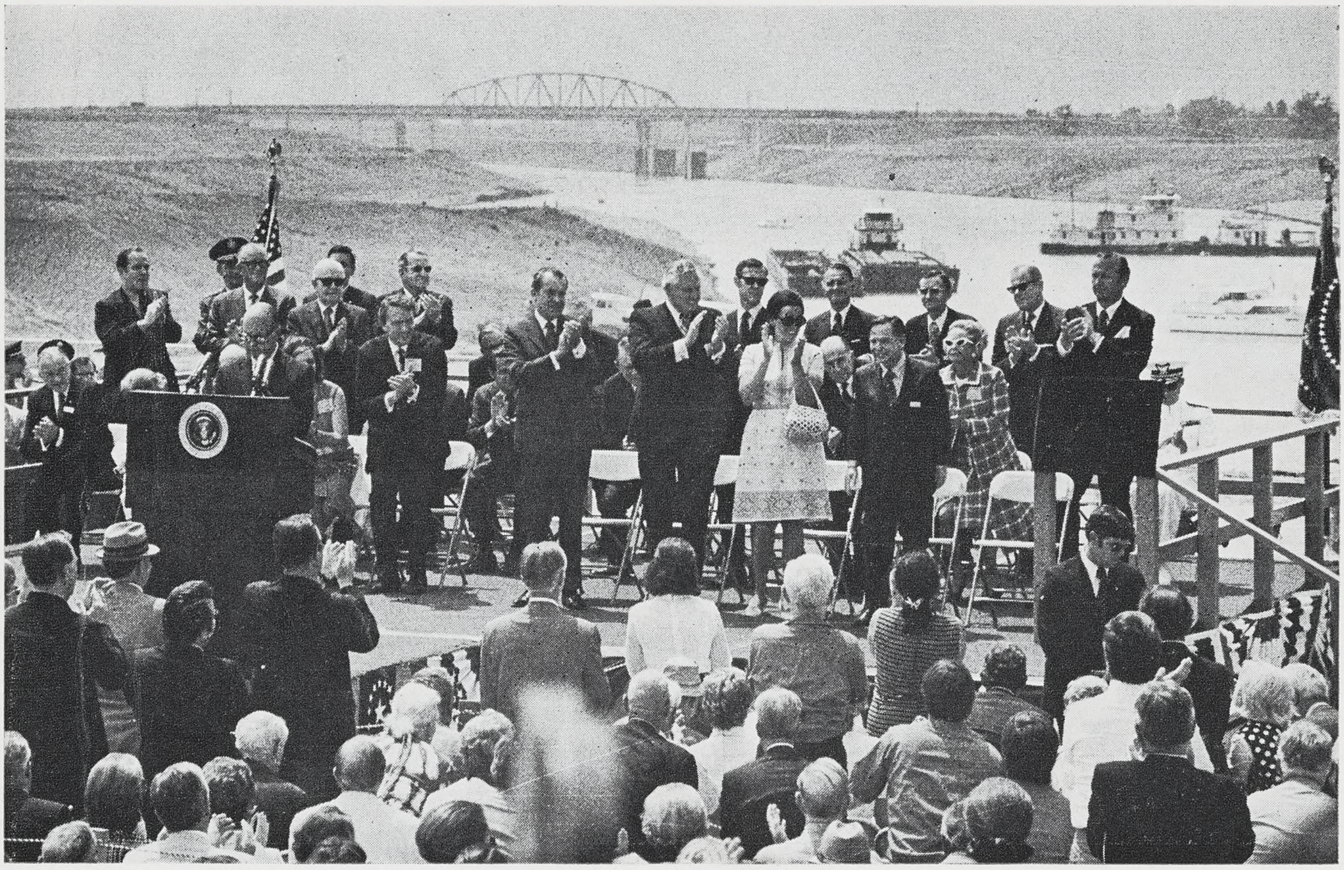
MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

JULY, 1971



Arkansas Waterway Dedication—Page 54

An international banking problem getting to you at a get-together?

Think "FIRST"

and dial our hot line

It's pretty hard to be the life of the party when your mind's still back at the bank. And if it's an international transaction that's got you worried, let FIRST NBC lend a hand.

Our overseas offices provide access to Eurocurrency markets for our correspondent banks and their multi-national clients. Our International Banking services include Foreign Banknote Purchasing Services, Foreign Check Purchases Services, and Foreign Exchange.

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Remember, if you've got international problems—or any kind of banking problems—dial our Hot Line and we'll give you some action. Fast!
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Trust Northern. As a Northern Trust correspondent, you have access to the services of a world-wide network of correspondent banks. These banks have the resources and insight on local matters that only a local bank can have.

You can offer services such as: foreign exchange quotations, information on local business conditions, data on suppliers and sales outlets abroad, and many more.

In addition, through our Chicago headquarters, The Northern Trust International Banking Corporation in New York, and our London branch, you can provide export-import assistance, letters of credit, foreign remittances...and even **issue checks yourself** on foreign banks.

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Harris Trust of Chicago Announces Plans to Build Bank and Office Tower

CHICAGO—Harris Trust has announced plans to construct a 38-story bank and office building at the southeast corner of La Salle and Monroe streets.

The new structure, designed by the architectural firm of Skidmore, Owings & Merrill, is scheduled for completion in 1973.

The bank's present buildings, the 105 South La Salle Street building and the four-story building adjacent to the east, are marked for demolition in September. The proposed structure will occupy the site that these two buildings presently cover and will connect with the existing Harris headquarters at 111 West Monroe.

The new 19,000-square-foot tower will be set on a public plaza of 5,100 square feet. The bank will occupy two-and-one-half basements below street level and floors one through 10. Floors 11 through 13 and 16 through 35 will be for office rental. The 14th, 15th and 38th floors will house mechanical equipment.

The first and second floors and a portion of the first basement will be public banking areas. There will be an auditorium on both the eighth and ninth floors.

When demolition and construction are completed, Harris Trust will occupy the entire ground-floor level from La Salle to Clark streets, resulting in a combined customer lobby occupying half of the Loop block.

In announcing the building project, William F. Murray, chairman, said, "The continued vitality of the entire central city district and the Loop in particular have reaffirmed our own confidence in the area, which goes back to the founding of the Harris organization in 1882. We look forward to further growth of the downtown area and the bank, and continued opportunity to serve Chicago."

'Business in Arts' Competition Honors First of Montgomery

MONTGOMERY, ALA.—First National recently received honorable mention in the fifth annual "Business in the Arts" awards competition sponsored by *Esquire* Magazine—Business Committee for the Arts. Awards were given to 63 companies throughout the country for outstanding support of the fine and performing arts at a luncheon highlighting the national conference of the Associated Councils of the Arts.

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

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FEATURES

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THE BANKING SCENE

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

Bank 'Cleanouts'

TWO DISPARATE developments in major banks may have significant philosophical implications and make tomorrow's banking into a much different style of industry.

The first development was the termination of employment of over half a hundred bank officers by Bankers Trust Co. of New York. The second was the decision by Chemical Bank, also of New York, to "clean out" unsatisfactory customers, that is, those who don't observe good banking practices.

While one cannot be sure as to the exact internal reasons for these two giant banks to take the actions they did, it seems to indicate that some of the basic attitudes of top-level bankers are undergoing a substantial change. If this *attitude* is generally adopted, banking may be a much tougher, hard-nosed field than it has been in the past.

Banks used to defend their low-salary structures by pointing out that their staffs had security and almost permanent employment. This led at times to complacency and, not infrequently, to bankers' going into training for their retirement years before the dates of their actual retirements.

In the last decade, salaries in banks for the most part have shown dramatic increases and become competitive with similar types of white-collar jobs in other industries. In addition, there has been a growing recognition—at least in big cities—that unions are making inroads on staffs of banks. Too, there has been a different employment mix resulting from banks' positive employment-compliance program.

In addition, the advent of the computer has tended to introduce a production factor which, in making automating paper handling, has, in part, altered the need of banks for staffing to meet their heaviest peak loads. The complement of this situation is that banks often have surplus staffs during much of the year. Rather than taking this for granted, some executives now are applying techniques for labor found in industry.

I recently talked with a high-level bank regulator from the New York area. He commented that Bankers Trust's Draconian handling of the trimming of excess officers from its staff probably had made that bank a "tighter ship," but, more importantly, it apparently generated an increase in the productivity of many bank officers in the New York area; those in other commercial banks. When a banker recognizes that a bank can cut its officer staff the way Bankers Trust did, he may suspect that similar operating economies could be made in his own shop and he would prefer it not to happen to him. It is interesting to observe that bankers outside of New York with whom this was discussed tended to be less concerned than those from that city. Yet in at least one midwestern bank in a reserve city, a number of bank executives have been "electing early retirement." In some cases, this is a euphemism much more palatable than "getting fired," although the end results are much the same. The financial press has not picked up the "early retirement" as being "firing" and it is not likely that most such early retirees will so attribute their separation. Rather, it is more likely that the retirees will impute that the option rested with them and not their banks. Such officers, often highly trained, can, however, be valuable additions to executive staffs of suburban and rural banks, as at least one Long Island bank has discovered.

Cleaning out unsatisfactory bank customers in the past has generally been done on an individual-account basis. A classic example occurred during the height of the credit crunch. A St. Louis correspondent bank advised a country banker who had been playing the "float" and not keeping adequate collected balances to terminate his account with that city bank. Correspondent bank officers of other large banks in that city gleefully recall that within two hours from the time that country banker was told to close his account, a number of other country bankers phoned them to inquire whether their own banks' balances were considered to be adequate and to reassure the city correspondents that balances on a collected basis would be increased.

Recently, another giant New York bank has advised its bank correspondents who used the New York bank's credit card data processing to find some other facility since the accounts were unprofitable. Now Chemical Bank is reviewing all its accounts and will terminate those that have been poor performers or that have abused various privileges.

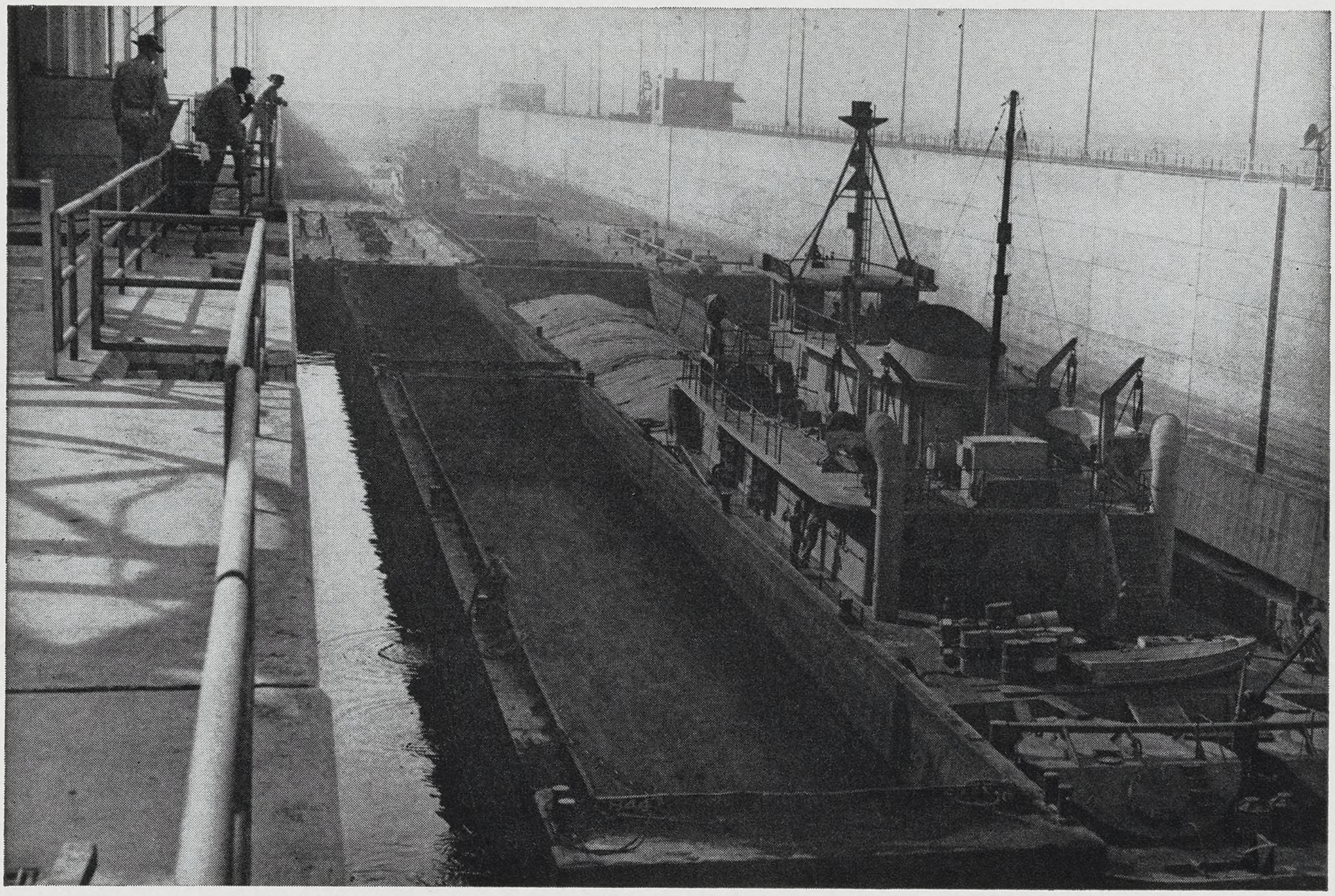
Even though in recent days the prime rate has advanced, many banks expect to post significantly lower profits this year than last year. Not only are their yields down, but losses on loans have made dramatic jumps. While fraud losses on credit cards appear to have leveled off and in some instances dropped, few banks have been able to make their credit card operations profitable on a realistic application of sunk and continuing costs. It may well be that some wholesale purging of lists of inactive and abused credit cards will be forthcoming.

Thus, it would appear that some of the practices banks tolerated during periods of high earnings are likely to come under closer review by top managements of the banks.

Further, it appears that these same top bankers are re-examining some of the cherished banking traditions that may have made good sense when practiced at other times, but no longer serve the banks' best interests.

For example: After studying such comparative statistical data as the recent Federal Reserve functional cost analysis studies on a break-even point for consumer installment loans, many bankers recognize that marginal-incre-

First services for the seventies!



WHO WANTS TO KNOW THE TARIFF TO TAIWAN?

Your customer might.

By the end of 1971, goods from the Magic Empire will be streaming into world markets via Tulsa's Port of Catoosa and the Arkansas Inland Waterway.

The economic impact will be greatest in those communities where local banks know how to use the waterway to spur industrial development.

Banks that correspond with The First of Tulsa will have this knowledge — automatically — thanks to our comprehensive Business Development and International departments.

Plan now to tap our Waterway Services for:

- Issuance of import letters of credit
- Negotiation and collection of drafts under export letters of credit
- Arranging telegraphic transfers and airmail transfers to firms or persons abroad
- Handling bills of exchange, bills of lading and warehousing receipts
- Buying and selling of foreign exchange
- Help in securing credit information on foreign buyers
- Site selection assistance for sub-assembly plants on the waterway

And if you have a customer who needs information on shipping charges or schedules, give us a call. We'll be happy to prepare a report at no cost.

Call The First Assistance Team: (918) 587-2141

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Jack Majors

you deserve ***more...*** *Think First!*

The First National Bank & Trust Company of Tulsa

A FULL SERVICE BANK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION mental costs are not part of the data. Yet they are convinced that many of their own short-term, low-volume loans are not and cannot be profitable. The question then becomes, "Why make them?" There are many other areas that could similarly be questioned. For example, when was the last time the rates on your safe deposit boxes were increased? Are your trust fees realistic in view of today's higher costs? How about computer service costs and those of your nonbanking departments?

Tougher Stance

Conclusion: The fact is that major banks are taking a tougher stance on such things as separation of executive and lower staff levels. They are cutting out unprofitable services they offer to correspondents. They are similarly cleaning out accounts of unsatisfactory customers. These actions are portents of things to come if history is a clue to the future. It is often the giant banks that take the lead in establishing the prime rate and other banking practices. In turn, they are emulated by smaller institutions.

Big-city banks are not always correct in their judgments, as their track records with Penn-Central, Lockheed and LTV show. Even greater misjudgments were made by the giant banks in their appraisals of the costs of entering the credit card field. Their simulation models of several areas could hardly be more incorrect. Yet most bankers will admit that there are areas in their own bank either in loose personnel practices, loose loan supervision, loose cost controls that just might be served by some judicious bank cleanouts. . . . The catch, however, is not to throw out the baby with the dirty water. • •

Holiday Refund Service Started For Stolen Travelers Checks

American Express and Avis Rent A Car, Inc., have developed a service to provide weekend and holiday refunds in Europe for lost or stolen travelers checks.

In 57 European cities, stranded travelers now can go to an Avis office when other sources of emergency financial help are closed. Avis offices are linked with a computer complex in Paris, where an American Express special agent can check the claim and okay the refund up to $100. If the loss exceeds $100, the balance of the refund can be picked up at the nearest American Express or representative office on the next business day.

