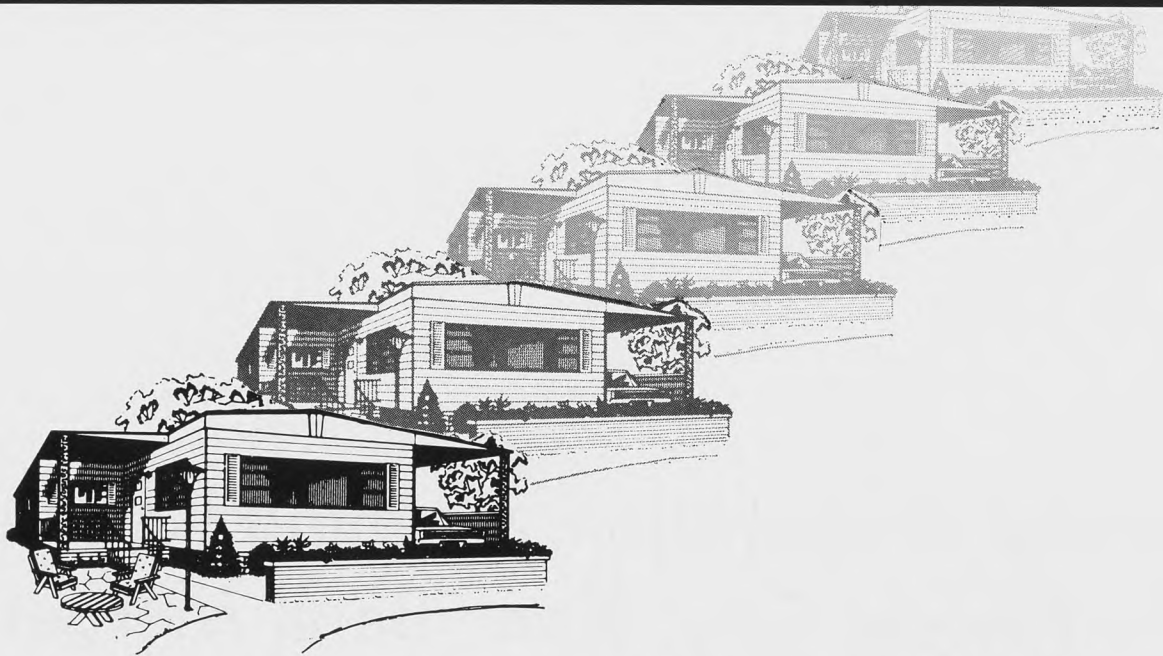
Officials said purchases will be made from time to time in either open-market or private transactions, or both. The purchases will be coordinated with a presently existing program for purchasing Citicorp's common stock as one of the investments of the employees' profit-sharing plan of First National City Bank and affiliates.

It is expected that shares of Citicorp's common stock, valued at about \$800,000, will be purchased through December 31, 1970.

## Mobile Home Apartment 'SkyeRise' Abuilding



"SkyeRise," said to be the nation's first multi-story mobile housing development, is under construction in St. Paul, Minn. by Mobile Americana Corp. The three-story structure consists of nine concrete platforms, 80 x 24 feet, each of which will hold a mobile home. Two and three bedroom units will rent for \$265 a month, furnished. The project is designed to test-market the mobile home high-rise concept and is being built against an earthen bank that is level with the second story. Units on the third level will be hoisted into position with a crane; those on lower levels will be moved in place by conventional means. Total cost of the project is estimated to be \$60,000.



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# Careful Preparation, Training Pay Off In Kansas City, Kan., Bank Merger

**H**ARD WORK and careful preparation, combined with practical training, made most successful and happy the recent merger of Exchange State with Commercial National in Kansas City, Kan.

Importantly, all employees of both banks were retained in similar positions by the merged bank. Resultant high morale helped smooth the operational transition. When merger activity began in earnest last March there were seven officers and 22 employees at Exchange State while Commercial National had 27 officers and 120 employees. Only two individuals left each bank during ensuing weeks. And all four departures were attributed to family moves from the area.

Boards of both banks also were merged. Bernard Ruysser remains as president of Commercial National and Mel Perry Jr., former president of Exchange State, is now senior vice presi-

By **HENRY G. BLANCHARD**

**Chairman  
Commercial National Bank  
Kansas City, Kan.**

dent of Commercial National. The merged bank is the fourth largest in the Kansas City metropolitan area, with total capital funds of \$11.5 million and resources in excess of \$114 million.

Merger plans were first announced a year ago, at which time Mr. Ruysser contacted the Howard J. Blender Co., bank management services consultants in Northbrook, Ill., a suburb of Chicago, to assist in putting the merger together. July 31st was established as the target date for operational turnover and movement of Exchange State personnel, records and equipment to Commercial National.

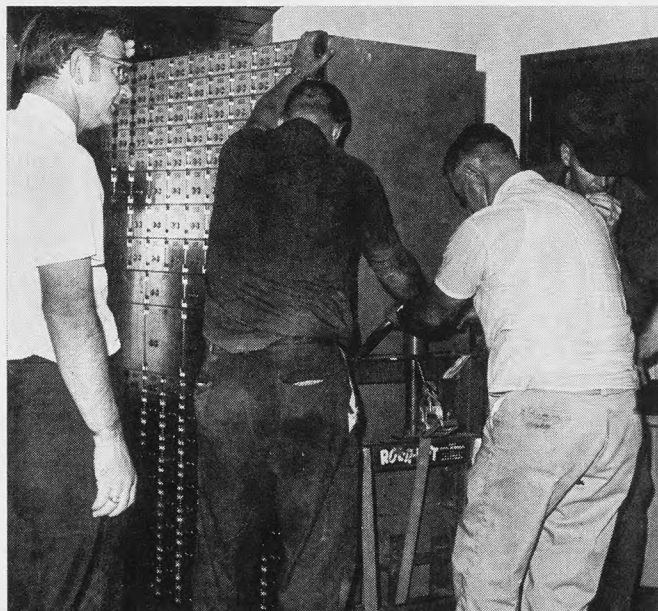
The first step was to determine

major work-flow patterns and employee capabilities at both banks, with the objective of placing employees together in harmonious work relationships. Employee job flexibility was established following interviews of supervisory personnel at both banks. Blender President John J. Irvin calls this development a major breakthrough. "When we knew which employees could do what jobs most capably, we were on the way to presenting management of both banks with a staffing pattern for the 'mother' bank."

During this period the usual rumors began. Most serious was that all employees of Exchange State would be relegated to file clerk duties. Management maintained, and publicized, throughout the entire period, that each employee would be retained—and retained in similar positions. The rumors finally stopped when each employee was formally notified of his, or her, pend-

**LEFT:** More than 250 civic and state officials witnessed cake cutting when Commercial Nat'l/Exchange State merger was celebrated. Carving 300-pound cake is Miss Kansas for 1970. From left are Bernard J. Ruysser, Commercial Nat'l pres.; K. C. Mayor Joseph McDowell; Kan.

Gov. Robert Docking; Henry G. Blanchard, CNB ch.; and Mel W. Perry Jr., former pres., Exchange State and now CNB sr. v.p. **RIGHT:** Lloyd Burton (l.), bank v.p., supervises removal of bank safe deposit boxes from Exchange State vault during move.





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ing position at the merged bank. Further, each also was asked for his individual approval. Response was unanimously heartening and enthusiastic. Morale rose considerably and rapidly.

Frequent training sessions were held to insure that each employee would perform in the newly integrated work situation most efficiently. Employees from both banks attended training sessions together. Two major developments came from these sessions. First, many new procedures were developed which already have been put into operation at the merged Commercial National. The other was the creation of a team spirit among all levels of management and staff.

Management also asked its consultants to develop a functional organization chart for the merged bank operation, establish major cost centers and give guidance and assistance in the operational transition. A revised organizational structure was accepted and is in process of implementation. An audit accounting control division reports directly to the board. Under the president and executive vice president are seven divisions: lending and credit, correspondent banking, cashier, operations and personnel, data processing, trust and business development and public relations.

Five months of preparation and training were completed and movement of equipment and records began on target, as planned. Safe deposit boxes were transported, locked and intact, on portable racks and under armed guard the short distance from Exchange State to Commercial National. At close of business on July 31, consumer loans were balanced, records sealed and all were transported to the new merged bank. A dual loans system, now being used temporarily, is rapidly being integrated into a single operation. All month-end statements were mailed that Saturday morning and a combined statement of condition was prepared and issued within 22 hours.

The movement was quite extraordinary because of the swiftness and accuracy that characterized operational procedures, coupled with the high spirit among employees of both institutions. Sub-committees worked especially well. For example, complications that could have been caused by 40 duplicated account numbers between the two banks were completely eliminated by early co-ordination. Dormant savings accounts posed bookkeeping problems that also were solved long before moving day.

The physical change in bank location for Exchange State customers called for the implementation of a

transition program. After notice that the merger was approved and the 30-day waiting period was in effect, a series of "open house hours" was planned to familiarize Exchange State customers with their new banking quarters.

The events were held during late afternoon and early evening hours and included special drawings for Exchange customers. Employees of both banks were asked to serve as guides to show Exchange State's customers the recently refurbished banking plant. Refreshments followed the tours.

This public relations effort was an effective method of making Exchange State customers feel at home in their new surroundings. It also served to make bank personnel feel they were a part of the merger activities.

It was the employees who really made the merger work so efficiently. They responded excellently to the training program. Because of the proper attitude of management, the staff understood what was happening, each person feeling that he, or she, was an important part of the team effort. Immediate results were apparent. On the first day of business following the merger, Commercial National experienced its busiest lobby and drive-in day in history. At close of business that Monday, the Governor of Kansas, city and county officials, Miss Kansas, and bank staff and management cut a huge wedding cake.

The "marriage" of the two banks was complete and harmonious. • •

## Missouri Banker Comments

*(Continued from page 41)*

essarily the best people to advise the city fathers on how to draw a lease or build a building. Newspaper and television sports editors are not necessarily outstanding economic analysts.

A city's commercial bankers should have the capacity to give disinterested advice on such subjects and this should be a part of their responsibility. If they are skeptical and want the facts before moving forward, that is the way bankers are supposed to be, and the community is better served if there are such people negotiating for the good of the city.

In years past, there have been outstanding leaders in banking who have served their community well in this regard. Now, however, it is more difficult to find such leadership. The increasing involvement of government in financing programs, the increasing regulation of banks as an industry and the necessity for career management under our present personal income tax

situation have combined to make it difficult to find in one or two, or even 10 men, all the skills that every community has a right to expect to call upon from its bank.

In an age of specialization, where newspapers have been aided by worldwide news gathering organizations, agri-business by increasingly efficient and specialized marketing and servicing facilities, supermarkets by computer-controlled regional warehouses, and manufacturing companies by sophisticated management systems, bankers have too often improvised their supporting services as best they could.

Commerce Trust was no exception to this situation four years ago when it operated as a single bank in the Kansas City metropolitan area. . . . In 1967, we were one bank—the largest in its community and the third largest in the state. Since that time, we have become a part of a large and growing family of banks, and . . . we have brought to our own community and to our sister communities a new concept of services that a bank can perform through the efficient utilization of specialists, where needed, and the planned support and development of top management of each individual bank. . . .

We have employed specialists in many fields such as urban affairs, industrial development and economic research, where we have not previously ventured. We have reinforced more traditional fields, such as trust investment and administration, international trade, equipment leasing and property management, and these men have worked in every community to exchange information, develop action programs and achieve concrete results. We have helped to pass bond issues through educational programs. We have financed industrial revenue bonds. We have built other new bank buildings. We have provided term-loan financing for Missouri businesses. We have financed low-income housing projects. We have flown company officials over varied factory sites in our plane. We have striven to get the state legislators from our various communities, both Democrat and Republican, to understand our point of view on providing a better business climate in Missouri. We have participated in urban renewal programs. And we have financed new hospitals. I'll have to admit I have enjoyed every minute of it because I've felt we were at last getting somewhere as an industry. • •

■ JOHN M. LEE JR. recently was elected an assistant cashier, consumer loan department, National Bank of Commerce, New Orleans. He joined the bank in 1963.



## Are Customers asking you about Pension Plans and Profit Sharing?

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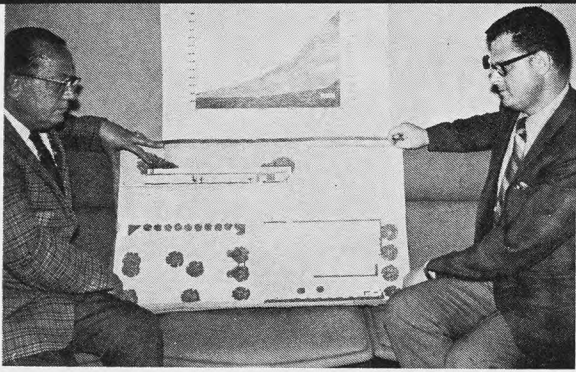
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Joe A. Mermis Jr. (l.), Security Bank pres., reviews remodeling plans with V.P. James Heaton, marketing director.

## Surprising Customer Survey Results Spur Bank to Polish Image

By RALPH B. COX  
Editor and Publisher

**M**OST BANKERS have a pretty good idea what their customers think of the institution and the services it provides. But how many bankers *know*, without a doubt, what their customers think of the bank?

Joe A. Mermis Jr., president of Security State, Great Bend, Kan., knows. Like most other bankers, Mr. Mermis *thought* he knew how his bank was rated by its customers; however, he decided to employ a professional survey firm to get the true picture of his bank's community image.

Results of the survey are causing several major changes to be made at Security State. Most noticeable is a remodeling project that has provided a new facade, emphasizing vertical lines and uniformity of color. An attractive patio has been built near the bank's drive-in exit and the large signs on the

building have been removed to enhance over-all appearance.

The project includes new sidewalks with electric snow and ice removal plus the addition of planting beds for trees and shrubbery along the sides of the property.

This ambitious project was undertaken as a direct result of the bank's survey of customers, which revealed that customers considered the bank building and premises as not physically attractive.

Another change was the revamping of the bank's advertising program. This came about because survey respondents gave the bank's ads a low rating and many of them thought bank personnel were not active in civic affairs. It was a natural thing for the bank to initiate a newspaper and radio campaign entitled "Serving You and Your

Community." The ads spotlighted bank personnel and enumerated how they served the customer at the bank and through service to the community. The entire series included some 25 ads. Actually, according to Mr. Mermis, Security Bank's staff had been one of the most civic minded in town; but the public had not been informed properly.

The following ad copy, used to introduce Dale Oliver, executive vice president, is typical of the series:

"Most people want their banker to be professional, well-trained, knowledgeable in his field. Dale Oliver, executive vice president of Security State Bank, is that type of banker. A graduate of the University of Kansas School of Business, he attended the University of Wisconsin Graduate School of Banking and has spent more than 20 years in banking at El Dorado, Salina and

### Candid Photos Were Used to Introduce Bank Personnel in Advertisements



President Mermis



Mrs. Marie Winter, teller



Dale Engleman, v.p.



Mrs. Betty J. Sloan, a.v.p.

MID-CONTINENT BANKER for October, 1970



Great Bend. He has been a trustee of the School of Basic Banking, chairman of the Kansas Bankers Association Personnel Commission and state director of the National Association of Bank Auditors and Controllers, as well as associate councilman for the American Institute of Banking.

"An officer at Security State Bank since 1961, he has served Great Bend as Barton County Savings Bond chairman, a director of the Chamber of Commerce, president of United Fund, treasurer of the Barton County Junior College Endowment Association, a country club director and a PTA president. He is also a member of Kiwanis and the Elks Club. Dale Oliver is a professional banker and a community leader, serving you and your community at Security State Bank."

The series introduced all bank personnel, from President Mermis to the custodian. When it was concluded, customers knew a great deal about the personnel who served their banking needs.

Other changes brought about by the survey included a revised customer calling program, improved communication within the bank, more cross-selling of bank services and the establishment of a marketing department and the hiring of Mr. Heaton to staff it.

Mr. Heaton, a life-long resident of Great Bend, was well-known to citizens by dint of his 20 years as a newscaster for a local radio station. He was, and continues to be, active in civic affairs. The 43-year-old bank officer's duties include conducting customer studies, developing cross-selling of services and new services and supervision of bank advertising. He finds his new situation to be rather unique, for how many \$15-million banks employ full-time marketing directors?

Mr. Mermis' customer survey has had far-reaching effects. It was conceived and executed in 1968 under the direction of Professor Don Christian of Wichita University. The survey included interviews with 300 household accounts and 100 commercial accounts of Security State. Its objective was to determine the facts about the type of customers the bank had as well as to obtain the frank opinions of these customers concerning the bank and its services.

Mr. Mermis did some research of his own in conjunction with the survey. He plotted a 10-year record of new accounts that the bank had obtained and proved that present customers were responsible for bringing in or referring 38% of all new customers. This fact pointed up the importance of the bank concentrating on maintaining good ser-

vice and creating good opinions among present customers.

The customer survey covered the following points:

1. Customers were questioned to determine their use of checking and savings accounts as well as their outstanding loans at each of the community's three banks.

2. Customer profiles were constructed that sought to identify the types of household consumers in the customer profile of each bank, classified by income, occupation, education, age and years lived in the area. Commercial customers were identified as to kind of business, number of employees and years operating in the area.

3. Consumers were queried as to their opinions of which of the three Great Bend banks was best in physical facilities, services, lending policies, business connections, management, advertising and community service. They were also asked which of the three banks was the best, generally speaking.

4. Customers were asked their opinions as to the profiles of the three banks, including the types and age groups of each bank's customers.

The survey also requested preferences of customers regarding bank hours and use of lobby versus drive-in facilities. Questions were asked about the effect the community's two S&Ls had as a competitive factor, to enable Security State to determine if the S&Ls or the other two banks were its biggest competitors. (The S&Ls proved to be insignificant competitors.)

Results, other than those discussed previously, were as follows: Security State was shown to have lost its first place standing in number of household checking accounts and was just about tied with the other banks for savings accounts and current loans. The bank was found to have more industrial employees and craftsmen than its competitors, but fewer professional people, retired people and widows on its customer rolls. It was also revealed that the bank had lost its domination of the youth market, but was in first place in the 35-49 age bracket.

Security State was in the lead in regard to commercial customers, leading in number of savings accounts and tied for first in number of current loans to commercial customers. The bank proved to be strong in oil, manufacturing and professional commercial account customers, but was down in retailing-wholesaling and services accounts. The bank enjoyed a high share of large firms as customers, but was not getting its share of new business firms.

The bank rated lowest of the three as to relative excellence—although it

was rated only slightly below the second-place bank. This should be considered in light of the fact that all three banks are highly regarded by the community.

Survey results were surprising, but they served to spur bank management to take remedial action to change its image among its customers.

Although it is too early to tell the far-reaching effects of Security State's customer survey and the resulting operating changes, the initial action brought about has served to make Security State a better place to bank—a factor that can hardly fail to bring growth to the bank as a result of a desire to project a greatly improved banking image! • •

## Tours Attract Visitors At Nat'l Bank of Detroit

DETROIT—National Bank of Detroit has welcomed about 474,000 guests—one-third of Detroit's population—on tours of the bank during its first decade in its 15-story structure.

The bank's tour program was formed after its first open house in 1959 when clubs, tourists and individuals kept requesting special tours. About 230 group tours are requested yearly. School groups make up 73% of the tours, 19% are civic organizations and 8% professional groups.

Five female tour guides, in tailored red and blue uniforms, conduct groups through the bank, explaining the Main Office operations and the money museum. The museum reflects 4,000 years of world history in terms of ancient money, bartering items and artifacts.

The tour guides have to keep in mind facts about the bank so they can answer curious questioners. For example, the bank has 932 windows, enough steel to build railroad tracks from Detroit to Ypsilanti and enough air conditioner coolant for 8,000 refrigerators.



National Bank of Detroit tour guides are (from l.) Miss Linda Johnson, Miss Janet Harvey, Miss Suzanne Moore, Miss Darlene Jones and Miss Marie Regula, supervisor.



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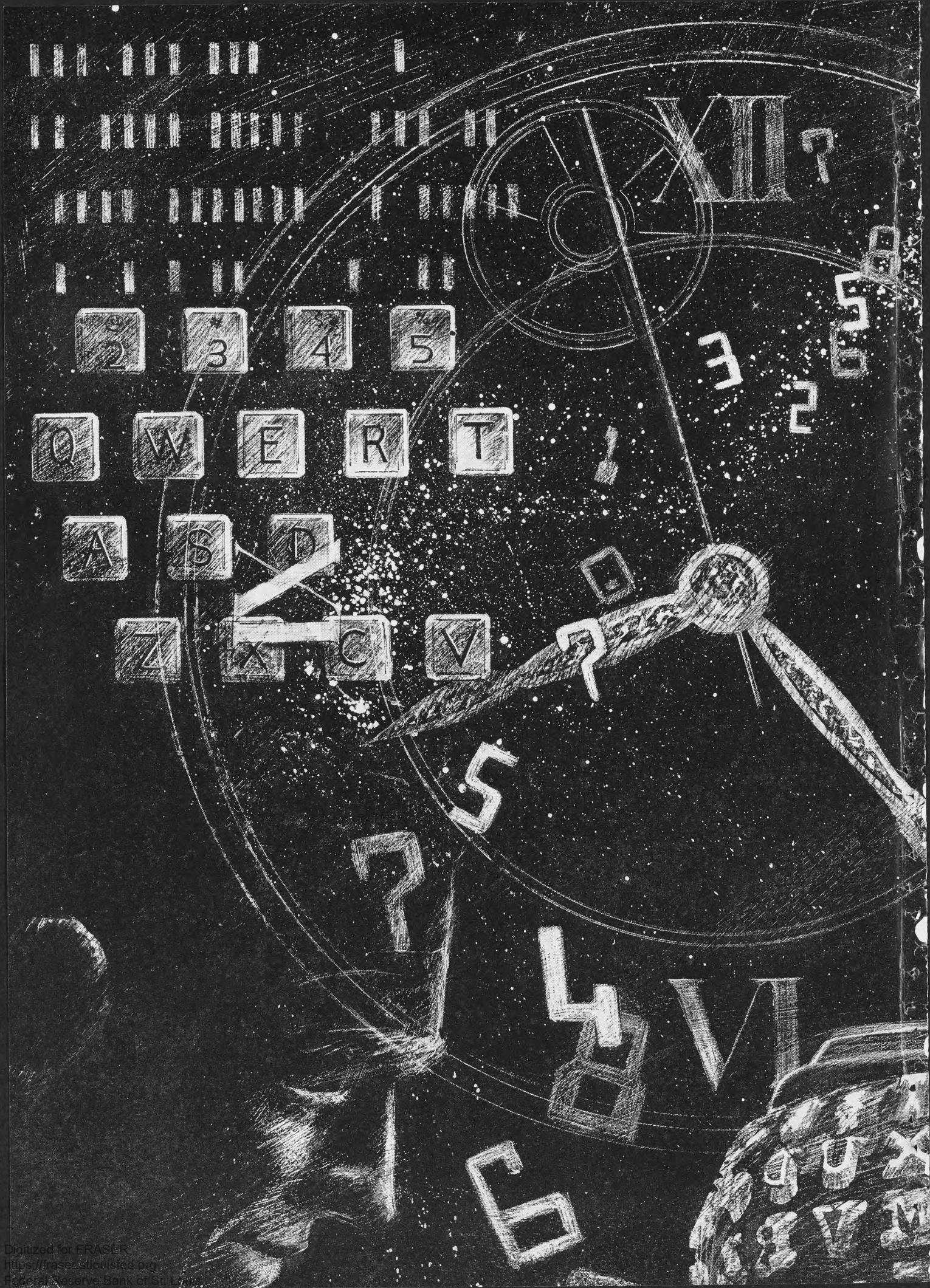
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## Missouri Holding Co's.

(Continued from page 39)

headquartered in Kansas City, received Fed approval in August, 1969. Initial banks in the firm were First National and Leawood National, both in Kansas City. A third affiliate, National Bank of Boonville, received Fed approval two months ago and an application is pending for the acquisition of Webster Groves Trust. First National Charter Corp. is headed by Barret S. Heddens Jr. Total resources of the firm are estimated to be \$531 million (including Webster Groves Trust).

Missouri Bancshares, Inc., Kansas City, received Fed approval to change from a one-bank holding company to registered status last month. The firm includes City National, Kansas City, as its flagship facility. It has signed agreements in principle with banks in Joplin, Carthage, Boonville, Warrensburg and Kirkwood. (The Kirkwood application was still pending at press-time.) These acquisitions are dependent upon approval by shareholders of each bank. President and CEO is R. Crosby Kemper Jr. Total resources of Missouri Bancshares upon completion of registered status will be approximately \$450 million.

General Bancshares Corp., St. Louis, is the state's oldest holding company and the only one with out-of-state affiliates. General Bancshares registered

under the Bank Holding Company Act the same year it became law (1956) and at year-end 1958 it spun off all its non-banking subsidiaries as required by the Act. Its Illinois and Tennessee affiliates were retained under the Act's grandfather clause. The firm controls 10 banks—largest of which is Bank of St. Louis—but has not made any acquisitions since 1962. Chairman and CEO is Jack G. Butler. Assets of the firm's holdings are estimated to be in excess of \$505 million.

Mark Twain Bancshares, Inc., Clayton, controls three St. Louis area banks with assets estimated to be in excess of \$108 million. Mark Twain received Fed approval in January, 1969, and is headed by Adam Aronson, chairman.

U. N. Bancshares, Springfield, received Fed approval last April and expects to have completed acquisition proceedings to acquire Union National and Springfield National by the end of 1970. Eugene F. Everett serves as president and assets of the two banks stood at \$100.6 million on June 30.

First Midwest Bancorp., Inc., came into existence May 1, 1970. It controls three St. Joseph banks, whose combined assets are estimated to be in excess of \$85 million. J. M. Ford II serves as president.

Midwest Bancorp., Inc., Kansas City, received Fed approval in May, 1969, and controls Laurel Bank, Raytown, and Platte Woods Bank, Kansas City. Assets are estimated to be in excess of \$19 million. Clark G. McCorkle serves

as president.

Also qualifying as a registered bank holding company is the Joseph W. Ingram Trust "B," headquartered at Columbia National, Kansas City. The Trust controls banks in Salisbury and Bynumville, with estimated assets in excess of \$10 million.

Several conversions from one-bank holding company status to registered status are imminent, all in the St. Louis area.

Included is Mercantile Bancorp., holding company controlling three banks, including Mercantile Trust, St. Louis; First Union, Inc., controlling six banks, including First of St. Louis and St. Louis Union Trust; Boatmen's Bancshares, Inc., which will control three St. Louis area banks, including Boatmen's National; and First State Bancorp., which will control three St. Louis area institutions.

(First Union, Inc., won Fed approval as a registered bank holding company on September 16 and expects to be operating as a multi-bank holding company before the end of the year.)

Upon completion of conversion of these and other firms to registered status, approximately 46% of the state's total deposits will be controlled by registered bank holding companies. This compares with 16% controlled as of mid-1970.

There is little doubt that registered bank holding companies have become a major part of Missouri banking. • •

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## Fed Approves First Holding Company for Arkansas

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The Board of Governors of the Federal Reserve System last month announced approval of First Arkansas Bankstock Corp. (FABCO) to become a registered bank holding company. This first multi-bank holding company approval in Arkansas permits the association of Arkansas First National of Hot Springs and Worthen Bank of Little Rock under FABCO. FABCO was originally a one-bank holding company organized by Worthen Bank.

Edward M. Penick, president of FABCO and of Worthen Bank, commented that this "is a turning point for Arkansas' financial industry. As Arkansas' first registered bank holding company, FABCO will be able to provide

customers with the benefits of the total assets of the holding company, and at the same time both affiliated banks will retain their individual identity and local board of directors.

"The opening of the Arkansas River as a navigable waterway and Arkansas' ability to attract new industry will lead to tremendous growth and require additional financial resources. Through FABCO," said Mr. Penick, "we can enlarge the capital available for business and industry. A family of banks will be able to compete with regional banks surrounding our state that are now drawing deposits from Arkansas while contributing little to the growth of Arkansas."

Thomas W. Stone, president of Ar-

kansas First National, stated: "I am extremely pleased that the Federal Reserve System has approved FABCO's application. We are looking forward to joining Worthen and FABCO in meeting the expanding financial needs of a growing Hot Springs and a growing Arkansas. I am convinced that our relationship is the first step toward the creation of the financial flexibility that Arkansas so desperately needs to continue its rate of growth."

Worthen Bank is Arkansas' largest bank. With the acquisition of Arkansas First National under FABCO, the holding company now has five affiliates. The others include: World-Wide Travel Service, First Arkansas Leasing Co. and Metro Properties, Inc.