A recent study sponsored by American Express showed that last year one million Americans lost money while traveling.

Every ~~18~~ 13 minutes today* a family will move into a mobile home financed through Delta.

*Not to mention yesterday, and tomorrow, and every day of the year.

And every one of those transactions brings prime, high yield, no-risk mobile home paper to the lending bank or savings and loan association.

In fact, with every passing hour more lending institutions are learning what some 300 banks and S & L's already know.

The DELTA PLAN really delivers.

Here's how: DELTA will find qualified dealers in your area, will handle all sales, collections, and repossessions, and will indemnify you against all credit losses.

Isn't it time you looked into the Delta Plan?

DCA

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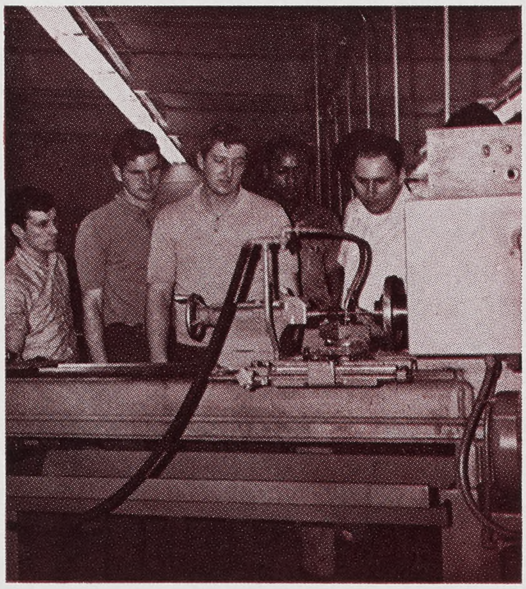
(Statistics based on a full eight-hour working day, 365 days a year.)

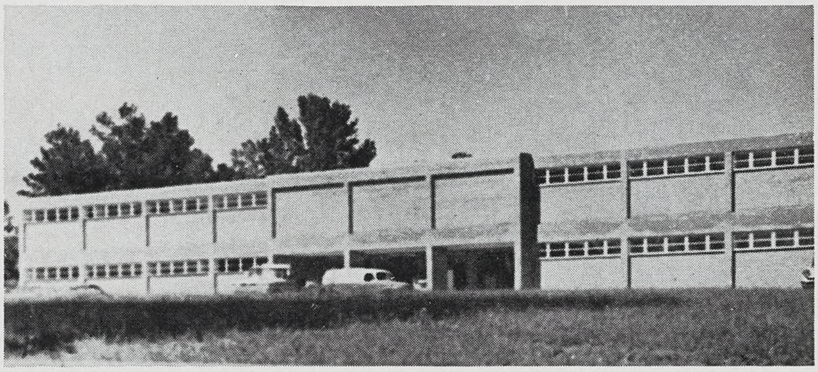
Tick... Tick... Tick...

Tick... Tick... Tick...

McComb, Mississippi

Growth Center of Southwest Mississippi





Excellence of educational and vocational training facilities is one of the primary reasons why the McComb area has great potential for outstanding economic development. The McComb School District employs some of the newest, most sophisticated teaching methods and is considered by several top educators as one of the most outstanding educational programs in the nation. A vocational-technical training facility offers a broad range of job skills to meet any industrial need of the area.

First National Bank of McComb has sparked the area's economic growth since 1904 and invites your inquiries.

FIRST NATIONAL BANK

McCOMB, MISSISSIPPI

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

NEWS OF THE BANKING WORLD

• **Mercantile Trust,** St. Louis, has named Scott A. Montgomery a representative in the Missouri division of its banks and bankers department. He was formerly sales manager in the credit card division.

MONTGOMERY

Mr. Montgomery joined Mercantile in 1967, coming from Continental Illinois National, Chicago. He is an Illinois native and attended the University of Illinois at Urbana.

• **Northern Trust,** Chicago, recently promoted Michael A. Tighe Jr. to vice president and William F. McComb to assistant cashier. Both men are in the national group of the banking department. Mr. Tighe is in the southwestern division which includes Arkansas, Kansas, Louisiana, Missouri, New Mexico, Oklahoma and Texas. Mr. McComb is in the middle states division which covers Alabama, Indiana, Kentucky, Mississippi and Tennessee.

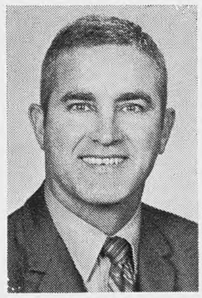
Other promotions in the national group included: John T. A. Price, vice president, northwestern division; Thomas W. Walvoord, second vice president, northwestern division; and Harry B. Wilson, second vice president, eastern division.

Also advanced were: Blair C. Radford, vice president, bond department; John D. Fox and Leroy C. Gust, assistant cashiers; and Robert F. Bava, assistant manager, operating department, foreign exchange division.

CONNER

• **Willis B. Conner Jr.,** 72, recently died at his home in Indianapolis. He had been a vice president of Merchants National for 20 years before he retired in 1965.

Mr. Conner was well-known in Indiana as a leader in the field of public and employee relations. He served as chairman of the public relations committee of the Indiana Bankers Association and was a founder and past president of the Indianapolis Public Relations Society.



CLARK

• **Percy N. Clark** has been elected vice president in charge of the installment loan division at Indiana National, Indianapolis. He succeeds Roger G. Hormell, who has joined the loan administration division.

Before coming to the bank, Mr. Clark headed the Indianapolis Office of Ford Motor Credit Co.

• **Millikin National,** Decatur, Ill., recently made several promotions. Terrell Guiff was made vice president and manager of the data processing department. Leslie Swartz and Milton Brahier were elected assistant vice presidents and Mrs. Margaret Martindale assistant cashier in the commercial loan department.

First Major Test of Truth-in-Lending Act May Be Developing in New York

THE FIRST MAJOR test of the Truth-in-Lending Act may be developing in New York City.

In September, 1969, a 28-year-old law clerk filed suit against Chemical Bank charging that the bank had failed to disclose the "nominal annual percentage rate" or finance charge on statements to its Master Charge customers from July to December, 1969. Last month, in a summary decision, Judge M. E. Frankel of the federal district court found Chemical Bank guilty of violating the Consumer Credit Protection Act of 1968.

However, the decision left two questions unanswered: whether Mr. Ratner's suit may proceed as a class-action suit on behalf of himself and all other Chemical Bank Master Charge customers at the time of the violation and what damages, if any, are recoverable.

The Truth-in-Lending Act prescribes damages up to twice the financial charge involved, but not less than $100 nor more than $1,000. An affidavit submitted by the bank's attorney listed 132,233 customers who received statements of the kind challenged by Mr. Ratner. Thus, if the minimum fine should be imposed, the bank may have to pay damages amounting to $13,223,300.

Title I of the Truth-in-Lending Act requires lenders to state explicitly what they are charging for extending credit in almost all consumer transactions involving less than $25,000. The lender must first enumerate the total finance charge a borrower will have to pay in the form of fees or service charges. Then the lender has to match the total finance charge against the amount of credit and compute an annual interest rate.

Mr. Ratner maintains that this is what was missing on the monthly statement he received from Chemical Bank in September, 1969. The statement gave the amount due, $191.58, and indicated that additional finance charges were not due if payment was made within 25 days. The statement also indicated a "minimum payment" of $10 would "avoid delinquency."

Mr. Ratner sent in the $10 and took the matter to the NAACP Legal Defense and Educational Fund, Inc. The latter is a separate organization from the National Association for the Advancement of Colored People, although it retains the initials. The organization agreed to represent Mr. Ratner.

According to Judge Frankel's ruling, the central question was whether Chemical Bank violated the Truth-in-Lending Act when it failed to show the annual finance charge. In his summary, the judge emphasized that the intent of the act is to give consumers an opportunity to "shop around" and compare various prices of credit. For this reason, the act stipulates that both the "periodic" finance charge—in this case, the monthly charge—as well as the annual charge be shown on all statements to credit customers.

A Chemical Bank spokesman said the bank's counsel was reviewing the papers and that no decision had been made to appeal because the judge reserved decision on whether the action is an appropriate class action and what damages, if any, may be assessed. • •

Selling Bank Services

Louisiana 'Walking Bank' Takes Services To Hospitals, Schools and Homes

WHEN THE National Bank of Bossier City, La., asks in a local newspaper ad, "Did you ever see a bank walking?," the answer literally should be "Yes." The bank has put all its services into an attractive, gaily striped attache case, which then is carried by Mrs. Judy B. Murray to nursing homes, hospitals, individual homes, business offices, grade, junior or senior high schools, churches, civic and social groups, even to other banks and S&Ls.

In her position as director of services for the bank's women's division, Mrs. Murray makes more than 350 personal calls a month. This "walking-bank" service was organized just a little over a year ago to offer bank service to women by women. However, it has proved so popular that it has been expanded to the groups listed above.

Mrs. Murray and her women's division staff make from five to 10 daily hospital visits. As she pointed out, when a customer enters a hospital, he usually goes unexpectedly, and there are times he may need banking services while hospitalized. The National Bank of Bossier City has done notary work, transferred funds, accepted interest payments on notes and generally answered any questions patients may ask about banking.

"We visit each of our customers in the one hospital here in Bossier," said Mrs. Murray, "and send each lady one long-stemmed American beauty rose. To our gentlemen customers, we take coin envelopes with a dollar in dimes attached to each one. We give our hospitalized ladies and the wives of men patients our bank's lap packs. This program alone has more than repaid the expense by word of mouth throughout the city."

The bank serves the schools by having Mrs. Murray visit them and show films on the economy, the history of money and banking, the life of a check, how to handle money and related subjects. Last fall and this spring, she visited 25 local schools. She shows a film one morning and goes back later during the week for actual classroom discussion. In every school, she reported overwhelming interest and enthusiasm.

The students are allowed to participate in actual situations that happen daily in banks—opening accounts, applying for jobs, seeking credit, etc. Mrs. Murray pointed out that advice on establishing credit and protecting credit within an economy such as ours is of the utmost importance. As she put it, "The best time for preparing students in life situations is before they have to meet them."

This is sample of ad run by National Bank of Bossier City, La. Question asked in ad can literally be answered, "Yes" because of many services taken to homes, hospitals and schools by bank's women's division.

At the other end of life's scale, the bank provides free checking accounts for customers who are "sweet 60" or over, and the women's division is responsible for servicing these accounts. The bank believes that anyone who reaches the age of 60 deserves some special attention because the income on which he or she is living usually is a set one and must be spent wisely. Mrs. Murray said the "sweet 60ers" enjoy visits because they are often alone and have no one to talk to.

Invaluable Visits

Mrs. Murray described the personal visits she makes to those 60 and over as invaluable in helping her explain bank charges and policy and in helping the elderly customers handle checkbook balancing and record keeping. She said the visits save the bank a lot of time that might have been spent trying to explain problems over the phone. Besides, she said explanations over the phone might not be clearly understood.

The National Bank has a newcomer calling program, which consists of making a call on each newcomer to the city as well as sending a welcome note to each one. When calling on these new arrivals, Mrs. Murray welcomes them to Bossier City and offers to help them learn the locations of shopping centers, hospitals and schools, how to get water, gas and electric service. They also receive lap packs.

"We have actually opened accounts on the spot in a newcomer's home due to our availability and interest," said Mrs. Murray.

"When I say all services in one briefcase, that is precisely what I mean—from balancing a checkbook to estate planning," she continued. "We have a woman stock broker who is on call when we need her assistance. If we cannot answer a question within the department, we have a professional at our fingertips.

"A 'walking bank' is more than a department. Our slogan, 'Where Money Matters, But People Count,' is being lived up to. In this competitive banking era, *services* are not enough. They must be backed up with 'the real thing'—*service*." • •

■ WILLIAM I. EDWARDS III, assistant vice president and manager of the Belle Meade Branch, First American National, Nashville, has been transferred to the Main Office commercial division. John C. Robinson, assistant vice president, will succeed Mr. Edwards as manager and Allen C. Brown has been named assistant manager.

Banking World

• **In the June issue** of MID-CONTINENT BANKER, there appeared a story on the retirement of Hoyt Huling as executive vice president of First National, Bartlesville, Okla. However, the picture with the story was of Walter V. Allison, president of the bank, and not of Mr. Huling. We regret this error.

HULING

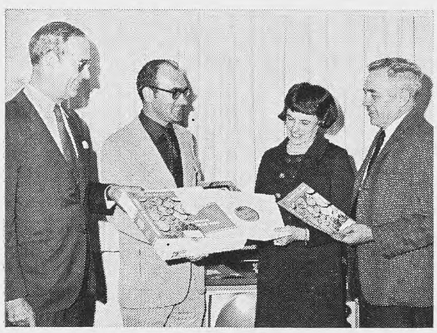
Mr. Huling, retiring from the bank after 47 years of service, was honored at a special dinner given by officers and directors of the bank. He joined First National in 1924 as a messenger, was elected a vice president in 1951 and a director in 1958. Mr. Huling has served as executive vice president since 1963.

• **Exchange National,** Chicago, has elected Lewis C. Hanson Jr. a vice president in the newly established financial institutions division. Mr. Hanson, a banker for almost 20 years, will be involved in correspondent bank relations.

• **Traders National** and First National, Tullahoma, Tenn., recently presented materials for a supplemental course called "How Your Bank Serves You" to the business department of Tullahoma High School.

The materials include a color filmstrip, recorded narration, student workbooks, instructor's guide, transparencies for overhead projection and certificates to be awarded students completing the course.

Bank officers also will be available for follow-up classroom question and answer sessions.



Officials of Traders National and First National, Tullahoma, present course materials for "How Your Bank Serves You" to Tullahoma High School. From left are: George (Ted) Miles, ch., Traders National; Bob Smith, v.p., First National; Mrs. Creed McClure, head of the school's business department; and Principal McClure.

• **First National,** Memphis, has announced completion of plans for the Northeast Arkansas Computer Service Center, Inc., a data processing center to be located in Paragould, Ark. The center, the fifth computer satellite First National has sponsored, is slated to begin operations in October in a 3,000-square-foot facility.

Processing will be performed on a fee basis on various accounts of the participating banks. The six northeast Arkansas and southeast Missouri banks that have joined First National in the promotion of the service center are: Mercantile Bank, Jonesboro, Ark.; First National, Blytheville, Ark.; First National Bank of Commerce, Paragould, Ark.; First National, Osceola, Ark.; Cotton Exchange Bank, Kennett, Mo.; and National Bank of Caruthersville, Mo.

The center will provide processing of savings and checking accounts, installment loans and other banking accounting systems. Officers of the new corporation are: president, John Dulin, vice president, First National, Memphis; vice president, J. C. Vaughan Jr., president, First National Bank of Commerce, Paragould; secretary and legal counsel, Ray A. Goodwin, attorney; and treasurer, Michel C. Hopper, assistant vice president, First National, Memphis.

• **C. S. Harrington,** vice president, Continental National, Fort Worth, has been assigned to the correspondent bank division. He will be responsible primarily for east Texas and Louisiana.

HARRINGTON

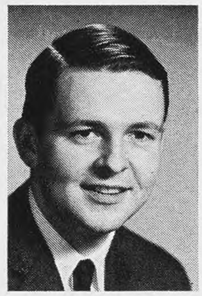
Mr. Harrington joined the bank in 1953 and recently has served as business development and industrial relations officer.

• **L. J. McAdam** has joined First National, Goshen, Ind., as vice president in charge of new business. Norman Lind also has joined the bank as assistant vice president in charge of the installment loan department.

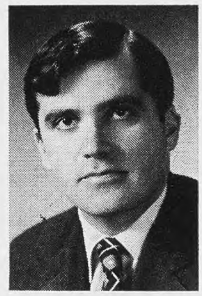
• **American Fletcher National,** Indianapolis, recently announced several promotions. Elected assistant vice presidents were Gary R. Evans, J. Bernard Smith and Kay R. Harman. Miss Josephine M. Webster was made assistant vice president and investment officer and David R. Hamer was appointed associate counsel in the legal department.

New officers are: Alan E. Campbell, banking center officer; Harry M. Campbell, banking center manager; and Richard C. Spikerman, international division officer.

• **Chase Manhattan Bank,** New York City, has promoted John M. Nuzum and Philip M. Wexler to vice presidents in the United States department. Mr. Nuzum will be responsible for commercial and correspondent banking relationships in Tennessee, Alabama, Virginia and North Carolina. Mr. Wexler will handle corporate business in Texas.



NUZUM



WEXLER

Mr. Nuzum joined the bank in 1965 as a member of the special development program. He was transferred to the United States department in 1967 and was elected second vice president in 1969.

In 1961, Mr. Wexler joined the credit department of Chase Manhattan. He became assistant treasurer of the United States department in 1966 and was elected second vice president in 1969.

• **First National Holding Corp.,** Memphis, has elected Ronald A. Terry executive vice president. He is also executive vice president in charge of the retail group at First National Bank and last April was elected a director of the holding company.

TERRY

Mr. Terry joined the bank in 1957 and since then has served in the correspondent bank division and as branch administrator.

KASSING

• **Lester A. Kassing** has been elected president of Jefferson Trust, Peoria, Ill., succeeding Steven R. Koch.

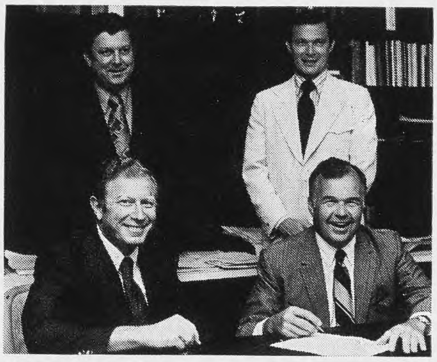
Mr. Kassing had been executive vice president and a director of Indiana Bank, Fort Wayne. He joined the bank in 1958, was elected head of the trust department and later head of the commercial division.


■ Can we improve customer services? ■ Can we improve work flow? ■ How much more
floor space will we need? ■ Can we retain any of the bank's present equipment? ■ Will the
addition of a motor bank affect customer service needs in our main banking room? ■ What
security equipment will we need? ■ Should we relocate? ■ How do we select a new site? ■
How much parking space will we need? ■ How do we plan for traffic control? ■ How do we
provide for expansion? ■ What type of mechanical and electrical systems
■ How should the interior design be
If you plan to build or modernize your bank, you'll have questions...
we need? ■ Should we relocate?
new site? ■ How much parking space will we need? ■ How do we
plan for traffic control? ■ How do we provide for expansion? ■ What type of mechanical
do we require? ■ How should the interior design be developed?
construction of our project? ■ Can we im-
needs in our main banking room? ■ What
relocate? ■ How do we select a new site? ■ How much parking space will we
How do we plan for traffic control? ■ How do we provide for expansion? ■ What type of
mechanical and electrical systems do we require? ■ How should the interior design be
developed? ■ Who can guide us through the planning and construction
Can we improve customer services? ■ Can we
space will we need?
Ask the people with the answers
BUNCE BUILDING CORP.
1266 Andes Blvd. • St. Louis, Missouri 63132
(314) 997-0300

Banking World

• **Louisiana National,** Baton Rouge, has acquired Southern Fleet Leasing Corp. as a wholly owned subsidiary. The corporation's name will be changed to Louisiana National Leasing Corp.

Lee Griffin, vice president of the bank, has been elected president of the leasing firm. George Hollingsworth, vice president and general manager of Southern Fleet, has been named executive vice president. Officials said all sales personnel and current office staff will remain the same.



C. W. McCoy (seated at r.), pres. and ch., Louisiana National, signs final papers as the bank purchases Southern Fleet Leasing Corp. Also seated is Leonard Edelman, former owner and pres. of Southern Fleet. Standing from l. are George Hollingsworth, exec. v.p. of the new firm, and Lee Griffin, bank v.p. and pres. of the leasing firm.

SCHUETTE

• **F. Max Schuette,** president, Southern National, Houston, has been named chief executive officer of the bank. He also is vice president and a director of Southern National Corp., the bank's parent company. Mr. Schuette joined the bank as senior vice president in 1963 and was elected president in 1968.

Kline McGee, who was the bank's chief executive officer for the past nine years, will continue as chairman. He now will devote more time to the development of Southern National Corp., of which he is president and chief executive officer.

• **First National Charter Corp.,** Kansas City-based registered bank holding company, has appointed William L. Atwood senior vice president and William J. Fisher assistant vice president.

Both men will retain their posts with First National Bank, Kansas City. Mr. Atwood is senior vice president in charge of the investment division and has been with the bank since 1950. Mr. Fisher, an operations officer, has been with the bank since 1964.

• **American National,** Chattanooga, recently announced it has made a $2-million loan to Signal Mountain Cement, a division of General Portland Cement Co. of Dallas, for the purchase and installation of anti-pollution equipment.

The funds will be used specifically for pollution control equipment that has been designed to meet compliance requirements of the Air Pollution Control Board.

The loan is part of American National's anti-pollution policy which was begun last year. This policy provides "funds to corporations or individuals at reduced rates and preferred terms for the purchase and installation of anti-pollution equipment."

• **Harris Trust,** Chicago, recently made several officer promotions. Named vice presidents were: Miss Jessamine M. Durante and James J. Porter, banking department; Miss Alice Harwood, personnel administration; and Victor Chang, investment department's representative office in New York. The promotions of Miss Durante and Miss Harwood to vice president mark the first time women have held the title at Harris Trust.

Advanced to assistant vice presidents were: Miss Molly M. Kramer, Henry G. MacMorran and James R. Roth, banking department; and John C. Kirscher and John W. Wilber, trust department.

DURANTE HARWOOD PORTER CHANG

• **I. Owen Funderburg,** executive vice president and chief executive officer, Gateway National, St. Louis, recently received the 1971 Distinguished Citizens Award from the St. Louis *Argus* newspaper.

FUNDERBURG

The award was instituted 15 years ago by the *Argus,* Missouri's oldest black-owned business, to recognize community leaders. The awards committee includes key *Argus* employees and influential members of the black community. This year the initial nomination list consisted of more than 75 names. This list was voted on until 25 names were the eventual candidates.

CORPORATE NEWS ROUNDUP

• **Scarborough & Co.** Oscar W. Jones has joined Scarborough & Co., Chicago insurance counselors, as special audit representative. Mr. Jones will perform internal control analyses for banks and be responsible for development of programs to aid banks in prevention of losses.

Mr. Jones began his career as a public accountant in Sweetwater, Tex., in 1940, served as an Internal Revenue Service agent in New Mexico during the early 1960s and has been auditor of First National, Roswell, N. M., for the past six years.

• **Bank Building Corp.** N. Louis Dominique has joined Bank Building Corp., St. Louis, as a consultant services manager with the northern division. His area of sales responsibility includes northern Illinois. Mr. Dominique was manager of masonry sales for Material Service Corp.

In other action, BBC announced the promotion of H. Berny Engel to president of BBC Real Estate Services Corp., a subsidiary of Bank Building. George N. Agnacian has joined BBC Real Estate Services Corp. as sales director.

AGNACIAN

DOMINIQUE

Mr. Engel had been vice president and general manager of the subsidiary. Mr. Agnacian was in international sales for Foster Wheeler Corp.

• **Financial Counselors, Inc.** Four new field representatives have been named by Financial Counselors, Inc., Austin, Tex. All are working with mobilehome dealers, S&Ls and commercial banks.

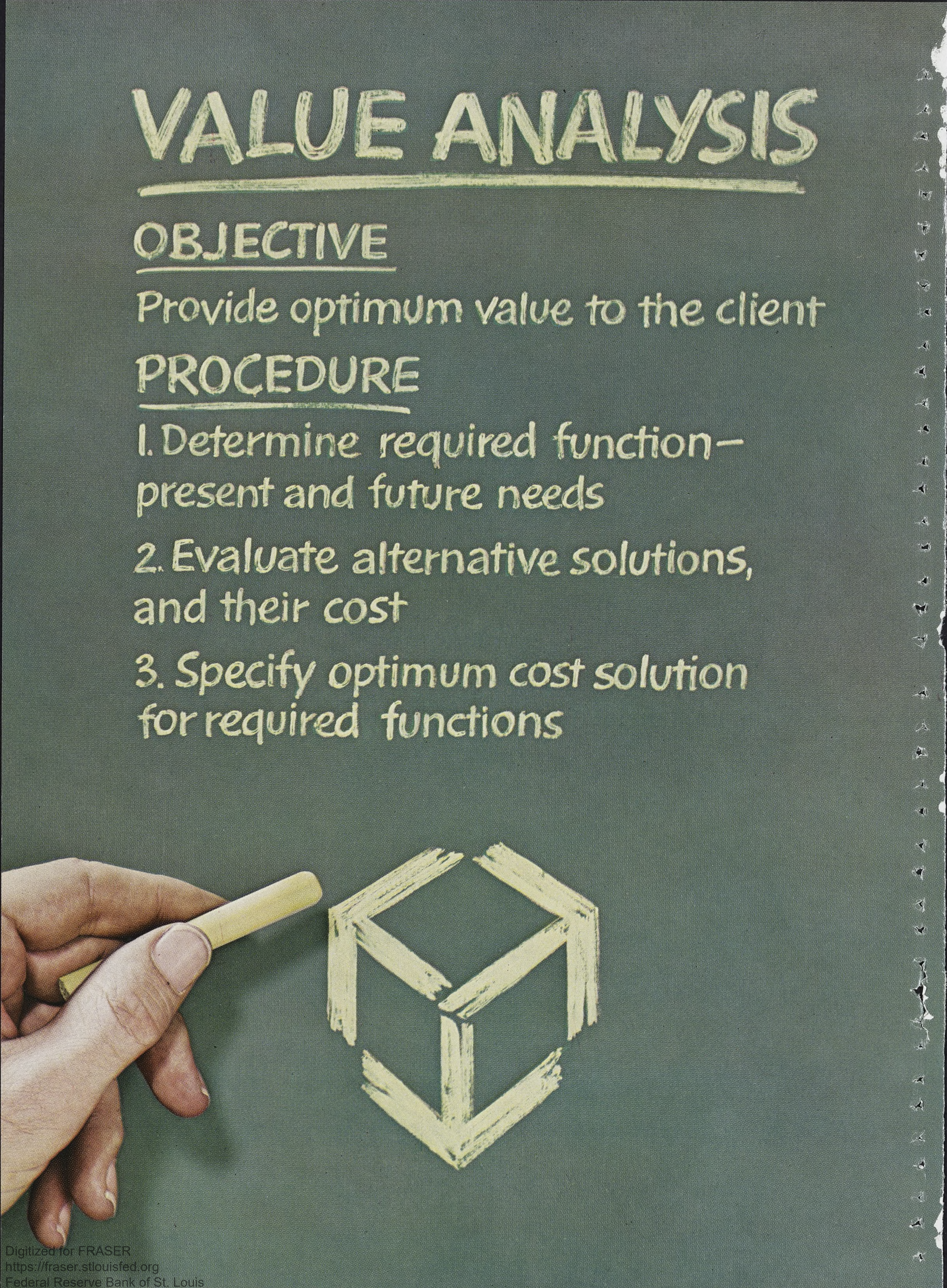
The new representatives and the areas to which they are assigned are: Robert L. Smith, western Texas and New Mexico; David E. Fox, Kansas and Missouri; Herschell G. Roebuck, Houston and southeastern Texas; and James R. England, Dallas-Fort Worth.

Mr. Smith has spent 14 years with two nationwide finance companies. Mr. Fox was vice president of a finance firm in the Kansas-Missouri area. Mr. Roebuck has 11 years' experience in banking, insurance and retailing in the Houston area. Mr. England has spent 18 years in the financial industry in both commercial banks and finance companies.

GUIMBARDA

• **Bunce Building Corp.** Charles J. Guimbarda has joined Bunce Building Corp., St. Louis, as a research and planning consultant. He will be responsible for community surveys, systems analysis and management consulting.

Mr. Guimbarda has served as a consultant to financial institutions for 15 years and previously was a construction engineer.


VALUE ANALYSIS
OBJECTIVE
Provide optimum value to the client
PROCEDURE
1. Determine required function– present and future needs
2. Evaluate alternative solutions, and their cost
3. Specify optimum cost solution for required functions

PEOPLE

JOHNSON

ASTON

• JAMES W. ASTON, chairman, Republic National, Dallas, is one of the recipients of B'nai B'rith's 18th national humanitarian award. The first to be so honored from the Southwest, Mr. Aston is cited by B'nai B'rith as "a national business leader who has made outstanding humanitarian contributions in the finest American tradition."

• RUSS M. JOHNSON, chairman and chief executive officer, Deposit Guaranty National, Jackson, Miss., has been elected to the board of trustees of the Committee for Economic Development (CED).

This organization is a nonprofit, nonpartisan research and educational organization of 200 leading businessmen and educators, most of whom are board chairmen or presidents of major firms and presidents of universities. With the help of advisory boards of outstanding scholars, CED trustees conduct research and formulate policy recommendations on major economic and social issues. CED's objective is to promote stable economic growth with rising living standards and increasing opportunities for all people.

• New bank directors are FREDERICK G. JAICKS at Chicago's First National, JAMES B. ORTHWEIN at St. Louis' Mercantile Trust and J. PAUL JONES at Valley National of Arizona, Phoenix. Mr. Jaicks is president and chief executive, Inland Steel Co., Chicago; Mr. Orthwein, president and co-chief executive officer, D'Arcy-McManus-Intermarco, Inc., advertising agency; and Mr. Jones, vice president, Motorola, Inc., and general manager, Motorola's Government Electronics Division, Scottsdale, Ariz.

Fed Go-Ahead on HC Activities

The Federal Reserve Board has okayed nearly all of the 10 activities it proposed as being "closely related" to banking and thus permissible pursuits for bank holding companies to enter.

When Congress passed one-bank holding company legislation last year, it asked the Fed to issue guidelines on acquisitions by bank holding companies. The board issued its initial proposals in January and then held three days of hearings on them.

The FRB, in issuing its final amendments, said that—effective June 15—a bank holding company might apply for permission to acquire a full or partial interest in a company that engaged solely in any of the nine businesses the board listed. Such businesses include:

• A concern making loans for its own account or for the accounts of others, such as a mortgage, finance, credit card or factoring firm.

• An industrial bank.

• A firm servicing loans and other extensions of credit.

• A fiduciary company.

• An investment or financial adviser.

• A firm leasing personal property where it is expected that the lessor will receive reimbursement for the full cost of the property.

• Any company that makes equity investments in community rehabilitation and development corporations engaged in providing employment opportunities in housing for low- and moderate-income persons.

• Firms that provide bookkeeping or data processing services for internal operations of the holding company and its subsidiaries or for storing and processing other banking, financial or related economic data.

Wider Powers for Thrift Institutions?

The ABA has recommended to the Presidential Commission on Financial Structure and Regulation that thrift institutions be given new powers, lose some of their exclusive privileges and be offered the option of converting to stockholder-owned commercial banks.

In the study submitted to the commission, the ABA suggested that these institutions be granted additional authority to extend credit in mobile homes, multi-family buildings and residential loans. In addition, the ABA recommended that they be allowed to raise money through a wider range of debt instruments, such as fixed-maturity certificates and subordinated notes or debentures.

However, the ABA also made suggestions that would reduce competitive advantages now held by thrift institutions. In addition, the association said that if these institutions are allowed to convert to stockholder-owned commercial banks, they should be required to conform to the same statutory and regulatory requirements as banks.

Support for Bona Fide Political Loans

A law under which five banks were indicted for making loans to political candidates is "inequitable" and should be changed, according to a Justice Department official. Deputy Attorney General Richard G. Kleindienst said all the loans involved in the indictments were consistent with rules of good banking practice. He was appearing before the Elections Subcommittee of the Senate Rules Committee.

However, Mr. Kleindienst said they violated the federal criminal code, which includes "loans" among the political contributions that the statute defines as illegal. He believes this should be changed because the law under which the banks were indicted made no distinction between bona fide loans and "spurious" loans, which, in effect, were outright donations.

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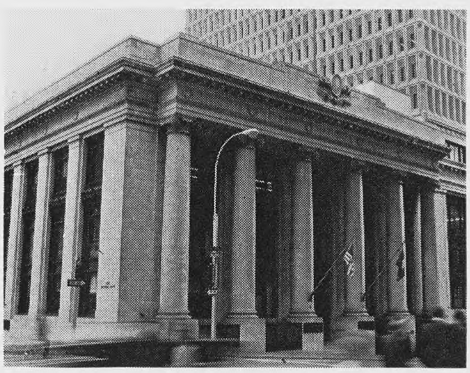

First National Bank of Kansas City

10th & Baltimore, Kansas City, Mo.

Member Federal Deposit Insurance Corporation

Congressman Patman (l.) at head table at convention luncheon with Incoming IBA President Lewis H. Clausen, president, Champaign National, and Congressman Frank Annunzio of Illinois, a member of the House Banking & Currency Committee.

Congressman Patman states his banking legislation views at the Illinois Bankers Association convention

Bank Reform in the '70s

No Piece of Legislation Ever Comes Forth From Congress In a Form Which Satisfies Everyone

By WRIGHT PATMAN

Chairman
House Banking &
Currency Committee

THE HOUSE BANKING and Currency Committee has spent a great deal of this first session in the consideration of the Banking Reform Act of 1971. We conducted extensive hearings so that everyone—regardless of their positions—could be heard on this legislation. We realized that the bill was broad and that it involved some very complex areas of the financial community. Because of these complexities, none of us wanted to rush this legislation through without careful consideration and without an opportunity to carefully redraft sections to reflect the testimony and evidence presented to the Committee.