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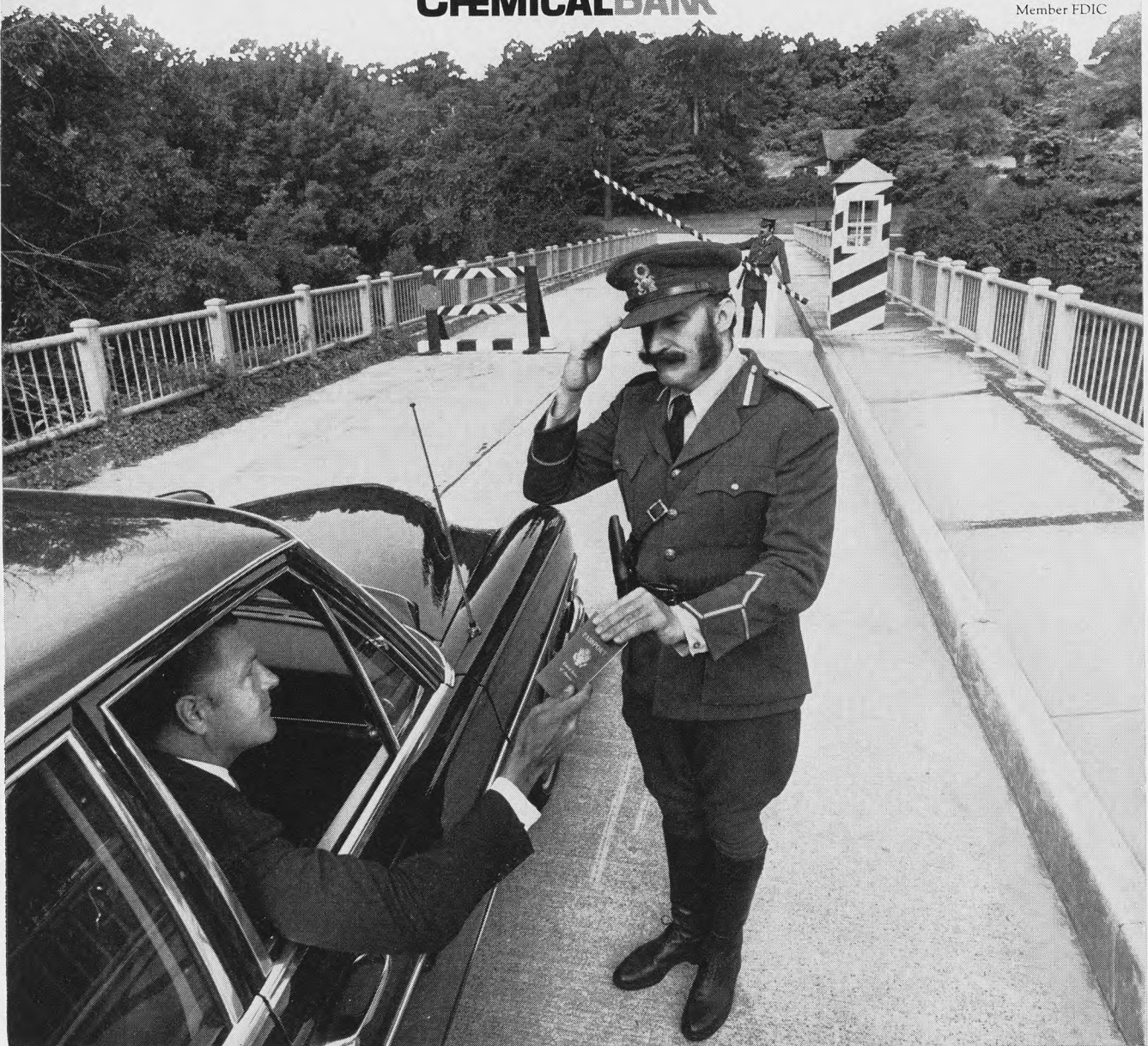
is ready, he will turn it over to you or deliver it directly to your customer—whichever you prefer.

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# Special Loan-Savings Program Set Up By Bank to Help Fight Pollution

WHAT CAN be done about pollution? This question is being discussed everywhere by just about everybody. However, not much action has resulted so far from all the discussions. A Dayton, O., bank did resort to deeds instead of words, though, and—as a result—the anti-pollution effort there is well under way.

For two months—July and August—the bank, Winters National, offered 6% loans to firms to finance acquisition and installation of anti-pollution equipment. To interest all Dayton residents in the project, the bank set up three savings plans during July and August and offered to contribute one dollar from its own funds for each dollar deposited in these accounts. It was this money that was used to make the low-interest, anti-pollution loans.

At the end of the two months, about \$900,000 had been deposited to the special accounts, and so, with the bank's matching funds, there is \$1,800,000 available for the loans. Loans amounting to about \$400,000 already have been confirmed, and loans amounting to another \$400,000 have been requested.

The three special savings plans at-

tracted 300 participants, and Winters National is especially proud because almost half the depositors were young people. Although one of the plans featured two- to five-year time deposits, with a \$1,000 deposit as the minimum, the bank also created a regular pass-book account with a \$10 minimum deposit for persons up to 25 years of age. This plan attracted many high school and college students and young workers, many of whom opened accounts of \$300 to \$400. A 13-year-old boy was the first to open the \$10-minimum account.

Robert A. Kerr, president and chief executive officer of the bank, wrote personal letters to the 130 young persons who opened accounts. Mr. Kerr conceived the combination loan and savings anti-pollution program and carried it out with the help of James J. Hubbard, director of marketing at Winters National, and LaVerne C. Duellman, vice president-loan administration.

A group of young housewives became so interested in the bank's anti-pollution program that they went from door to door soliciting funds. They then turned the money over to the

local Clean Air Committee to deposit in one of the special savings plans so that Winters National could match the amount collected.

In addition, the anti-pollution loan and savings program was the subject of newspaper and TV editorials. At least one minister even discussed it during a Sunday sermon, and Winters National has received about 40 letters from banks around the country inquiring about the program.

To find prospects to receive the loans, the bank obtained a list of the county's major polluters from the Montgomery County Department of Public Health and then went to these firms and told them about the special 6% anti-pollution loans. However, Winters National emphasized that it wouldn't make such loans automatically to any firm. Each loan, as always, had to be sound, and recipient firms had to have definite plans for using money lent to them.

Sometime this winter, the bank plans to make a formal report on its anti-pollution program and hopes to show the tonnage of pollution removed from the air and gallons of pollution taken from the water around Dayton as a result of the project.

One thing is certain: The bank's program made Dayton-area residents more aware than ever before of the pollution problem and stimulated the entire community to take action to do something about it. • •

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## Senate Passes IBHC Bill; Not as Strong as House Version

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WASHINGTON—The Senate—by an overwhelming vote of 77-1—approved a one-bank holding company bill September 16. The only dissenter, Senator William Proxmire (D., Wis.), presumably voted against the measure because he didn't consider the bill to be strong enough.

The bill now goes to a House-Senate conference committee, which will try to reconcile it to the much-stronger bill passed last year by the House.

One of the big differences between the House and Senate bills is the cutoff date. This date is to be used to determine whether an acquisition of a non-banking enterprise by a one-bank holding company should be allowed to stand. The Senate version set this date at June 30, 1968; whereas, the House decided on May 9, 1956, the date of enactment of the Bank Holding Company Act of 1956. The House measure would force about 500 one-bank holding companies formed since 1956 ei-

ther to sell their banks or non-banking affiliates.

Although the House bill is much tougher than the just-passed Senate measure, both bills have the same objective—to close the loophole left by the Bank Holding Company Act of 1956, whose main purpose was to keep banking separate from other firms. Under that act, holding companies controlling only one bank apiece are exempt from Federal Reserve Board regulation of proposed acquisitions. Because of this exemption, many large banks converted to one-bank holding companies so they could diversify without getting Fed approval.

As of now, only banking subsidiaries of one-bank holding companies are under federal regulation. Holding companies controlling two or more banks must obtain Fed approval of acquisitions.

Before adopting their bill last month, senators were in dispute over Senator Proxmire's effort to eliminate from the Senate bill a provision that he said

would exempt more than 80% of one-bank holding companies from the proposed restrictions against engaging in non-banking activities. However, the Wisconsin senator lost his fight. The provision's main defender was Senator Harrison Williams (D., N.J.), who offered it in the Senate Banking Committee's closed session.

One part of the provision exempts a one-bank holding company from the bill's regulation if the bank's net worth is less than 25% of the holding company's total net worth and is less than \$50 million. According to congressional sources, about 60 conglomerate one-bank holding companies would fall under this classification.

The Senate accepted an amendment of Senator Wallace Bennett (R., Utah) that would make sure that the bill's prohibition against business "tie-ins" of products and services of banks and bank holding companies doesn't prevent the continuation of some legitimate, traditional banking practices.

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MID-CONTINENT BANKER for October, 1970





## Commercial Nat'l of Little Rock Combines Old and New Features In Major Remodeling Program

COVER PHOTO: Miss Barbara McLean is shown as one of Commercial National Bank tour guides in specially designed Scottish costume. She is daughter of William H. McLean, vice chairman of bank.

current expansion program.

When the bank's expansion program was started, many customers expressed concern about the preservation of the walnut paneling in the lobby and conference rooms that Arthur E. McLean, a former president of the bank, had meticulously and expertly selected more than a decade ago. They were assured that all of the paneling would be preserved and that the larger lobby and other floors of the new building would be finished in the same fine walnut by expert craftsmen.

The old as well as the new panels are matched and blended, separated from one another by stiles and rails of solid walnut in a traditional manner. The warm soft walnut has been burnished like fine furniture until it has a patina, obvious to the eye as well as to the touch. The burl walnut panels in the offices and in front of the tellers' windows have been retained.

All of the Italian travertine marble has been preserved and additional fine marble added in such places as the two Main Street entrances, where it pleasantly contrasts with the highly polished dark red granux exterior walls of the building. From the golden anodized aluminum solar screen, which completely surrounds the building, to virtually every part of the inside of the bank, there is evidence of the ingenuity of the architect, Bruce R. Anderson, who combined the best of the old with the new to form a beautiful and efficient structure.

Immediately inside the larger of the two Main Street entrances is a mural by the Texas artist, James Buchanan Winn Jr. This mural is 14 feet high and 12 feet wide and painted on natural walnut blocks arranged in a parquet pattern, which gives a tapestry effect. The design of the mural is a glorified map of the state with the Arkansas River featured in 23 karat goldleaf. The city of Little Rock, the central motif, is located in a cloud representing memories of the past and dreams of the future.

The history, resources and industry

WHEN A BANK grows from a \$50-million institution to one of approximately \$100 million and its customer activity is more than trebled in 10 years, major changes are essential. This was the reason given by Richard C. Butler, president of Little Rock's Commercial National, for undertaking the second major structural expansion in the main building in 15 years. A series of events September 16 through 25 marked completion of the project.

Special tours of the remodeled building were conducted for employees, directors, representatives of the news media, correspondent bankers and downtown Little Rock bankers. Open house for the general public was held September 25.

Founders of Bankers Trust, predecessor of Commercial National, erected a building that has been adaptable to the changing requirements of banking for nearly 60 years, Mr. Butler pointed out. Although rearrangements and additions have gone on continuously, he continued, a complete renovation was carried out in 1955-56 and then the

TOP: New board room on second floor of remodeled Commercial National of Little Rock features specially designed conference table and walnut Georgian chairs upholstered in brown leather. Rare Adam cast-iron mantel can be seen at far end of room.

SECOND FROM TOP: Unusual 14x12-foot mural, painted on natural walnut blocks, dominates north wall main outer lobby. Mural is framed by cast-iron columns.

SECOND FROM BOTTOM: Iron stairway leads from main lobby to mezzanine. Floor is terrazzo and features simple geometric design.

BOTTOM: East view of bank lobby shows carpeted lounge area.



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of the state are shown in portrait form, such as Hernando de Soto in the upper right and "Old Main" at the University of Arkansas in the upper left. Many other subjects are treated in a similar manner—cotton in the Delta region, shipping on the Mississippi, forests and oil in the south, generation of electricity in nuclear plants on the Arkansas River, recreation and mining in other parts of the state.

The cast-iron columns, which create an interesting frame for the mural, were discovered when the building now occupied by the bank's data processing center was rebuilt several years ago. They were preserved as an interesting representation of the architectural design along Little Rock's Main Street before the turn of the century. The finishing of these columns also was done by the artist in a manner to complement the wood and gold in the mural.

A simple and elegant ceramic tile wall is opposite the mural on the south side of the building lobby accented by a planter containing a variety of evergreens.

Inside the bank lobby and beyond the iron stairway, which leads to the mezzanine, is the enlarged main banking lobby, where periods have been merged to create an atmosphere of timeless elegance. The floor, a simple geometric design in terrazzo, leads to officers' areas and to the functional tellers' stations.

Every department of the bank is in new, expanded or refurbished quarters that are efficient for customers and employees alike. The enlargement of the bank building, together with new equipment and furnishings, has been completed after a year of work and the expenditure of approximately \$1.5 million.

On the south wall of the bank lobby, above a walnut-paneled wainscot, is the art work of the award-winning Arkansas artist, Mrs. Josephine Hutson Graham. The painting is a modern genre of Main Street, Little Rock, between Second and Third streets, 1970, of people in their environment going about their daily tasks with a skyline of the city in the background.

A large new board room is located on the second floor and can be reached by either of the front elevators. The wood wainscot is finished in a lively green that shows off to advantage the handsome green and gold Fortuny fabric wall covering and draperies, woven in Venice, Italy. Covering a large section of the south wall of this meeting room is an English antique breakfront (circa 1790) 12 feet wide, purchased from the New Orleans shop, Rothschilds. At the east end of the room is

a rare Adam cast-iron mantel with front cover accessory, originally used in an early American mansion. A conference table and walnut Georgian chairs, upholstered in rich brown leather, were designed and manufactured especially for this meeting room. Occasional chairs, sofas, side tables and three large brass chandeliers and an imported gold-colored carpet from Scotland complete the furnishings in the directors' room. • •

## Georgia Plan

*(Continued from page 41)*

modern, permanent mini-park was built in a poverty area of Atlanta, featuring Astro-turf; a trip to Africa was arranged for 50 black college students; a model employment program for C&S job applicants who could not meet entry levels skills was developed to enable graduates to qualify for bank employment (with a 70% retention rate); a special motivation clinic for new businesses stresses the need for achievement, special goal setting and business planning.

A specific rule book has not been developed for CDC operations because of the high degree of judgment required, but certain procedures have been developed during the initial months of CDC's existence. Program objectives for home-ownership loans are to produce homeowners, not to make loans. Persons desiring Georgia plan loans can make application at any branch of C&S. Credit is evaluated, along with a budget, character judgment and ability to repay the proposed loan. Home-ownership loans or rehabilitation loans can be made by the loan officer taking the application, but they cannot be declined without two negative judgments by a central review committee.

Business applications are routed to a central office in each city. Small businesses are the target and each application is reviewed with the following guidelines: (1) an apparent (judgment decision) ability to manage the business on the part of the applicant; (2) an obvious ability to repay the proposed loan; (3) a positive benefit to the community that would accrue from the operation of the business. A hippie shop, liquor distributor and liquor dealership were declined because of their failure to qualify as positive community contributions.

Thus far, the bank is satisfied with the operating results of CDC, which has yet to charge off a loan, although it appears that bad debts might total as much as \$20,000 this year.

Georgia plan officials believe that the

plan can serve as a community development model for banks across the country. The key, they say, is to get total commitment from the head of the sponsoring bank and from the program director. A program like this takes an innovative outlook—a loan officer who has been making risk-free loans for 15 years will have to change his approach if he is going to run a successful development corporation.

Will the Georgia plan repay real long-term dividends to C&S? Mills Lane thinks so. C&S has long claimed that its forte is making loans with less delay and red tape, and with higher risks. Yet, the higher risks have turned out to be sound ones. Joseph A. Hall III, bank first vice president, says, "In 1990, I believe we'll look back and say the Georgia plan was the most important thing this bank did in the 70s!" • •

### Five Receive Promotions At First Nat'l, Chicago

CHICAGO—First National recently elected four new vice presidents and one assistant vice president.

Elected vice presidents were: Thomas F. Mullaney Jr., bond department; D. John Stavropoulos, international banking; George W. Vandervennet Jr., trust department; and J. William Winegar, personnel department.

Frank J. Bouska was named an assistant vice president and manager of taxes. He will be responsible for planning and implementation of tax policies with respect to local, state, federal and foreign taxation.

### Dusthimer Named President of Miami Beach 1st Nat'l

Thomas L. Dusthimer, former Indianapolis and St. Louis banker, has been named president of Miami Beach First National, oldest and largest bank in Miami Beach.

Mr. Dusthimer had been president of Mark Twain Bancshares, Inc., since last January.

Mark Twain Bancshares owns three St. Louis-area banks. Before going to St. Louis, Mr. Dusthimer had been with American Fletcher National, Indianapolis, since 1958. At that bank, he was, successively, in the correspondent bank division, headed the national division, was assistant to the president and had charge of the corporate division. He held the title of senior vice president when he left.



DUSTHIMER

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# Bankers, Drop Your Defensive Attitude; Tell Public About Accomplishments

By THOMAS F. DUFFY

President  
Robert Morris Associates  
Vice President  
Northern Trust Co.  
Chicago

I AM PROUD to be a banker and particularly a loan officer. I am proud of banking's performance in the public interest—and especially of the contri-



DUFFY

bution to that performance by members of Robert Morris Associates.

Five years ago we would have questioned the propriety and purpose of expressing so basic a creed. Today, I believe it is proper and imperative that we

both express and explain it.

The record shows that commercial banks, by and large, have become increasingly responsive to customer needs, increasingly committed to public policy goals—and, at the same time, increasingly the target for bitter and often baseless criticism.

Now let me acknowledge quickly that criticism, including self-criticism, is an ancient and honorable American custom. None of us would bar it if we could. But excessive and unwarranted criticism that stands unanswered can have a crippling effect on an individual or an industry.

I submit that our industry faces this problem in very serious form right now and we had better address ourselves to it individually and collectively.

The current "knock-the-banks" campaign went into high gear after the prime rate was increased to 8½%. It is significant that the lowering of the prime rate in March resulted in no perceptible abatement.

Millions of readers of a national magazine were treated in April to a fanciful and scatter-shot blast at bank credit cards.

Allegations that commercial banks are deliberately "starving" the housing market have continued to be a favorite refrain in the legislative halls of our national and state capitals.

A bank-branch facility is burned down, reestablished and attacked again—because, in the vandals' words, "We don't want it here."

At the same time, we have added to the pressure within the industry by indulging in our liking for self-criticism. Suggestions for improving the structures and policies of our individual banks and of our associations have been interpreted as admissions of past failure. Real and imagined industry problems in the legislative and communications areas have been emphasized repeatedly by banker spokesmen. In our desire to compete, we have sometimes reserved our heaviest fire for one another. A sensitive conscience is a good thing, but I am disturbed by the apologetic, hand-wringing attitude of some banking industry leaders. We are entitled to do more than sit and shudder.

Perhaps it is time to say less about what ails us and more about what is right and productive and positive in the banking industry.

Dr. Peter Drucker recently told a banking audience that commercial banks have done an outstanding job of selling bank services and adjusting to new customer and market wants. "You have sold your individual institutions," he said, "but you have failed to sell banking."

Let's take a look at the record. Banks have acquired the reputation for being stodgy and unimaginative. For the most part, this reputation is entirely undeserved. During the past 10 years, and, indeed, even before that, banks have been extremely responsive and innovative. A whole range of new services has been created in order to meet the growing financial needs of our customers. We have moved from short-term lending into intermediate- and even long-term lending. We have entered leasing, factoring and accounts-receivable financing. We have been extremely imaginative in tapping new sources of funds in order to have available adequate resources to meet the needs of an expanding economy. Certificates of deposit, debentures, capital notes, individualized savings certificates and passbooks have all appeared on the scene. When resources in this country were inadequate, the overseas market was utilized to marshal supplemental funds.

While making all these adjustments in the market place, we have also made tremendous adjustments in the legal and regulatory area. Corporate-disclosure provisions along with proxy statements and other traditional Securities

and Exchange Commission requirements were applied to our industry and we adjusted accordingly. Consumer-credit-disclosure legislation was enacted and we spent a considerable amount of time and expense in adjusting our procedures to conform with that legislation. Accounting reforms have been required to bring our accounting practices in line with those of other industries. Most important, we have constantly fought to remove outdated regulatory rulings and procedures. The industry recognized that these rulings were, in many instances, anachronisms that could not be tolerated in today's fast-moving economy. Indeed, one measure of the health of our industry is the legislative-legal effort being made by competitors to curtail our activities.

We should not allow the external criticism to shake our positive stance. We must analyze criticism with discrimination and separate the constructive from the canard. Should the banking industry be blamed because in the present economy there are inadequate resources for financing homes? Where does the responsibility lie—with the bank that is carrying out credit-restraint policies of monetary authorities—or with the spending and taxing practices that caused the inflation that dried up housing funds?

During the past five years, commercial banks have increased their home-mortgage lending by 55%. This compares with a 38% increase by savings and loan associations, a 33% increase by mutual savings banks and an 18% increase by life insurance companies.

But banking's support of residential housing encompasses additional dimensions that seldom come to public attention. It includes nearly \$3 billion for home-modernization and repair loans; some \$4 billion in holdings of securities issued by federal agencies concerned with housing and more than \$5 billion in loans to institutions specializing in housing finance.

Those who imply that the banking industry plays a small or reluctant role in the nation's drive for adequate housing simply do not know or choose to ignore the facts. Certainly, we need to do more—and banks' performance these recent months under stringent money-market conditions should be a clear signal that we mean to do more. At the same time, government activity in behalf of housing should be structured so as not to result in a distortion of the capital markets that places a further drain on the normal supply of housing funds.

Now let's look at the student loan program by which the federal government guarantees loans made to students by private financial institutions. Even



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though these loans must be made at interest rates that allow for practically no profit to the bank, the banking industry has extended in excess of 80% of all loans made under the program. Other financial intermediaries have not participated to any great extent. Even in these days of extremely tight money, many banks have stayed in the program and have continued to make the loans in order to assist students to obtain an education. Our performance has been good. We do not have to feel vulnerable simply because the demand for student loans is so great. We have done more than our part and we should be proud of it.

In the commercial-lending area, we have been extremely resourceful in gathering funds necessary to meet commitments made to customers. We kept our work. Is that a vice or a virtue? We enabled our customers to obtain funds necessary to maintain a level of operations that assured continuing employment levels and payrolls for the community. In the consumer-lending area, we have made facilities for obtaining such loans available to millions of people who previously had not had easy access to these facilities.

Moreover, we have supported the financing of public-service facilities in our communities through purchase of municipal bonds. In numerous situations, when municipalities have been faced with interest-rate ceilings, or when bond issues have been rejected by the voters, local banks have come to the rescue by purchasing tax-anticipation notes or otherwise providing funds necessary to running a municipal or state government.

The truth is our industry has been as responsive as any industry to the needs of the communities we serve. Banking hours have been extended; permissible facilities have been placed where the people need them, and every effort has been made to meet the financial and credit needs of our customers.

Our success in this area is documented by the results of a poll taken recently by Louis Harris and Associates, Inc., at the request of the Foundation for Full Service Banks. At the present time, approximately 68% of all families have checking accounts—and 67% have savings accounts—in commercial banks. In 1966, the comparable figures were 56% and 52%. In the area of credit cards, we have done a formidable job as measured by customer use and satisfaction. Mr. Harris found that 28% of the public own BankAmericards, 26% Master Charge cards and another 7% have other bank-affiliated cards. And he found that, by a more than 4-to-1

majority, bank credit cards are rated positively by the American people. No more than 37% gave positive marks to the travel and entertainment cards. The poll found that bank credit cards are believed by a 7-to-1 margin to be easier to sign up with than the travel and entertainment cards, by a 6-to-1 margin to be more accurate in their record-keeping of accounts, and by a 5-to-1 margin are more convenient to use. They are preferred by the public by a margin of 4-to-1.

This generally favorable opinion was evidenced in other areas. By a margin of 65-to-21% the American people agreed that "banks and banking are more important than nearly any other institution because they help individuals handle their money and help local businessmen when they need it." By and large, an overwhelming majority feel that banks welcome their business, and an overwhelming majority deny the allegation that banks want to take their deposits but then tend to forget them once they are customers.

In terms of the future, this favorable attitude on the part of the public indicates a promising outlook for the expansion of services by banks. Harris found, for example, that most people favor the preparation of taxes and the offering of mutual funds by banks and the eventual furnishing of all financial services under one roof.

In effect, the Harris firm's findings support the thesis of my message: We as bankers have a positive, believable story to tell. We have performed well and the general public realizes this. We should not be misled by the rhetoric of those who will never approve of anything banking does. We should not allow extreme criticism to divert us from our responsibility to stand up and speak out for banking.

This is a job we must do ourselves. Our product is service—service that does not lend itself to high-pressure, glamorized salesmanship. What is needed is a concerted educational effort in behalf of our industry—not just individual banks but banking itself. In short, we must make a greater effort—go the extra mile—to give increased visibility and impact to the side of banking that we understand better than anyone else—the constructive, exciting, creative side.

And what could be more exciting and challenging than the role of the loan officer and the loan administrator as we look down the road into the 1970s? Business credit demand will continue to accelerate—some observers believe U. S. business will need additional external financing in a volume approximating \$400 billion by the end of 1979. The average loan will be in-

creasingly complex—there will be fewer short-term, self-liquidating loans, more revolving credits, more term loans, more "evergreen" credits.

More than ever, the loan officer will be a financial adviser as he assists business firms with their financial planning in a decade that probably will witness a capital shortage. Moreover, he will have to be knowledgeable in international banking. Certainly, the outlook for our profession is stimulating—banking is not stodgy. Let us be proud that banking is our business. It is an important and challenging business. We have a good record. We are determined to build an ever-better record in the years ahead. Let us not place that effort in jeopardy in these times by permitting what already has been achieved to be misrepresented or misunderstood. • •

### Mo. Bancshares to Acquire Four Out-State Banks

KANSAS CITY—Missouri Bancshares, Inc., recently received Federal Reserve approval to acquire four out-state Missouri banks. The banks are: Central National, Carthage; Security National, Joplin; Peoples National, Warrensburg; and Kemper State, Boonville.

Officials said an offer will be made in the near future to shareholders of each bank to exchange their stock for Missouri Bancshares common stock.

Missouri Bancshares also signed an agreement in principle for the purchase of 80% of the 150,000 outstanding shares of First Security, Kirkwood. The proposed purchase is based on a cash offer and is not an exchange of stock between the holding company and First Security shareholders. Approval of the proposed acquisition is currently pending with regulatory authorities.

### Missouri State Names Advisers

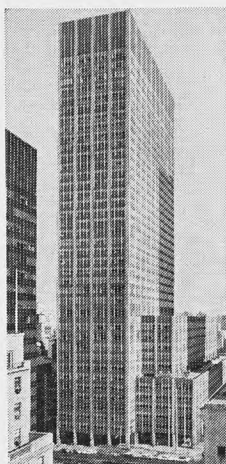
ST. LOUIS—Missouri State recently appointed several men to a one-year term on the bank's advisory committee.

They are: Dr. Russell W. Buchert, dentist; A. P. Chatterton, Main Lafrentz & Co.; the Reverend Frank C. Cummings, national secretary-treasurer, AME Church; Albert L. Felberbaum, attorney; Charles F. Feldewert, Myron Moss Real Estate Co.; Norman Gessley, Southwestern Bell Telephone Co.; Robert M. Guion, Newhard, Cook & Co.; Irvan Hammerman, George-Savan Advertising Co.; Donald W. Jacobsmeyer, Ralston Purina Co.; Dr. John A. Mahoney, dentist; Donald Novatny, Laclede Gas Co.; and Herbert B. Schmidt, Rowland & Co.



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Commission members gathered at first meeting included (rear, from l.) Ellmore C. Patterson, William H. Morton, Edward H. Malone, Morris D. Crawford Jr., Rex J. Morthland, K. A. Randall, Dr. Ezra Solomon, Morgan G. Earnest, Lane Kirkland, William D. Grant,

Richard G. Gilbert, J. Howard Edgerton, Robert H. Stewart III. Seated (from l.) are Donald S. MacNaughton, Dr. R. J. Saulnier, Commission Ch. Reed O. Hunt and Walter S. Holmes Jr. Not present were Atherton Bean, Alan Greenspan and Ralph S. Regula.

## President's Financial Commission Meets; Plans Methods for Conducting Study

By **KATHY FLOOD**  
Editorial Assistant

**A** BUSIER place than usual these days is the Seattle Branch of the Federal Reserve Bank of San Francisco. It is the headquarters of President Nixon's Commission on Financial Structure and Regulation and will be "where the action is" until the commission's deadline on December 31, 1971.

The commission has begun work, through a series of special study groups, to formulate recommendations for long-range improvements in the structure and regulation of financial institutions in the United States. An ultimate objective is to seek needed legislation.

Four commission study groups are working on: (1) the functional specialization of financial institutions, (2) the regulation of interest rates on deposits of financial institutions, (3) deposit insurance and (4) problems of the mortgage market and residential construction.

Members of the commission have met twice to discuss the methods for conducting the study, including the farming out of research subjects. The next meeting, scheduled for this month, will feature discussion of some of the findings already reported.

Dr. Charles E. Walker, Under-Secretary of the Treasury, addressed the commission at its first meeting in Washington in June. He stressed that the planning of the study was aimed at the production of legislative recom-

mendations that will be submitted to the President.

Dr. Walker explained the problems that made it necessary to form the commission: inadequate flow of financial savings; the question of distribution of savings among competing uses within the environment; and getting financial legislation through Congress.

Recently, representatives of federal financial agencies met with the commission staff. These agencies include the Board of Governors of the Federal Reserve; Federal Home Loan Bank Board; FDIC; Office of the Comptroller of the Currency; Department of Housing and Urban Development; and Federal National Mortgage Association.

The federal agencies are assembling from their files materials of interest to the commission and are keeping the members advised of studies they have

Bankers' ideas and views relevant to problems being considered in the commission's study are welcomed by staff members. Comments should be sent to Allen R. Rule, special assistant to the chairman, Commission on Financial Structure and Regulation, 1015 Second Avenue, Seattle, Wash. 98104.

underway. The agencies also are preparing study papers at the request of the commission.

Professional commission staff members include Allen R. Rule, special assistant to the chairman, and two economics professors—Director of Financial Studies Almarin Phillips, University of Pennsylvania, and Co-Director Donald P. Jacobs, Northwestern University.