These hearings ended on May 4, and since that time the staff has been combing through the testimony in an effort to come up with a working draft for the Committee to use in its "mark up" session. We have had some informal sessions with interested members of the Committee to go over some of the more difficult areas of the legislation. I am very hopeful that this process will produce a good bill—a bill with which the banking industry can live and which will—at the same time—protect the public interest.

No piece of legislation ever comes forth from the Congress in a form which satisfies everyone. There must be give and take if there is to be legislation. This is the spirit in which the Banking Reform Act was introduced.

In introducing this legislation, I sought to raise questions about a number of areas which have been troubling the banks, the bank regulatory agencies, the Congress and the general public—your customers—for a number of years. Many of these areas have been neglected for much too long. The Executive Branch, the Congress and the banking industry itself share the blame for the failure to deal with these issues in a more timely fashion.

It is important—in my opinion—that the banking industry help provide some of the leadership in the efforts to reform banking laws so that they meet the contemporary needs of the nation. I do not feel that the banking industry is well-served when its lobbyists in Washington consistently adopt a negative "we oppose" attitude on such legislation.

You have many friends on the Banking and Currency Committee and some of them have expressed concern to me about this heavy-handed negative attitude that consistently greets banking legislation. The presentations being made by the American Bankers Association to the Congress are preventing many conscientious members from taking the bank position seriously.

As introduced, the legislation would provide control over interlocking directorates, premium giveaways on savings accounts, brokered deposits, trust accounts and conflicts of interest. It would also provide 100% federal insurance on deposits of public monies.

Much of the financial press has directed a spotlight at the provisions dealing with the interlocking directorates. This is a problem that has plagued banking for many years and we have never given it proper legislative attention.

In 1967, the Domestic Finance Subcommittee of the Banking and Currency Committee carried out an extensive study of 48 banks located in 10 separate metropolitan areas of the nation. That study revealed 572 officer and director interlocks between these 48 banks and other financial institutions, such as mutual savings banks, savings and loan associations, insurance companies and other commercial banks.

Such a situation cannot be ignored by anyone truly interested in seeing that there is competition among financial entities. I think this is the view of a majority of the Congress.

In the final analysis, it appears the Committee will divide the issue into two parts—dealing with the larger financial institutions on a broad nationwide basis and limiting the prohibitions on the smaller institutions to their

Bank Reform *(Continued)*

immediate market areas. Such an approach, in my opinion, will be a giant step forward toward increasing competition and broadening opportunity in the financial community. This will be beneficial to both the banks and the public.

For the larger banks—those with assets of more than $500 million—I think that all directors and officers should be prohibited from serving as officers or directors of any other financial institution, including savings and loan associations, mutual savings banks, insurance companies and other commercial banks. Among the financial institutions with less than $500 million assets, I believe the problem can be handled by applying the prohibition to interlocking relationships within the standard metropolitan area or within a radius of 100 miles.

It appears unlikely that the Committee will deal directly with the problem of interlocking directorates between financial institutions and non-financial concerns. However, I am convinced that the members of the Committee are deeply concerned about this area, and the absence of this provision in the final bill should not be misinterpreted.

The interlocking relationship between Penn Central and various financial institutions is a case history which haunts the nation, and I do not feel that the Congress will—or can—long ignore the serious implications of this problem for a competitive free enterprise system. I can assure you that it will be before us again in the near future.

Nothing that we heard from witnesses in this long hearing refuted the Biblical admonition that no man can serve two masters.

Time after time, the Committee was presented with the startling argument that there wasn't enough talent to properly fill all of the boards of directors around the nation. The Committee was told that by eliminating interlocking directorates we would be forcing banks and corporations to take second-rate people on their boards. In a democratic nation of more than 200 million people, this is indeed a sad argument.

Nothing would do these industries more good than to bring in new people and new ideas from a wider segment of the population. There is plenty of talent available and I think we are on dangerous grounds when we promote the concept that only a handful of the elite have the knowledge, the ability or the right to run the nation's financial institutions.

As we redraft the bill, I am also hopeful that we will be able to retain an effective section on conflicts of interest. Most of the prohibitions in this area go to the massive conflicts which have been allowed to grow up around mortgage loans and real estate transactions. A home is the single biggest purchase made by 99% of the population and this transaction should be totally free of even the slightest hint of a conflict of interest. The financial institutions making these long-term mortgage loans should lean over backwards to see that the consumer is protected.

And I do not feel that this protection can be provided when the institution making the loan is connected either directly or indirectly with firms providing title services, property appraisals and legal services. The judgments involved in the title, insurance, appraisal and other aspects of the real estate transaction should be independent. Too often, however, the homebuyer finds everyone else lined up on the other side of the table tightly interlocked and carefully protecting one another.

In its final form, I hope that the legislation will prohibit a director, trustee, officer or management level employee of a bank—or other financial institution—from serving in a similar capacity with a title company, property appraisal firm or a company providing services in connection with real estate transactions. I anticipate that the final draft would also prohibit financial institutions, and officers or directors or members of their immediate families, from directly or indirectly controlling a title company, property appraisal firm or a company providing services in connection with real estate transactions.

The bill would also prohibit officers and directors of a financial corporation from serving as attorney for the cus-

(Continued on page 35)

Bank Reform Legislation to Be Overhauled

THE SITUATION concerning the Banking Reform Act of 1971 is in a state of flux, with a major overhaul in the offing.

Item: Wright Patman, originator of the legislation and chairman of the House Banking & Currency Committee, has stated that the committee will modify the bill as a result of recently concluded hearings (see page 25).

Item: Members of Mr. Patman's committee have openly remarked that they will not approve the Banking Reform Act in its present form, nor do they expect to be able to modify the legislation sufficiently to make it palatable enough for committee approval.

Item: Rep. William S. Moorhead (D.,Pa.) has proposed a new bank regulatory package that is eliciting support from all sides—but not enough support (at this writing) to ensure committee approval.

Item: It has been publicly stated that, no matter what the House does with banking reform legislation, the Senate has no plans to consider the subject during the current legislative session.

Feelings in Washington are running high in favor of some type of banking reform legislation, but it would seem that, for all practical purposes, no legislation will be forthcoming until 1972.

Rep. Moorhead's plan incorporates many suggestions made by bank regulatory officials during the hearings for the Banking Reform Act, and thus has met with a more favorable reception than did the original Patman bill.

The Moorhead version would prohibit corporate board ties among financial institutions within a distance of 15 miles. Institutions with more than $1 billion in assets would be barred from interlocks with other institutions of similar size, regardless of geographic location.

The Moorhead version would require that all bank loans to purchase bank stock have a maximum maturity of five years, with possible five-year extensions granted by the FDIC.

The Moorhead bill would amend the Security Exchange Act of 1934 to require all fiduciaries to report securities over which they have investment management authority of 5% or more. Disclosure requirements would be similar to those now required from beneficial owners of 10% or more.

The bill would prohibit banks and S&Ls from making loans where the interest or other return varied according to receipts from a property or enterprise; would contain no statutory prohibition of insider loans; and would prohibit all brokered loans. • •

The Fair Credit Reporting Act

The Fair Credit Reporting Act, described as much simpler than Truth-in-Lending, affects the business community in two primary ways: 1. As a "consumer reporting agency" (e.g., a credit bureau). 2. As a "user" of "consumer reports." This article—based on a talk given at the Tennessee Bankers Association's 1971 convention—deals primarily with the second standpoint. According to the author, nearly all banks fall only within the second category as "users" of "consumer reports."

By JAMES W. THOMPSON

Regional Director
Memphis Region
FDIC

THE FAIR Credit Reporting Act is much simpler than the Truth-in-Lending Act.

In the first place, *the Fair Credit Reporting Act applies directly to business situations, and there is no regulation issued, subject to continuing rule making and interpretations*. It was passed with a surprising degree of industry cooperation and generally conforms to industry guidelines adopted a year earlier by the Associated Credit Bureaus, Inc., the trade association of consumer reporting agencies. It also is basically much simpler than Truth-in-Lending. Thus, while bankers must know how it applies to them, I don't think they will find its provisions too irksome.

One of the songs in the somewhat notorious New York musical "Hair" insists that this is the Age of Aquarius. This is erroneous; it's the Age of the Consumer. The Fair Credit Reporting Act is, of course, a part of the current obsession with "Consumerism," but it is also more than that. I believe most of us, in our own personal affairs, have had some kind of unsatisfactory experience with a wayward computer that persists in billing us for sums we do not owe.

I once ordered an album of phonograph records by mail. The company sent me two just alike in the same mail delivery. I returned one and sent a check for the other, taking advantage of a discount for paying in full. Incidentally, since the Truth-in-Lending Act went into effect to protect consumers, such mail order companies no longer give consumers a discount for paying cash. If they did, they would have to show what the annual percentage rate is if paid on a monthly basis.

The next month the computer sent me a very demanding bill, claiming that I was delinquent for *both* albums. I wrote a nice, polite letter, explaining what had happened. But no company with a computer reads letters from customers anymore. A firm blithely assumes its computer is right and the customer is wrong. So the company ignored my letter, and next month the computer sent me a stridently worded bill for my alleged delinquency. I wrote again, but this time I did not strive to word it politely. I made it as insulting as I knew how, thinking that this might provoke some reaction, but I received no reply. I should have known that companies no longer read their mail from customers. I don't think this firm ever knew I had insulted it. And after all, there just isn't any way you can insult a computer. Finally, however, long after having cashed my check, the company gave me credit on my next bill for my check and, believe it or not, for the album returned about 90 or 100 days before. But it continued to bill me for the discount taken on paying in full for the album I had ordered. I wrote again and explained that I did not owe $1.46, that I had paid within the time necessary to get the discount offered, that I was thoroughly disgusted with the firm's inefficiency, that I would never pay it the $1.46 which I did not owe and that I would not respond further to anything from the company. The latter finally quit billing me, but I am sure that it wrote me off as a bad debt, rather than correcting its own computer error.

I am sure that this company would give me a bad credit rating. Multiply this by hundreds of thousands of incidents, and you have one of the main reasons why the Fair Credit Reporting Act was passed. As you know, this act became effective April 25, 1971. The purpose of the act is to prevent consumers from being damaged by inaccurate or arbitrary information in credit reports issued on them and to assure their confidentiality and proper utilization. The act affects the business community in two primary ways: 1. As a "consumer reporting agency" (e.g., a credit bureau). 2. As a "user" of "consumer reports."

I will discuss the act primarily from the second standpoint, since nearly all banks will fall only within the second category as "users" of "consumer reports."

First, let's see what the law defines as a "consumer report." It is any written, oral or other communication by a "consumer reporting agency" providing information concerning credit worthiness, credit capacity, reputation, character, style of living, etc., for use in judging a consumer's suitability for credit, for employment purposes or for other authorized purposes. It relates primarily to personal, family and household purposes. It does not include information supplied to establish an applicant's suitability for a *business* loan.

The law excludes the following situations from the definition of a "consumer report," thus saying that the new disclosure rules do not apply to these situations:

1. Any report that contains only information as to transactions or experiences between the consumer and the person or organization making the report. Thus, a bank can pass on information about its own transactions or experience with a borrower, depositor, employee, etc., and not be covered by the new law. If it passes on any other information obtained elsewhere, it becomes a consumer reporting agency.

2. Any authorization or approval for an extension of credit by the issuer of a credit card or similar device. This is important for banks with credit card operations.

3. A report in which a lender conveys his decision on a request by a third party to make a specific credit extension, provided the third party informs the consumer of the name and address of the lender so requested, and provided the lender makes the legally required disclosure. An example is a bank that is asked by an automobile dealer to make a loan to a car buyer.

As *users* of "consumer reports," it is extremely important for banks to take the following steps. In fact they *must* take these steps:

1. If credit, insurance or employment are denied, wholly or partly, or if the charge for such credit or insurance is increased even in part because of information in a "consumer report" from a "consumer reporting agency," the bank must—repeat *must* —(a) inform the applicant against whom this adverse action was taken, and (b) supply the name and address of the consumer reporting agency making the report.

2. If credit is denied or if the charge is increased wholly or partly because of information obtained from a person other than a "consumer reporting agency," the bank must disclose the nature of this information to the consumer upon his written request made within 60 days of the notice of the bank's adverse action. Moreover, the bank, as user of this information, must notify the consumer of his right to make such a written request at the time when the consumer is told about the denial of his application.

Now we come to what is called an "investigative consumer report." This is a "consumer report" in which "information on a consumer's character, general reputation, personal characteristics or mode of living is obtained through personal interviews with

(Continued on page 34)

Booklet Contains Questions and Answers on Fair Credit Reporting Act

NOW AVAILABLE to bankers is a booklet containing a series of questions and answers generally explaining the applicability of provisions of the Fair Credit Reporting Act to banks' operations. The material was prepared by attorneys for the FDIC, Federal Reserve System, Comptroller of the Currency and Federal Home Loan Bank Board. A text of the act also is included.

A foreword to the questions and answers warns that the information is provided for advisory purposes and is not to be considered as a regulation or formal interpretation by any of the four supervisory agencies. However, for examination purposes, banks that act in accordance with the information included in the booklet's summary will be regarded as acting in compliance with the act, which became effective last April 25.

The booklet is not designed to answer all questions that might arise under the act; rather, it is meant to help financial institutions develop a working knowledge of the act and its requirements.

The new statute is unclear in some instances as to its application to financial institutions. Thus, court decisions ultimately may construe provisions of the law in ways contrary to information in the booklet.

Although copies of the booklet are available to financial institutions, the supervisory agencies emphasize that information in it should not be relied on without advice of counsel. Nevertheless, institutions that act in accordance with the booklet's guidelines will be regarded by supervisory agency examiners as acting in compliance with the act.

The questions and answers are divided into eight sections: 1. The financal institution as a user of consumer reports. 2. The financial institution as a consumer reporting agency. 3. Responsibilities of a financial institution to consumers when it is a consumer reporting agency. 4. Disputes about material in a consumer reporting agency's file. 5. The financial institution as a purchaser of dealer paper. 6. Investigative consumer reports. 7. Responsibilities of a financial institution when it furnishes or uses consumer reports for employment purposes. 8. Penalties, liabilities and the act's effect on state law.

The booklet advises that the answers be read in the context of surrounding questions and answers, which, in many cases, are structured to relate to one another. • •

By ALAN J. DIXON
Treasurer
State of Illinois

New Frontiers of Public Fund Management

IN CHOOSING a title for these remarks—and searching for words to connote what I believe to be a remarkable recent shift in attitude toward the stewardship of public funds—the phrase "new frontiers" came to mind. It has been a long time—and seems even longer—since those days when, with the use of such words John F. Kennedy was able to stir a nation and evoke dreams of future plans and a national destiny yet unfulfilled.

The intervening years have dampened those hopes and instilled in us a newfound cynicism and loss of national purpose. This must and will change, if we are to restore our national pride and unity. We may never regain the innocence, enthusiasm or, perhaps, our naiveté of those earlier years, but we can grow to a new maturity to identify and act on the problems of our nation and world.

The "new frontiers" I have in mind are far more prosaic than were President Kennedy's. And yet they also have a measurable impact on the world in which we live. These are the frontiers of public funds management.

Until recent years, despite an ever-growing need for financial resources at the state and local level, all attention was focused on either the receipt or disbursement of such funds. "Tax and spend" were the bywords, with little notice given to the potential for such dollars between the day they were removed from the taxpayer's pocket and the day they were returned in the form of expenditure.

At any given time, however, the combined coffers of state and local governments may aggregate more than 3 billion dollars! Moreover, saddled with earmarked and cumbersome fund structures, such governmental treasuries fluctuate very little.

And, in consequence, these dollars constitute an ever-present resource—an asset of government with considerable potential, if properly used.

It is only in recent years, however, that recognition has been given to the important potentials involved in the use of this asset. Traditionally, such balances were either placed in low-yielding federal government obligations or distributed to state financial institutions in an inconsistent and ineffective manner. Too often the net result has been "sterile" dollars providing little contribution to the state or local welfare.

It was here in Illinois that this began to change. Coincident with efforts on the part of the federal government to restrict monetary growth, the state of Illinois began to take advantage of the consequent increased demand for funds by financial institutions. "Linkages" were forged between state deposits and bank loans in such fields as public housing, student loans, disaster relief and many others. These programs had the effect of channeling public funds into areas supported by public policy previously outpriced in the competitive market by the higher bidding for funds by private institutions. Concurrently, using its size and growing financial sophistication, state demand balances were reduced and short-term investments maximized.

The Illinois program became the prototype. All across the country, state and municipal treasurers began to awaken to the expanding dimensions of such balances. Many treasurers and legislators visited our offices to gain insight into our thinking and future plans. They in turn developed ideas and plans of their own, expanding and modifying the concepts to fit the needs and objectives of their particular areas.

What we have seen occur could well be described as a "quiet revolution" in fund management. As the concept grew, its overall impact became significant in terms of its redistributional impact on resource allocation. As it grew, moreover, it remained responsive to new problems and altered priorities.