The members of the commission are: Reed O. Hunt, former chairman, Crown Zellerbach Corp., San Francisco, commission chairman; Atherton Bean, chairman, International Multi-foods Corp., Minneapolis; Morris D. Crawford Jr., chairman, Bowery Savings, New York; Morgan G. Earnest, Earnest Homes, Inc., New Orleans; J. Howard Edgerton, chairman, California Federal Savings & Loan, Los Angeles; Richard G. Gilbert, president, Citizens Savings, Canton, O.;

William D. Grant, president and chairman, Business Men's Assurance Co., Kansas City; Alan Greenspan, president, Townsend-Greenspan & Co., Inc., New York; Walter S. Holmes Jr., president, CIT Financial Corp., New York; Lane Kirkland, secretary-treasurer, AFL-CIO, Washington, D. C.; Donald S. MacNaughton, chairman, Prudential Insurance Co. of America, Newark; Edward H. Malone, vice president, General Electric Corp., New York; Rex J. Morthland, president, Peoples Bank, Selma, Ala.;

William H. Morton, president,

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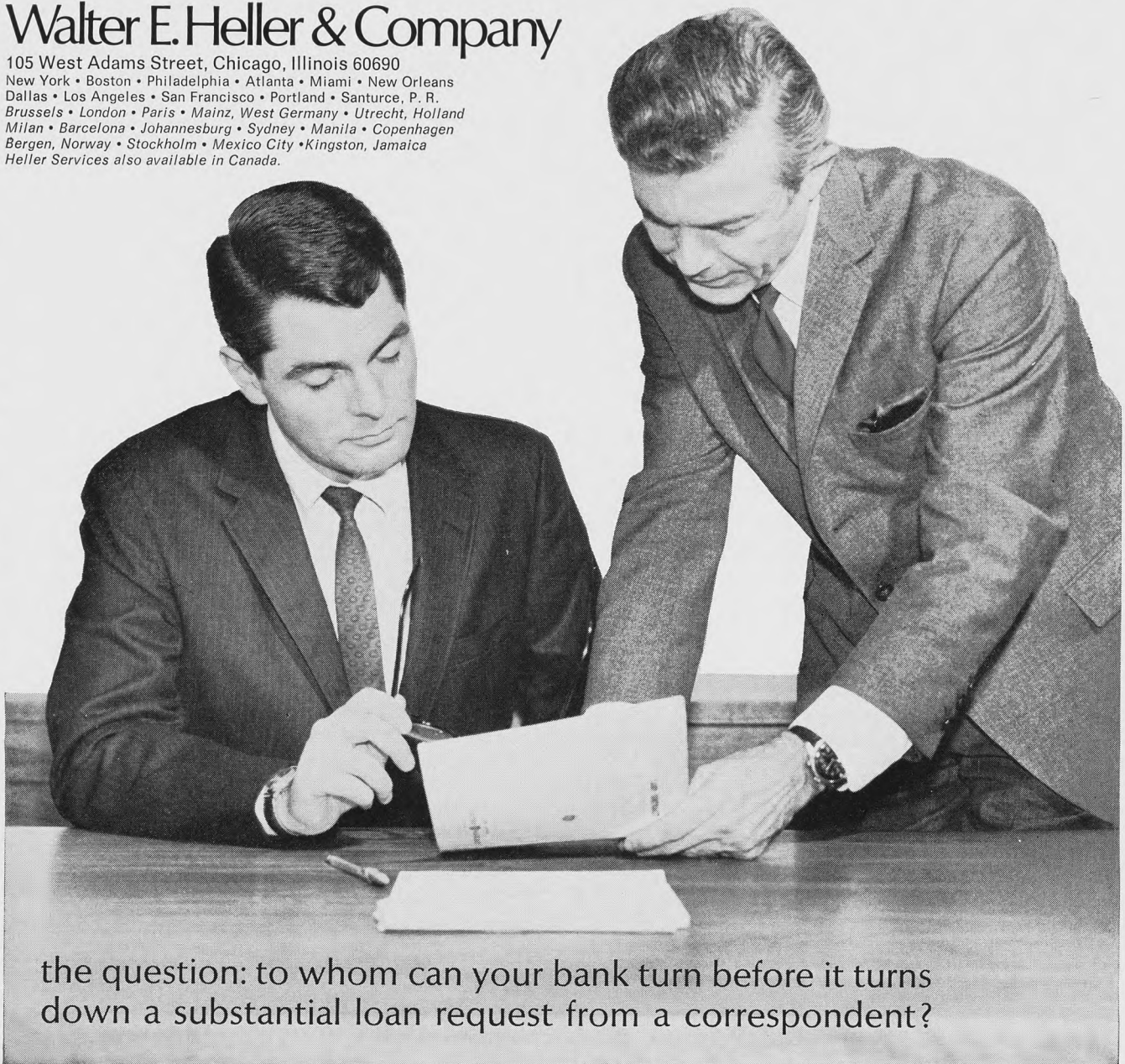
Or, Heller can provide the entire loan, initially, and retain the customer for you until you can comfortably assume the credit (or reassume it).

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American Express Co., New York; Ellmore C. Patterson, president, Morgan Guaranty Trust, New York; Kenneth A. Randall, vice chairman, United Virginia Bankshares, Inc., Richmond; Ralph S. Regula, attorney, Navarre, O.; Dr. Raymond J. Saulnier, professor of economics, Barnard College, Columbia University, New York; Dr. Ezra Solomon, professor of finance, Stanford (Calif.) University; and Robert H. Stewart III, chairman, First National, Dallas.

Reed O. Hunt acquired most of his early education at sea. From the age of 12 he was a deck hand on Puget Sound vessels and by his late teens had become a mate and then a master for various shipping companies. He studied at Smith School of Navigation, Seattle, and completed the advanced management program at Harvard.

He joined Crown Zellerbach Corp. in 1927 and since 1943 has held executive positions at the San Francisco headquarters. He became a vice president in 1952, president in 1959 and chairman in 1963.

Atherton Bean has been with International Milling Co. (now International Multifoods Corp.) since 1937. He was elected executive vice president in 1944 and became president and chief executive officer in 1955. Mr. Bean was chairman, Ninth District, Federal Reserve Bank, from 1961-1965. In 1969, he was appointed to the Special Task Force on Economic Growth by President Nixon.

Morris D. Crawford Jr. joined Bowery Savings as vice president and office counsel in 1953 after serving with a New York law firm. He was elected president in 1961 and became chairman and chief executive officer in 1966. Mr. Crawford is chairman, business advisory committee, New York State Urban Development Corp., and is a member of the state advisory committee, U. S. savings bond division, Treasury Department.

Morgan G. Earnest was employed by the Farmers Home Administration from 1938-1943 and was chief, loan service and collections department, for three states. In 1947 he became loan guaranty officer, loan guaranty division of the Veterans Administration, with responsibility for the G. I. loan program in the New Orleans regional office. Mr. Earnest formed Earnest Homes, Inc., and Earnest Construction Co., Inc., in 1953. He also has served as director of the National Association of Home Builders.

J. Howard Edgerton became president, California Federal, in 1939 and was appointed chairman in 1965. He is a past president of both the California and the United States Savings

and Loan leagues. Appointed by President Lyndon B. Johnson, Mr. Edgerton served as Los Angeles area chairman of the National Alliance of Businessmen.

Richard G. Gilbert was with the Federal Reserve Bank, Chicago, and Cleveland Trust Co. before joining Citizens Savings in 1947. He is chairman, blue ribbon committee on savings association needs, U. S. Savings & Loan League. He is also a member of the league's advisory committee on government securities to the U. S. Treasury, the capital stock committee and the special liquidity committee.

William D. Grant joined Business Men's Assurance Co. in 1941, became president in 1960 and chairman in 1969. He is also president and chairman, BMA Corp., the parent company; president, BMA Real Estate Corp.; and chairman, BMA/Australia, a wholly owned subsidiary. Mr. Grant is a member of the executive committee, Institute of Life Insurance, and is a national trustee, American Field Service.

Alan Greenspan was director of domestic policy research of the Nixon-for-President Committee in 1968. He later was appointed the President-elect's personal representative to the Bureau of the Budget and chairman of the Task Force on Foreign Trade Policy. In 1969 Mr. Greenspan served on the Commission on an All-Volunteer Armed Force and the Task Force on Economic Growth. Last March he was appointed a consultant to the President's Council of Economic Advisers.

Walter S. Holmes Jr. was associated with two New York public accounting firms and RCA Corp. before joining CIT Financial Corp. as controller in 1959. He was named president and chief administrative officer in 1968. Mr. Holmes is a member of the Financial Executives Institute and the American Institute of Certified Public Accountants.

Lane Kirkland joined the research staff of the AFL in 1948 and in 1953 was named assistant director, Department of Social Security. From 1958 to 1960, he was director of research and education, International Union of Operating Engineers, and late in 1960 was named executive assistant to George Meany, president, AFL-CIO. In 1969 Mr. Kirkland was elected secretary-treasurer of the AFL-CIO. He was a member of the U. S. delegation to the 53rd International Labor Organization Conference in Geneva, Switzerland, in 1969; the President's Missile Sites Labor Commission, 1961-1967; and the President's Maritime Advisory Committee, 1964-1966.

Donald S. MacNaughton practiced

law and was deputy superintendent of insurance of New York before joining Prudential Insurance as an associate counsel in 1955. He became president in 1969 and was named chairman last April. Mr. MacNaughton is a steering committee member of the National Urban Coalition. Late last year he was appointed to the Advisory Council for Minority Enterprise by President Nixon.

Edward H. Malone joined General Electric in 1955 as a security analyst, following a six-year association with the Federal Reserve Bank, New York, and as an investment officer with Lincoln Rochester (N. Y.) Trust. Since 1967, Mr. Malone has been manager of GE's trust investment operation and was elected a vice president last June.

Rex J. Morthland was a research assistant, Illinois State Tax Commission, from 1938-1941. He became president, Peoples Bank, in 1953 and was president, Alabama Bankers Association, in 1967-1968. He is chairman and a member of several American Bankers Association committees.

In 1932 William H. Morton joined Chase National Bank, New York, and in 1942 was named a vice president. In 1946 he founded W. H. Morton & Co., Inc., a New York investment banking firm. The firm was acquired by and became a division of American Express Co. in 1966. Mr. Morton served as vice chairman of American Express from 1966 until he became president in 1968. He is a former governor and vice president, Investment Bankers Association of America.

Ellmore C. Patterson joined J. P. Morgan & Co., New York, then a private banking firm, in 1935. When Morgan Guaranty was formed in 1959 by the merger of Morgan Bank and Guaranty Trust Co., New York, Mr. Patterson was named a senior vice president and became president in 1969. He also was named president, J. P. Morgan & Co., Inc., the bank's holding company. In 1965 he served as chairman, advisory committee on commercial bank supervision, appointed by the New York state superintendent of banks.

Before joining United Virginia Bankshares, Inc., Kenneth A. Randall was president, State Bank, Provo, Utah. In 1964 he received a Presidential appointment to a six-year FDIC term and was elected FDIC chairman in 1965.

Ralph S. Regula served as a member of the Ohio House of Representatives from 1965-1966. For the next two years he was an Ohio Senate member, was chief sponsor of the Ohio Banking Code revision and served on the Ohio Legislative Service Commission. In addition to his law practice, Mr. Regula



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MID-CONTINENT BANKER for October, 1970



has been active on several conservation committees.

Dr. Raymond J. Saulnier has been a member of the Columbia University and Barnard College faculties since 1934. He was director of the financial research program of the National Bureau of Economic Research from 1946-1953. From 1956-1961 he was chairman of President Eisenhower's Council of Economic Advisers. Dr. Saulnier also served on the advisory committee to the Secretary of the Treasury and as chairman, White House Task Force on Low-Income Housing. Presently, he is a consultant, U. S. State Department.

Dr. Ezra Solomon, a native of Burma, has authored several books on economics and has lectured in eight countries. He served as consulting economist for the U. S. Senate Committee on Banking and Currency in 1954 and for the National Commission on Money and Credit in 1960.

Robert H. Stewart III joined First National, Dallas, in 1951 as assistant cashier. He was elected president in 1960 and chairman and chief executive officer in 1965. Mr. Stewart, elected one of five outstanding young Texans in 1960, holds several company and public service directorships. ••

#### TV Promotional Leaflets Available to Banks

The Full Service Banks Advertising Co. is offering four local bank tie-in leaflets with the 1970-71 network television campaign of the Foundation for Full Service Banks.

The four-page leaflets promote the National Geographic "specials" being co-sponsored by the Foundation and Timex.

The special programs, to be televised over CBS-TV, include: "Zoos of the World," October 13; "Ethiopia: The Hidden Empire," December 2; "The Great American Desert," February 9; and "Adventure in the High Arctic," April 14.

The leaflets feature a colorful cover photograph, a brief description of the program and an institutional message covering bank services and civic and community activities of bankers.

Imprint space for the local bank name is provided on the back of each leaflet.

■ **LOUISIANA BANK**, Shreveport, recently named Ray P. Oden Sr. president. He succeeds T. D. Sells, who has resigned. Barry L. Battlestein, G. Arch Frierson and R. L. Taylor have resigned as directors. New directors are businessmen Charles Ellis Brown, Clarence N. Frierson, Robert F. Roberts, Robert L. Taylor Jr. and Thomas A. Williams.

## Millikin Nat'l of Decatur Stages 30th Annual Correspondent Party

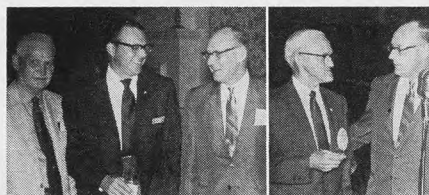
DECATUR, ILL.—Millikin National played host to more than 225 bankers at its 30th annual correspondent bank party held September 17 at Country Club of Decatur.

A total of 65 bankers played golf. Ed Zilm, vice president, Citizens National, Toluca, won the top golf prize for achieving low gross score. E. M. Lantz, a director of Shelby County State, Shelbyville, had the low net score.

H. F. Nalefski, who recently retired from Millikin National, was awarded a 50-year pin by Robert C. Schrimple, executive vice president of the Illinois Bankers Association, in ceremonies prior to a buffet dinner.



IBA 50-year club members present at the party included (standing, l. to r.) H. F. Nalefski, Millikin Nat'l; E. M. Culp, Northtown Bank, Decatur; (seated, l. to r.) G. W. Ohmes, First Nat'l, Lincoln; H. E. Vogelsinger, Pontiac National; and E. E. Joynt, Millikin Nat'l.



LEFT: Ray G. Livasy (c.), pres., Millikin Nat'l, visits with guests Roland W. Blaha (l.) commissioner of banks and trust companies for Illinois, and Robert C. Schrimple, exec. v.p., Illinois Bankers Assn. RIGHT: Mr. Schrimple presents H. F. Nalefski with a 50-year pin in ceremonies prior to dinner.

#### BAI Designates 34 Bankers Chartered Bank Auditors

The BAI recently awarded the Chartered Bank Auditor designation to 34 bankers, bringing to 241 the number of CBA designations awarded in the first three years of the program.

The award is given by the BAI directors when a candidate has successfully completed an examination program, met with minimum requirements and subscribed to a code of ethics. Bankers receiving the award this year completed the examination procedure last June. Candidates must pass four examinations in not more

than five years.

Under new eligibility requirements, a candidate must reach his 25th birthday by the end of the calendar year in which he sits for Part I or Parts I and II of the examinations. He must have six years of banking experience, four of which may be substituted by education beyond high school, and two years in a bank audit position.

Bankers in the Mid-Continent area awarded the Chartered Bank Auditor designation were: John V. Anderson, vice president, Liberty National, Oklahoma City; Charles Huddleston, vice president and cashier, South Main Bank, Houston; Marvin S. Mayer, auditor, First National of Jefferson Parish, Gretna, La.; Fred C. Moellenhoff, auditor, St. Louis Union Trust; Clarence H. Nixon, auditor, First American National, Nashville; Arthur Schneiderheinze, assistant auditor, First National, St. Louis; Gerald S. Touger, auditor and assistant vice president, Central Bank, Birmingham.

## Report Presents Tips On Loan Applications For Minority Firms

SAN FRANCISCO—Bank of America recently announced the availability of a practical guide to applying for minority business loans.

A special issue of the *Small Business Reporter* presents the information a businessman needs to package his loan proposal; suggests where to go and how to obtain financing; tells how to prepare a personal resume and a written description of the business, a projected profit and loss statement and other things a lender wants to know.

The report, entitled "Applying for Minority Business Loans," lists ten tips for the prospective borrower:

- 1) Put all your cards on the table.
- 2) Present your plans in an organized way.
- 3) Remember that it takes time to get everything together.
- 4) Make sure your business idea will work.
- 5) Be realistic about the amount of money you need.
- 6) Keep personal spending within limits.
- 7) Ask for help when you need it. (False pride is one of the biggest mistakes a small businessman can make.)
- 8) Know something about managing money.
- 9) Respect the limits of the loan agreement.
- 10) Don't be discouraged if you have to try several different lending sources.

The report also includes a glossary of terms commonly used in business and case histories of successful businesses.

A free copy of the report can be obtained by writing the *Small Business Reporter*, Bank of America Center, San Francisco, Calif. 94120.



# Republic National Bank of Dallas, of London.



Now: Republic has gone multi-national with the opening of a full-service branch in one of the world's great financial centers, London.

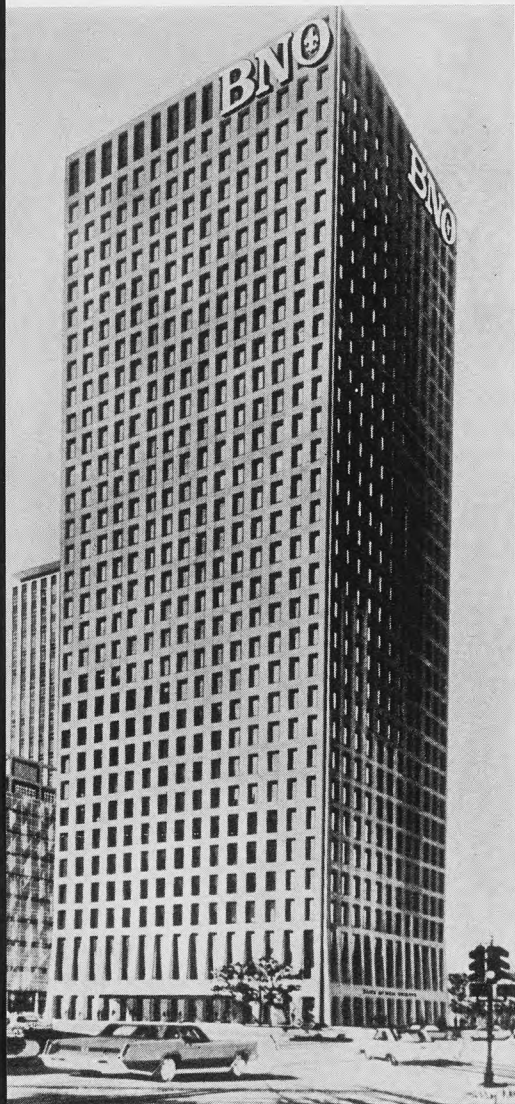
Our new branch is located at One Moorgate in the "City," just across from the Bank of England, in the heart of London's financial district.

Where we're ready, willing and able to handle your multi-currency loans and deposits. These expanded capabilities in the field of international finance will serve you well.

So whenever you or your customers need help abroad, contact the Southwest's leading international bank.







ARTIST'S SKETCH shows the new Bank of New Orleans Building. The 31-story tower will be located in downtown New Orleans.

## Bank Skyscraper to Appear On New Orleans Sky Line

**B**ANK OF New Orleans is making plans to move into a new home. The bank recently signed a lease for occupancy of a 31-story tower downtown to be known as The Bank of New Orleans Building.

The front of the building will face a granite-surfaced plaza. The main entrance will lead to a granite-floored lobby with textured stone walls, bronze trim, carpeting, wood and planting.

An additional entry will be through a landscaped courtyard. The first floor on this side will accommodate the bank's personal loan department, trust department, safe deposit vault and bonds and security departments. All these areas will have direct access to the building's 500-car garage.

The coin vault and security shipping and receiving area will be located on another side of the building. A mezzanine containing the board room, additional conference rooms, work areas and an employee cafe and lounge area will overlook the banking floor.

The main banking room will be one

level above the street, following a trend which has proved attractive and practical in the design of modern banking facilities.

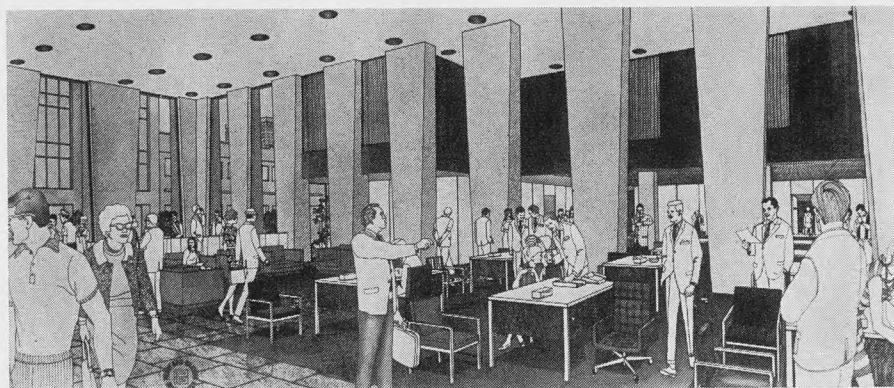
This raised level will be reached from the main street entrance by two pairs of glass-railed escalators and six elevators as well as two special elevators for the bank. The main banking room will have an open, spacious stone colonnade with views of the city.

A 135-foot-wide teller area will include 27 paying-receiving windows on the main banking floor and will be linked with eight remote express teller windows on the ground floor.

Customer seating areas will provide access to the bank's officers, conference rooms and executive offices. The main banking floor also will house customer new accounts and commercial loan platforms with 32 desks and eight private conference rooms.

The building was designed by the Chicago office of Skidmore, Owings & Merrill. August Perez & Associates, New Orleans architects, are designing the banking facilities. • •

INTERIOR of the bank will be decorated with textured stone walls, bronze trim, carpeting, wood and planting.



FAST ACTION ON YOUR

**GRAIN**

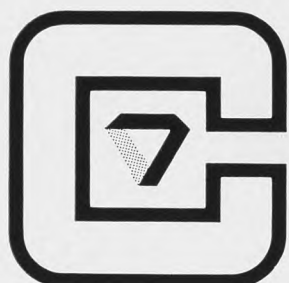
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Citizens National  
Bank of Decatur**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



# Illinois News

## Millikin National Bank to Issue Subordinated Capital Notes

DECATUR—Millikin National shareholders recently approved the issuance of \$2 million in subordinated capital notes and a 2½-for-one stock split.

The capital notes will be offered to the public in two series. Series I will mature on September 30, 1977, and Series II on September 30, 1980.

Holders of Series I capital notes will be entitled to interest at the annual rate of 7½% and Series II holders will be entitled to interest at the annual rate of 7%. Both are payable semiannually on the last day of March and September of each year.

Millikin National will offer the notes only through an offering circular and will act as its own underwriter. Sales will be made through the bank's officers.

## Pneu-Vista Drive-In Service Installed at Harris Trust

CHICAGO—Harris Trust recently installed three Mosler Pneu-Vista drive-in lanes to speed up automatic banking procedures.

The driver pushes a button to activate the Pneu-Vista unit, which opens and lifts a carrier capsule up near his hand. The customer puts his transaction in the capsule and places it back in the unit. The capsule zips through the underground pneumatic tunnel and up into the bank building. A teller inside the bank completes the transaction and sends back the money, receipts, passbook or other material in the capsule.

A driver can make auto loan, home improvement loan or mortgage payments by Pneu-Vista, besides making commercial deposits or using his savings and checking accounts.

## Bank of Arlington Heights Elects Two Directors

ARLINGTON HEIGHTS—Bank of Arlington Heights stockholders recently voted to raise the number of directors from seven to nine and to grant the directors authority to issue debentures in an amount not to exceed \$2,500,000. Maturity of the debentures is to be seven years or more.

The two new directors elected were George P. Schannon, president, McWilliams Electric Co., and Blaine J. Yarrington, president and director, American Oil Co.

■ **FIRST NATIONAL**, Raymond, recently moved into its new 4,700-square-foot building. The building has six teller counters and four private offices. Bank Building Corp., St. Louis, handled the project.

## Promotions and Appointments

*American National*, Chicago, Edwin T. Mason to trust investment officer. *Citizens Bank*, Park Ridge, Phillip E. Worth to vice president and manager, commercial sales department, and James B. Thompson Jr. to vice president and investment officer, trust department. *First National*, Chicago, Richard C. Herdrich to assistant vice president and Charles J. Ricard to assistant auditor. *Jefferson Trust*, Peoria, Mrs. Margaret B. George to assistant secretary and Mrs. Corinne Biersdorff to data processing officer. *La Salle National*, Chicago, William E. D'Allaird to investment officer, municipal bond department. *Lake View Trust*, Chicago, James O. Kneisley to vice president (was chief financial officer, Minority Business Enterprises, U. S. Department of Commerce).

*Drexel National*, Chicago, Joseph J. Rozovics to assistant vice president. *First National*, Evanston, Howard B. Silverman to vice president and comptroller (was accounting officer, Continental Illinois National, Chicago). *Bank of Westmont*, Mrs. Jesse Oldfield and Andre F. Stepleton to assistant cashiers. *Oak Park Trust*, Robert E. Newman to vice president, real estate loan department, Robert J. Mathisen, to assistant vice president, commercial loan department, and George P. Gubbins, to assistant cashier, installment loan department. *Central National*, Chicago, James J. O'Brien to investment officer.

## Downers Grove National Opening



Downers Grove National recently celebrated the grand opening of its new building. The celebration featured an authentic, double-deck London bus, which took visitors on sight-seeing rides, drawings for prizes and free gifts. The illustration shows the interior of the lobby which has high, honeycomb ceilings with recessed lighting, window walls of plate glass, contemporary furnishings and three customer entrances.

## Cancer Society Receives Painting



Ben Bullock, sr. v.p., Millikin National, Decatur, and Mrs. John Vander Pluym, special events ch., Decatur Chapter, American Cancer Society, view a lacquer painting given to the Macon County Unit of the American Cancer Society by Nguyen Van Thieu, South Vietnam president. The painting was displayed in the lobby of Millikin National until early September, when it was auctioned off. Proceeds from the auction went to the Decatur Chapter of the American Cancer Society.

■ **FIRST TRUST & SAVINGS**, Waukesha, recently made the following promotions: R. L. Erwin, vice president and trust officer; Joey F. Witte, cashier; T. W. Conlin, assistant vice president; George A. Sprau, executive trust officer; and Russel Hiatt, manager, farm department.

■ **WILBUR D. MEADOWS** recently was elected president and trust officer, National Bank, Canton. He succeeds the late W. Robert Jackson. Mr. Meadows previously was president and chief executive officer, Havana National.

■ **RON ROMINE**, assistant vice president, Peoples Bank, Bloomington, recently was promoted to vice president and manager, data processing department. Mrs. Harriett Gosnell was elected assistant trust officer.

■ **FIRST NATIONAL**, Clifton, recently purchased the grand champion "wether lamb" at the Illinois State Fair. The bid was \$300. The lamb was raised by Kleinert Hampshires, Clifton.

■ **FIRST STATE**, Morrisonville, recently appointed David Spinner assistant cashier and loan officer.

## Illinois Deaths

C. ROBERT OHSE, 45, director, Yorkville National.

W. C. LAHMAN, 64, vice president and director, Franklin Grove Bank.

ROY WILSON, 64, cashier and vice president, Farmers & Traders State, Meredosia.



**Farmers Know It's Good Business**  
*to grow grain*

**Bankers Know It's Good Business**  
*to send their grain drafts direct to Millikin*

THE "BANKERS BANK OF CENTRAL ILLINOIS"  
FOR MORE THAN A CENTURY

**THE MILLIKIN NATIONAL BANK**  
OF DECATUR  
Decatur, Illinois

Service Since 1860

Member F.D.I.C.



MID-CONTINENT BANKER for October, 1970



# Indiana News

## Three Receive Promotions At American Fletcher

INDIANAPOLIS—American Fletcher National recently named Sydney P. Cook vice president, William R. Fry assistant vice president and investment officer and Robert R. Greenfield assistant vice president.

Mr. Cook is in charge of marketing and will direct marketing planning, advertising and market research. Mr. Fry joined the bank in 1962 as a security analyst. Mr. Greenfield came to the bank in July in the banking center sales department, retail division. He was formerly area and district sales manager, Mobil Oil Corp.

## Indiana National Authorizes Capital Stock Purchase

INDIANAPOLIS—Directors of Indiana National Corp., of which Indiana National is principal subsidiary, recently authorized management to purchase corporation capital stock in an aggregate amount not to exceed 25,000 shares.

Officials said the stock purchase will become treasury stock and will be used for possible future acquisitions by the corporation and for staff stock options.

■ RICHARD C. BURROWS recently was named vice president and trust officer, Peoples Trust, Fort Wayne. Formerly, he headed the trust department of Irwin Union, Columbus. Mr. Burrows, who holds a law degree, has served for the last several years as a member of the Governor's Commission on revising the Indiana trust code.

■ FIRST NATIONAL, Elkhart, recently elected Executive Vice President George F. Burke a director. Elected to officer positions were: William T. Castell, assistant vice president; Lawrence E. Miles, investment officer; and William M. Raftree, assistant investment officer.

■ PURDUE NATIONAL, Lafayette, recently elected Mrs. Rose Hettmansperger, an aide in the customer service and investing division, as an assistant cashier. Mrs. Hettmansperger has been with the bank since 1957.

■ LYNN COLBY has recently been appointed assistant manager of the Burns Harbor Office, Northern Indiana Bank, Valparaiso. Mr. Colby previously was assistant cashier at Farmers & Traders Bank, Shabbona, Ill. William Lannon was elected manager of Northern Indiana Bank's data processing center.

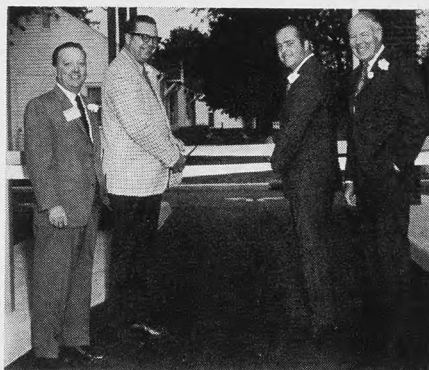
■ FIRST NATIONAL, Marion, has announced the election of two new directors. They are William C. Fowler, vice president and general manager of WBAT radio, and Kim A. Rogers, an attorney.

■ PAUL N. LEWARK has been elected auditor of Anthony Wayne Bank, Fort Wayne. He joined the bank after serving in auditing capacities with First National, Madison, Wis.

■ JOHN H. LONGFELLOW has been elected assistant cashier at Peoples Bank, Indianapolis. He previously was with Security National, Battle Creek, Mich.

■ ALFRED D. HUFFMAN recently was elected a director of First Bank, South Bend. He is the president of Shippers Dispatch, Inc.

## Lafayette Nat'l Opens Office



Lafayette National recently held a ribbon-cutting ceremony for its newest full service office. From left are: Max E. Rycraft, a.v.p. and manager of the new office; Donald W. Blue, Lafayette mayor; James K. Risk III, pres., Greater Lafayette Chamber of Commerce; and Burr S. Swezey Jr., ch. and pres. The new office features two pneumatic-tube auto drive-up units and a regular drive-up window.

## Irwin Union Wins Art Award



Irwin Union, Columbus, recently was awarded a Champion Paper Co. graphic art award for imaginative use of Champion paper in the bank's 1969 annual report. From left are: Ray Simpson, sales rep., Cordage of Indianapolis; Mrs. Ruth Harrison, a.v.p., Irwin Union; Dan Wilder, district mgr., Champion Papers; and Richard M. Bishop, sr. v.p., Irwin Union.

## Proposed Merger Terminated

INDIANAPOLIS—The proposed merger of Northwest Mortgage, Inc., Seattle, into American Fletcher Mortgage Co. has been terminated by agreement of the parties, according to Morton K. Whittaker and Albert A. Savill, presidents of the two companies.

■ AMERICAN FLETCHER NATIONAL, Indianapolis, recently made the following promotions: James L. Nahrwold, assistant vice president; Gary A. Haltom, trust officer; David A. Hofmann, banking center manager; Gary A. Pretti, sales officer; Jerry J. Roberts, banking center officer; J. Michael Scheetz, financial services officer; and William M. Stowring, international division officer.

■ PERU TRUST recently elected Sheldon R. Woodruff, who was formerly secretary-treasurer, senior vice president and cashier. Marvin L. Jones was appointed senior vice president. He came to the bank in 1956 as a vice president and became head of the loan department in 1961. Miss Wanda Sanderson was named secretary to the board.

■ WILLIAM J. BECKER recently was elected trust officer, St. Joseph Bank, South Bend.

GIVE ... so more  
will live

HEART  
FUND



# Your Men from AFNB...



## tuned in and turned on

Larry J. Hannah, Vice President • Robert M. Cordell, Assistant Vice President • Donald G. Kitchens, Assistant Vice President • Sidney E. Baker III, Indiana Division Officer • Roger A. Young, Indiana Division Officer • Dan S. Dugan, Indiana Division Officer • Bruce McCaw, Representative

Banking has changed, is changing and will change even more. You can keep up, keep ahead better by using the abilities of these men. **Your men from AFNB help make things happen.**

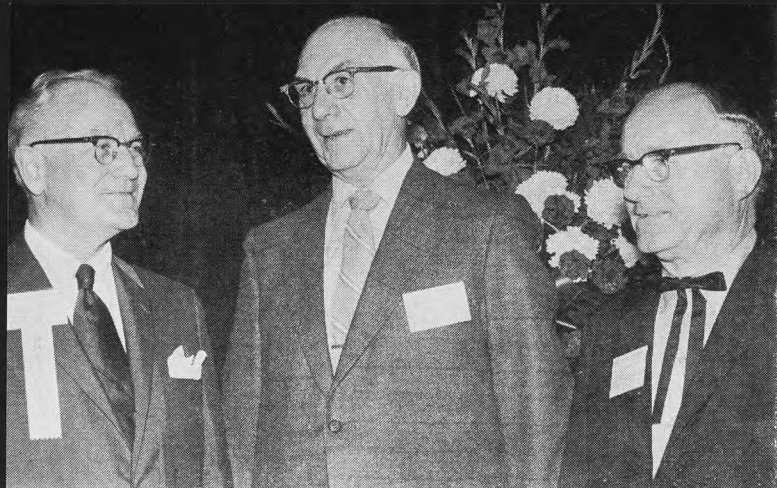


# AFNB

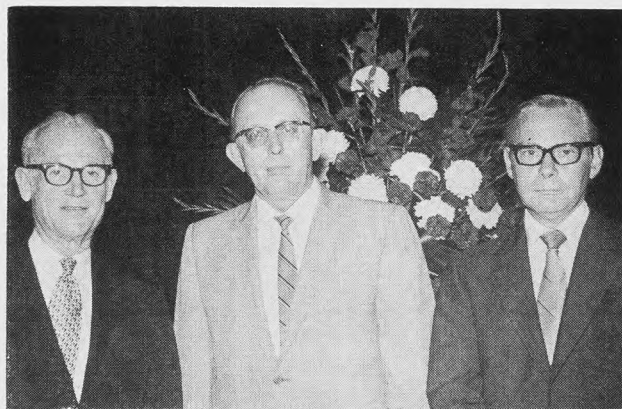
American Fletcher National Bank  
Indiana Division  
(317) 633-2106

MID-CONTINENT BANKER for October, 1970





**NEW KENTUCKY OFFICERS:** President Innes W. Dobbins Jr., pres., Liberty Nat'l, Louisville, President-Elect Howard Gosney, pres., West Side Savings, Newport; and Treasurer C. C. Shepherd, pres. and cash., Bank of McCreary County, Whitley City.



**THREE TO EXECUTIVE COMMITTEE:** (Group 9) Burl Spurlock, Pres., 1st Nat'l, Prestonsburg; (Group 5) J. H. Way Jr., pres., Kentucky State, Carrollton; and (Group 3) H. H. Troutman, pres., Stock Yards Bank, Louisville.

## *Kentucky Takes Issue With Spindletop Study; Innes Dobbins Advances to KBA Presidency*

**K**ENTUCKY bankers have done it again! Last month they staged another record-breaking convention in Louisville (with 1,250 persons registered) and conducted a business program that could be matched by few banking associations.

Topics covered ranged from the state of the nation's economy and the political posture of banking to the image of banking, bankers' involvement in community and governmental affairs, as well as a report by the president of the Independent Bankers Association who could not foresee the death of independent banking in America today.

Perhaps there was some link between the appearance of the president of the national IBA organization and the fact that earlier in the year Ken-

By **RALPH B. COX**  
Editor & Publisher

tucky bankers had exhibited considerable displeasure over the Spindletop study authorized by Kentucky's banking commissioner. This study, somewhat critical of banking practices in Kentucky, recommended that branching in the state be expanded to 15 areas, as opposed to present county-wide limits (105 counties in all).

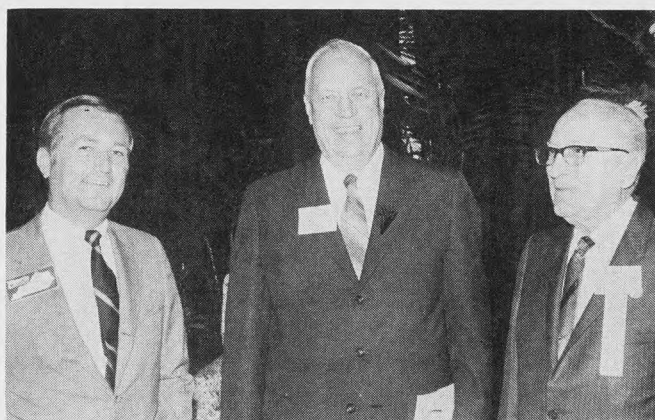
One important resolution adopted by the convention this year, along with a series of other far-reaching resolutions (see page 106), dealt with this study.

The resolution pointed to some inadequacies of the study (e.g., bankers and banking organizations in the state

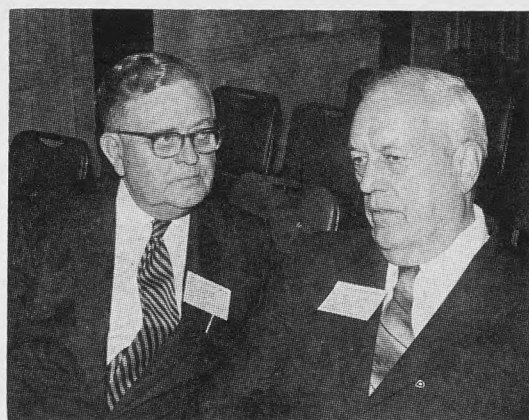
apparently were not consulted during the course of the study) and pointed out that the KBA is now in the process of conducting its own in-depth analysis of banking in Kentucky to determine how banking can more adequately serve Kentucky communities.

This study, being conducted by each of the groups in the KBA, will be reviewed by a competent statewide committee comprised of state leaders in the field of banking, education, agriculture, labor and industry. The resulting recommendations, said the KBA resolutions committee, will form the basis of correcting any inadequacies of the present Kentucky banking system and point the way to better banking services.

Leadership of the KBA changed hands at the final session, when Louis-



**CONVENTION SPEAKER** Clifford C. Sommer (c.) is flanked by J. W. Phelps Jr., ABA regional v.p., M. O. DeJarnatt, retiring KBA president. Mr. Sommer is ABA vice president; Mr. Phelps, sr. v.p., Liberty of Louisville; Mr. DeJarnatt, pres., Paducah Bank.



**ABA VICE PRESIDENT** Clifford C. Sommer visits with Lloyd Clark, ABA vice president for Kentucky. Mr. Clark is exec. v.p., Bank of Louisville. Mr. Sommer is pres., Security Bank, Owatonna, Minn.



# our data center services can save you time and money

Citizens Fidelity Bank's three well-staffed Bank Data Centers in Louisville, Lexington, and Bowling Green operate 24 hours a day to assure your bank dependable service. The Data Centers are now offering a new and extensive Certificate of Deposit system in addition to Demand Deposit Accounting, Installment Loans, Payrolls, Savings, BankAmericard, and Account Reconciliation.

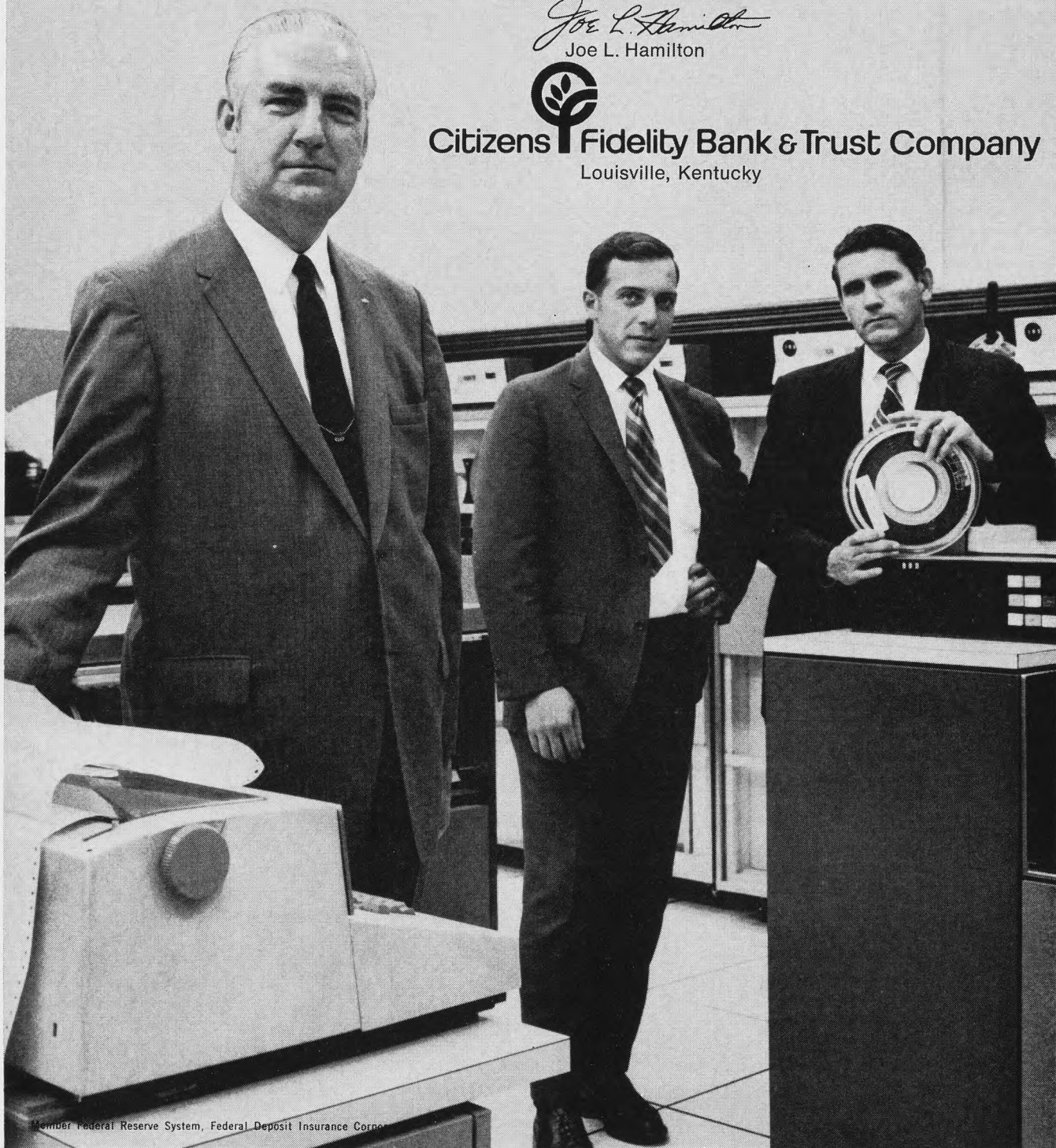
Just give me a call . . . 502/587-1151. I'll put you in touch with the man who has the solutions to your data processing problems. Our men are working on other new and exciting data processing services to better serve you (left to right): Joe L. Hamilton, John Perkins, and James E. Markham.

*Joe L. Hamilton*

Joe L. Hamilton



**Citizens Fidelity Bank & Trust Company**  
Louisville, Kentucky



Member Federal Reserve System, Federal Deposit Insurance Corporation

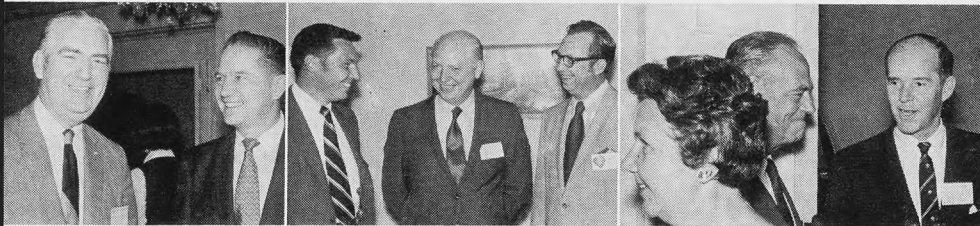
MID-CONTINENT BANKER for October, 1970



## Kentucky Convention Scenes . . .



LEFT: Frank Hower Jr., Liberty Nat'l, Louisville; convention speaker Dr. Walter W. Heller; and Innes W. Dobbins Jr., Liberty Nat'l, Louisville. RIGHT: Mrs. Joe Hamilton; KBA President M. O. DeJarnatt, Paducah Bank; Joe Hamilton (standing), Citizens Fidelity, Louisville; and Mrs. Innes Dobbins.



LEFT: Reception line at party sponsored by First Nat'l, Louisville. In the center, Mr. and Mrs. Keith Spears of First Nat'l, and on the right, Mr. and Mrs. Allen Clark. CENTER: Mr. and Mrs. J. J. Turner, Bank of Dundee. RIGHT: J. L. Tigue, Squire Baker and Carl H. Stinson, all of First Nat'l, Manchester.



LEFT: Joe Hamilton, Citizens Fidelity, Louisville; Forrest E. Hansen, Bank of Lexington. CENTER: Jim Krebs, Louisville Trust; I. B. Utley, Farmers Bank, Henderson; and Frank Nichols, Louisville Trust. RIGHT: At First Nat'l reception: Thomas W. Gaines, host bank; and Steve Gaillard, Manufacturers Hanover, New York.



LEFT: A "quartet" from First Nat'l, Louisville: Bill Luckett, Ida Speck, Henry Ormsby and Linda Barber. RIGHT: Joe R. Johnson, Investors Heritage Life, Frankfort; Earl Templeman, The Cecelian Bank, Cecelia; Henry Taylor, First Security, Island; and Jack Bunnell, Investors Heritage Life.



LEFT: F. L. Foltz, Kentucky Central Life, Lexington; Ray E. Duncan, Peoples Liberty Bank, Covington; Kenneth Juett, Bank of Williamstown; Ralph V. Haile Jr., Peoples Liberty, Covington. RIGHT: Clyde Heflin, Peoples Commercial, Winchester; Walter I. Beale and Kent Wilson, Louisville Trust.

ville banker Innes W. Dobbins Jr., president of Liberty National, moved up to the presidency, succeeding M. O. DeJarnatt, president of the Paducah Bank. During the past year, Mr. Dobbins had been serving the KBA as president-elect.

Elected to other official posts by KBA were the following:

President-Elect Howard Gosney, president, West Side Savings Bank, Newport.

Treasurer C. C. Shepherd, president and cashier, Bank of McCreary County, Whitley City.

Three Members of Executive Committee: Burl Spurlock, president, First National, Prestonsburg; J. H. Way Jr., president, Kentucky State, Carrollton; and H. B. Troutman, president, Stock Yards Bank, Louisville.

Members of the American Bankers Association made the following appointments:

Executive Council: Lloyd Clark, senior vice president, Bank of Louisville; and Fred Nagel, president, Citizens Bank, Paducah.

Nominating Committee member: Herbert J. Smith, president, American National, Bowling Green; and alternate member, Ralph V. Haile Jr., president, Peoples Liberty Bank, Covington.

Among speakers appearing at the convention was Dr. Walter Heller, a professor of economics and formerly adviser to Presidents John F. Kennedy and Lyndon B. Johnson. Dr. Heller said that the worst of America's economic crisis is over, but that the nation's unemployment rate will continue to rise for awhile.

Dr. Heller expressed the opinion that the peak of inflation and interest rates has been passed. However, full employment would not be possible, he said, until mid-1971, without the possibility of further "wild" inflation.

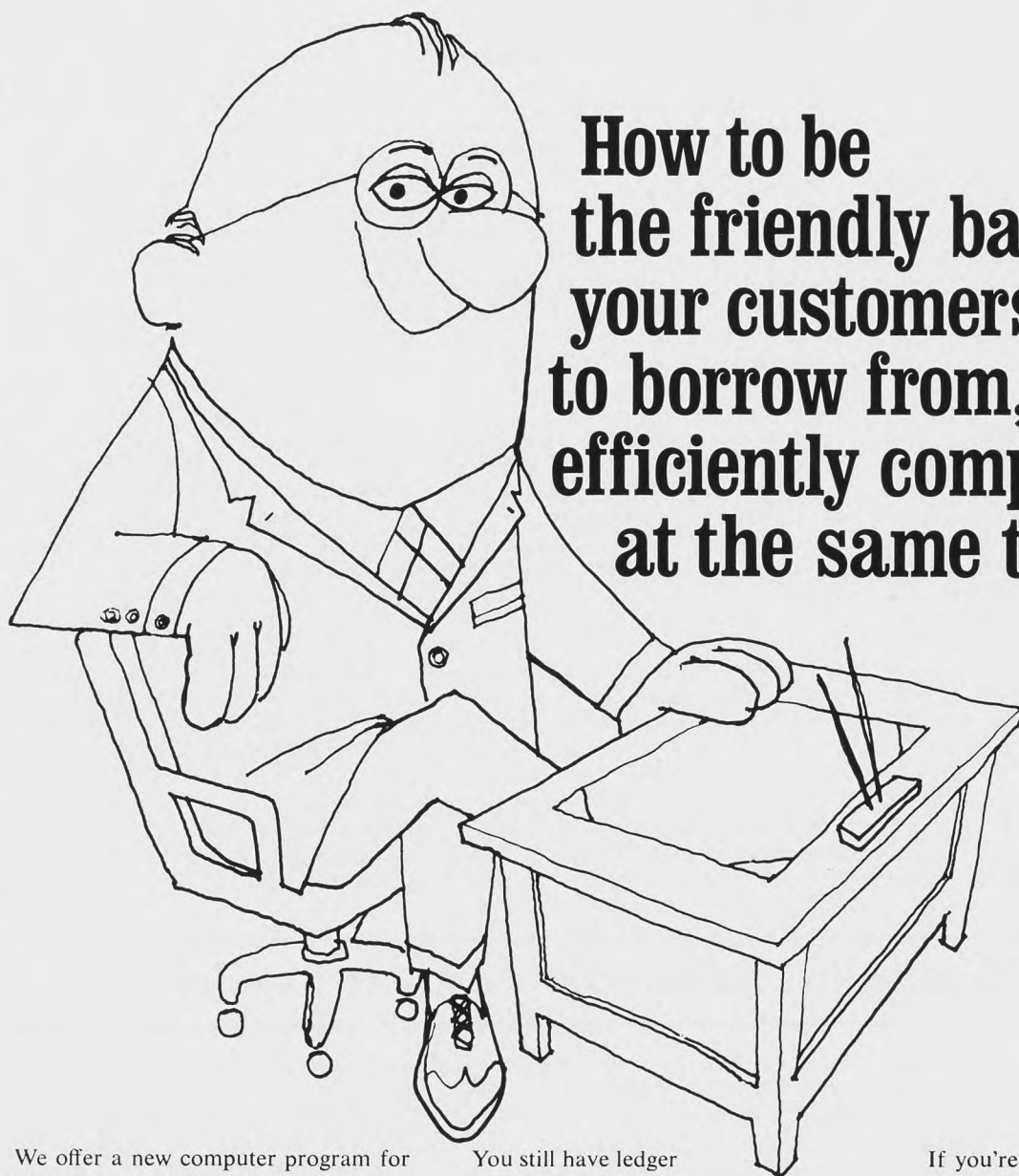
Dr. Heller was critical of one aspect of the present Administration's handling of the current economic crisis. The President, he said, should have used the power and prestige of his office to press—and press hard—for voluntary wage and price restrictions with big business and big labor groups.

The President has not done enough, he told a press conference earlier, to pressure both management and labor into some form of informal wage and price guideposts similar to those used by Presidents Kennedy and Johnson.

The President, he said, should "lay the power and prestige of the presidency on the line and identify the sinners. Let 'em have it via the pitiless spotlight of public opinion," was the way he put it.

Another convention speaker, Dr. Paul S. Nadler, Rutgers University, had something to say about public opinion as it affects banking.

(Continued on page 148)



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If you're interested, contact Herb Richardson, Bill Lockett or Henry Ormsby at First National Bank of Louisville, P. O. Box 1019, Louisville, Kentucky 40201. Phone: (502) 584-3211.





## Management Succession Is Vital to Independent Banking

"Our support of diffused powers spread among the many reflects the distinctly American way of government which does not concentrate political power in a few but prefers to extend it among the many for safety and the broadest possible participation."

This statement by Rod L. Parsch, president, Independent Bankers Association, and of Lapeer (Mich.) Bank, strikes the keynote of the address he made before the 76th annual convention of the Kentucky Bankers Association in Louisville last month.

Painting a picture of "your friendly hometown banker," he said independent bankers are frequently asked in these days of expanding branch banking and bank conglomerates whether they believe the independent bank will survive.

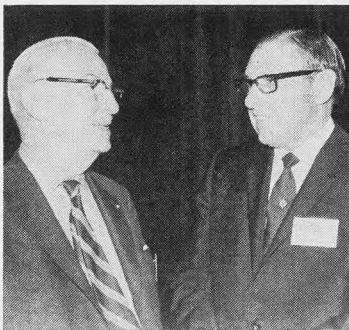
"Of course," he said, "we believe our banks and our uniquely American philosophy of doing business in banking will survive.

"What we have that is peculiarly ours is our intimate and integral relationship to our respective communities. We know our communities better than newcomers do, and therefore can serve them best—if we keep working at it."

But "to keep working at it" means that the independent bank must do certain things, Mr. Parsch emphasized.

"The future of the independent bank is assured," he said, "if present ownership employs a competent staff, provides a variety of useful and profitable services to its customers, and puts leadership and money on the line in cooperative efforts to develop every community resource to the maximum of its potential.

"The final guarantee that a bank



CONVENTION SPEAKER Rod L. Parsch, pres., Independent Bankers Association of America, is pictured here with Kentucky banker Marshall Barnes (l.), IBA treasurer and sr. vp., Owensboro Nat'l.

will continue to serve and prosper in the community of its charter can be obtained by setting up management succession, and seeing that independent operators take over when present owners decide to relinquish their control. The Independent Bankers Association encourages its member banks to insure their future by playing an active role in community development and by training younger men to follow in the path of top management."

Considering his association's attitude toward branching, Mr. Parsch explained:

"We oppose branching in those states which do not permit it; and in those which do permit it, but under certain restrictions, we urge that these brakes be not relaxed. In our 40 years as an association we have observed how branching tends to concentrate bank deposits and loan power in fewer hands. Branching obviously reduces the number of credit sources to which the small borrower and small business-

man can turn for their financing. Overall, it is our basic conviction that the people of each state know best what banking structure is most suitable to their state."

The greatest concentration of banking power and resources has occurred in states where statewide branching prevails, he pointed out, and cited three states. Ten years ago South Carolina had 144 banks; seven years later there were 26 fewer. North Carolina had 171 and lost 50. Kentucky today has 46 fewer banks, but 254 more branches.

On the other hand, he said, Texas is a unit banking state and a recent *Fortune* magazine report shows that this state for the first time has outranked all others in industrial development. Other states experiencing industrial expansion and economic growth were Illinois and Florida, both unit states.

The Independent Bankers Association, he pointed out, is concentrating its efforts in several areas where independent banks need a clear voice and some coordinated enterprise.

"These," he said, "include problems of how to check unfair competition of federal farm credit agencies and how to put the brakes on conglomerates while still enabling community-sized one bank holding companies to thrive."

The Farm Credit System which includes the Production Credit Associations and the Federal Land Banks could place rural banks at an unfair competitive disadvantage, Mr. Parsch said, because they are allowed to offer higher interest rates. Thereby they could top local savings as well as national money market sources.

## Kentucky Convention Adopts Far-Reaching Resolutions

After expressing their appreciation to M. O. DeJarnatt for his services as president during the 1969-70 year and to Paducah Bank & Trust for making him available, the association adopted a series of resolutions which underlined the efforts Kentucky bankers are making to further the interests of their home communities and their state.

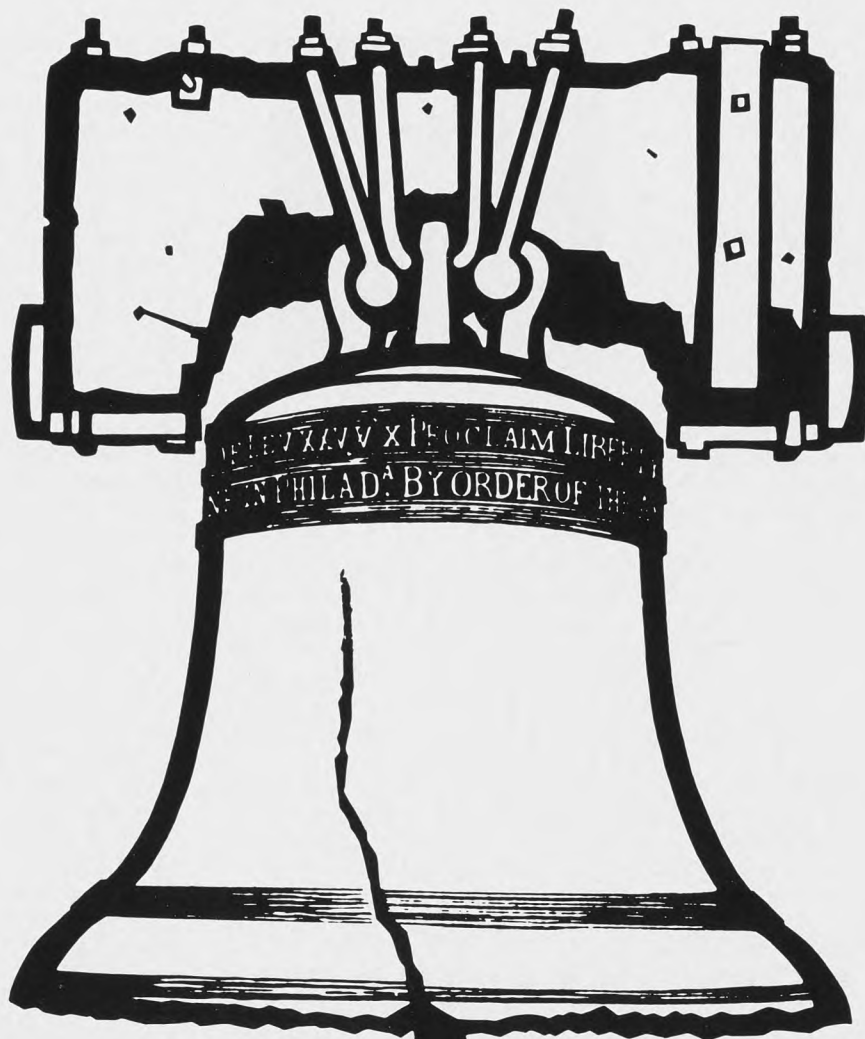
Pointing out that amendment of the Bank Holding Company Act to make it applicable to the one-bank holding company seems inevitable, the convention branded the House version "unjustifiable, punitive legislation directed

at the banking industry." Because the House list of prohibited activities would stifle the orderly development of banking, the convention termed the version of the Senate Banking and Currency Committee fairer to banking. Elimination of the shackling list recognizes that banking, like other industries, must be innovative if it is to progress, the convention said.