For example, last fall attention was given to the special needs of farmers and banks affected by the corn blight. During my election campaigning I pledged to expand these programs to provide funds for bank involvement in pollution abatement. This I have done. As interest-rate patterns led to increased money concentration in larger metropolitan areas, I pledged to channel more funds into downstate rural areas. This I have done.

But enough of what *has* been done. What lies ahead? Have we conquered the problem and can we now rest assured that the people's funds are being put to their best use? Far from it! Im-

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Mr. Dixon's remarks were delivered before the Illinois Club of the University of Wisconsin's Graduate School of Banking during the Illinois Bankers Association convention last month.

New Frontiers (Continued)

portant financial impediments remain and must be challenged. I'd like to share with you my thinking on certain of these areas—the presently visible "frontiers"—and my ideas for their conquest.

One area of remaining concern is that of marketing local government debt issues. The rate of increased local debt in recent years has far exceeded that of either the state or federal governments. During the tight money period of 1969-70, many local issues could not be sold, despite their tax exemption, or were salable only at totally unrealistic price levels.

Many thought this problem would disappear with the advent of easier money. It has not. Yields in tax exempts have been the least responsive of all debt classes to the increased availability of money. Many towns and villages—especially the smaller ones—continue to have great difficulty obtaining a reasonable price.

In this instance, creative money management had its genesis in Vermont. With the technical assistance of Goldman, Sachs & Co., Vermont created a municipal bond bank. Local governmental borrowers, large and small, high-rated and low-rated, were encouraged to sell their new debt offerings to this bank. The bank, in turn, marketed its own obligations to the general public. The marketed bank bonds, while not general obligations of the state of Vermont, are backed by the indirect ability (but not promise) of the state legislature to make up any deficiency in the bank's debt reserve fund.

I do not intend to go into all details of the program at this time. Suffice it to say that this unique program thus far has been an unqualified success. The bank's bonds were accorded a relatively high "aa" rating, and sold well. Seventy-eight local governments participated in the first offering and received their funds at a lower rate than would otherwise have been possible. Some estimate the interest saving to the taxpayer at over $3 million.

The conditions which led to this program are not unique to Vermont. Illinois has many of the same problems. Many downstate communities are too small, are too inexperienced borrowers, or are located too far from major cities to obtain a fair rate when they borrow. Accordingly, I plan to appoint a special committee to study the Vermont program and to consider its feasibility for Illinois. Hopefully, we can provide some much-needed assistance to the taxpayers of our cities, school districts and villages.

A second opportunity for more efficient fiscal management directly involves Illinois bankers. For the past several decades the state has protected itself against bank default through a cumbersome collateral system. Each bank wishing state deposits has been required to deposit government bonds with the treasurer or with his designated agent. The accounting system required to handle such deposits is expensive, time-consuming and counter-productive. At the present time, more than $1 billion is pledged against state deposits. Records of such securities are maintained by my office, by the pledging bank and by the institutions where they are held. Coupons must be clipped, interest remitted, calls noted and exchanges handled.

For all of this, what does the state receive? Security, of course. But security can be obtained in other ways. Again, creative money management has led a number of states to consider and implement alternatives to full collateral. Some involve a system of contracted insurance; others self-insurance. Still other states utilize a collateral "pool" provided by all banks and available for all governmental bodies in the event of a failure. Done away with is the necessity of vast collateral depositories and attendant record keeping.

In general, the record of bank failures in Illinois has been good in recent years, with but two or three small bank failures. In no such instance did the state have even $100,000 on deposit. We have no assurances, of course, that this will continue. We can, however, actually search for a better way.

As with the area of a local bond bank, again I am appointing a committee to consider collateral alternatives. This group will include representatives of large and small banks, the state banking commissioner's office, the Illinois Bankers Association and others. This group will survey possible alternatives and recommend possible legislation to the next General Assembly.

Hopefully, within the next 18 months, we will be able to develop a system that will provide security not only for our deposits, but for those of local governments as well. And yet this will be accomplished at a lower cost to you as a banker, to myself as treasurer and to the Illinois taxpayers.

Another area of potential is as yet unexplored. As I indicated earlier, vast sums of taxpayer dollars are lying idle at the present time. Some belong to fairly large governmental units and could be managed far more effectively. Still others, however, belong to the countless small local governmental bodies that lack the dimensions, time or necessary expertise for proper management on their own. At the state level, however, we have both the expertise and the necessary size. Each day hundreds of millions of dollars are invested in money-market instruments.

I propose that consideration be given to allowing local governments to share in that pool and to participate in its earnings. I suggest that this be done, not with funds which are available to localities for long-term investment—for they should be put to work. Rather, I propose that this investment pool be used for funds needed in three days—or next week, or in a month. Few investment vehicles are available to the small investor for these periods. Many, however, are open to me as state treasurer.

As I conceive of its operation, a local park district treasurer, realizing he has, say, $24,000 available for 18 days, would instruct his bank to wire these funds to any one of our major money-center banks. Our money pool would be notified and the funds added to the pool. When withdrawal was desired, the funds would be transferred back, plus interest earned and less the proportionate share of pool operating expenses.

I recognize that this program would cost you as bankers demand balances. On the other hand, it would save you taxes and lead to more proper stewardship of public funds. In the months to come we will be studying this system closely and discussing it with you.

I have mentioned but three of the many exciting challenges that face us today in public fund management. Many others lie ahead. We hear of taxpayer rebellions as a desperation move to stem the tide of ever-increasing levies. We hear of revenue-sharing by Uncle Sam, while concurrently reporting a $20 billion-plus deficit. We face ever-expanding needs for services.

I will not attempt to strain your credibility by suggesting that the ideas mentioned above will materially affect these overall fiscal dilemmas. They require thoughtful, sober analysis and assignment of priorities. It is not only possible but *absolutely essential*, however, that those of us entrusted to safekeep the taxpayer's dollar contribute to the solution, not the problem. • •

Management by Objectives: It Does Work!

THERE WAS a time when Philadelphia National operated without stated objectives, without one-year and five-year plans, without individual performance agreements that attempt to relate these objectives and plans to individuals. We just operated on a day-to-day basis. If there were objectives, they were in the minds of different people and it is by no means certain that these individual objectives were not at times mutually contradictory.

At that time, we were telling ourselves that we were a very good bank. Then, one day we began to measure ourselves with other banks in terms of yield on equity and five-year compound profit-growth rates and found that, while we were not a bad bank, neither were we an excellent one. In fact, in 1967 we were an average bank with an average five-year profit growth of 6.9% and a yield on equity of 10.8.

How did we go about improving that situation? First, in 1967 a planning committee was established consisting of six individuals selected for their particular abilities rather than because of their positions in the bank. This committee still functions with a gradually changing membership. One of its first mandates was to prepare for management a set of objectives for the bank. It reviews these objectives annually and makes suggestions to management for updating and changing them.

Let me give two examples of specific objectives under which we operate.

Mr. Heldring gave the talk on which this article is based at the Kansas Bankers Association's 1971 bank management clinic.

By FREDERICK HELDRING

Vice Chairman
Philadelphia National Bank

The first one relates to a specific earnings objective for the following year in terms of a percentage increase in net operating earnings. This requires a detailed planning effort that puts together a one-year plan both in the form of a *desired* statement of assets and liabilities and one for income and expense. I underline the word "desired" because the essence of planning is that one places one's objectives beyond what one normally expects to happen. If one states only what one expects will come to pass, it is no more than a forecast. Once one has established challenging objectives, it takes a planning effort to reach those objectives.

If I am at this point conjuring up a picture of an organization of 3,000 people called PNB who all know and agree what the objectives of the bank are, and all know and agree that they will be attained only through extra effort, and who are all inspired by the challenge, and all set themselves to the task of reaching the objective, let me set your mind at rest. We have not reached that dream state. But, the fact that objectives exist and that a plan exists makes a distinct difference.

A more accurate picture is of an organization that has taken the first steps in the planning process. It is no longer crawling. As it looks back at where it came from, it derives pleasure from the view. When it looks ahead to where it wants to be, it is awed by the progress that still needs to be made.

Many people will argue that there is not much use in planning because many assumptions turn out to be false. These people fail to reckon with the law of compensating errors that operates in the planning effort. PNB has had a beautiful example of the operation of the law in the first quarter of this year. We planned first-quarter earnings of $1.11 per share and that is exactly what we hit. In the process, however, we made such erroneous assumptions as projecting an average prime rate of 6¾%. But the point is that this and other erroneous assumptions offset one another. I have been long enough involved in the planning effort both on a divisional and bank-wide basis to be convinced that this law—not unlike the law of averages—does operate.

One of the most important aspects of the whole effort is the planning of costs and particularly salaries. We are persuaded that in the '70s the banking industry will not benefit from rising interest rates as it did in the '60s. You may recall that in January, 1960, the prime rate was 5% while in 1970 it reached a high of 8½%. In the decade of the '70s, the banks that control their costs will be the best performers. We are not yet satisfied that we are doing well in this respect but at least we are making a beginning.

This year for the first time some 439 units we call responsibility centers are receiving each month actual costs for major items versus those planned by them. This builds up to a pyramid to the point where the chairman receives similar figures for the bank as a whole.

(Continued on page 73)

More Inflation, High Interest Rates Predicted by St. Louis Fed Official

Darryl R. Francis, president of the Federal Reserve Bank of St. Louis, gave the first annual monetary policy lecture of the School of Banking of the South at Louisiana State University, Baton Rouge, June 1. The theme of his talk, delivered to the 1,100 bankers attending the school, was "The Road to Accelerating Inflation Is Paved With Good Intentions."

The Federal Reserve Bank of St. Louis is acknowledged as one of the most authoritative sources of monetary and economic statistical research in the country. Mr. Francis is widely regarded as a leading spokesman for the monetarist school of economic philosophy and planning. According to Bradley Currey Jr., director of the School of Banking of the South, work of the St. Louis Fed in the economic area has been influential in the redirection of economic policies of both the Central Bank and the federal government in recent years. Mr. Currey is senior vice president and controller, Trust Co. of Georgia, Atlanta.

The following article is a resume of Mr. Francis' June 1st talk.

UNLESS the nation's monetary policymakers avoid repeating errors of the past, the U. S. could be in for another round of inflation and high interest rates. This is the opinion of the president of the Federal Reserve Bank of St. Louis.

In a major pronouncement on economic policy, Darryl R. Francis warned against policy actions aimed toward short-term objectives that disregard "adverse effects on longer-run aspects of economic activity."

"Policy actions have been frequently directed toward attainment of short- or intermediate-term objectives, such as holding interest rates down to help the housing industry or to encourage business investment," said Mr. Francis. "Recently, actions also have been directed toward achieving an early reduction in the average rate of unemployment and a prompt return to growth of real output at long-run potential. However, a careful analysis of the events since 1964 show that actions taken to deal with an immediate concern can later have adverse effects.

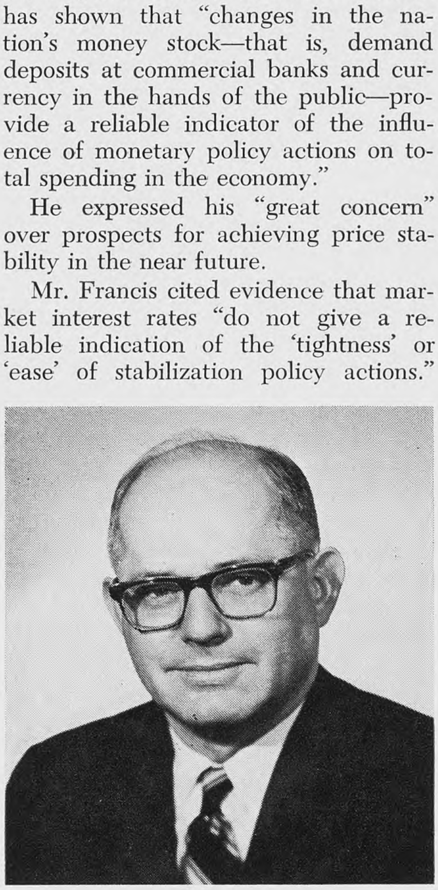
"As we approach the mid-point of 1971, I wish I could say that it is my belief that the battle against inflation is nearing successful completion and that we can now turn our primary attention to moving the economy quickly back toward its non-inflationary, high-employment growth potential. Unfortunately, this is not the case. I must report that I am just as concerned now about the long-run inflationary trend of the U. S. economy as I was last year and the year before."

Too much attention to immediate objectives "could lead to a reacceleration of the rate of inflation, contrary to our desires," Mr. Francis observed.

Mr. Francis traced economic developments from the mid-1960s to the present which he indicated have created the present inflationary environment. He pointed out that research by the Federal Reserve Bank of St. Louis has shown that "changes in the nation's money stock—that is, demand deposits at commercial banks and currency in the hands of the public—provide a reliable indicator of the influence of monetary policy actions on total spending in the economy."

He expressed his "great concern" over prospects for achieving price stability in the near future.

Mr. Francis cited evidence that market interest rates "do not give a reliable indication of the 'tightness' or 'ease' of stabilization policy actions."



FRANCIS

On the contrary, he said, "It has been shown that market interest rates are significantly influenced by the past rate of inflation and people's expectations with regard to the future rate of inflation.

"It is my opinion that the succession of actions taken to deal with goals other than achieving price stability has added up to an unintentional long-run acceleration in the rate of inflation."

The rapid 6% rate of growth of the money stock in 1965 and early 1966 resulted in an overall inflation rate of about 3½% and interest rates of 5½ to 6% before restrictive actions of 1966 took effect, Mr. Francis said. The still more rapid 7½% growth in money throughout 1967 and 1968 ultimately resulted in the overall rate of inflation accelerating to over 5½% and most interest rates peaking between 8 and 9%, according to Mr. Francis.

"In 1969, policy actions brought about significantly slower growth rates of money," the speaker noted. This brought the growth in total demand down to more sustainable long-run rates. "Once the upward thrust of expectations concerning continued inflation was broken, growth in the demand for credit slowed and interest rates began to move quickly downward.

"After two major episodes of stop-and-go actions, policymakers in 1970 were in a position to benefit significantly from their recent past experience. Last year monetary policy actions moved to a moderately expansionary stance, and I have no disagreement with the growth of the money stock that resulted on balance in 1970. By year's end the quantity of money outstanding was somewhat over 5% greater than a year earlier, and I think that was about right in view of the lack of real output growth and the rising unemployment we were experiencing.

"However, I believe that over a longer period of time, and especially under conditions of a stronger pace of real economic growth and a higher level of employment, a 5 to 6% rate of growth of the money stock would prove excessive in terms of the average rate of inflation. It is my view that the longer-run, non-inflationary growth rate of money most likely

would be on the order of 3 to 4%. As the economy strengthens, I believe that the rate of growth of money should be lowered to this more sustainable range."

Mr. Francis said, "As the growth of real output in the economy accelerates during the balance of this year and in 1972, or as the anticipation of inflation increases, the demand for credit to finance production, consumption and investment will increase. Such increases in demand for credit put upward pressure on market interest rates. This could create conditions leading to an excessively rapid growth of money, unless we carefully guard against them.

"High or rising interest rates have frequently been identified with more restrictive monetary policy, and I doubt there is a predominant desire of policymakers to achieve a very restrictive policy stance at this time.

"Aside from the influence of interest rates, there are some who argue that rapid growth of money is necessary and desirable in order to reduce quickly the rate of unemployment by two or more percentage points and to avoid the losses in output inherent in continuing to produce below capacity. While I agree that these are very desirable objectives, I feel that achieving continued reduction in the rate of inflation is also a worthy cause. It seems that some balance between the actions necessary to achieve a quick end to the inflation and those necessary to achieve a quick return to full employment is best. Especially at the present time, those who argue for very stimulative policies should make a realistic assessment of the implications for future inflation and indicate their willingness to accept such consequences. Given the very long lags we have observed in the past between initiation of restrictive actions and progress toward smaller price rises, it is not sufficient to say we can fight that battle when the time comes." • •

Fair Credit Reporting

(Continued from page 28)

neighbors, friends or associates of the consumer 'being reported upon,' or with others with whom he is acquainted or who may have such knowledge. . . ." It does not "include specific factual information on a consumer's credit record obtained directly from a creditor of the consumer or from a consumer reporting agency." Such investigative reports may include highly sensitive and personal information about the consumer's private life, his ethnic background, domestic troubles, housekeeping habits, personal dress, condition of his yard, etc. Such information on the consumer's morals, character and habits is not based on objective facts, but upon someone's subjective opinions, which may be wholly wrong. Some information may be only remotely related to the granting of credit or insurance and may invade the individual's right to privacy.

If a bank uses an "investigative consumer report" in connection with a loan, insurance or employment application, it must observe the following rules:

1. Clearly inform the person involved that an investigative report, including information as to his character, general reputation, personal characteristics and mode of living, may be made.

2. This disclosure must be in writing and must be mailed or otherwise delivered to the consumer within three days after request of the report, and it must inform the consumer of his right to request additional information about the report. There is one exception to this requirement: If the investigative consumer report is to be used for employment purposes and the person has not applied for the job.