"We commend the Senate committee," the Kentucky bankers resolved, "and urge that the Congress adopt its reasoned approach rather than the restrictive House version of the One-Bank Holding Company Act."

Along the same line—the future of banking—the convention considered the report made by the Spindletop Research Board after a study of the structure and performance of banking in the state. Pointing out that the study was commissioned unilaterally by the commissioner of banking, the association reported that its officers were not approached by Spindletop for information, opinions or data and so far as the association has been able to determine no Kentucky banker was asked for such assistance.

Spindletop's report criticized Kentucky's county-wide branching system



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MID-CONTINENT BANKER for October, 1970

**Liberty**  
NATIONAL BANK  
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MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION  
LOUISVILLE, KENTUCKY



as not "able to provide adequate competition and performance." The convention commented: "The report, although all of its arguments appear directed toward a state-wide branching law, on the ground of expediency recommends a regional branching system dividing the state into 15 regions within which branching should be permitted."

"Your association," the comment continued, "has expressed no opinion, official or otherwise, as to the adequacy of the data or the reliability of the conclusions of the report. Instead it has undertaken its own in-depth analysis of banking in Kentucky to determine how we can more adequately serve the community."

These studies will be reviewed by a state-wide committee of leaders in banking, education, agriculture, labor and industry. Calling this study "Human Priorities Study in Kentucky Banking," the convention commended its leaders for taking this progressive step.

"This state-wide committee's recommendation will form," the convention hoped, "the basis of correcting the inadequacies of our present system and point the way to better service to our fellow men."

Recalling that during the 1970 General Assembly session the association endeavored to have the state's usury ceiling raised, the convention recommended to the incoming administration and the 1972 General Assembly that it adopt a realistic ceiling which will permit the state's lending institutions to serve Kentucky's borrowing needs.

"If a special session is called before 1972 we believe that the administration should include a review of this subject in that call," the convention said.



**RESOLUTIONS CHAIRMAN** James C. Zimmerman is pictured above as he presented far-reaching resolutions that spelled "involvement" for Kentucky bankers. Mr. Zimmerman is executive vice president, Owensboro Nat'l.

The association commended the 1970 General Assembly for directing the legislative research commission to make a detailed study of the Uniform Consumer Credit Act. The commission will report before the 1972 legislative session and the association pledged its support in its activities.

The convention urged Kentucky bankers to take an active role in the development of governmental policies and participate actively in the political activities of their communities and state. Also it said bankers should become involved in the social and economic problems of the day and recognize that such activity is a privilege as well as a duty owed to the community.

Aware of banks' responsibility to afford equal employment opportunities, the convention urged "the banks of Kentucky to adopt, administer and maintain a non-discriminatory program of recruitment, training and advancement for present and prospective employees" regardless of sex, religion or ethnic origin.

Pointing out that the tight money

situation has channeled funds, which ordinarily would go into comparatively long-term student loans, into short-term commercial paper, the convention urged the Congressional committees involved to initiate steps to establish a secondary market for the college student loan guarantee program.

Members were warned against two pitfalls: municipal bond switching and brokered deposits linked with financing.

Because of the depression in municipal bonds, many bankers have suffered a loss in their bond portfolios. As a result they are susceptible to a deal whereby the depressed bonds are bought at book and inferior bonds substituted at inflated prices. To avoid this pitfall bankers were urged to deal only with reputable bond dealers and to assure themselves that the quoted price of new bonds is the market price.

Too frequently, the association found, brokered time deposits were linked with loans of dubious quality for which the proffered collateral is, if not worthless, at least inadequate. The association warned that such customers usually are those who are unable to obtain credit through conventional channels.

"Developments arising from the enactment of the Governor's usury bill," the association suggested, "constitute a threat to the dual banking system in that national banks may, under rulings of the Comptroller, charge rates in keeping with other segments of the lending industry which, at present, state banks may not."

The convention urged the State Commissioner of Banking to review his authority to determine if, by regulation, the same powers could be extended to state banks.

In other resolutions the convention promised continued support of both public and private efforts to encourage industrial development, to preserve and encourage agriculture and to expand tourism, expressed its belief that a world without sound moral values and high ideals would be a dismal place, encouraged its members to take an active part in the selection of governmental leaders and in the accomplishment of meritorious civic programs and urged bankers to continue their financial support of the Kentucky Independent College Foundation.

#### **Closed Bank's Assets Sold**

The FDIC has approved the application of the Fulton Bank to purchase the assets and assume the liabilities of the Citizens Bank, Water Valley, which began voluntary liquidation proceedings last December.

**Thank you Kentucky Bankers  
for Your Fine Cooperation  
with Our President**

**MR. "DE"**

**During his term as President  
of The KBA for 1969-70**

**Officers, Directors & Employees**

**THE PADUCAH BANK AND TRUST COMPANY**

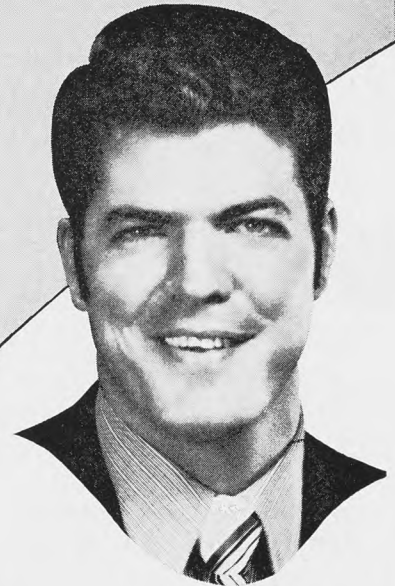
Paducah, Kentucky

**FDIC**

Frank Nichols



George Salem



James C. Krebs



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# Kentucky News

## Houston Zettel Is Promoted At Citizens Fidelity



ZETTEL

Mr. Zettel, who has been with the bank since 1929, succeeds John T. C. Low, who has resigned to join a bank in Newark, N. J.

LOUISVILLE—Citizens Fidelity recently elected Houston F. Zettel first vice president and senior trust officer. He will head the trust division and will be responsible for all trust activities.

Mr. Zettel, who has been with the bank since 1929, succeeds John T. C. Low, who has resigned to join a bank in Newark, N. J.

## Dr. John T. Masten to Head Kentucky School of Banking

The Kentucky School of Banking will have a new program director for the 1971 term. Dr. John T. Masten of the University of Georgia and consultant in research and education, Kentucky Bankers Association, will assume curriculum responsibilities for the school.

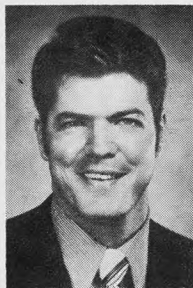
Dr. Masten has served as a professor of courses in the school for a number of years and was director of the recent management policy conference.

Dr. Masten succeeds Dr. L. Wayne Dobson, former consultant and program director for the school, and consultant in research and education, Kentucky Bankers Association. Dr. Dobson is now professor of banking at the University of Nebraska, Lincoln.

## Promoted in Louisville



KREBS



SALEM

Louisville Trust recently appointed George Salem and James C. Krebs representatives in the correspondent bank division. Mr. Salem formerly was manager of a Louisville Trust branch. Mr. Krebs joined the bank with previous experience in the field of mortgage banking.

## New Trademark Adopted By Citizens Fidelity

LOUISVILLE—Citizens Fidelity recently adopted a new bank trademark. Bank officials decided about nine months ago to redesign the current trademark and selected Gianninoto Associates, New York, to create the new visual corporate identification.

The new trademark has a large "C" which stands for Citizens. It is drawn almost full circle to represent the full range of services the bank offers. The "F" stands for Fidelity and is stylized as a tree, showing the growth of the bank. The three leaves also are representative of growth.

The trademark has been officially positioned between the words Citizens and Fidelity when used with the bank's logotype identification. The bank's checks, stationery, statements, billboards and identification signs all carry the new trademark.



Citizens Fidelity Bank & Trust Company

## Bertram Klein Is President Of Bank of Louisville

LOUISVILLE—Bank of Louisville recently named Bertram W. Klein president. He succeeds his uncle, Samuel H. Klein, who was elected chairman and chief executive officer.

Bertram Klein has been a full-time employee since 1953. He became assistant cashier in 1956, assistant vice president in 1958 and vice president in 1960.

Richard H. Stout, who has been chairman since the bank merged with Royal Bank & Trust Co. in 1963, was named chairman of the bank's executive committee.

## Convention Closeup



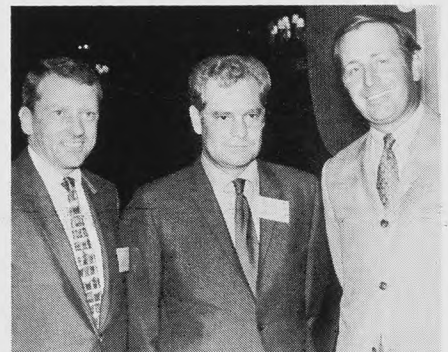
Joseph W. (Billy Joe) Phelps, sr. v.p. of Liberty National, Louisville, is shown here chatting with two Kentuckians during last month's KBA convention in Louisville. On the left: James L. McNeeley, deputy commissioner of banking, Frankfort; and on the right, O. G. Wilhite, exec. v.p., Monticello Banking Co. Mr. Phelps, head of Liberty's correspondent department, just recently was named a director of his bank.

## Charm Bracelets Offered By First of Louisville

LOUISVILLE—First National is planning a "charming proposition" for customers who open checking accounts and use the bank's four-color checks depicting Louisville's stern wheel steamboat, the Belle of Louisville.

A sterling silver charm bracelet, with a Belle of Louisville charm, will be given free with a minimum order of 200 imprinted color checks. If the checking-account holder later opens a savings account, he becomes eligible to purchase an additional charm each time \$10 is deposited.

## New Insurance Representatives



Two new Kentucky representatives for Integon Life Insurance Co., Winston-Salem, N. C., are pictured here with Kentucky banker Lenvil R. Hall, pres., Hancock Bank, Hawesville. Tim Myers (l.) now represents the company in eastern Kentucky and eastern Tennessee. Marty Gohmann (r.) represents the company in central and west Kentucky. They replace G. W. Jenkins, a native of Blackey, Ky., who died recently of a heart attack.



## Foreign operations aren't the least bit foreign to us.

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**MID-CONTINENT BANKER for October, 1970**



# Tennessee News

## Seven Officers Elected At Third National

NASHVILLE—Third National recently elected seven new officers. Named vice presidents were Ronald O. Hogue and Bennie Schwartz. Mr. Hogue, who holds a law degree, joined the bank in 1961 and will be coordinator in the marketing division. Mr. Schwartz joined Third National in 1927.

Peter Harmer, Jack Lee McMahan, Frank E. Stafford Jr. and Donald L. King were elected assistant vice presidents. Mr. Harmer joined the bank in 1964 and heads the international department. Mr. McMahan joined the bank in 1956 and Mr. Stafford in 1959.

Hill Ferguson III, who joined the bank in 1968, was promoted to commercial officer.



New officers of Third National, Nashville, include (from l.): Peter Harmer, a.v.p.; Jack McMahan, a.v.p.; Bennie Schwartz, v.p.; Ronald Hogue, v.p.; Don King, a.v.p.; Frank Stafford, a.v.p.; and Hill Ferguson (not pictured), commercial off.

## Knoxville Bank Merger Disapproved by FDIC

The FDIC last month disapproved a proposed merger of two Knoxville banks—Valley Fidelity Bank and Bank of Knoxville. The action prompts observers to believe that the FDIC is shifting toward a stricter position on bank mergers under its new chairman, Frank Wille.

In judging the case, the FDIC used criteria put forth in the successful suit brought by the Justice Department to stop a Phillipsburg, N. J., merger. The merger standards that came out of the Phillipsburg case generally were considered by bankers to represent a "hard-line" approach toward consolidations.

Thus, if the FDIC continues to fol-

low this same philosophy, the corporation will be lining up closer to the Justice Department, which is in favor of a firmer position in judging bank mergers. The FDIC, by its action on the Knoxville case, would seem to be moving away from the Office of the Comptroller of the Currency, which has favored a more liberal approach in judging proposed mergers.

## Coleman Elected Cashier Of Bank of Ripley

RIPLEY—Bank of Ripley recently elected Jerry Coleman cashier and director. Previously, he was assistant vice president in charge of the note department, Security Bank of Corinth, Miss. He had been with that bank six years.



COLEMAN

J. R. Fitzhugh, executive vice president, had been acting as cashier until a cashier could be appointed.

Mr. Coleman holds a degree in business administration from Mississippi State University, with extra training in economics, commercial law and bank operation and graduate studies in banking at the University of Mississippi.

## Graves Named New President Of Nat'l Bank of Commerce

JACKSON—National Bank of Commerce recently elected Douglas F. Graves president. He replaces Winfield Pope, who retired July 1.

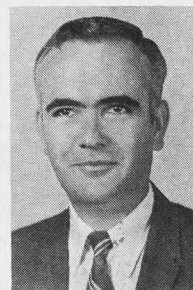
Mr. Graves was executive vice president, Union National, Little Rock. He has been in banking more than 20 years, having spent 12 years in Chicago as a trust and commercial loan officer. He also has served as executive officer of banks in Freeport, Ill., and Meenah, Wis.

Active in banking association work, Mr. Graves has lectured at the Stonier Graduate School of Banking at Rutgers University, Graduate School of Banking at the University of Wisconsin and Southern Illinois School of Banking. He has served as chairman of several state and national committees and was co-author of a textbook on agricultural credit.



GRAVES

## Hamilton Nat'l Names Officers



COFER



MILLER

Hamilton National, Chattanooga, recently named Frank D. Miller sr. v.p. and t.o. and Neil B. Cofer v.p. and t.o. Mr. Miller, who will head the trust department, previously was sr. v.p. and t.o., Columbus (Ga.) Bank. Mr. Cofer, who has been with Hamilton National since 1961, formerly was associated with two Chattanooga legal and accounting firms. He is a CPA.

## Oris Hyder Elected President Of First Peoples Bank

JOHNSON CITY—First Peoples Bank recently elected Oris D. Hyder, former judge of Tennessee Court of Criminal Appeals, as its new president. He replaces Mack P. Boyer, who has been president since 1964. Mr. Boyer, who will retire January 1, was elected vice chairman.

Mr. Hyder was appointed judge of the Tennessee Court of Criminal Appeals in 1969. Previously, he was criminal judge of the First Judicial District for more than 10 years and was Johnson City judge from 1952 to 1958.

Last year Mr. Hyder served as president of the Tennessee Judicial Conference.

■ FIVE TENNESSEE BANKERS, all from Memphis, attended the Graduate School of Banking at the University of Wisconsin in August. They were: Robert L. Hughes, vice president, commodity and international division, First National; Harvey M. Kellogg, vice president, branch division, and Jackson E. Perkins, assistant vice president and branch manager, both of National Bank of Commerce; Robert R. Long, branch auditor, Memphis Branch, Federal Reserve Bank, St. Louis; and Raymond M. Glass Jr., bank examiner, FDIC.

■ FIRST PEOPLES BANK, Johnson City, has opened its Boones Creek branch, its sixth, and is planning a permanent facility there, construction of which will start early in 1971. Bill Henley, assistant cashier, is managing the branch, assisted by Clyde Chisam and Miss Doris Hamilton.

# Behind every good man, there are other good men at First American.



HARRY DILLON  
Vice President



JIM SMITH  
Vice President



LARRY VICKERS  
Assistant Cashier

Our correspondent representatives can help you with everything. But if for some reason you can't reach your man when you need him, don't worry. There is a team behind the team. For your specific need, you can go directly to an expert.

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For example, put First American's computers to work on demand deposits, all types of savings accounts, certificates of deposit, installment loans, payroll. Any one of the experts is at your service. In addition to the Nashville center, there are remote centers in Morristown and Milan. In Tennessee use WATS line 1-800-342-8392, bordering states use WATS 1-800-251-8514.

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# Alabama News

## Central Bank Honors Winston Churchill

BIRMINGHAM—During Birmingham's 1970 Festival of Arts, a salute to Great Britain, Central Bank ran an advertisement in local newspapers paying tribute to Sir Winston Churchill.

A reprint of the ad was sent to Lady Clementine Spencer Churchill, Churchill's widow. Recently, Harry B. Brock Jr., president, received a thank-you note from her.

The advertisement contained a charcoal drawing of Churchill looking at the ruins of the House of Commons during World War II. The drawing was done by Lanny Chappelle, Birmingham artist. The ad was produced by Chris Conway, public relations director; Clyde N. Tate, senior vice president, marketing; and Bandouveris Co., the bank's advertising agency.

## First National, Tuscaloosa, Makes Staff Changes

TUSCALOOSA—First National recently announced several staff changes.

Gerald L. Busby, assistant vice president, has been appointed to head the marketing department. Mr. Busby, who joined First National in 1967, has served as manager, Skyland Branch, and as head of the new accounts and certificates of deposit department.

Hulon Fowler, assistant cashier, was appointed manager, Northport Branch. J. Richard Key, formerly assistant manager, Alberta Office, will succeed Mr. Fowler in the downtown installment loan office.

William L. Dowling, who joined the bank in March, was named assistant manager, Alberta Branch.

■ **FIRST STATE**, Oxford, recently opened its Quintard Mall Branch, which has four teller windows, a night depository and a storage vault. Mrs. Roberta Sparks, who joined the bank in 1956, is manager of the new branch.

■ **CENTRAL BANK**, Birmingham, recently named Mrs. Frances Guthrie accounting officer, Robert Litton business development representative and Ray Stone manager, new Daniel Office.

■ **JON LONG** recently joined First National, Dothan, as assistant vice president and investment officer. He was formerly with Duncan Williams Investment Bankers, Memphis.

■ **BILL M. SIMMS** recently was named president, Greenville Bank. He joined Peoples Bank, Montgomery, in 1968 as vice president in charge of operations. Later, he was elected vice president and cashier.

■ **FIRST COLBERT NATIONAL**, Sheffield, recently named William O. Reynolds loan officer.

## Dividend-Payment Increase Sought by Alabama Banks

Stockholders of State National of Alabama, Decatur, and Central Bank, Birmingham, will vote separately before year-end to amend an existing merger agreement between the two banks. The amendment will provide an increase in dividend payments to State National stockholders and to provide, for the first time, payment of cash dividends to Central Bank stockholders.

Stockholder approval is necessary because the existing merger agreement between the two banks places a limit on dividends prior to consummation of the merger. Directors of each bank have reaffirmed the desirability of a merger, subject to the outcome of litigation brought by competing banks in the Birmingham area and elsewhere in the state.

The merger suit has cleared the Antitrust Division of the Justice Department and has been before the Fifth Circuit Court of Appeals in New Orleans on other grounds since March 16.

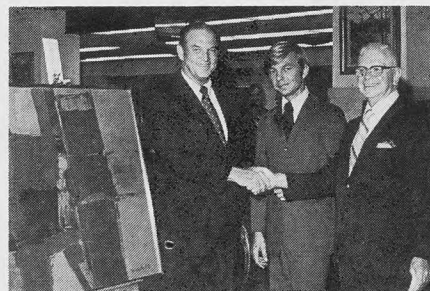
At State National, directors have authorized transfer of \$500,000 from undivided profits to surplus, giving the bank combined capital and surplus of \$15 million.

## Consumer Protection Meeting



Eugene M. Barto (center), v.p., First National, Huntsville, recently returned from a conference with Sen. John Sparkman (r.), Huntsville, on the Consumer Protection Act of 1970. With them is John S. Rippey, legislative representative, Consumer Bankers Association. Mr. Barto is a former member of the board of governors of the association.

## First of Montgomery Art Show



First National, Montgomery, recently held its fourth annual art show, displaying 88 original works of art by members of the Montgomery Art Guild. James S. Gaskell Jr. (l.), exec. v.p., presents checks to the prize winners. Clark Walker (c.) received \$100 as first prize for his painting "Doppelganger." Walter L. Keith was awarded \$25 as third prize for his painting "Butler's Mill."

■ **FIRST STATE**, Oxford, recently promoted Donald O. Sills to vice president. Mr. Sills has a total of nine years' banking experience with First State and with First National, Anniston.

■ **RAY McALLISTER** recently was promoted to assistant cashier and loan officer, Deposit National, Prichard. He joined the bank in April as loan officer.

■ **DONALD L. SMITH** recently was named assistant cashier, Henderson National, Huntsville. He joined the bank last year and was assigned to the installment loan department.

■ **BIRMINGHAM TRUST NATIONAL** recently elected John C. Kirby an assistant vice president. Mr. Kirby, who joined the bank in 1959, is assistant manager, Five Points West Branch.

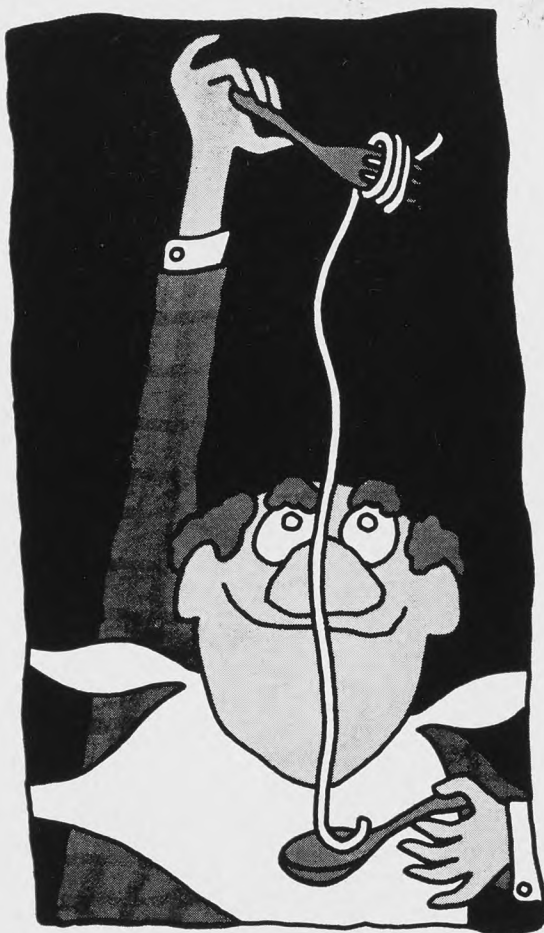
■ **WILLIAM D. BIGGS**, president, Chem-Haulers, Inc., Sheffield, recently was elected a director of Shoals National, Florence. Mr. Biggs also is a southern regional director of National Tank Truck Carriers, Inc.

■ **FIRST NATIONAL**, Auburn, recently broke ground for its Glendean Office. The 2,200-square-foot structure will have three drive-in windows. Ed Crum, assistant vice president, will be manager of the new facility.

■ **FIRST NATIONAL**, Montgomery, recently promoted Jackson B. Dismukes Jr. to assistant cashier. Mr. Dismukes, who joined the bank in 1968, will serve as assistant manager, Chisholm Branch.

■ **FIRST NATIONAL**, Dothan, recently opened a computer center with a seminar and party for correspondent banks. The bank operates two IBM computers and provides service for 18 banks in the Wiregrass area.

■ **SELMA NATIONAL** recently named Joseph S. Ford a director.



# He decided to ask us about systems and operations eating spaghetti.

So as soon as our correspondent finished lunch, he went back to his bank and called Chattanooga 615—265-3581.

He told us he liked the way we were handling credit queries, transfer of funds, currency and coin shipments, check clearing and such and

could we do a complete systems and operational study for his bank.

If there's anything we appreciate more than a flattering statement, it's a flattering question.

If you want to call in a question, the answer is yes we will. On the double.

**Hamilton of Chattanooga**  
makes good things happen



# Mississippi News

## First Mississippi National Marks 75th Anniversary

HATTIESBURG—First Mississippi National, Hattiesburg's first bank, recently observed its 75th anniversary.

The bank opened in 1895 as a state bank under the name of Bank of Commerce. In 1899, the bank's state charter was converted to a national charter under the name of National Bank of Commerce. In 1908, the bank acquired the assets of First National and changed its name to First National Bank of Commerce. The name later was shortened to First National, which was used until 1969.

Last year First National, Hattiesburg, and First National, Biloxi, merged and began business as First Mississippi National.

■ **DEDICATION CEREMONIES** marked completion of Commercial National Bank Plaza in Laurel. The plaza, a landscaped area dotted with shrubbery, fountains and a flag pole, is intended to inspire beautification and revitalization of Laurel's business district.

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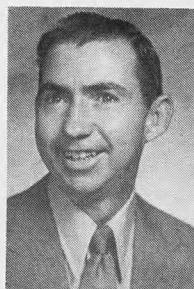
**FIRST national bank**

IN MERIDIAN MISSISSIPPI MEMBER FDIC

## Three Receive Promotions At Deposit Guaranty



PRICE



LEE

JACKSON—Deposit Guaranty recently promoted Ray R. Price Jr. to senior vice president and trust officer, Mechanics Bank, a branch in McComb; L. H. Lee Jr. to vice president and manager, Five Points Office; and H. P. Heidelberg III to branch officer and assistant manager, Meadowbrook Office.

Before joining the management staff of Mechanics Bank, Mr. Price was vice president and manager, Farmers Exchange, Centerville, a branch of Deposit Guaranty. He is an advisory director of Mechanics Bank.

Mr. Lee formerly managed the Delta Drive Branch. Mr. Heidelberg joined Deposit Guaranty's management training program after receiving a degree in general business from the University of Southern Mississippi.

## Glynn Hughes of Meridian Named To Head New BAI Chapter

MERIDIAN—Glynn Hughes, vice president, Peoples Bank, was elected president of the East Central Mississippi BAI chapter when the group was organized here recently with 14 banks as members.

Other chapter officers elected were: vice president, Martin Pace, First National, Butler, Ala.; treasurer, Dave Thoms, assistant auditor, Commercial National, Laurel; secretary, Jimmy Knight, assistant cashier, Merchants & Farmers Bank, Meridian.

Directors named include: Fred Abney, assistant vice president, Bay Springs Bank; Ennis King, cashier, First State, Waynesboro; W. L. Freeman Jr., vice president, Newton County Bank, Newton; and Wayne Traylor, vice president, First National, Laurel.

■ GREENVILLE BANK recently elected businessmen Jay Stein and W. T. Touchberry as members of the bank's advisory board.

■ CITY BANK, Natchez, recently named Karl E. Ewald Jr. and Warren O. Womack, businessmen, and John R. Junkin, speaker of the Mississippi House of Representatives, members of the bank's advisory board.

■ GLENN SMITH recently joined First National, Greenville, as loan officer in the time pay department. Previously, he was manager of the Tupelo CIT office.

■ BY RAZING an old building, First National, Oxford, started work directed toward construction of an addition to its present building.

■ PEOPLES BANK, Indianola, recently held an open house for its new Highway 82 Branch. The \$150,000 building, designed by Jackson architects, features sit-down teller desks.

■ PEOPLES BANK, Starkville, has begun construction on a new Peoples 82 Branch Bank.

■ NATIONAL BANK of Commerce, Corinth, recently awarded its second \$500 scholarship to an Alcorn County college student. Charles R. Caviness, president, made the presentation to James Maricle, Kossuth.

■ H. G. BRELAND, president, State Bank, Collins, has been named to head the 1970 4-H bank campaign in Mississippi. The campaigns are held annually to help support the service to youth programs of the National 4-H Club Foundation.

■ CHARLES W. MARTER has joined Gulf National, Gulfport, as vice president and lending officer. He was formerly a national bank examiner and earlier served Crawford Home Loan Corp., Baton Rouge.

■ FIRST NATIONAL, Meridian, recently held its second annual officers and directors golf tournament. The event featured competition for the golfing bankers, a dinner and a swimsuit style show for the bankers' wives.

■ MERCHANTS BANK, Bay St. Louis, recently opened its new Hardy Court Branch in Gulfport. The 2,000-square-foot facility has two drive-in windows, three inside tellers, safe deposit boxes and night depository. Tom Lee, vice president, is branch manager.

■ DEE HAMILTON, vice president, Hancock Bank, Gulfport, recently was elected president of the Coast Alumni Association of the University of Mississippi. He is a 1949 graduate of the university.

■ MAGNOLIA BANK recently celebrated its 75th anniversary. Attendance prize at the celebration was a color television set.

■ MERCHANTS & FARMERS BANK, Meridian, recently held a groundbreaking ceremony for the bank's new downtown facility. The bank hopes to move into the new three-story building sometime next spring.

Charles Foret, Assistant Cashier (left), Milton Zeller, Vice President, National American's Travelling Bankers



## ***A VIEW OF THE 70's: The Park Avenue of New Orleans***

*A Park Avenue* is what some people are already calling New Orleans' Poydras Street, seen here from atop the International Trade Mart.

Developments planned for the 70's include major new office buildings, shops and restaurants.

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MID-CONTINENT BANKER for October, 1970

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Federal Reserve Bank of St. Louis



# Louisiana News

## Guaranty of Alexandria To Observe 75 Years Of Service Oct. 15

ALEXANDRIA—Guaranty Bank will complete its 75th year of continuous service to the Alexandria-Pineville-Tioga area on October 15.

Founded by nine Alexandrians in 1895, Guaranty Bank survived several panics, the depression of the 1930s, three wars and periods of inflation and recession in its first 75 years without closing its doors, except during the 1933 bank moratorium.

The bank opened with five paid employees in rented quarters. Alfred Wettermark, a young banker in the area, led the directors through the early years beginning with a capital stock of \$50,000 held by fewer than 30 people.

Thomas Clements was the first of six presidents. Currently, A. R. Johnson III serves as president and chief executive officer.

Today the bank has about 200 employees in five offices and a drive-in facility and more than \$90 million in bank assets.

### Local Residents Purchase Louisiana Bank Control

SHREVEPORT—A group of local residents recently purchased controlling interest in the Louisiana Bank for about \$5 million. The stock had been bought from local stockholders by Houston investors about 18 months ago.

Bob Roberts, president, Crystal Oil Co., and Ray Ogden, executive vice president, Louisiana Bank, headed the purchasing group.

■ **IBERVILLE TRUST**, Plaquemine, recently named Joseph Donald Arbour manager of the insurance department. Mr. Arbour has had 17 years' experience with a major insurance company specializing in fire and casualty.

■ **HIBERNIA NATIONAL**, New Orleans, named John F. Timken Jr., an assistant vice president, to manage its newest branch, Canal Boulevard Office.

■ **LARRY N. REYNOLDS** recently was named executive vice president

and chief executive officer, Bank of Jackson. He succeeds Thomas B. Bate-man. Previously, Mr. Reynolds was manager, Interstate Branch, Louisiana National, Baton Rouge.

■ **BANK OF GRAND CANE** recently held an open house to display its newly remodeled building.

■ **PARISH NATIONAL**, Bogalusa, recently held the formal opening of its new Franklinton Office. The grand prize at the opening was a Bahama cruise for two. Advisory directors for the new facility include: J. J. Warner III, vice president; Dr. W. R. McGehee; Wilson W. Erwin, attorney; and William F. Babington, Dorman P. Burch and James M. Burris, merchants.

■ **COMMERCIAL BANK**, Franklin, recently named B. Edward Boudreaux manager, Baldwin Branch. Mr. Boudreaux has been superintendent of the public school system of St. Mary Parish for the past 25 years.

■ **BOSSIER BANK**, Bossier City, has opened two new branches, its third and fourth, in temporary quarters and plans construction of permanent facilities which will cost more than \$300,000. The new branches are in Bossier City's Airline Drive area and Shreveport's Freestate Park area. Lawrence Nickel, vice president, is manager of the Airline Drive Branch. He is succeeded as manager of the Heart O'Bossier Branch by Alfred K. Gandy, previously manager, North Branch. Billy Tubbs, formerly assistant cashier and administrative manager, Heart O'Bossier Branch, has been named manager of the North Branch.

### Gulf Coast Bank Opens In Temporary Quarters

ABBEVILLE—Gulf Coast Bank recently opened for business in temporary quarters. Construction of a building at the same location was begun following the opening and completion is expected by February. Total costs are approximated at \$150,000.

Officers of the new bank include: Charles A. Patout, chairman; Robert C. Hollier, president and director; Joseph P. Arceneaux, executive vice president, cashier and director; and Charles E. Dill, secretary and director.

### NBC Opens New Branch Building



National Bank of Commerce, New Orleans, recently held grand-opening festivities for the new office building of the Gentilly Woods Branch. The \$500,000 building has three drive-up teller units. Present at the opening were (from l.): John Oulliber, ch.; Warren R. Sullivan, v.p. in charge of branch administration; Miss Barbara Strauss, Gentilly mgr.; James H. Jones, pres.; and Councilman-at-Large Joseph Di Rosa, who cut the ribbon of dollar bills.

■ **THREE LOUISIANA** bankers who recently attended the 26th annual session of the Graduate School of Banking at the University of Wisconsin were: Class of 1971, Paul R. Hasperue Jr., assistant vice president, National Bank of Commerce, New Orleans; John H. Lewis, assistant vice president, loan division, International City, New Orleans; and Class of 1972, John Giroir, assistant cashier, Carrollton Avenue Branch, National Bank of Commerce, New Orleans.

■ **BANK OF MARINGOUIN** recently held grand-opening ceremonies for its new \$140,000 bank building. A drawing was held for a \$100 cash prize.

■ **CENTRAL PROGRESSIVE BANK**, Amite, recently received permission from the state banking department and the FDIC to open a new Hammond Branch. Tentative plans are to open the branch in January, 1971, in temporary quarters.

■ **T. M. (PAPPY) PHILLIPS** recently was elected a director, Sabine State, Many. Mr. Phillips, a cattle farmer, served as Sabine Parish sheriff from 1944-1946.

■ **SHREVEPORT BANK** recently elected R. Lyndon McNeely assistant cashier and manager, Westwood Branch. Previously, Mr. Boyd was assistant cashier, Ouachita National, Monroe.

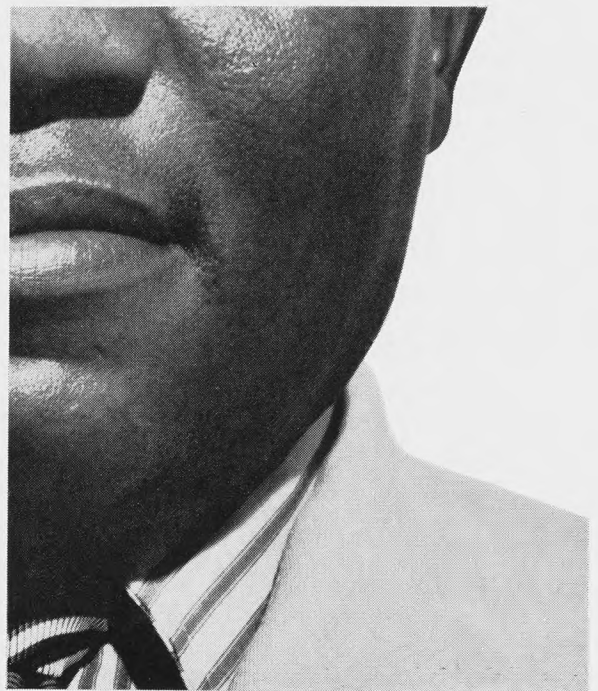
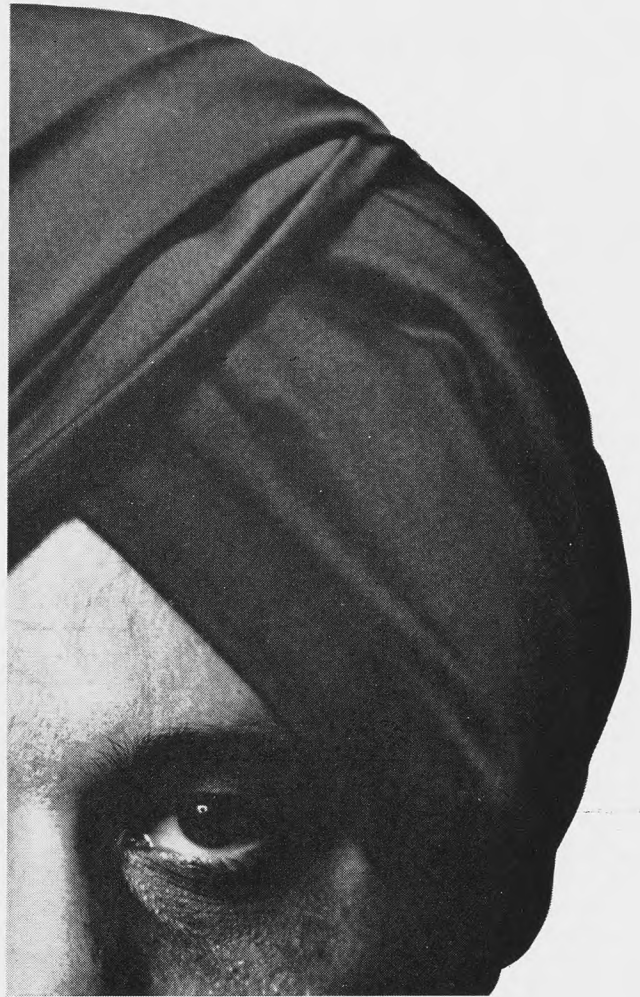
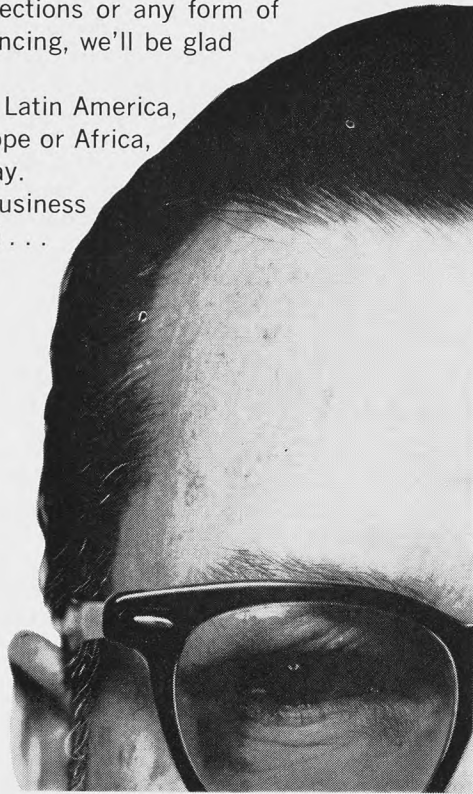
■ **TRAVIS T. HAILEY**, vice president and loan and investment officer, Pioneer Bank, Shreveport, recently resigned. Mr. Hailey, who has been with the bank since 1954, will be president and chief operating officer, Petrol Industries, Inc., Dallas.

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IN NEW ORLEANS**

**The Businessman's Bank of the Gulf-South**

MID-CONTINENT BANKER for October, 1970



# The Pontchartrain in New Orleans

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## Arkansas News

■ **FIRST NATIONAL**, Marianna, recently held the formal opening of its new bank building and facilities.

■ **FIRST JACKSONVILLE** recently announced the addition of two members to the bank staff. Milton R. Fulgham will serve as vice president and cashier and Coy N. Bullington will be loan officer. Mr. Fulgham formerly was vice president and cashier, Coahoma National, Clarksdale, Miss., and an examiner for Mississippi State Banking Department. Mr. Bullington has spent the past nine years with other area banks.

### Citizens Bank Leads Way

**JONESBORO**—Citizens Bank became one of the first banks in the nation to lower the prime rate from 8% to 7½%. The bank also was one of the leaders in lowering its prime rate last March—from 8½% to 8%.

■ **L. DEAN O'FARRELL** recently was named executive vice president and director, First National Bank of Eastern Arkansas, Forrest City. Previously, he was vice president and trust officer, Memphis Bank & Trust, which he joined in 1960.

■ **JOHNNY ROBBINS**, vice president and trust officer, Arkansas First National, Hot Springs, recently left the bank to enter law school at Vanderbilt University, Nashville.

■ A **CHARTER** was recently approved by the state banking board for the new Bank of Ashdown. Organizers of the new bank are John Bogard, Wesley Strange, Mrs. Martha Edmonson, James Gunter and Eunice Spigner.

### Arkansas Bankers Attend Graduate Banking School

Five Arkansas bankers were among the 1,448 bankers from 39 states and several foreign countries that recently attended the 26th annual session of the Graduate School of Banking at the University of Wisconsin.

Arkansas bankers in the Class of 1971 are Robert D. Harrison, First National, Camden, and Barry M. Livingston, Worthen Bank, Little Rock.

Class of 1972 members are: Arthur A. Morris, First State, Springdale; Selwyn D. Palmer, Bank of Bentonville; and Ralph E. White, Arkansas Bank, Hot Springs.

■ **CITY NATIONAL**, Fort Smith, recently promoted Dane Riggs, senior vice president, to senior loan officer, commercial loan department. Joe Nolte, vice president, was named head of the installment loan department and Bob Doss was promoted to officer in installment loans.

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of Little Rock**



## Texas News

### National Bank of Commerce Names Two Vice Presidents

DALLAS—National Bank of Commerce recently elected Morton H. Sanger vice president and trust officer and Robert D. Young vice president, commercial loan department.

Mr. Sanger recently retired as executive vice president, E. M. Kahn & Co. He had been with the company since 1927. Mr. Young, who has been in banking for more than 10 years, comes to National Bank of Commerce from another Dallas bank.



SANGER YOUNG

### First National Reorganizes Trust Services Division

DALLAS—First National recently announced a realignment of responsibilities in its trust services division and the promotion of six men to senior vice presidents and trust officers.

The trust services division has been divided into two major groups: the personal trusts group and the trust investments group.

Promoted to senior vice presidents and trust officers were: Richard M. Hart, head of the personal trusts group; Lawrence H. Budner, trust business development division; J. Lawson LaPrelle Jr., services and planning division; J. Howard Montgomery, personal accounts division; W. Gordon Hobgood Jr., head of the trust investments group; and Marvin T. York Jr., head of the employee benefit plans division.

Britt D. Davis, vice president and trust officer, succeeds Mr. Montgomery as head of the personal trust department and William R. Eliassof, vice president and trust officer, succeeds Mr. Hart as head of the probate department.

David C. Reed, senior vice president and trust officer, who recently completed 50 years of service with First National, has assumed an advisory capacity in trust services and is responsible for special assignments.

■ CLOYS V. JOHNSON, vice president in charge of investment counseling and safekeeping, Texarkana National, recently was awarded a certificate as a certified public accountant. Mr. Johnson joined the bank in 1948.

### Ft. Worth Nat'l to Keep New Building Ownership

FORT WORTH—Fort Worth National recently announced plans to retain full ownership of its new bank building, motor bank and parking garage to be constructed on a downtown site.

The bank previously announced the properties would be developed through a joint venture involving Fort Worth National, Trammell Crow, Dallas developer, and John Portman, Atlanta architect.

Mr. Portman will remain as architect on the project, which is expected to be completed by December, 1973.

### Four Take New Positions At Republic National

DALLAS—Republic National recently made several staff changes. DeWitt C. Fair Jr. was named vice president and general manager, Republic National Building Co. Mr. Fair had served as field supervisor, Sears, Roebuck Co.; building manager of LTV Tower; and as property manager for the USIF Tower Corp.

Edward T. Slaughter Jr., who previously served as assistant vice president, personnel division, was named assistant vice president and trust officer. He will assume new duties in the personal trust division, trust department.

James O. Hembree, Master Charge group, correspondent bank division, was elected an administrative officer and George C. Dyer, banking services division, was named a data processing officer.

Mr. Hembree joined the bank's Master Charge section in 1969 and Mr. Dyer joined the bank staff in March as systems manager, computer applications, banking services division.

### American National Bank Opens In Spite of Hurricane Damage

CORPUS CHRISTI—First-day deposits at the new American National Bank totaled \$3,625,000. The bank recently opened in spite of considerable damage by Hurricane Celia in the final days of construction.

Opening ceremonies included a flag-raising ceremony by the Color Guard of the U. S. Naval Air Station. The bank gave away free car antenna flags to customers.

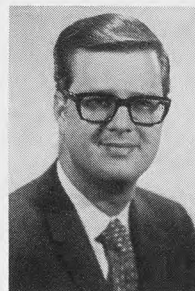
Officers of the new bank include: Ray Hudson, president; Bob L. Bailey, vice president; and Alfred B. Jones Jr., cashier.

■ RIVERSIDE STATE, Fort Worth, recently elected Miss Lillian Vogel an assistant cashier. She will head the

women's services division. Miss Vogel has been with the bank since 1952 and has been secretary to the president for the past 15 years.

■ FRIONA STATE has donated its present bank building to the city of Friona for municipal offices. The bank will move into a new \$400,000 building now under construction.

### Three Correspondent Bankers Named Asst. Vice Presidents



PARRISH



UNDERWOOD

DALLAS—First National recently elected Ronald L. Parrish, R. Lee Underwood II and John H. Wilson III assistant vice presidents in the correspondent banking department.

Mr. Parrish joined the management training program at the bank in 1966 and later served in the credit department. He was transferred to the correspondent bank division and was elected an assistant cashier in 1969.

Both Mr. Underwood and Mr. Wilson joined the bank in 1965 and were senior credit analysts before transferring to the correspondent division. They were elected assistant cashiers in 1969.

In other action, James A. Oxford, government and cash management division, and W. Tack Thomas, division D, general banking services, were promoted to vice presidents.

Named assistant vice presidents were: Carroll O. Horn Jr., credit; Paul L. Hill, general accounting; Craig A. Sutton, division D; Bill G. Swift, bookkeeping; Henry W. Sword, cost and planning; and three men in the bank's newly opened branch in London, Christopher Hogg, branch controller; Nigel R. L. Hudson, foreign exchange department; and G. Ross Taylor, exchange control manager.

Promoted to assistant cashiers were: S. D'Ann Dublin, corporate services; James M. Jordan, cost and planning; and Frank B. Sluder, municipal bonds division.

Lloyd W. Stuart was named assistant auditor and Augustine deCarlucci, portfolio management, and B. D. McConnell, probate, were elected assistant trust officers.

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Dick Mason

Charles Barnes  
Lewis Bond

George Andrews

John Goodwin  
Bayard Friedman

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# New Mexico News

## Chase Manhattan Official Joins Citizens Bank

FARMINGTON—Everett B. Kennedy, second vice president, Chase Manhattan, New York, has resigned his position to become vice president, Citizens Bank.



KENNEDY

At Chase Manhattan, Mr. Kennedy had been responsible for the bank's business in Colorado, Illinois, Iowa, Kansas, Missouri, Nebraska, Wyoming, Utah and New Mexico.

Mr. Kennedy joined Chase National (now Chase Manhattan) as a credit file clerk in 1928. After serving with two other banks, he returned to Chase Manhattan in 1948 as a member of the branch training group. Appointed an assistant treasurer in charge of bank operations personnel in 1952, he was instrumental in the formation of the methods research division in 1958 and in 1961 became manager of the data processing and collection departments.

In 1956 Mr. Kennedy was promoted to assistant vice president and in 1966 was assigned to reorganize the Paris Branch of Chase Manhattan.

■ **BOBBY D. FOX** is now vice president and cashier of the Bank of Las Vegas. He was formerly assistant vice president of Farmers & Merchants Bank, Las Cruces.

■ **THE FDIC** and the state department of banking approved the application of Ruidoso State to open a branch in Capitan.

■ **ROBERT F. COWDREY**, cashier and board secretary, Citizens State, Albuquerque, has been elected an advisory director. Mr. Cowdrey joined the bank at its organization in 1962 and is president of the Rio Grande BAI Chapter. In other action, the bank made application to convert its present Main Office into a branch and establish new headquarters at 2300 Louisiana N. E.

■ **HOT SPRINGS NATIONAL**, Truth or Consequences, has received approval for a branch office to be located at Elephant Butte Estates. The bank plans to build a modern building in frontier style which will include a community room.

■ **SANTA FE NATIONAL** recently began construction on a \$6,000 drive-in service center for its Southside Branch. The construction will provide two additional teller windows and a visual-remote-teller system.

■ **AMERICAN NATIONAL** and Grant County Bank, Silver City, recently doubled their contributions to the Western New Mexico University scholarship program. The two banks donated a total of \$2,000 to the operating scholarship fund and the university club scholarship fund.

■ **SIDNEY CLARK MARTIN** recently was elected assistant vice president and manager, Aztec Branch, First National, Farmington. He succeeds Larry Thomas, who has resigned. Mr. Martin previously was assistant cashier, Farmers & Merchants State, Plankinton.

■ **SECURITY NATIONAL**, Roswell, recently promoted Mrs. Betty J. Hughes and Mrs. Bonita Stone to assistant cashiers. Mrs. Billie Jo Staten was named assistant manager of the bank's Roswell Industrial Air Center Office.

## New Mexico Bankers Attend Graduate Banking School

Three New Mexico bankers were among the 1,448 bankers from 39 states and several foreign countries who recently attended the 26th annual session of the Graduate School of Banking at the University of Wisconsin.

Members of the Class of 1970 are: Roy E. Huddle, First National of Rio Arriba, Espanola; Garland D. Taylor Jr., president, Grants State; and Robert E. Tinley, vice president, First National, Hobbs.

## Four Officers Cut "\$9 Bill" To Open Bank's 9th Branch

ALBUQUERQUE—With its own version of the traditional ribbon-cutting ceremony, First National here recently opened its ninth office. In this case, the "ribbon" was a specially designed "nine-dollar-bill" to complement the ninth branch. The "bill" measured three feet by two feet.

To slice the "nine-dollar-bill," four bank officers joined hands on a pair of pruning shears. They were: David G. Livingston, chairman; Cale W. Carson Jr., president; Bernard S. Swinburne, vice president and area branch supervisor; and Ed Devlin, manager of the new branch.

The new branch contains 2,600 square feet and is located in the 18-story National Building, the tallest structure in Albuquerque's developing Civic Center.

## Albuquerque Nat'l Donates Art

ALBUQUERQUE—Albuquerque National recently presented a Colorado marble sculpture to First National, Santa Fe, on the bank's centennial anniversary.

The sculpture was made by Larry Avakana of the Institute of American Indian Art. It is entitled "The Brave and His Wife."

Ed Jory, senior vice president, Albuquerque National, made the presentation.

■ **CLAUDE E. LEYENDECKER**, president, Mimbres Valley Bank, Deming, recently was elected a director of the Public Service Co.

■ **BANK OF NEW MEXICO**, Albuquerque, recently named retired Navy Captain William B. Oliver an assistant vice president. Captain Oliver was director of personnel for Field Command, Defense Atomic Support Agency at Sandia Base before his retirement.

■ **BANK OF SANTA FE** recently named Gary L. McPherson senior vice president. He was elected vice president and commercial loan officer in 1969. Previously, Mr. McPherson had been senior bank analyst for the New Mexico Department of Banking.

■ **SAN JUAN COUNTY** financial institutions recently volunteered to provide a loan service for students of New Mexico State University's San Juan campus. The firms are Farmington National, First National, Farmington, San Juan Savings & Loan Association and Four Corners S&L.

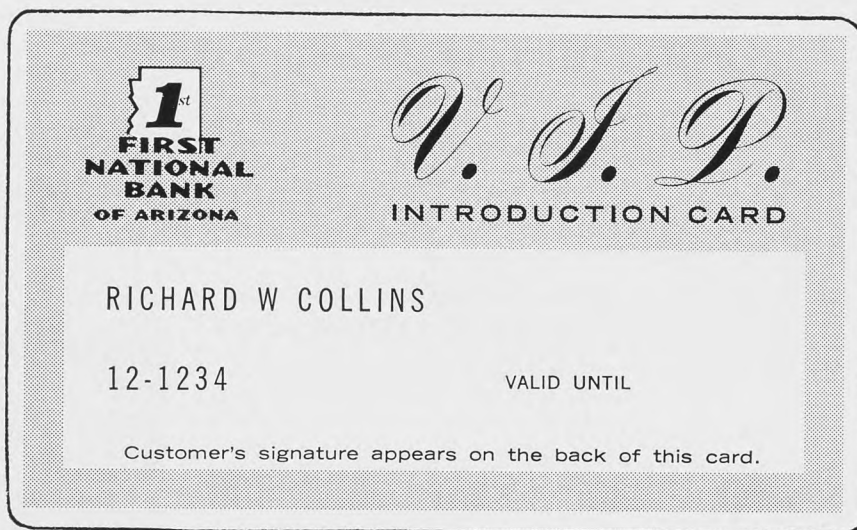
■ **FIRST NATIONAL**, Albuquerque, recently elected Chester A. Pasnewski assistant vice president and assistant trust officer, trust business development. Previously, Mr. Pasnewski, an attorney, worked in Phoenix.

■ **THOMAS G. MORRIS**, former New Mexico congressman, recently was elected vice president, Bank Securities, Alamogordo. Mr. Morris is manager of the holding company's new Albuquerque office. He has been a director of the firm for about two years.

■ **ALBUQUERQUE NATIONAL** recently made several promotions in the trust department. Those promoted were: Douglas G. Nichols, vice president and trust officer; William G. Grady Jr., vice president and trust investment officer; and Michael Queenan, trust investment officer.

■ **WORK HAS STARTED** on new banking quarters for Centinel Bank, Taos. After only 17 months' operation, the bank has seen its assets pass \$4,000,000, reports Frank E. GUSDORF, vice president and cashier.

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Arizona Bankers Association Convention  
November 12th and 13th, 1970



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# Oklahoma News

## Fidelity Bank Elects Keith May Vice President, Loan Officer

OKLAHOMA CITY—Fidelity Bank recently named Keith May vice president and commercial loan officer.

Previously, Mr. May had been examiner in charge of national banks in Oklahoma. He began his bank examining career in 1962. After serving six years in Texas, he was appointed examiner in charge of the Oklahoma City sub-regional office. He was made examiner in charge of the state last January.



MAY

■ FIRST NATIONAL, Enid, has named Joe F. Morriss vice president and trust officer. Trust duties were formerly handled by E. Koehler Thomas, president. Mr. Morriss, who is an accountant, came to Enid from Oklahoma City, where he was vice president and probate and trust administrator of Liberty National.

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Join the future. Give to the college of your choice.

■ B. R. HARRISON recently was elected a director of First National, Wynnewood. He has been vice president and cashier of the bank for the past six years.

## 75,000 Kisses for \$75,000

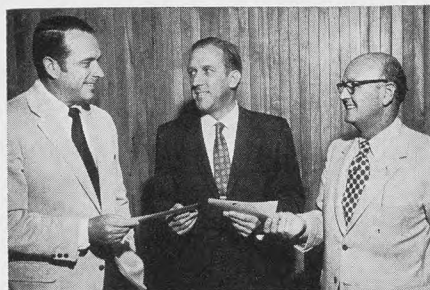


What do you do for the president of another bank who deposits \$75,000 in your bank? Four executive secretaries of Tulsa's First National did their best to show their appreciation to R. L. Hollis by bestowing the first four of 75,000 kisses on the president of Okmulgee's First National. The secretaries (from l.) are the Misses Ila Marie Walker, Martha Miller, Erma Trotter and Eunice Wilson. The occasion for the deposit was Tulsa First's 75th anniversary.

## Liberty National Donates Grant to U. of Oklahoma

OKLAHOMA CITY—Liberty National recently made a \$5,000 grant to the University of Oklahoma bureau for business and economic research to establish a "Liberty Research Fellowship in Money and Banking."

The grant will assist a graduate student, majoring in money and banking, through two years of graduate school. The student will be selected by a committee including J. W. McLean, president, Liberty National; Earl Sneed, executive vice president, Liberty National; Dr. Gerry Homan, director of the bureau; and Dr. James V. Baker, professor of finance.



J. W. McLean (l.), pres., Liberty National, and Earl Sneed (r.), exec. v.p., Liberty National, present Dr. Gerry Homan, dir., University of Oklahoma bureau for business and economic research, with two checks in the amount of \$2,500 each for a two-year fellowship grant for economic research.

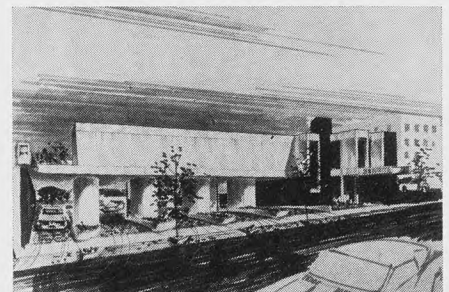
## Pneu-Vista at May Ave. Bank



May Avenue Bank, Oklahoma City, recently put into operation new Mosler Pneu-Vista drive-in lanes at its drive-in bank facility. A customer drives up to the unit and the teller pushes a button at her counter. The unit opens and lifts a transaction carrier near the customer's hand. He puts his transaction in the carrier and it is returned to the teller through a pneumatic tube. The teller then returns the deposit slip, cash or passbook.

■ MAY AVENUE BANK, Oklahoma City, has appointed Ronald E. Bradshaw assistant vice president. Mr. Bradshaw was formerly with Wells Fargo Bank at its San Diego international division.

## Fourth Nat'l Plans Auto Bank



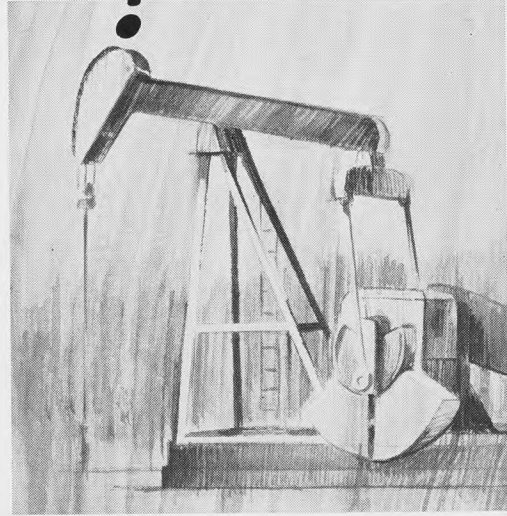
Fourth National, Tulsa, recently approved architectural plans for its new auto bank. The facility will have five teller stations and a customer service area. Completion is expected in early 1971.

## Liberty National Subsidiary To Manage New Tower

OKLAHOMA CITY—Liberty National recently announced that Liberty Property Management Co., the bank's wholly owned subsidiary, will be the exclusive leasing agent and will manage the new Liberty Bank Tower on its completion. Liberty National is the tower's principal tenant and will occupy the lower nine floors of the 35-story building.

Tom Denner, who recently joined Liberty National, will be leasing manager for the building. Previously, Mr. Denner and his brother established Diners-Fugazy Travel Agency in Oklahoma City. Mr. Denner also was associated with Four Seasons Equity Corp. until last June.

# *Need an Oil Country Correspondent ?*



## *Go Forth with Tulsa*

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For more than 60 years, Tulsa has been the hub of oil production and financing for the entire mid-continent region. And throughout the last 40 of those years, Fourth National Bank has been right in the middle of the action. No need to look toward Houston or Dallas if it's oil expertise you're seeking. You'll find everything you need right here in booming, bustling Tulsa!

At Fourth, you'll find something else too: a friendly, man-to-man approach that will make you feel right at home in a big city bank. Fourth stands tall in the Tulsa business community, but we never let ourselves forget where we came from. Senior Vice President Glenn "Red" Ward, President Vernon Kidd and Chairman of the Board Lambert Fielder are the same kind of neighborly businessmen you appreciate in your own community.

Next time you need a helping hand in the field of oil financing (or any banking requirement, for that matter) turn your eyes toward Tulsa. If you do, you can't miss Fourth National . . . it's the tallest building in town!