3. If a bank obtains an investigative consumer report on any employee or applicant, it must, upon written request of that person, make a complete and accurate disclosure in writing of the nature and scope of the investigation, and it must do this within five days.

There is a problem with respect to legally obsolete information regarded as necessary by a bank. The law prohibits "consumer reports" from including information on lawsuits, judgments, paid tax liens, records of arrest, indictments, etc., which are more than seven years old. Bankruptcies up to 14 years may be included. Exceptions to these limitations are provided only for credit applications in excess of $50,000, life insurance contracts in excess of $50,000 and employment applications for jobs paying more than $20,000 annually.

These exceptions do not help much, but there is a way the bank can legally obtain the necessary information. It can require the applicant himself to provide this information by having more comprehensive application forms for both credit and employment.

Under present circumstances, bank officers cannot place full reliance on credit reports from "consumer reporting agencies" in the hiring of new employees. They must remember that such reports will not include criminal convictions more than seven years after date of disposition, release or pa-role. Section 19 of the Federal Deposit Insurance Act prohibits the employment by any insured bank of a person convicted of an offense involving dishonesty or breach of trust without obtaining the prior consent of the board of directors of the FDIC. This applies to all insured banks, whether national or state, and whether or not members of the Federal Reserve System.

Consumer reports can be furnished for certain purposes only, and any broader use of them requires either a court order or the consumer's written permission. The legitimate uses are: 1. Credit. 2. Insurance. 3. Employment purposes. 4. Obtaining a governmental license or other benefit. 5. Any other legitimate business need involving a business transaction with the consumer.

Consumer reporting agencies are required to disclose to the consumer upon his demand the nature and substance of all information in his file, its sources (unless it is an investigative consumer report) and all persons who have received reports on him during the past six months for credit purposes and during the past two years for employment purposes. Consumer reporting agencies and their sources are given immunity from libel suits as a result of information disclosed to the consumer, unless the information was furnished with malice or willful intent to injure him. Matters disputed by the consumer must be reinvestigated unless of a frivolous nature and any inaccurate or unverifiable information deleted. The consumer has a right to file a brief explanation of matters in dispute, and his statement must accompany future reports.

What are the penalties for violations of the law? Consumers can bring civil suits against the violator. In the case of willful violations, the consumer can collect actual damages, punitive damages, court costs and reasonable attorney's fees. For negligent violations, he can collect actual damages, court costs and reasonable attorney's fees. Such civil actions can be brought in federal district courts, without regard to the amount involved, or in any other court of competent jurisdiction within two years of the violation.

For obtaining information on a consumer under false pretenses, a person may be fined up to $5,000 and imprisoned for up to one year or both. For unauthorized disclosures by officers or employees of a consumer reporting agency, the penalty can be a fine of up to $5,000 or imprisonment for up to one year or both.

As to enforcement, banks will be subject to enforcement procedures and powers held by their regular federal supervisory agencies. This means that the Comptroller of the Currency will supervise national banks; the Federal Reserve banks will supervise state member banks, and the FDIC will supervise insured state nonmember banks. Others will be under six other federal agencies. • •

Bank Reform

(Continued from page 26)

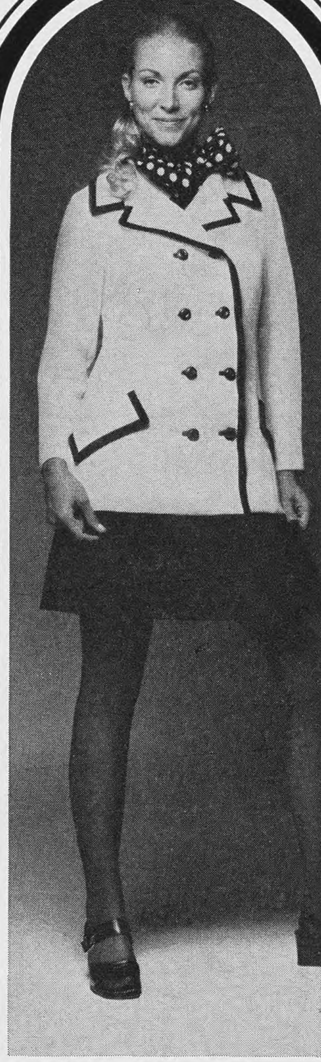
tomer in his loan transaction with that same institution. In short, we would be extending the well-accepted legal ethic that an attorney cannot serve both sides of a transaction.

The final bill, I feel sure, will provide the first really meaningful regulation for bank trust departments. Most importantly, it is essential that the legislation retain requirements which would provide periodic reports of trust department holdings of any securities, registered with the SEC, or traded on a national securities exchange. In my opinion, such reports should be filed at least quarterly.

As many of you recall, studies undertaken by the Banking and Currency Committee in 1968 revealed that many commercial banks were voting their own stock held in their trust departments. The legislation would prohibit this practice unless specifically required by the conditions of the trusts or by the beneficiary. There is also widespread sentiment on the Committee to provide safeguards against an over-concentration of trust department holdings in the stock of any single corporation. We may be able to develop support for a requirement that would prevent bank trust departments from holding more than 10% of any class of stock in a single corporation.

There is also general support on the Committee for prohibitions against equity participations in connection with loan transactions; and I am convinced that a majority want to see the brokered deposits outlawed. We are also trying to work out language which will deal with the question of the use of bank loans to purchase the stock of other banks. Admittedly this is a difficult area, but I think we can arrive at a solution which will provide maximum entry into the banking business and, at the same time, protect against unwise takeovers.

The compromise as drafted would require prior approval from the FDIC if any person sought to acquire 10% or more of the stock of an insured bank. It would also provide that bank loans made for the purpose of acquisition of bank stock be for periods of five years or less and that they be made on non-



preferential terms.

We also hope to arrive at a fair compromise on the question of premium giveaways. There is much sentiment for allowing financial institutions to provide small gifts for promotional purposes. It has been suggested that this be limited to gifts with a wholesale value of $5 or less. Such a provision would allow the financial institutions to continue promotional activities but would eliminate some of the wilder schemes which were beginning to crop up last year. As you may remember, we even had Cadillacs being given away in connection with savings campaigns and I think this is going much too far.

I am convinced that we will have a good bill which protects the public interest and one with which the banking industry can live and prosper. Despite the negative positions taken by the American Bankers Association, I hope that individual banks will look at the Committee's product objectively. I know that many bankers across this land recognize the problems with which the bill deals and it would be a great thing if the banking industry could support reasonable regulation in the public interest.

As I have told many groups, commercial banks have tremendous opportunity to do good—or to do harm—to the people they touch.

Bank privileges are widespread. For example, the Congress has seen fit to allow the banks to maintain exclusive rights to checking accounts—demand deposits—without paying a dime of interest on these funds. Today, these demand deposits aggregate about $225 billion and, month in and month out, this constitutes approximately one-half of the money on deposit in the banking system. In our society, the average citizen must maintain a checking account and this monopoly privilege is a highly lucrative benefit for the banks.

There are other privileges like bad debt reserves, a form of outright tax subsidy. There are also the huge deposits of public funds which the Treasury Department leaves in non-interest-bearing Tax and Loan Accounts and the Federal Reserve System provides a number of services, including a huge subsidy in the clearance of checks.

In fact, it is obvious that some banks are "more equal" than others. Only 6,000 of the nation's 13,500 banks are members of the Federal Reserve System and have direct access to the benefits of the System. For example, the Federal Reserve's discount window is highly publicized and the general public believes that every bank in the land has access to that window. Of course, it is only the members—6,000—which are able to borrow from the discount window.

It is not my intention to embarass anyone by citing these privileges and benefits. They are a simple fact of life. If our American banking system is operated in the public interest, then no one can object to these privileges. I do not object to tax subsidies or free checking accounts, if these powers are put to work for the good of the general public. This is the test that must be applied to any type of federal aid to any institutions anywhere in the economy.

The future of the banking system—as we now know it—is dependent on how well this "public interest" test is met. In my opinion, the public will tolerate special privileges for banks if the basic credit needs of the nation are met on reasonable and equitable terms. But in areas where credit needs are being ignored, and where banks appear to be using their special privileges to provide favored treatment, your industry is faced with major problems.

It takes no great expert to look around the country and spot a mass of neglected projects badly in need of credit. These range everywhere from housing to rural and urban development to the needs of our local governments to the problems of our farmers to pollution control and to education. It would be unfair to lay all of this neglect at the doorstep of banking institutions. Obviously, the commercial banks cannot be expected to meet all of these needs. But with this backlog —and with increasing public awareness—the American people are asking pointed questions about the role of the banks.

The years immediately ahead are going to be a real test and an opportunity for the entire financial industry. The credit needs of this nation have skyrocketed in a manner that few of us envisioned only a few short years ago.

To meet these needs, we are going to have to have the very best efforts of commercial banks, savings and loan institutions, mutual savings banks, credit unions and insurance companies. It is up to the federal government to work with the financial industry and to provide the kind of regulation which will stimulate this industry and at the same time protect the public.

It is obvious that there is plenty of room for all of these different types of financial institutions. All are needed if the nation is to meet its great potential. I think it is time for all of these segments of the financial industry to adopt a "live and let live" attitude and to get on with meeting the credit needs of the American people.

The banking industry has a tremendous potential—an almost unlimited opportunity. I sincerely hope that you are able—and willing—to meet this great potential to help America move forward. • •

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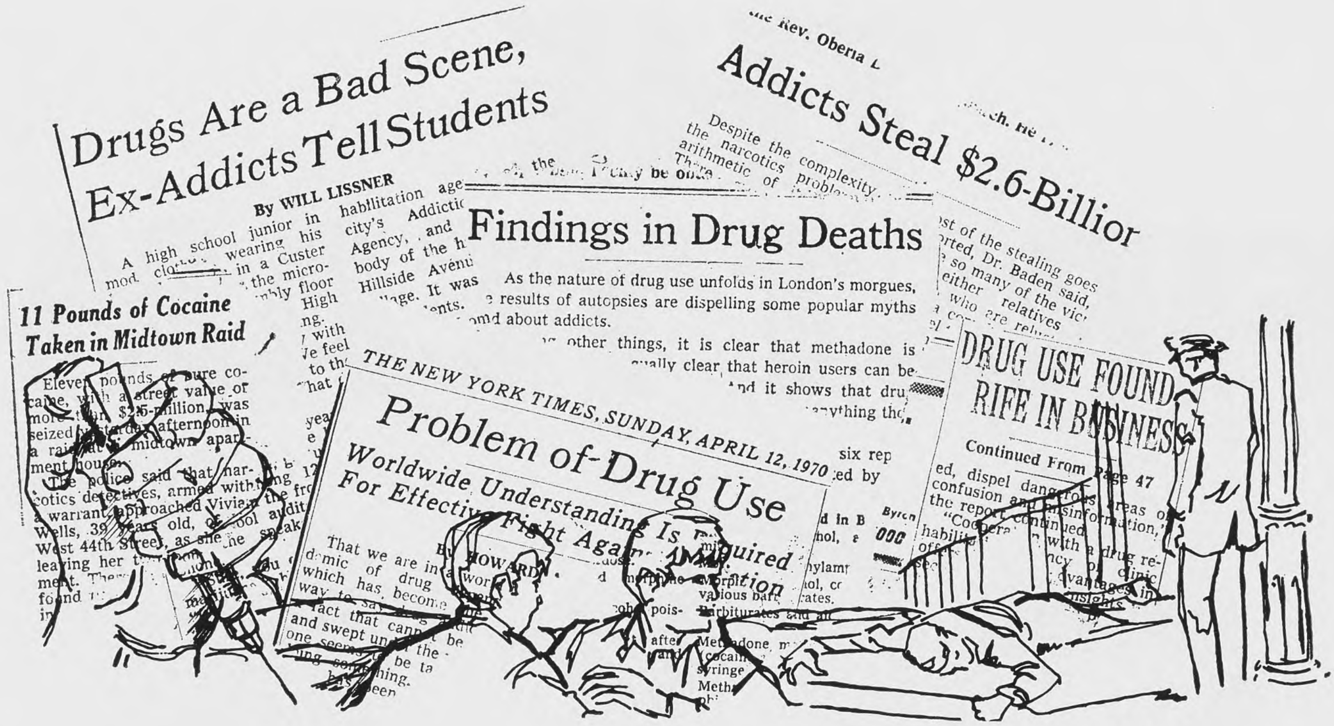


drugs and banking

By KATHY FLOOD

This article is reprinted from the May-June issue of The NABW Journal, publication of the National Association of Bank-Women Inc.

DRUG ADDICT. Ten years ago those words brought to mind a picture of a man with a long dark coat, collar turned up, skulking in a doorway waiting for a pusher. His world was a dingy one-room apartment and a dirty hypodermic needle full of heroin.

Drugs are no longer found only in the inner-city ghettos. Especially with marijuana or "pot," drugs have spread largely to young people of middle- and upper-class backgrounds and to college campuses.

In Vietnam, where marijuana is available and sold openly, it is estimated that nearly half of the U. S. troops use the drug regularly. These men are primarily draftees who will be returning to civilian life.

These young people, exposed to the drug subculture, are the primary work force from which business will draw its talent in the coming years.

The problems that go along with the illegal use of drugs are clearly illustrated by a vast number of statistics. For example, in New York City, the Chamber of Commerce reports that 50% of the city's thefts are by persons addicted to drugs and that two out of every three shoplifters apprehended in retail stores are drug addicts. Crime related to drug abuse costs the nation more than $5 billion a year, according to the National Institute of Mental Health.

Businesses are becoming aware of drug abusers among their employees—and banks are not immune. Perhaps the problem is even more dangerous in a bank because of the availability of money (a desperate need of every drug user) and the bank's consciousness of an "image" to uphold in the community.

Banks all over the country are facing the problem and are adopting preventive measures in company policies. While banks have reported few incidents of having to dismiss employees because of using drugs, they foresee the problem becoming more prevalent as the work force gets younger.

Chase Manhattan Bank, New York City, has set forth some of the problems of drug addiction in a recent memo to employees. The list included lower work performance, absenteeism, thefts, increased turnover, higher insurance rates and the inevitable increase in taxes to support police, social, medical and mental health facilities for drug abusers.

The memo continued, "The unauthorized possession or sale of dangerous drugs is against the law. The use of such drugs adversely affects an employee's mental and physical health. In addition, it impairs his performance and also renders him potentially dangerous to others."

The bank announced it would "dismiss any employee who possesses, sells or uses, without authorization, any dangerous drug." Marijuana is included as a "dangerous drug."

As part of its prevention program, Chase has begun to educate its personnel about drugs through a seminar program developed by the bank's communications staff and outside experts. Included in the program are the bank's policy on illegal use of drugs; descriptions of various drugs and their effects; and a talk by the bank's protection officer on the legality of drugs and what an employee should do when he suspects someone of using drugs in the bank.

A film series was shown to employees during lunch hours and a 13-page booklet explaining various drugs, their effects and dangers was mailed to the home of each employee along with the bank's policy statement. The booklet contains a list of treatment-facility locations for drug abusers.

Chase Manhattan instructs a supervisor who suspects another staff member is using, selling or has in his possession any dangerous drug to notify an area personnel officer. That officer notifies the protection division and refers the employee to the medical department for examination. The steps taken then, whether or not to call the police, depend on the circumstances.

New York City's Marine Midland Bank offers a drug lecture that has been added to the bank's regular lecture series for supervisors. In accord with the preventive nature of drug education which most banks have adopted, the lecture gives a history of narcotics addiction, an explanation of the various types of drugs, the burning of a chemical that smells like burning marijuana and a description of the symptoms of drug users.

Supervisors are told to watch for changes in a worker's production, absenteeism and disruptions of work activities. However, employees are warned not to become so overly suspicious that they attribute any oddity of behavior to drug addiction.

First National City Bank, also in New York City, has adopted the policy that anyone who possesses or sells illegal drugs on bank premises or who comes to work under the influence of an illegal drug is subject to dismissal for the first offense.

The bank has hired a former member of the New York State Narcotics Control Commission to work with its security staff and supervisors. Police department narcotics squad representatives give lectures on drugs and plainclothesmen aid supervisors in detecting possible drug users among the bank's staff members.

Two San Francisco banks—Crocker National and Wells Fargo—take a rehabilitative view of the drug problem. They offer to financially support an employee who wishes to go through a drug-cure program.

At Crocker National, the individual is encouraged to hold discussions with the bank's medical adviser or with a doctor or clergyman. Officials of the bank believe drug addiction is a chronic health problem, so if the drug user enters a hospital, he receives health and disability benefits. The employee also is given a leave of absence and if he returns to work he does not lose his former position or chances for promotion.

At Wells Fargo, the drug user is referred to the medical department and, in some cases, he can continue in his job while undergoing rehabilitation at a drug treatment center. If the individual wishes to enter a hospital, he can take an illness leave and receive pay for a set period according to how long he has been with the bank.

AIB chapters in cities such as New York, Winston-Salem, N. C., and Detroit have been helpful in educating bank employees about drugs. The chapters sponsor seminars and talks by doctors and police department representatives. A professor of pharmacology from Wayne University discussed the drug problem at an AIB meeting in Detroit.