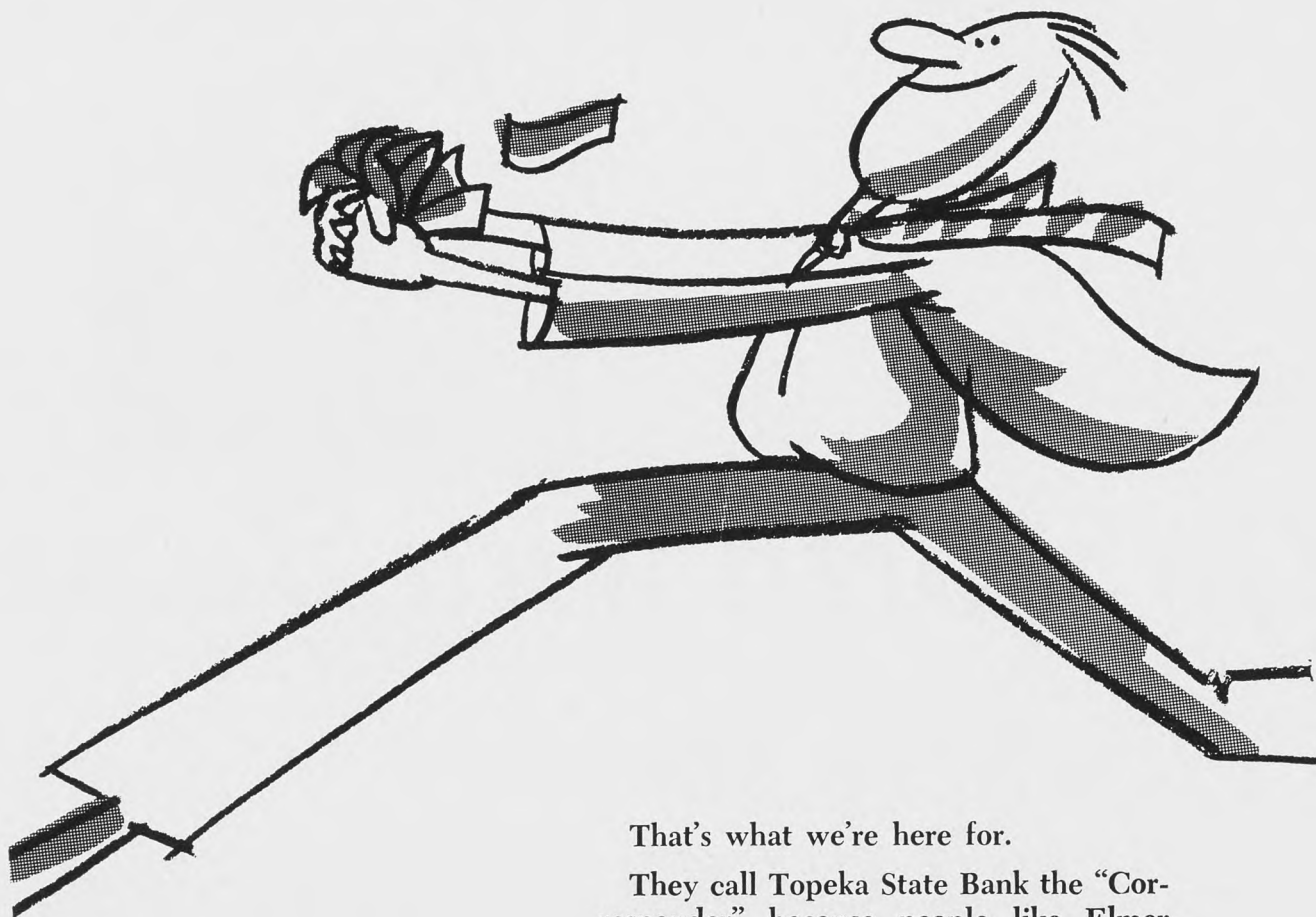
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MID-CONTINENT BANKER for October, 1970

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## The Topeka State Bank Seventh and Kansas - Topeka

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# Senator and Sales Consultant Are Kansas Group Speakers

A STATE SENATOR from Arizona and a sales consultant from Georgia will be the featured speakers at the six group meetings of the Kansas Bankers Association this month. The meetings will begin October 20 in Chanute and end October 29 in Pratt.

All six meetings will have the same format: 1:15 p.m.—registration. 2 p.m.—general sessions for managing officers and other officers and bank personnel. Speaker, Dr. Robert N. Carter, Athens, Ga., sales consultant, W. T. Grant Co. 4:15 p.m.—KBA group committee meetings: agricultural key bankers, bank personnel and marketing. 5:15 p.m.—social hour. 6:30 p.m.—banquet: election of officers. Speaker, Somers H. White, Arizona state senator.

*Senator White* is a former bank president and is president, Somers H. White Co., management consultants. He also has been a teacher and holds degrees from Amherst College and Harvard Business School. In the Arizona Senate, he is chairman of the administration committee and vice chairman of the commerce and industry committee and is a member of the education, finance and revenue, highways and transportation and rules committees. He has a weekly radio program, "Business, Politics and Observations."

*Dr. Carter*, in his post with the Grant firm, trains salesmen and works with the development of management personnel. He also is a marketing planning consultant to business firms and regularly gives programs for the Southeastern Poultry and Egg Association of Decatur, Ga. Dr. Carter holds degrees from the universities of Georgia and Florida and has written several articles for such publications as the *Georgia Realtor*, *Personnel Journal*, *Georgia Association of Life Underwriters' News* and *Southern Journal of Business*. Currently, he is an associate professor of marketing at the University of Georgia.

## 1970 Group Meetings

Group 1 Oct. 21 Lawrence  
Group 2 Oct. 20 Chanute  
Group 3 Oct. 22 Concordia  
Group 4 Oct. 29 Pratt  
Group 5 Oct. 27 Goodland  
Group 6 Oct. 28 Garden City

He has had blue collar work experience and also has been a salesman.

Individually, the groups will meet as follows:

*Group One*, October 21, Ramada Inn, Lawrence. During general sessions, senior managing officers will meet in the Wakarusa Room and other officers and bank personnel in the Kaw Room. During group committee meetings, agricultural key bankers will convene in room 202; bank personnel in room 102 and marketing personnel in the Haskell Room. The social hour will be held in the Wakarusa and Kaw rooms, with the banquet scheduled for the University of Kansas' Student Union.

The meeting will be conducted by the group chairman, Donald O. Nutt, president, Baldwin State, Baldwin City. A banker since 1950, when he was graduated from Baker University, Baldwin City, Mr. Nutt started as assistant cashier, became assistant vice president

in 1960, executive vice president in 1961 and president in 1966.

*Group Two*, October 20, Neosho County Community Junior College, Chanute. For the general sessions, senior managing officers will meet in Lecture (Stoltz) Hall; other officers and bank personnel in the auditorium of the Administration Building. During group committee meetings, agricultural key bankers will meet in room 101 and bank personnel in room 105, both in the Administration Building. The marketing meeting is planned for the music rehearsal room. The VFW Building will be the setting for the social hour and banquet.

Group Chairman Mahlon Morley is executive vice president, First National, Chanute, and president, Valley State, Belle Plaine. He went to the Chanute bank in 1957 and has worked in all phases of banking. In 1966 he bought controlling interest in and was elected president of Valley State.

*Group Three*, October 22, Cloud County Community College, Concordia. During general sessions, senior managing officers will meet in the lecture room and other officers and bank personnel in the Little Theater. During group committee meetings, agricultural key bankers will meet in room 204; bank personnel in room 203 and marketing personnel in room 205. The social hour and banquet will be held in the National Guard Armory.

Group Chairman Jean M. Noel joined First National, Glasco, shortly after graduating from the University of Kansas. He became president in 1941 following the death of his father, L. Noel. He is a graduate of the Graduate School of Banking at the University of Wisconsin.

*Group Four*, October 29, Pratt Community College, Pratt. For the general sessions, senior managing officers will meet in the music room and other of-



WHITE



CARTER



ficers and bank personnel in the auditorium. All three group committee meetings—agricultural key bankers, bank personnel and marketing—will be held in college classrooms. The social hour will be held at the Elks Club and the banquet in the Municipal Building's auditorium.

Group Chairman Glenn L. Shriver has been vice president and cashier at Coats State since 1968. Previously, he had been a county agent with the Kansas State Extension Service for six years and farm representative at First National, Pratt, for 15 years. He holds a degree in agriculture from Kansas State University and is a charter mem-

ber, past president and treasurer, Kansas Association of Bank Representatives (KABAR).

*Group Five*, October 27, VFW Building, Goodland. During general sessions, senior managing officers will meet in the Elks Lodge and other officers and bank personnel in the VFW Building. During committee meetings, agricultural key bankers will meet in First National of Goodland's basement and bank personnel in Goodland State's basement. Marketing personnel will meet at the VFW Building, where the social hour also will be held. The banquet will be held at the Elks Lodge.

Group Chairman W. S. Goodwin is

**Group Chairmen**



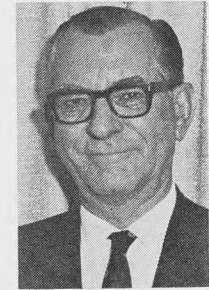
MORLEY



SHRIVER



CRAIG



GOODWIN



NOEL



NUTT

president, Goodland State, where he has held controlling interest since 1959. He entered banking in the mid-1930s at First State, Commerce, Okla., and went to Kansas in 1948, when he became vice president, Citizens State, Galena. In 1957 he bought control and became president of Roanoke (Ill.) State, staying there until going to Goodland in 1959.

*Group Six*, October 28, Fine Arts Center, Garden City Community Junior College. During general sessions, senior managing officers will meet in the Science and Math Building and other officers and bank personnel in the Fine Arts Center. All three group committee meetings will be held in the Fine Arts Center. The social hour and banquet are scheduled for St. Mary's Center.

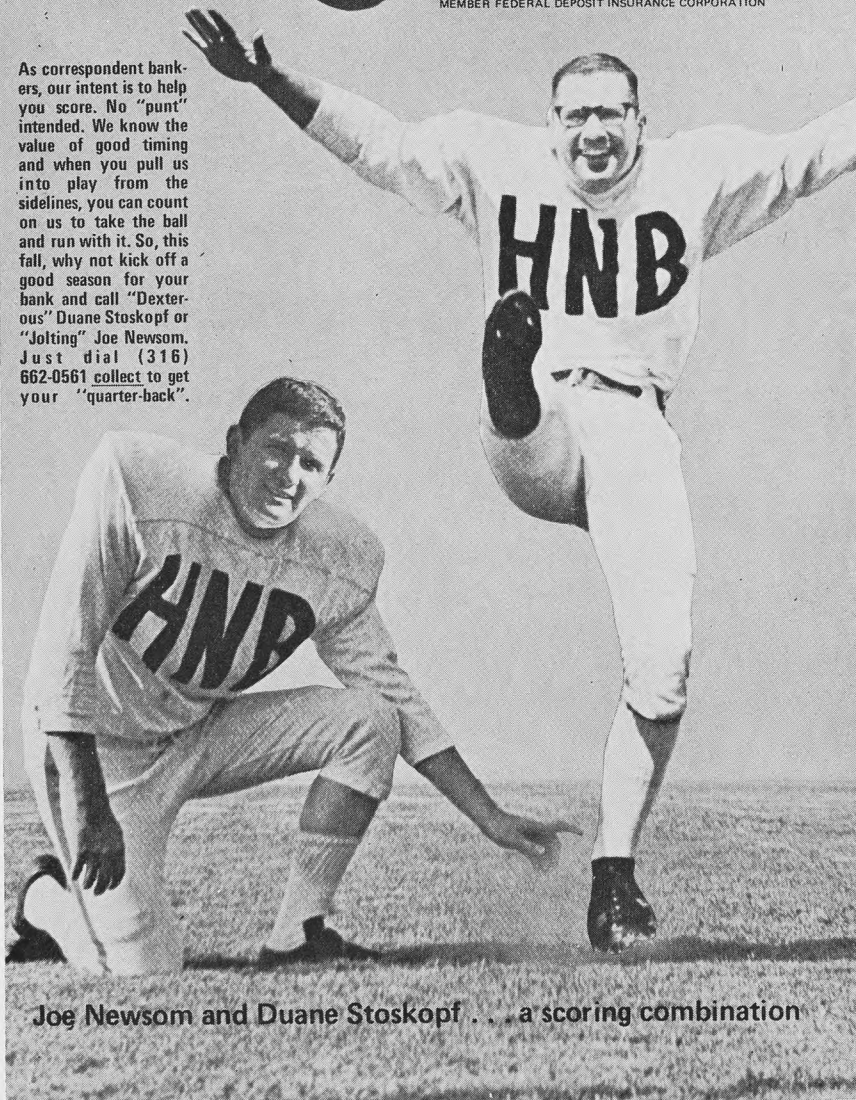
Group Chairman Virgil Craig will conduct the meeting. He entered banking 31 years ago, when he became a bookkeeper at Fidelity State, Garden City. He has been at the same bank since then and became cashier several years ago. Mr. Craig has been active in the KBA a number of years.

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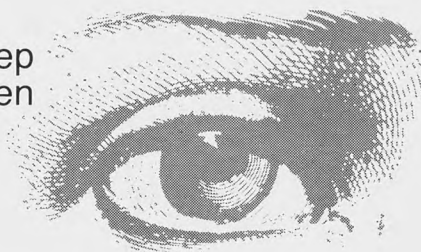
Joe Newsom and Duane Stoskopf . . . a scoring combination

# at the "groups"




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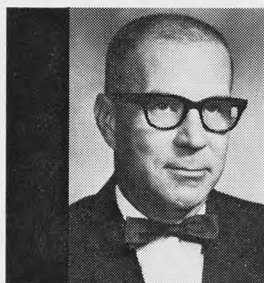
We'll keep  
our eyes open



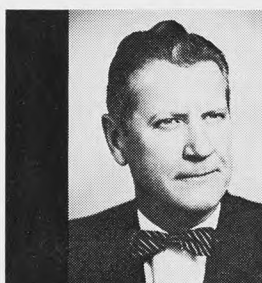
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only when  
asked to



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Vice President



John Peterson  
Vice President



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Asst. Vice President

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# Kansas News

## Young Bank Officers of Kansas Hold First Conference

A new organization, called the Young Bank Officers of Kansas, recently held its first conference in Hutchinson in September. About 44 bankers and their wives attended the meeting, which featured speakers and panel discussions.

The organization was formed to encourage stimulation and development of young bankers whose goals are to become top executive officers. Members intend to work cooperatively with the Kansas Bankers Association.

In order to join the group, a candidate must be between 22 and 35 years old, be a college graduate or have the equivalent in bank education or experience, have completed at least two years' banking experience and have the personal goal of becoming a top bank executive. Each candidate must be recommended for membership by his chief executive officer.

Executive committee members of the Young Bank Officers include: John Barlow, vice president, Johnson County National, Prairie Village; Roger Brown,



Officers of the newly formed Young Bank Officers of Kansas organization are (from l.): v.p., Ben F. Boys, a.v.p., Independence State; pres., Leo H. Converse, exec. v.p., Peoples National, Ottawa; and sec.-treas., Harold L. Bittel, a.v.p., Security State, Great Bend.

vice president, Home National, Arkansas City; William Simpson, cashier, First National, Tribune; and Joe Newsum, agricultural loan officer, Hutchinson National. Officers are listed in the outline under the accompanying photo.

■ E. W. FLAMING, president, First National, Hillsboro, recently received a special Presidential citation for his utilization of Small Business Administration loans.

## Security State to Furnish Jr. College Board Room

GREAT BEND—Security State recently offered to furnish the board of trustees' conference room of Barton County Community Junior College.

The bank's gift, about \$4,000, will provide the board room with a table, chairs and other furnishings. The items will be selected in cooperation with the interior decorator's design.

## City Nat'l Names Crutsinger Kansas Correspondent

KANSAS CITY—Jerry L. Crutsinger, assistant vice president, City National, recently was appointed to represent the correspondent division in the state of Kansas. He formerly represented the bank in Oklahoma, Texas and New Mexico.

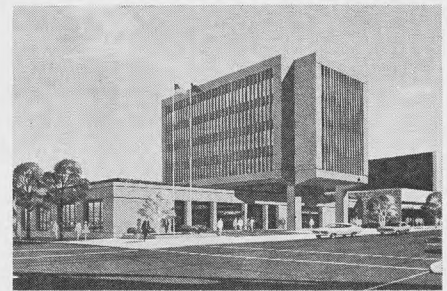


CRUTSINGER

Mr. Crutsinger came to City National in 1966. He was elected an assistant cashier and joined the correspondent division in 1969, after serving as Bankmark coordinator. He was named assistant vice president last June.

■ STEVE MILLER, executive vice president and cashier, Hanston State, recently purchased chief financial interest in Farmers State, Ingalls, from that bank's chairman, Lloyd Hutchinson. Mr. Miller was elected president of Farmers State and Mr. Hutchinson remains chief executive officer.

## New Home for First of Lawrence



First National, Lawrence, recently moved into a new bank building. Besides featuring full banking services, the building has several customer lounges.

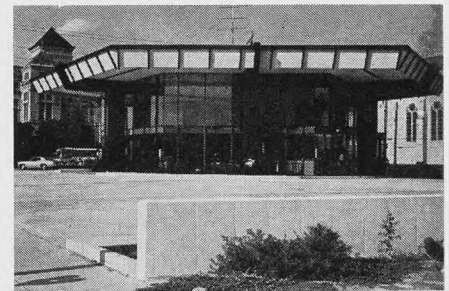
■ FIRST NATIONAL, Mount Hope, recently remodeled its building to accommodate a board meeting room and a business machines room.

■ FIRST NATIONAL, El Dorado, is constructing drive-in window facilities on its present parking site. The windows will use the Pneu-Vista remote-transaction system made by Mosler Safe Co.

■ FIRST NATIONAL, Beattie, recently held an open house to display its remodeled building.

■ COMMERCE STATE, Topeka, recently elected Onis L. Lemon an assistant vice president. Mr. Lemon has been district manager for Commercial Credit Corp. since 1966.

## Union Nat'l Opens Pavilion Bank



Union National, Wichita, recently opened its new Pavilion Bank for business 24 hours a day during the first week of operation. The paved area around the facility is called "Easy Street" because of its accessibility to the street. The parking area around the six-sided structure can accommodate 24 parked cars without disturbing traffic around the building.



MAX DICKERSON  
Senior Vice President

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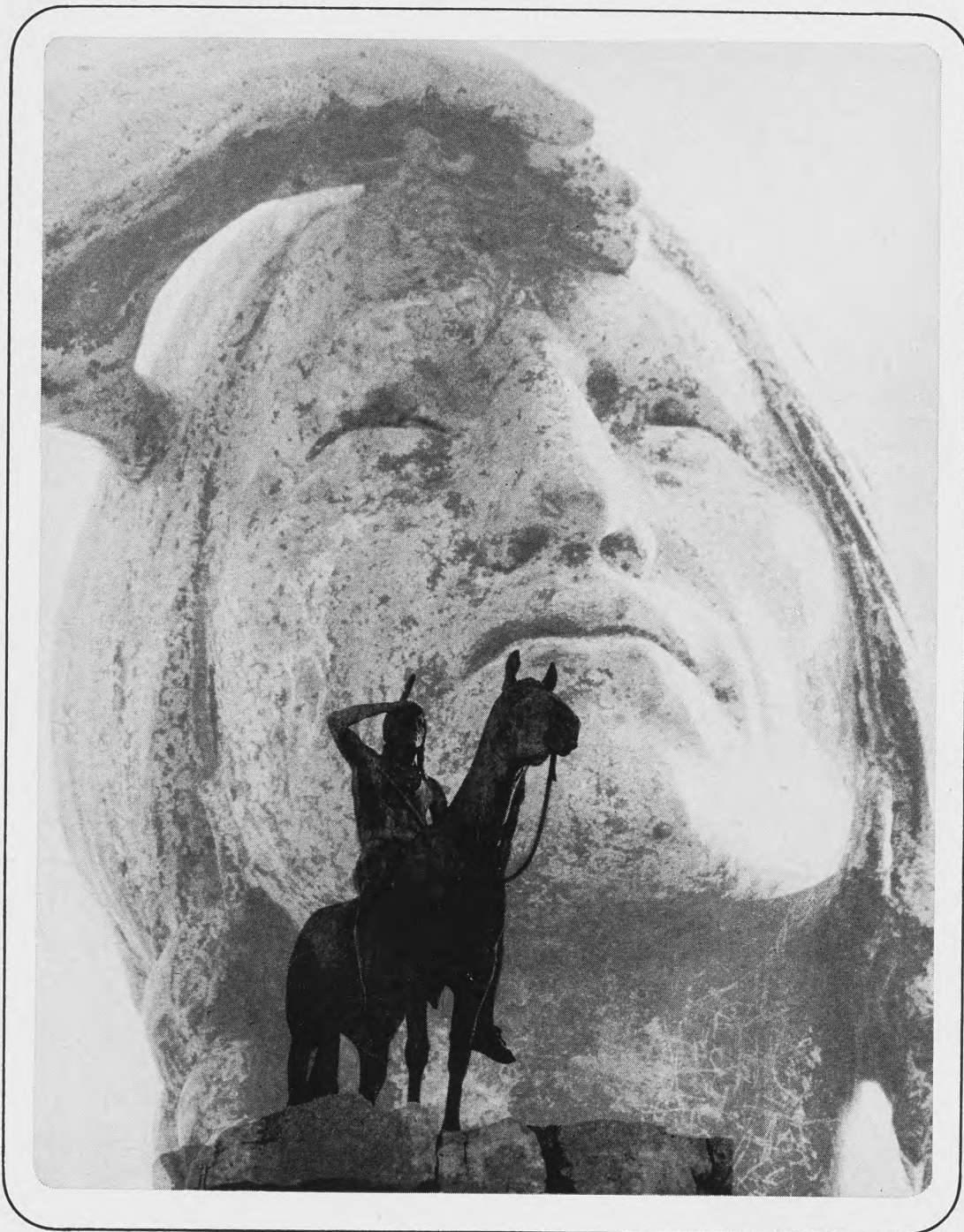
Kansas City, Kansas

Member F.D.I.C.



JIM BIRKBECK  
Asst. Vice President

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Member F.D.I.C.

**City National Bank**  
& Trust Company  
KANSAS CITY, MISSOURI

MID-CONTINENT BANKER for October, 1970



■ ROBERT A. BARTELS, vice president and director, Bank of Inman, recently was named president of the McPherson County Bankers Association. George Jones, executive vice president, Farmers State, Canton, was elected vice president.

■ JOHN D. GARTON was named manager of the Merchants National, Topeka, drive-in facility which opened recently. Mr. Garton joined the bank in 1969 after serving 21 years in the Air Force. He has been assistant operations manager and in charge of the bookkeeping department.

■ CENTENNIAL STATE, Mission, is constructing a new building which is expected to be completed by January 1. The new building features three units for direct-from-the-car motor banking.

■ MIAMI COUNTY NATIONAL, Paola, recently announced the appointment of Carl Gump as a vice president. His principal duties will be in community relations, real estate and student loans and management of the bank's credit card program. He was a school superintendent.

## Hutchinson Nat'l Hosts Correspondent Bankers At State Fair Party



More than 300 bankers and their wives recently attended the Hutchinson National annual correspondent banker State Fair party. Following a social hour, guests enjoyed dinner in the grand ballroom of the Hilton Inn. Chartered buses transported the guests to the State Fair grandstand for the opening-night presentation. Pictured above are TOP: Bill Staats (r.), pres., Eastside National, Wichita, Mrs. Staats and Duane Stoskopf, v.p., Hutchinson National. MIDDLE: (From l.) Dick Klaasen, pres., Nickerson State, Mrs. Klaasen, A. J. Collins, pres., Hutchinson National, Mrs. Clark Wesley, Clark Wesley, v.p., Nickerson State. BOTTOM: (From l.) Mrs. Clyde Beymer, Joe Newsom, corres. bank off., Hutchinson National, and Clyde Beymer, v.p., Kearney County Bank, Lakin.

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...think first of The First National in St. Joseph. With our wide experience, extensive contacts, trained personnel, and specialized facilities, we're big enough to solve your problems...yet small enough to care about them. Bankers throughout the Midwest take advantage of our Big Picture. How about you.

■ RICHARD LASHBROOK recently joined Roeland Park State as vice president. He will direct marketing functions, including advertising and public relations. Previously, he was vice president, Bank Services, Inc.

### Kansas Deaths

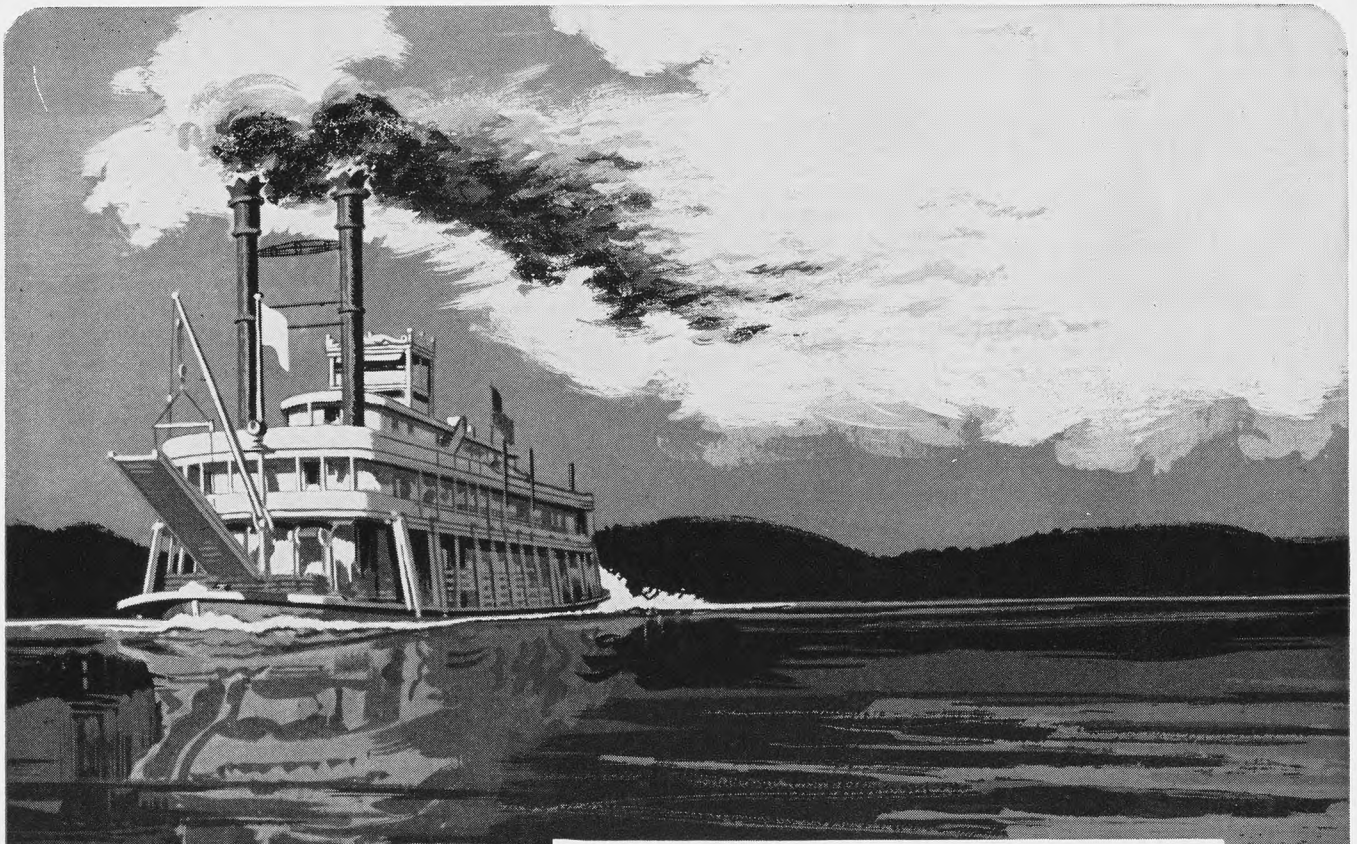
WARREN GILMORE, 84, former president, Farmers State, Highland. Mr. Gilmore was also a retired merchant and postmaster.

PARK J. SHEPP, 68, vice president, Peoples National, Burlington. He had been with the bank since 1940.

# THE FIRST NATIONAL BANK

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# Cow Production Contest Announced During St. Joseph "Market Day"

**B**ANKERS who attended the annual "Market Day" program sponsored last month by the First Stock Yards Bank of St. Joseph, Mo., were given a wide range of information on beef cattle production, with special emphasis on cow-calf herds. There was general agreement among speakers that cow-calf operations will play an increasingly important role in the four-state area adjoining the St. Joseph terminal market and bankers were encouraged to help their farmers in cow-calf production.

With proper encouragement (and financial support) from the banker, one speaker asserted, the four-state area could produce many more beef cows. The banker should look for the farmer who has the "know-how" or the management ability and then encourage that farmer to breed his cattle scientifically, to keep records meticulously in order to isolate his best breeding stock, and to cull the poorest producers relentlessly.

As one cattleman told bankers, "The bull is 80% of the cow unit." He urged bankers to help their cow-calf producers obtain the best possible bulls, and to continue to keep the best of the best. In that way, he said, more pounds of beef can be produced at less cost. At the same time, he said, beef will be produced that will trim out in more salable pounds for the packer and the retailer. This is the ultimate goal, he said.

During the Market Day program, it was announced that the bank, along with the St. Joseph Livestock Market Foundation, would help to promote expansion of cow-calf operations in the area by means of a cow production contest.

Pointing out that much forage is go-

ing to waste in Northwest Missouri, Northeast Kansas, Southwest Iowa and Southeast Nebraska, the bank and the foundation announced that the cow production contest is an effort to motivate area livestock men to carry more cows on their acres and thereby increase calf production.

Although the area cited is a rich grain producing area, thousands of acres are not suitable for grain production on a continuous basis and many more acres are suitable only for forage production. Beef cows, the announcement said, offer an ever increas-

developed an output multiplier of \$2.25. For example: there is considerable interaction between the livestock producing section and other firms in the economy. Producers buy feed from the crop sector and sell their output to the processing section.