To solve the drug problem before it begins, many banks have taken pre-employment measures to screen out drug users. Some New York banks use a urinalysis test as part of the pre-employment physical in order to detect hard-drug users. The technique will show up use of narcotics, amphetamines and barbiturates. However, the test can only detect drugs taken within the previous 72 hours.

Some banks are considering putting a question on the job form which simply asks the applicant if he is on drugs. Wells Fargo Bank asks if an individual is on a prescribed drug or has a drug-usage history. Other banks, as a matter of routine, check applicants' fingerprints with the police to learn of any former drug offenses.

Small towns all over the country, as well as metropolitan areas, are witnessing drug abuse. Allen State Bank of Oakdale, La. (population 6,618), is particularly concerned about the effects on youth. In a newspaper statement, the bank revealed that Oakdale rates high in the United States, for a city of its size, in the sale of dangerous drugs.

As its effort to stop this drug flow,

Facts About Marijuana

Marijuana is by far the most likely drug to be found in the business office or bank. And "pot" users can show up at any clerical or management level.

Often compared to alcohol, marijuana has some important differences of which employers should be aware.

- The only reason for smoking a "joint" is to get "high." The smoke is harsh and irritating and its effects last from two to four hours.

- Once he has gained experience, the smoker can control his reactions and function almost normally. This makes it difficult to determine for certain if an individual has been smoking.

- There is no hangover with marijuana. So smokers will not easily be spotted by excessive absences or "morning-after" symptoms.

- The pot smoker, unlike the alcoholic, is usually sociable rather than aggressive. He will be relaxed, not highly energetic or productive, but will rarely be a troublemaker because of his habit.

- Marijuana does not cause physical dependence. However, it can lead to a psychological dependence as a means of escape from tension. Users do not suffer from any withdrawal illness.

- Smoking and possessing marijuana are illegal. This is the practical problem for business.

Marijuana users are inclined to attract their friends and associates to the practice. If a company makes no effort to discourage the use of marijuana and turns its back on the problem, there is a good chance its presence and the number of users will increase.

the bank is offering a $500 reward for "information leading to the arrest and conviction of any people involved in the unlawful distribution of dope of any kind to the youth of Allen Parish."

The drug problem is likely to affect all banks—large and small, rural and urban—at one time or another. Through community efforts and by educating employees, banks are facing the problem and hoping to solve it before it becomes any more widespread.

Drug abuse is not the social sickness of only the man in the long dark coat hidden away in the ghetto. It may affect someone working in *your* bank. And no bank can afford a drug user on the payroll. • •

Businesses Use Booklet To Counter Drug Use

BUSINESS FIRMS have joined the battle against drug abuse by distributing a new 64-page booklet, based on official U. S. government findings, in public service campaigns taking place in many parts of the country.

Within less than a month after publication, according to the publisher, Benjamin Co. of New York, the guidebook, entitled "What You and Your Family Should Know About Drugs," is reaching families, teen-agers, students, employees and customers through individual copies, as well as in mass distribution by way of schools, civic clubs, community groups, municipal agencies, hospitals and churches.

Banks, insurance companies, savings and loan associations, utilities, manufacturers, retailers and corporate organizations are sponsoring the program in local, regional and national public relations and public service programs.

Based on latest U. S. government research, "What You and Your Family Should Know About Drugs" is a pocket-sized booklet that answers the 109 most-frequently-asked questions about drug abuse. It also includes a glossary of 129 drug terms. Its authoritative and official status comes from its being a compilation of findings of the National Institute of Mental Health and such government departments as Defense, Health, Education and Welfare, Labor, Justice and the Office of Economic Opportunity.

Early reports from sponsoring business firms indicate that adults and parents have even greater need for drug information than teen-agers, according to the publisher.

"Firms are distributing the booklet to employees and are encouraged that the material goes into the home for family discussion," according to Roy Benjamin. "In public service distribution to customers and prospects—as well as to schools, clubs and other organizations—sponsoring firms find a widespread demand, particularly among adults, for basic and authoritative information about drug abuse."

Among the questions posed and answered in the booklet are: "Are all drugs harmful? Can the effects of drug abuse be passed on to the unborn? What can a parent do to help an involved child? Can you get medical help without incurring legal penalties? Is marijuana an addictive drug? What are the harmful effects of LSD? What are the effects of amphetamines? How can one break a large sedative habit? What does the heroin addict look like?"

President Nixon, in his introduction to the booklet, writes:

"This publication presents the latest scientific answers to some of the questions most frequently asked about drug misuse. For the first time, all of the concerned federal agencies and departments have pooled their knowledge to produce a single source book on the national drug problem."

The booklet is available at special public service quantity discounts from the publisher. Interested business firms should contact Department 970-B, The Benjamin Co., Inc., 485 Madison Avenue, New York, N. Y. 10022. • •

Drug Manual Offered

The Massachusetts Bankers Association has prepared a manual to assist banks wishing to formulate policies to deal with personnel who use drugs on the job.

Included in the manual are a model policy statement on drugs, a section giving an over-all perspective of drugs on the industrial work scene, questions and answers concerning drug abuse, model guidelines to help bank supervisors implement drug policies and a bibliography of published references on drugs.

Copies of the manual were distributed free to members of the association and copies are available to bankers and banking groups outside Massachusetts free of charge for the first copy, and at $5 per copy for additional manuals.

Caution Urged in Reliance on Clinical Testing

Bankers have been warned not to rely entirely on urinalysis tests to determine if an individual is taking heroin, amphetamines or cocaine because even the best of testing labs make mistakes in processing examinations of large numbers of specimens.

The warning was issued by Dr. Donald B. Louria, president of the New York State Council on Drug Addiction, and chairman, Department of Public Health, New Jersey College of Medicine and Dentistry.

Dr. Louria said that, with an increasing number of banks using chemical tests to help detect drug addicts among job applicants, sooner or later an institution will become embroiled in a major lawsuit on the questions of invasion of privacy or mistaken accusations.

He recommended that chemical detection tests be used only to get the over-all picture of the drug experience of a worker so that relevant anti-drug programs can be undertaken, and as part of an over-all assessment of an applicant's capabilities for a job.

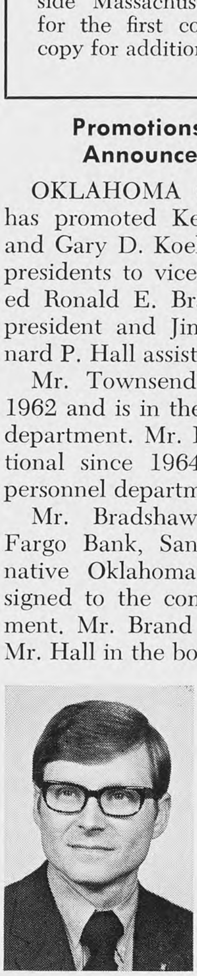
He also recommended that, in formulating policy statements, banks carefully consider every comma, phrase and sentence so that individuals knowledgeable about drugs cannot find inconsistencies or errors in the statements that reflect the banks' misinformation or find ways to challenge the institutions.

Promotions, Appointment Announced at 1st of OC

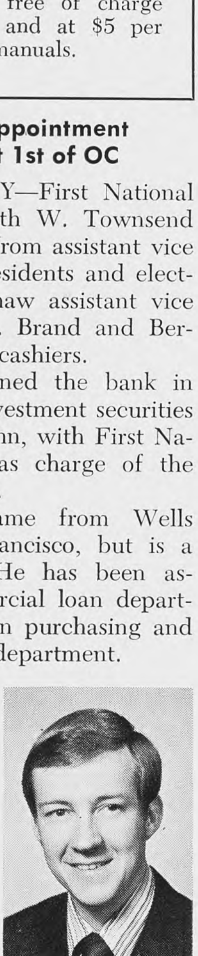
OKLAHOMA CITY—First National has promoted Kenneth W. Townsend and Gary D. Koehn from assistant vice presidents to vice presidents and elected Ronald E. Bradshaw assistant vice president and Jim L. Brand and Bernard P. Hall assistant cashiers.

Mr. Townsend joined the bank in 1962 and is in the investment securities department. Mr. Koehn, with First National since 1964, has charge of the personnel department.

Mr. Bradshaw came from Wells Fargo Bank, San Francisco, but is a native Oklahoman. He has been assigned to the commercial loan department. Mr. Brand is in purchasing and Mr. Hall in the bond department.



KOEHN



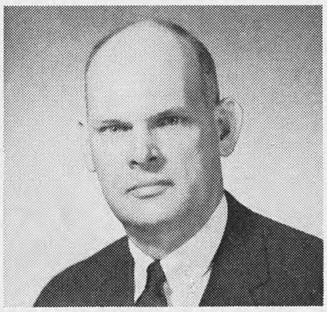
TOWNSEND

Behind every good man, there are other good men at First American.

W. LANE ABERNATHY
Senior Vice President and Trust Officer

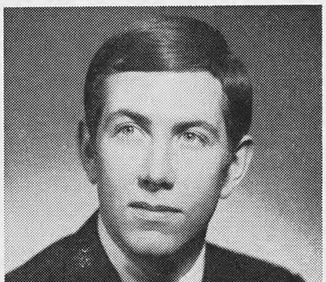
WILLIAM A. BYRN, JR.
Vice President/Trust Officer

C. RICHARD BERQUIST
Trust Officer



BRANNON HUDDLESTON
Trust Officer

MISS BESSIE R. JOHNSTON
Assistant Trust Officer



DON A. SHRIVER
Assistant Trust Officer

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.

PENSION OR PROFIT SHARING

Qualified deferred compensation for employees has had outstanding growth in recent years. Has your bank kept pace?
Regardless of the size of your staff, First American can supply an individualized I.R.S. approved program well within your financial means. It is a proven way to hold valuable employees.
Let a specialist tell you how we save you time and money in setting up your plan.
In Tennessee use WATS line 1-800-342-8392,
bordering states use WATS 1-800-251-8514.

FIRST AMERICAN NATIONAL BANK

Nashville, Tennessee / Member F.D.I.C.

Check-Cashing Safeguards Listed

A LIST of check-cashing safeguards was the subject of a recent issue of the Loss Prevention Bulletin of the Bank Share Owners Advisory League, Chicago. MID-CONTINENT BANKER editors realize most bankers know and adhere to these safeguards. However, they are reprinted with permission here to serve as a guide for new employees and to help other employees "brush up" on this vitally important area of banking.

1. Release no checks or checkbooks to strangers opening accounts till all application data has been verified.

2. Have unfamiliar applicants for extra checks sign standard check-order forms and fill out encoding numbers and last-check number. Of course, judgment is required here but the loss prevention is quite real.

3. If counter checks are still "in" in your town, print "Nonnegotiable" on the face in king-size type—24 point or larger.

4. If in the slightest doubt, take time before you cash a check; the favorite procedure of bad-check passers is to wait for a long busy line when you feel rushed.

5. Don't cash checks for little-known juveniles. They may be runners.

6. If there is the slightest doubt about a check's validity, contact the drawee bank. The passbook you are shown may have been opened with a bad check.

7. When taking cashiers' checks, verify that the check is genuine in all respects. Certified and cashiers' checks are just as subject to forgery or fraud as any other checks.

8. Remember forgery risk increases when customers use check-signing machines. More and more banks are asking depositors to carry depositors' forgery bonds.

9. If a customer still uses facsimile signatures, have him sign a "hold harmless" if signatures are affixed fraudulently or without authority.

10. When a customer orders new or changed checks, caution him to destroy his old ones promptly.

11. Too many depositors still store their checks in unlocked drawers. Let's do something about that.

12. Also caution depositors to store canceled checks separate from unused checks so thieves can't use the canceled checks to forge signatures on the unused checks.

13. Have at least one competent handwriting man on the bank's staff.

14. Empty your counter wastebaskets frequently.

15. Request corporate accounts to review all checks prepared by employees for signatures. Endorsing the name of a nonexistent employee may not be considered forgery in your state.

16. Remember that account numbers are not sacred. They can be encoded on checks by anyone having access to an encoder.

17. Beware of checks over encoded by a sticker.

18. Cashback on accounts opened by check are no different than cashbacks on any other uncollected funds.

19. See that the bank and transit numbers are correct, and that payroll check numbers are in their accustomed place and that the serial number is current for the issuing corporation.

20. Watch for slight alterations or slight discrepancies between figures and written amounts. Remember that forgeries occur frequently between the beginnings and ends of written amounts (6 extended to 600, etc.).

21. Remember, too, that checks with writeovers or erasures are troublemakers.

22. If the issuing corporation is unfamiliar to you, verify its existence. Look up the phone number yourself.

23. Watch the dateline. Be careful of post- or stale-dated checks.

24. Be alert to altered name of payee on insurance and government checks.

25. Be careful of illegible signatures. If you can't read a signature, how can you identify it?

26. Be careful when the handwriting in the signature and endorsement are the same and the names are different.

27. Look out for restrictive endorsements.

28. Remember that your best identification is someone who actually knows the check casher and his integrity.

29. When you receive a check payable to a corporation, partnership, estate, administrator, executor or agent, that's for deposit only.

30. Consider teller rewards and penalties for discovering or missing a forgery. (Some baseball managers fine players $50 for not running out a fly ball!)

31. Don't forget the three Vs rule. Even if you forgot the other 30, this rule will keep you out of trouble: Verify the existence of the account. Verify the signature (there is no EDP shortcut). Verify the collected balance. • •

Banking Bills Remain in Legislative Spotlight

A BILL to enforce par clearance throughout Alabama has been introduced; Missouri's governor has signed the bank facility bill; and the Texas Legislature has passed a series of bills that give the banking commissioner stronger regulatory powers.

The par clearance bill promises to be a controversial one among Alabama's bankers. Individual banks on both sides of the issue are expected to lobby for their viewpoints. The executive council of the Alabama Bankers Association had not announced its position on the bill at press time.

Text of the bill is as follows: "Any bank doing business in Alabama shall pay all checks drawn on it at par and shall make no charge for the payment of such checks. However, a bank may deduct a reasonable collection charge covering its actual expenses from the remittance as a special collection item; and such charge is hereby fixed at not more than one-tenth of one per centum of the total amount of such 'collection item' so presented and paid at any one time and not less than 10 cents on any one such transaction; provided, no such charge shall be made on items given or drawn in settlement of obligations due the State of Alabama or any subdivision thereof, or of the United States."

Also in Alabama, a package of bills has been introduced in the legislature on behalf of the savings and loan industry. Two of the six bills would permit S&Ls to serve as trustees by accepting sinking fund deposits, while the remaining four bills are aimed at permitting S&Ls to receive public funds from the state, counties and municipalities, a practice which is believed to be unconstitutional in Alabama.

New S&L Powers

The sinking fund bills would permit S&Ls to serve as trustees for sinking funds and to serve as depositories for sinking funds. The bills are believed to be contrary to both state and federal law.

Critics of the sinking fund bills state that most S&Ls do not have staffs that can handle the specialized trust work involved with sinking fund trusteeships.

The bank facility bill signed into law by Missouri Governor Warren Hearnes provides for increased services and extends the distance that a facility may be located from the main bank from 1,000 to 4,000 yards.

Upon adjournment June 15, the Missouri Legislature had not acted on several bills affecting banking, including a bill to require banks to report annually to the state the interest paid on individual accounts, the intangible tax equalization bill, the credit union

HC Hearings for Missouri

The Missouri Legislature has authorized the committees on banks, banking and financial institutions of the Senate and House to hold public hearings to examine the question of multi-bank holding companies. The hearings are expected to be held next month in St. Louis, Kansas City and Jefferson City.

The Missouri Independent Bankers Association has been seeking to curtail the expansion of multi-bank holding companies in the state, but has been ineffective to date in getting legislation passed.

Missouri law is silent regarding regulation of holding companies. In the past three years multi-bank holding companies have gained control of more than half the total bank deposits in the state.

recodification bill and bills pertaining to the term and pay for the commissioner of finance and the pay for the deputy commissioner. There is some doubt as to the status of these bills when the legislature convenes next January.

New powers given to the banking commissioner by the Texas Legislature include regulating brokered deposits, issuing cease and desist orders to halt questionable practices and placing problem banks under conservatorship.

The new powers were enacted in seven bills of an eight-bill package proposed by a special Senate investigating committee to prevent the types of activities which led to the failure of Sharpstown State, Houston, early this year.

The Texas House defeated an eighth bill, which contained general appeal provisions. • •

■ BENEDICT I. LUBELL has been elected to the boards of National Bank of Tulsa and NBT Corp. He is the general partner of Lubell Oil Co.

Lucien Elected AIB Pres. At Houston Convention

HOUSTON—Charles F. Lucien, vice president, Hibernia National, New Orleans, was elected 1971-72 president of AIB at the organization's convention here late in May.

LUCIEN

Elected vice president was Edward R. Gavenus, vice president, First National of Eastern Pennsylvania, Wilkes-Barre.