The bank and the foundation pointed out that current technology applied to crop production, the dairy industry and swine production had produced outstanding results. Not so, they said, in regard to cow-calf production for these reasons:

1. Cows have been a sideline en-



VISITING IN THE "YARDS" during the "Market Day" program was this trio: H. H. Broadhead Jr., president of the host bank; Larry Latta and Steven McAllister, cash., Citizens State, Hiawatha, Kan.

ing opportunity in the utilization of these acres.

Quoting an Oklahoma State University study, the bank and the foundation estimate that if 500,000 more calves were raised and fed in this area, \$487,000,000 additional income would be obtained for the area. This figure is based on the OSU study, which found that \$1 put into livestock production

terprise and have received little attention.

2. Technology and capital applied to crop production pay off the same year, while the same effort applied to cow-calf enterprises takes longer to produce a dividend.

3. With the exception of salvaging feeds which would otherwise go to waste, profits are small with present



SPEAKER Dale Engler (c.), mgr. of the Ramsey Ranch, El Dorado, Kan., is flanked by H. H. Broadhead, president of the host bank; and John Karn, cashier of the bank.



INTERESTED LISTENERS: L. L. Ingraham, pres., Citizens Savings, Browning, Mo., Tom McCullough, retired president of host bank; and John Cusick, v.p., Chillicothe State.



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MID-CONTINENT BANKER for October, 1970



production levels.

However, technology and knowledge are available, the bank and foundation said, to increase greatly the production and profit levels of all but a few cow units in the region.

Thus, the bank and the foundation expressed the hope that bankers would encourage participation in the cow production contest. Entry blanks and full details can be obtained by writing to: Mr. Ivan Kanak, St. Joseph Livestock Market Foundation, South St. Joseph, Mo. 64488.

Briefly, some of the contest rules are listed below:

Cash prizes will be awarded in the contest, which is divided into two parts: cow to market and cow to feeder.

Under cow to market rules, contestants may enter any 20 cows which will be identified by tattooing. Calves are to be dropped between September 1 and May 1. Calves are to be identified by tattoo and birth date recorded.

Each calf will be weighed between 160 and 250 days of age and the calf's dam weighed at the same time. All males dropped from the 20 cows are to be slaughtered when contestants wish, but at no more than 15 months old. A minimum of six males is required to be eligible to win the contest.



PHIL MILLER (r.) will join the First St. Joseph Stock Yards Bank as agricultural representative. This announcement came from President Broadhead (l.) during the "Market Day" program. Mr. Miller is a native of Liberty, Mo., and until recently was manager of a commercial feed lot in Billings, Mont. He is a graduate of the College of Agriculture of the University of Missouri.

Contestants are to keep records of production costs, and breeding and management practices are to be reported.

Winners will be selected by a committee on the basis of the following factors: total pounds weaned from 20 cows, adjusted to 205-day steer equivalent; average carcass weight per day of age—carcasses must be a minimum

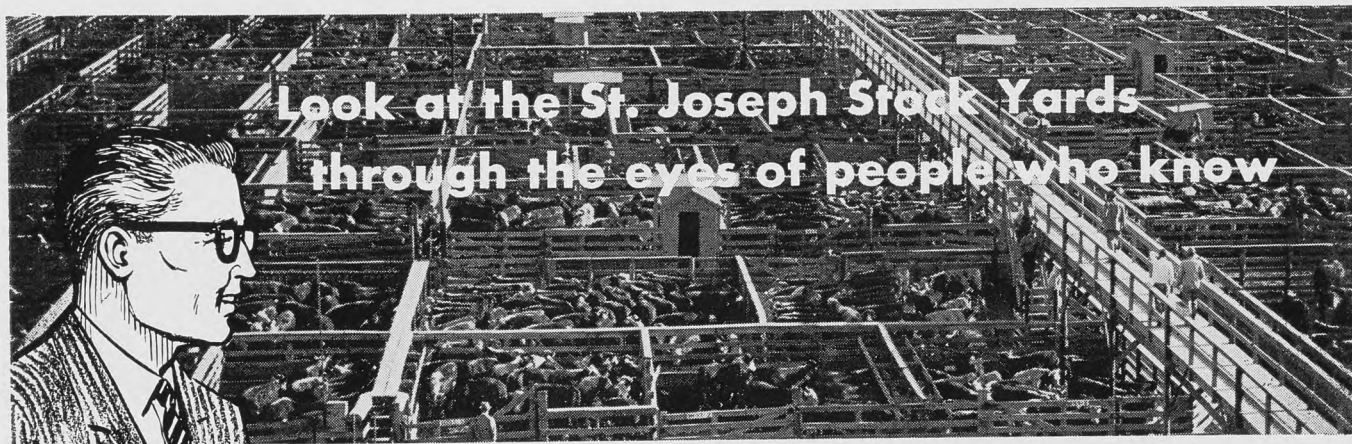
of 80% choice, minimum of 80% cutability and a minimum of 500-pound hot weight.

Under cow to feeder rules, steers will be weighed at any time contestants wish to sell them between 650 and 850 pounds. The committee will evaluate the steers as to their desirability as feeders. Winners will be judged on the following factors: total pounds weaned from 20 cows adjusted to 205 days of age and to steer equivalent; average weight per day of age of steers at feeder weights after 12 hour overnight stand in dry lot; steers must have a reasonable chance after a normal feeding period of yielding a carcass meeting the minimum standards of the cow to market section.

The contest will have built-in penalties for undesirable characteristics, and reproduction and calving difficulties will be considered. It is assumed that the winning entry will probably be the least cost per unit production.

All males must be sold through the St. Joseph terminal market.

Plans call for a budget of several thousand dollars for the contest. Two or three banquets will be held at which slide pictures of entries will be shown. At the awards banquet, results will be detailed and trophies and other prizes awarded. • •



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Because it's the only bank in the St. Joseph stock yards, the First Stock Yards Bank does business with them all—shippers, feeders, commission men, dealers, traders, The Stock Yards Company and the packers.

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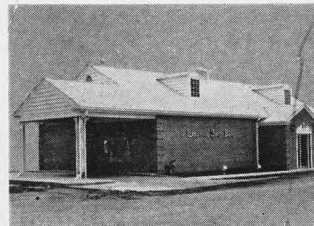




**CAMDEN COUNTY BANK**  
CAMDENTON, MO.  
FEBRUARY 1, 1968



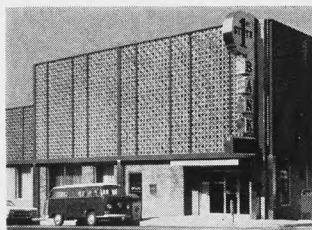
**UNITED BANK OF FARMINGTON**  
FARMINGTON, MO.  
APRIL 1, 1968



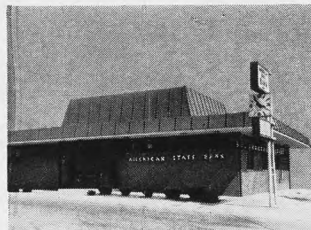
**LADDONIA STATE BANK**  
LADDONIA, MO.  
JULY 1, 1968



**BANK OF BISMARCK**  
BISMARCK, MO.  
OCTOBER 1, 1968



**FIRST STATE BANK**  
ROLLA, MO.  
SEPTEMBER 29, 1969



**AMERICAN STATE BANK**  
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LITCHFIELD, ILL.  
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**FDIC**

At the group meetings . . . .

## MBA President Calls for Better System Of Allocating State Funds, Announces Possibility of Moving Assn. to Capital

AT the MBA group meetings last month, James F. Martin Jr., MBA president, expressed the opinion that a better system of allocating state funds to banks should be found for Missouri. He suggested it might be possible for banks to bid on state deposits, as is done in other states.

Mr. Martin, executive vice president of the Bank of Lee's Summit, announced that the MBA's legislative committee is planning to examine allocation procedures in other states and that it will try to recommend some of these procedures for Missouri. He said, "I think the bankers of Missouri who want state funds and can put them to good use would benefit from improvements in the system."

At about the same time Mr. Martin was making his speech, a Kansas City newspaper published a news report on the same subject. The report stated that Christopher (Kit) Bond, Republican candidate for Missouri auditor, had suggested a "fair deposit plan" designed to remove the handling of state funds from politics.

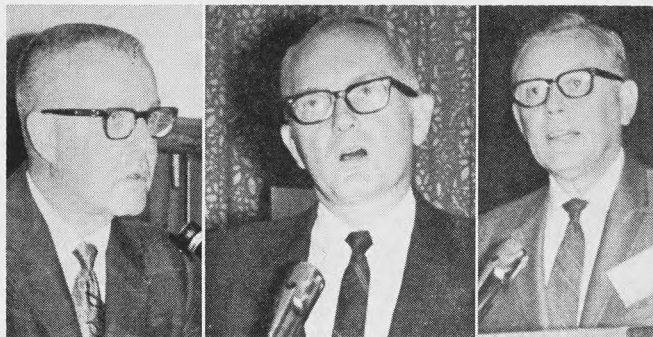
Mr. Bond proposed a mathematical system to allocate time deposits among all banks willing to pay maximum interest to the state. Banks would receive state funds in proportion to their total non-state deposits.

The suggestion stipulated a maximum limitation on the size of deposits in any one bank so that the large banks would not absorb all the funds. The details of the program and the criteria involved would be stated publicly.

In his speech, Mr. Martin also mentioned that a special committee has tentatively recommended the move of the MBA offices from Columbia to Jefferson City. Several possible locations are now being evaluated. Many MBA members suggested the move to Jefferson City in an in-depth study conducted last year to determine how members felt about the state association.

Mr. Martin reviewed several findings obtained from the study. In the study,

LEFT: MBA Pres. James F. Martin Jr., exec. v.p., Bank of Lee's Summit, addresses Group 5 in Washington. CENTER: Sam Overfelt, MBA general counsel, speaks before Group 3 in St. Joseph. RIGHT: Elston B. King, pres., First Nat'l, Plattsburg, as Group 3 chairman, presides at men's luncheon.



several bankers suggested that the MBA adopt a statewide advertising program like that of the Kansas Bankers Association.

The Kansas program includes institutional and marketing-oriented advertising and promotes banking in general in the state. It uses all media, but concentrates heavily on television specials. Materials that tie in with the over-all campaign are used along with radio scripts, which are helpful to

small banks that don't have access to an agency.

The MBA public relations committee has been looking into this program and considering its expense. To maintain such a program, Kansas bankers pay almost double the dues of Missouri bankers.

Mr. Martin mentioned several other findings from last year's in-depth study.

- About 92% of the membership considers the MBA to be of above average value and 60% feel the membership is very valuable. In particular, members said the MBA was doing a good job of keeping them informed and communicating with the membership.

- Members found weekly, legislative and protective bulletins useful.

- Meetings sponsored by the MBA during the Bank Management Conference and the annual convention were praised.

- High marks were given to the MBA's life and health insurance programs.

- Members were less enthusiastic, but positive in outlook, about the usefulness of speech outlines and the film library services.

- Most of the members endorsed the MBA's participation in aiding economic education programs.

In discussing the recent Harris poll, which surveyed the attitudes of the

LEFT: MBA Treas. Ben A. Parnell Jr. (l.), pres., Peoples Bank, Branson, visits with Jordan Lindsey, ch. and pres., Allen Bank, Harrisonville, during Group 4 meeting in Kansas City. CENTER: Group 4 chairman William B. Pence (l.), pres., First Nat'l, Liberty, chats with James F. Martin Jr. (c.), MBA pres., and Sam Overfelt, MBA gen-

eral counsel at Group 4 meeting. RIGHT: W. J. Turnage (l.), v.p., Commercial Trust, Fayette, poses with Larry E. Lumpe (c.), MBA v.p. and exec. v.p., State Bank, Poplar Bluff, and Felix LeGrand, MBA exec. mgr.





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public toward banking, Mr. Martin listed four problem areas in banking.

(1) The general public views banks as "making a lot of profits with the high interest rates they have been charging." People feel banks have profited from the period of higher interest rates.

(2) With the growth in discretionary income in the country, people are looking more and more to banks to expand into complete and full financial institutions.

(3) The public and thought-leaders are concerned that one-bank holding companies might lead to monopolies and concentrate too much economic power in one place.

(4) The public feels bankers have the responsibility to find solutions to community problems.

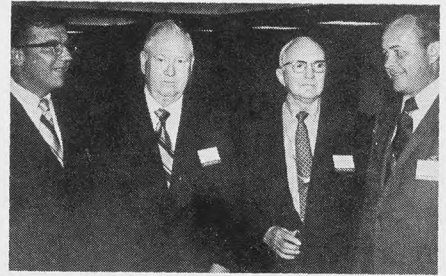
Sam Overfelt, MBA general counsel, also was a guest speaker at each MBA group meeting. In his speech, he summarized several items of legislation that will draw attention in the next session of the legislature.

Mr. Overfelt said he felt it necessary that an amendment be made to Missouri law to maintain the fairness of bank taxes between state chartered and nationally chartered banks. The MBA taxation committee also recommended the repeal of the intangible tax or, as an alternative, to attempt to obtain tax equalization with loan associations.

Members plan to work with the legislature to develop an MBA proposed bill that will provide for increased bank services, such as the handling of loan payments and cashier's checks.

Dr. M. O. Looney, president, Missouri Western College, St. Joseph, spoke at the Group Three meeting. He cited financing as the major problem facing higher education in the 1970s. Private schools especially are facing financial crises, he said.

Reasons for the schools' financial problems are the doubling of building costs, pressure on salaries during peri-



D. P. Lindsey (l. to r.), v.p., Allen Bank, Harrisonville, visits with G. L. Trent, pres., Commercial Bank, Lexington; Al Woods, retired, formerly with Mosler Safe; William B. Pence, Group 4 chairman and pres., First Nat'l, Liberty, at the group's meeting in Kansas City.

ods of inflation and the unfavorable position of the stock market. Because of this, Dr. Looney said, "An alarming number of schools are facing operating deficits."

New group officers are:

**GROUP ONE:** chairman, Frank Kelso, vice president, Hannibal National; secretary, Alvin D. Meeker, executive vice president, Commerce Bank, Kirksville; nominating committee member, David W. Strickler, vice president and cashier, Citizens Bank, Edina; nominating committee alternate member, Leo Funk, president, Schuyler County State, Lancaster.

**GROUP TWO:** chairman, Ned L. Snyder, president, Hamilton Bank; secretary, Grimes Spillman, president, Home Exchange, Jamesport; nominating committee member, Kenneth McIntyre, vice president and cashier, Chillocothe State; nominating committee alternate member, George Constant, vice president and trust officer, Trenton Trust Co.

**GROUP THREE:** chairman, John Gach, assistant vice president, First National, St. Joseph; secretary, James Wells Huff, executive vice president, Wells Bank, Platte City; nominating committee member, Elston B. King, president, First National, Plattsburg; nominating committee alternate member, Loren W. Schneider, president, Farmers Bank, Gower.

**GROUP FOUR:** chairman, Carl B. Abbott, executive vice president and cashier, Garden City Bank; secretary, Sidney M. Cooke Jr., vice president, Columbia Union National, Kansas City; nominating committee member, William B. Pence, president, First National, Liberty; nominating committee alternate member, George W. Goll Jr., president, North Kansas City State.

**GROUP FIVE:** chairman, Richard J. Pflieger, president, Bank of St. Ann; secretary, Donn R. Harrison Jr., executive vice president, Citizens Bank, Eldon; nominating committee member, Donald L. Campbell, executive vice president and trust officer, Exchange National, Jefferson City; nominating committee alternate member, John Rowe, assistant vice president, First National, St. Louis.

**GROUP SIX:** chairman, M. Gene Shain, executive vice president, State Bank of Fisk; secretary, Leo J. Miederhoff, cashier, Home Trust, Perryville; nominating committee member, W. Don Agnew, executive vice president and cashier, Security National, Sikeston; nominating committee alternate member, O. J. Hampton, executive vice president, State Bank of Campbell.

**GROUP SEVEN:** chairman, A. C. Kolb, executive vice president, Security Bank, Mountain Grove; secretary, Larry W. Meier Jr., senior vice president, Bank of Urbana; nominating committee member, Robert G. Bird, vice president and auditor, Southern Missouri Trust, Springfield; nominating committee alternate member, Foster Plummer, president and trust officer, Security Bank, Branson.



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### Charles B. Mudd Dies

Charles B. Mudd, 84, president of the Missouri Bankers Association in 1932, died September 1. He served on the ABA executive council for three years.

Mr. Mudd was cashier of First National, St. Charles, many years ago and later traveled Missouri as a securities representative for the Metropolitan St. Louis Co. He had been retired about 10 years. Mr. Mudd was the brother of the late Eugene Mudd, at one time executive vice president of Mercantile Trust, St. Louis.

### National Bank, Boonville, Joins First National Charter Corp.

The Board of Governors of the Federal Reserve recently approved the application for affiliation of National Bank, Boonville, with First National Charter Corp., Kansas City-based registered bank holding company.

Subject to further regulatory approval, National Bank, Boonville, will join First National, Kansas City, and Leawood National, Kansas City, as members of the holding company. Application for approval of a fourth associate bank, Webster Groves Trust, will be filed soon with the Fed.

### Meredith Cabell Jones Dies; Was First National Official

ST. LOUIS—Meredith Cabell Jones, 75, former senior vice president, First National, died September 9 after suffering a heart attack.

Mr. Jones retired as senior vice president in 1962. He remained as a member of the bank's advisory board after his retirement.

A graduate of Washington University School of Law, Mr. Jones was also a World War I veteran and headed the war bond drive in St. Louis in 1943.

### Webster Trust Promotes Four



Webster Groves Trust recently announced four promotions. Pictured with the new officers are M. Leon Hall (far r.), pres., and Warren M. Druschky (far l.), exec. v.p. The new officers are (from l.) Paul Mesnier, asst. treas., Mrs. Jesse Chitwood, asst. treas., Mrs. Laura Young, asst. sec., and Mrs. Janet Smith, asst. treas.

MID-CONTINENT BANKER for October, 1970

# Group Five Bankers . . .

Now that you've been to Washington, Missouri, for this year's meeting, may we be the first to invite you to St. Louis for next year's gathering.

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## Missouri News

### Commerce Bank to Succeed Defunct First State In Bonne Terre

BONNE TERRE—A new bank, Commerce Bank of Bonne Terre, recently opened as successor to the defunct First State Bank. Customers' deposits that have been frozen in First State were transferred to the new bank. All deposits were made immediately available to customers.

Commerce Bank, which recently was approved for deposit insurance by the FDIC, will purchase the First State banking quarters and will operate in the same location. The new bank will assume none of the loans or investments of the former bank. It began with an ownership capital of \$750,000.

Organizers of the new bank are associated with the bank holding company, Commerce Bancshares, or with one of its affiliate banks. Maurice N. Atkins, executive vice president, Commerce Bank, St. Charles, will serve temporarily as president. Other organizers are

three Commerce Bancshares vice presidents, Tom Brown, W. R. Kostman and Peter Newquist, and C. L. William Haw, vice president, Commerce Bank, Kansas City. The organizers will serve as directors until a permanent board is elected.

Technically, the new bank does not automatically become an active member of the holding company. But Commerce Bancshares officials said that formal application would be made to the Federal Reserve as quickly as possible to include the bank in the group.

Due to the immediacy of the Commerce Bank opening, such items as checks and other printed forms of First State are being used by customers. New checks and forms will be made as quickly as possible.

### Vern P. Meyer Dies at 74; Was Correspondent Man

ST. JOSEPH—Vern P. Meyer, 74, retired assistant vice president, First National, recently died.

Mr. Meyer retired from the bank in 1965 after a 45-year association. He called on correspondent bankers in Missouri, Kansas, Nebraska and Iowa. During the 1920s, Mr. Meyer served as a bank examiner for eight months and became assistant cashier at First National in 1925.

### Mercantile Trust Names Two Vice Presidents

ST. LOUIS—Mercantile Trust recently elected J. Michael Searles and William T. Springer vice presidents and promoted Robert L. VonTalge to assistant comptroller.

Mr. Searles joined Mercantile's banks and bankers department in 1966 from Bank of California, San Francisco. Mr. Springer came to the bank's bond department in 1964 and was transferred to the banks and bankers department in 1969.

Mr. VonTalge, a CPA, joined the comptrollers department in 1967.



SPRINGER



SEARLES

■ GRANDVIEW BANK recently elected Coach Hank Stram, of the Kansas City Chiefs football team, an advisory director. Elected directors were Miss Loretta Dumovich, real estate broker, and Rodger J. Walsh, attorney.

■ COMMERCE BANK, University City, is constructing a 2,300-square-foot addition to its facilities which will provide space for an enlarged new accounts area, installment loan department and the bank's new trust department. Completion is scheduled for December 1.

■ A 4-to-1 STOCK SPLIT and stock dividend have been announced by Pioneer Bank, Maplewood, formerly Maplewood Bank. The stock split reduces par value from \$40 to \$10. The stock dividend, made on the basis of 1½ shares for each share held, increased capital to \$1 million and surplus to \$1.5 million.

### Stock Purchase Authorized

ST. LOUIS—Directors of Mark Twain Bancshares, Inc., recently authorized management to purchase shares of its common stock for its treasury in the over-the-counter market.

Currently, the company has no treasury stock and there are 800,391 shares outstanding. Any shares purchased would be available for possible acquisitions, stock options or other corporate purposes.

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President

JAMES F. MARTIN  
Executive Vice President

## Bank of Lee's Summit

Lee's Summit, Missouri

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## Union of Springfield Announces Plans to Erect \$2-Million Structure

SPRINGFIELD—Union National has announced plans to erect the first new structure on the Springfield Public Square in two decades. The \$2-million venture will include demolition of the present main bank structure and the adjacent W. T. Grant building, which Union National will acquire January 1. Construction of a modern, two-story structure will begin early next spring. The new building will be designed to blend with architecture in the new Public Square mall presently under development.

The new building will have some 75,000 square feet of work area, compared with 40,000 in the present structure. The new main lobby will have a rotunda design with a second-floor balcony that will house the commercial, real estate loan and trust department and executive offices. Tellers windows will be arranged in a semi-circle in the main lobby, which also will house new accounts, customer service, marketing, Master Charge card, operations and installment loans.

As part of its expansion, the bank will add two floors to its motor bank and move its data processing center there.

The decision to expand was prompted by the increasing business demands of customers and affiliated and correspondent banks, plus Union National's new registered bank holding company, which is due for final approval at any time. Preliminary supervisory approval was granted last April for the firm, to be called U. N. Bancshares, Inc.

This year also saw the opening—on April 8—of the new Springfield National Bank, which was organized by directors and stockholders of Union National to serve residents of the city's southeastern sector. Total capital structure was \$750,000, largest initial capitalization of any bank in Springfield's history. The new bank is now located in temporary quarters, but expects to move to its permanent home in the fall of 1971.

The latest building plans climax many years of physical expansion for Union National, which was organized in 1899 and has grown 2,092% since 1905. The bank carried out a major remodeling project in 1951, followed a year later by expansion and rejuvenation of the trust department, in 1956 by purchase of an adjacent building, in 1960 by erection of a nearby drive-in bank and in 1965 by erection of a

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EARL D. PEPPERS	Assistant Vice President
EARL R. LUNDIUS	Assistant Vice President
LEONARD W. HUDDLESTON	Assistant Vice President
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MARIE WELLINGHOFF	Assistant Cashier
WALLACE J. SHEETS	Trust Officer
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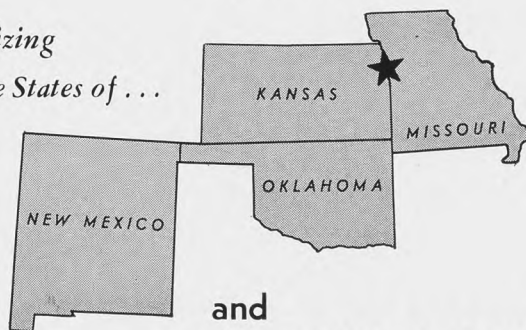
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motor bank away from the main bank. In addition, the bank also erected a nine-level parking facility in the heart of the downtown business district.

Union National also has experienced a growth in services. In 1965, it became the first bank in the city to install its own electronic data processing system. Besides doing its own processing, the bank services 22 correspondent banks and 18 commercial firms.

One of the unique developments of the data processing department was that the transit operation was the first work done on the computer. Because of its size and long experience in the correspondent banking field, Union National is known as the "clearing house" of southwestern Missouri. At present, the bank has more than 80 correspondent banks.

Another service of Union National is the Young Springfieldians Club, inaugurated in August, 1969. This is a financial club of young adults, aged 18 to 31, designed to attract the greatest number of accounts possible from Springfield's younger set. Because there are five colleges in the city, the bank has many potential customers in this group. The Young Springfieldians Club provides free personalized checking, \$5,000 or \$10,000 insurance, discounts on safe deposit boxes, entertainment discounts and other features to attract the city's young adults.

After only two years of operation, the Young Springfieldian membership is approaching the 1,000 figure, and bank officials are extremely pleased with the results the club has achieved.

### **Prentis Elected Chairman Of Bank of Ferguson**

FERGUSON—John B. Prentis III, president, Arnold Savings Bank, recently was named chairman, Bank of Ferguson. John J. Goebel and Robert L. Sweney, St. Louis attorneys, were named directors and Phillip D. Wilgers was elected operations officer.

Controlling interest in the bank recently was purchased by County Bancgroup & Co., St. Louis.

### **Promotions and Appointments**

*First City*, Springfield, H. Duane Pemberton to president, Bill Reser to vice president and cashier, Sam Sanderson to vice president. *Columbia Union*, Kansas City, Mrs. Mildred T. Cox to assistant cashier. *Central West End*, St. Louis, Edward R. Hughes to assistant treasurer. *Mercantile Trust*, St. Louis, Charles H. Murray to head of international banking department (he succeeds Frank C. Lexa, vice president, who recently retired after more than 50 years with the bank).

### Cantrell Named President Of First Northwest Bank

ST. ANN—First Northwest recently named Eugene C. Cantrell president. He succeeds I. Carmen Smith, who has not announced future plans.



CANTRELL

Formerly, Mr. Cantrell was president, First City, Springfield. He started his banking career in 1946 as a teller and head of general books and bookkeeping, Joplin National. He served as teller, First National, Joplin, and became vice president of installment loans in 1953.

In 1963 Mr. Cantrell joined Empire Bank, Springfield, and became executive vice president in 1966. He became president of First City in 1968.

■ PIONEER BANK, Maplewood, recently made several promotions. Those promoted are: William T. Boehm, president and chairman; L. M. Marshall, senior vice president and secretary-treasurer; T. W. Hagan, vice president and manager, installment loan department; Bruce Nicoloson, vice president, personnel and new accounts department; Mrs. Phyllis W. Hill, vice president and assistant secretary; Evelyn Callaway, assistant treasurer and head teller; Winefred Corder, assistant treasurer and head of the bookkeeping department; and Ray F. Fender, auditor. Pioneer Bank was formerly called Maplewood Bank.

### Parkway Bank to Open By First of the Year

CHESTERFIELD—Ground recently was broken for the new Parkway Bank and Trust Co. at Olive Street and Woods Mill roads. The bank was chartered last February and recently was granted coverage by the FDIC.

Frank H. Hamilton Jr. is president of the bank, which is expected to open by the first of the year.

### Centennial Celebration Held At Gentry County Bank

ALBANY—Gentry County Bank recently celebrated its 100th anniversary with an open house. The bank was established as Exchange Bank of Comstock and Millen and in 1876 was reorganized under its present name.

The bank's original capitalization was \$6,550. Today the figure is \$1,166,000, including reserves.

■ LEE M. LIBERMAN, president and director, Laclede Gas Co., recently was elected a director, Boatmen's National, St. Louis. Mr. Liberman joined Laclede Gas in 1945.

MID-CONTINENT BANKER for October, 1970

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Kansas City, Missouri

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# Kentucky Takes Issue

(Continued from page 104)

The banking industry has a bad image today, he said, largely because it has been forced (by the Federal Reserve System) to discipline the economy through higher interest rates.

As interest rates moved up, mortgage money became almost non-existent, and banks were blamed by the public. At the same time, banking's image was further tarnished by the fact that all during high interest rates banks promoted heavily the use of credit cards. As a result, he said, the public became critical of a banking industry that had no money for homes but plenty of money for a trip to Las Vegas or a vacation to the Bahamas.

Furthermore, he said, banks took a drubbing in the one-bank holding company legislation because the public felt, rightly or wrongly, that banks wanted to take over all types of business. At the same time, he said, banks were arguing that other types of business (S&Ls, for example) should not get into the banking business.

Dr. Nadler urged bankers to fight for fiscal discipline so that the burden of monetary controls through the banking system could be relaxed. He also suggested that banks recognize emerging social needs and adopt loan policies that would solve those needs. The alternative, he warned, is government intervention.

Another convention speaker, ABA Vice President Clifford C. Sommer, echoed Dr. Nadler's viewpoint on the public image of banking. "Much of the recent criticism of the banking industry," he said, "is based on our traditional role as middlemen between those who make economic policy and the public. Yet," he continued, "if the recent Harris survey is an accurate reflection of public feeling, the growing economic sophistication of the Amer-

ican people would seem to be taking some of the heat off banks in time of inflation or depression."

Mr. Sommer advised that all too often punitive legislation has been aimed at banking because "we assumed that everyone understood the workings of our industry and its role in the economy." Also, he said, "we assumed that legislators and the public at large understood our reasons for taking particular positions on legislative issues involving the banking industry."

Actually, he said, "we were wrong, because we didn't communicate our position effectively."

"If we are to continue to improve our communications," he advised, "we must keep a watchful eye on trends in legislation and public feeling. We must pass up no opportunity to tell our story. A better public understanding of banking inevitably will mean a better legislative reception in Washington." And, he concluded, "legislation is the name of the game today." • •

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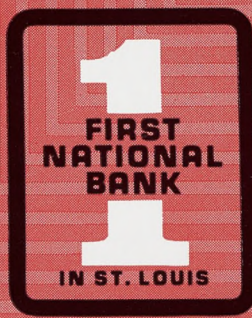
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