Four positions on the AIB executive council were filled by Charles A. Hayes, assistant vice president, Hartford National, Niantic, Conn.; Louis A. Weber, assistant vice president, Albuquerque National; Bob H. Garner, Valley National, Phoenix; and Earl B. Bloodworth, vice president and trust officer, Security Bank, Vincennes, Ind.

Winners of the AIB's national public speaking contest were Frederick A. Regenold Jr., Southern California First National, San Diego, first prize; William Rossman, Mid-State Bank, Altoona, Pa., second prize; and Miss Claudette Good, United California Bank, San Francisco, third prize.

Next year's AIB convention is scheduled for May 29-31 in San Francisco.

Another first from First National City Travelers Checks

A SECOND BANK BONUS PLAN THE SAME YEAR!

95 prizes! Open to banks of every size! Easier than ever to win!

The First 1971 Bank Bonus Plan was such a success, we decided to do it again during the 3rd quarter! Which means, during July, August and September, the more First National City Travelers Checks you sell, the more you can win in interest-free deposits for 3-months! (December 31, 1971 to March 31, 1972).

Any insured commercial bank, savings bank or savings and loan association in the U.S. and Puerto Rico is eligible. All you do to compete is sell First National City Travelers Checks . . . and you compete only with institutions in your own deposits category. Check your category listing in schedule, right.

Competition in the $20 million Bank Bonus Plan runs for 3 months —from July 1, 1971 to September 30, 1971. The prizes will be non-interest-bearing deposits maintained with the winning contestants from December 31, 1971 to March 31, 1972.

See additional details on facing page ➧

You can win your share of

$20,000,000 MORE

during July, August and September!
(the peak travelers check selling season)

Winners will be determined by their sales of First National City Travelers Checks during the contest period taken as a percentage of their deposits as of December 31, 1970 (as reported by Polk's World Bank Directory and the latest 1970 statement of condition for Savings & Loan Associations). The higher your percentage, the better your chance of winning.

Act now. Get in on this second 1971 Bank Bonus Plan. For complete details, write or phone collect to: Irving A. Johnson, First National City Travelers Checks, 399 Park Ave., N. Y. (Tel: 212-559-4961)

BRANCH BANKS AND BRANCH S&L's WITH DEPOSITS OF:

Over $500,000,000
5 prize deposits totaling $4,000,000

$100,000,000 to $500,000,000
12 prize deposits totaling $5,000,000

$50,000,000 to $100,000,000
17 prize deposits totaling $4,000,000

BRANCH AND UNIT BANKS AND BRANCH AND UNIT S&L's WITH DEPOSITS OF:

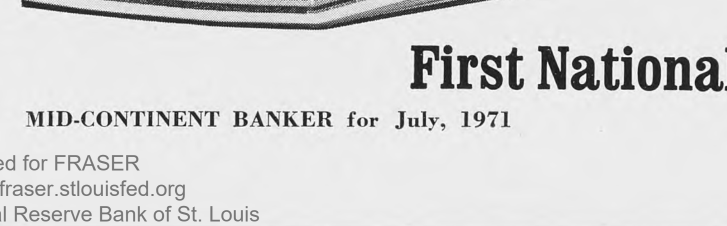
$30,000,000 to $50,000,000
12 prize deposits totaling $1,935,000

$10,000,000 to $30,000,000
18 prize deposits totaling $1,505,000

Under $10,000,000
23 prize deposits totaling $750,000

UNIT BANKS AND UNIT S&L's WITH DEPOSITS OF:

$50,000,000 and Over
8 prize deposits totaling $2,810,000



First National City Travelers Checks

LEFT: J. Michael Searles, v.p., Mercantile; Bing Devine of the St. Louis Baseball Cardinals; and Orville R. Goerger, v.p. and director of public relations and advertising, Mercantile. CENTER: Panel members Donald E. Lasater, ch.; Harrison F. Coerver, pres.; James A. Smith, v.p.; and James E. Brown, sr. v.p. RIGHT: James E. Brown; Ray F. Aton, ch., Southern Missouri Trust, Springfield; and Mrs. Brown.

Annual Correspondent Baseball Parties Held by Mercantile Trust, St. Louis

ST. LOUIS—Approximately 1,600 correspondents and their ladies from throughout most of the mid-continent and southwestern states attended two correspondent baseball parties hosted by Mercantile Trust and held at Stouffer's Riverfront Inn here last month.

Each party featured an afternoon "bullpen" session for the men, and a tour of Shaw's Garden for the ladies, dinner and a baseball game at Busch Memorial Stadium (the Cardinals split the two games—losing the first and winning the second).

The "bullpen" sessions featured talks by Mercantile executives. Chairman Donald E. Lasater reviewed the International Monetary Conference from which he had just returned and spoke on holding companies in Missouri. He stated that chain banks still hold more deposits than do holding companies and more banks have been chartered than have gone into holding companies. "If we'd allowed limited branching, we wouldn't have needed holding companies," Mr. Lasater said.

Harrison F. Coerver, president, discussed commercial lending today, citing that banks generally had much higher loan losses last year than usual. He called on bankers to keep these "p's" in mind: people, purpose, payment and protection in making a loan. In other words: know your customer, insist on productive loans, know the source of repayment and collateral.

Thomas L. Ray, senior vice president, cautioned bankers to know their bond dealers to avoid the problems created by practices of certain bond houses, which include trading bonds on the basis of false invoice prices by being rigged above the market levels at which the bonds actually could be sold. He admonished bankers to know their dealers, to check prices carefully and to be sure that the bonds delivered were the ones the bank had agreed to buy and that the type of bond and maturities had not been misunderstood or misrepresented. If in doubt, he called on bankers to contact Mercantile's bond department.

Speaking on a wide range of subjects, James E. Brown, senior vice president, pointed out several areas where bankers are delinquent. He said banking has penetrated only ⅓ of the trust market, that bankers fail to go after the youth market, and fail to learn the costs of doing business. He urged bankers to learn bill paying techniques as a future customer service and how to "package the product." • •

LEFT: Mr. and Mrs. Donald E. Lasater, James A. Smith and Mr. and Mrs. Harrison F. Coerver. CENTER: B. A. Wagner, pres., Hermann (Mo.) Bank; Lawrence (Tick) Perkins, pres., Community Bank, Steelville, Mo.; Miss Diane Wagner; Ed Schoor, v.p., Mercantile Trust; and Mrs. Wagner. RIGHT: Elmer Steffens, pres., Franklin County Bank, Washington, Mo.; George Turner, pres., American Bank, De Soto, Mo.; and J. Michael Searles, v.p., Mercantile.

Case History #417

An actual case taken from our correspondent banking files.

Problem:

Two innovative Illinois farming family partnerships are long on ambition, but short on cash. One needs money for land development, the other to cover heavy short-term expenses. Their local bankers recognize the economic potential for these multi-acre farms, but are unable to provide the growth capital needed. Their legal lending limit is far below the hundreds of thousands of dollars required. Searching for an answer, the banks call on us.

Solution:

Wayne Obrecht, one of our correspondent banking officers, visits both bankers and farmers to investigate the problem. He finds that the farmers need cash to cover livestock purchases, feed costs and machinery expenses. And the bankers need counsel on mortgaging details, long term financing and overline loan capacities. Acting on Wayne's evaluation, Central National provides overline loans to the two banks.

Results:

11,000 acres of Illinois farmland are in production today, and two farmers who might have had liquidity problems are on their way.

For many reasons, some of our most interesting customers are other banks.

For complete details on this case history, write or call Wayne Obrecht, Correspondent Banking
(312) 782-2520

Central National Bank

LaSalle and Monroe, Chicago (312) 782-2520

MEMBER F.D.I.C.

Confidence Will Get Economy Moving, Dr. Rinfret Tells 4th Nat'l Seminar

WICHITA—Approximately 500 bankers and Wichita business leaders gathered here June 12 for a special correspondent bank seminar and party sponsored by Fourth National Bank.

Dr. Pierre Andre Rinfret, nationally known economist and president of Rinfret-Boston Associates, Inc., an economic and financial consulting firm based in New York City, addressed the group in Century II Civic Center.

Lack of Confidence

Lack of confidence in the American economy is the primary factor holding back recovery from the 1970 recession and a tax cut might restore that confidence, Dr. Rinfret said.

Dr. Rinfret said a return of confidence could give the economy between $20 billion and $30 billion in increased spending and lift it out of its present doldrums.

"The credit crisis, inflation, balance of payments troubles, dollar squeeze, unemployment, huge government fiscal deficits—those are not the country's main economic woes," he said. "Our problem is very simple—we can't get the economy going. There is no confidence. Why? Because the administration intentionally knocked it off. And now business doesn't have confidence in the government, government doesn't have confidence, and the people don't have confidence.

"The people are scared and they are worried stiff."

Turn Confidence On

"You can turn confidence off, but how you turn it back on is something we've never tried before," Dr. Rinfret continued.

"The economy has plenty of slack. We've got plenty of income, we've got plenty of money, we've got plenty of savings, we've got plenty of credit; we lack confidence and confidence could give us another $20 billion or $30 billion in spending."

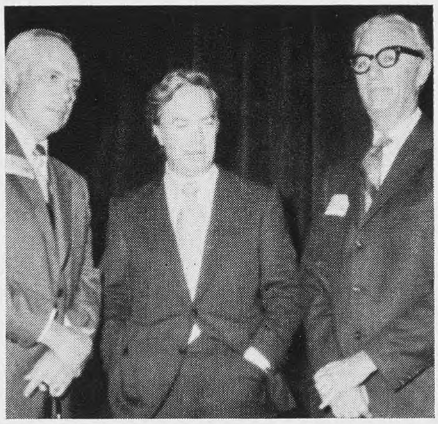
Dr. Rinfret contends that when the administration "tried to destroy confidence" during its efforts in 1969 and early 1970 to put on the economic brakes, "they overdid it beyond our wildest imagination."

Tax Cuts Needed

Dr. Rinfret called for tax cuts to get the economy moving again. He called for both a corporate and personal tax cut and reinstatement of the investment tax credit.

"I think if they did that you'd see capital expenditures go up and see consumer spending go up even more," Dr. Rinfret said.

The entertainment portion of the program consisted of a night at Cowtown, a re-creation of early Wichita. The night was billed as the "eatinest, westernest, funnest correspondent bank party." The evening included food, entertainment and touring through Wichita's past. • •



LEFT: Guests of Fourth National visit in the streets of Cowtown, a re-creation of early Wichita. RIGHT: Guest speaker Dr. Pierre Andre Rinfret (c.) is flanked by Jordan L. Haines (l.) pres., and Tom Potter, v.p. and head of the correspondent bank division, Fourth Nat'l, Wichita.

LEFT: Host Tom Potter (c.) v.p. and head of the correspondent bank division, visits with William G. Plested Jr. (l.) pres., Federal Land Bank of Wichita, and W. L. Webber, state bank commissioner, at Cowtown. RIGHT: Ash McNeal (l.) asst. secy., KBA, chats with J. V. Lentell, exec. v.p., Kansas State Bank, Wichita.

Bankers Tell Their Story of Community Service Through Foundation for Full Service Banks

INDIVIDUALS and groups throughout the nation are becoming more and more involved in issues of the day—the environment, race relations, peace crusades, anti-poverty programs and the like. At the same time, they are looking at businessmen and asking: "What are you people doing to help?"

Bankers, along with other businessmen, have taken a fresh look at their activities and concluded that they have long been doing many small and some large things of benefit to their communities. But because they felt these acts were just part of their jobs, no special attention was called to them.

This attitude changed in recent years, however, when certain segments of the public seemed to be accusing the banking community of being largely responsible for such economic headaches as inflation, high interest rates and tight money. Principally for this reason, the Foundation for Full Service Banks commissioned Louis Harris Associates to make a comprehensive survey of public attitudes toward banks and bankers.

To the pleasant surprise of most bankers, Harris found that the majority of Americans gave their bankers high marks. In fact, with one or two noteworthy exceptions, Harris reported that bankers were well regarded by the public.

Specifically, people felt that bankers should take a more active leadership role in helping to find solutions to community problems.

Bankers had always felt they had a pretty good track record in this community service. In fact, a quick research effort by the Foundation revealed hundreds of actual case histories across the nation.

In the Mid-Continent area, a great number of cases were revealed.

In Louisville, the five major banks had launched an impressive civic-development campaign. At an initial investment of some $10 million, the banks banded together to finance an entire neighborhood of apartments west of downtown, helped develop a public/commercial complex on the riverfront and financed acquisition of a land preserve for future industrial use.

Kalamazoo, Mich., banks had planned and financed apartment projects at nine different locations for low-income families under the Federal Rent Supplement Program, which subsidizes part of their individual rents.

Memphis banks have been giving financial assistance to the Freedom Center Shopping Plaza of minority-owned businesses and other "black capitalism" projects through their participation in the SBA's "Operation Mainstream."

Another SBA-guaranteed loan from the Huntington National Bank in Columbus, O., put Futon Corp. into business. Oliver L. Harris, president of the black-owned machine parts manufacturing plant, reported that the bank also gave a lot of moral support and encouragement.

In Iola, Kan., the Allen County State Bank contributed two specially rigged fire trucks to the local volunteer fire company, bringing the number of fire-fighting rigs to five.

At Chicago's Hyde Park Bank, small business people receive continuing financial and management counseling as an attendant part of their loans. The bank also runs special seminars and sends out relevant management pamphlets.

In Grand Rapids, Mich., Old Kent Bank sponsors a business advisory board of seven blacks, not all of them moderates, and supplies four advisers to counsel them on such essentials as arranging and setting up commercial ventures.

There are many more examples of banker action in areas of environmental control, urban renewal, low-income housing, racial and minority group problems and other social needs that prove bankers of the nation are really quite involved and continually helping in their communities.

With all of this mounting evidence in hand and the apparent need to educate the public about banker involvement, the Foundation adopted a new national theme for its $3-million annual advertising campaign, "Helping Is Our Business." The campaign then set out to demonstrate (primarily on network television) how bankers help their communities through civic and economic contributions and how they help their customers through a wide variety of banking and financial services.

Two actual banker involvement case histories were dramatized for television commercial messages. One involved the establishing and financing of a minority-owned manufacturing business in the Watts area of Los Angeles. The other concerned a small-town banker in Livermore Falls, Me., who helped transform his town's commercial district from a dated, decaying area into an attractive downtown shopping mall.

At the same time, the Foundation's television commercials continue to promote the consumer services banks offer to help their customers. The latest of these shows how banks can help finance small businesses as well as provide checking accounts, savings plans, various loans and other services to individuals.

In addition, the Foundation, in cooperation with the ABA, has embarked on a new program aimed at encouraging and assisting bankers in serving the social needs of their communities. This new "Banking Serves America" program provides information and suggestions to every bank in the country to help them become involved in their communities and then tell about it.

Material already distributed to banks includes kits for helping to promote involvement by bank employees, directors, shareholders and aids for telling the bank's positive story to its community, the press and legislators.

A special bimonthly newsletter, "Banks in Action," is published to broaden the understanding of the part banks can play in mobilizing resources for the solution to community problems. More kits and other material and programs are being developed for the coming year in this ongoing program.

As more and more bankers help their communities find solutions to their social and economic problems today, and as these examples of banker action continue to pour in from all parts of the nation, the Foundation for Full Service Banks will continue to help bankers show the public that helping is their business. • •

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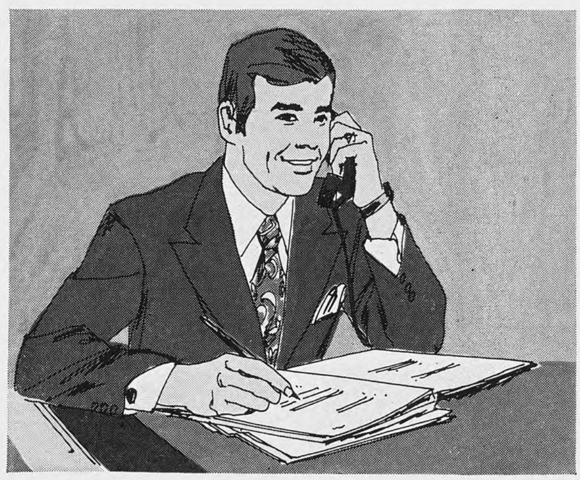

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STRATEGICALLY LOCATED PLANTS FROM COAST TO COAST

Nearly 30,000 People Watch President Nixon Dedicate New Arkansas Waterway

WITH THESE traditional words: "Ladies and gentlemen . . . the President of the United States," Oklahoma Governor David Hall set nearly 30,000 people to cheering at the Tulsa Port of Catoosa.

Commercial barge traffic formed a backdrop for the podium on the port's 720-foot concrete wharf as President Richard Nixon said it was a pleasure to be on the "Oklahoma seacoast" to dedicate the McClellan-Kerr Arkansas River Navigation system, better known as the Arkansas Waterway.

The ceremonies were both a beginning and an end.

For F. G. McClintock, chairman, First National, Tulsa, it was the end of 18 months of work as co-chairman of the 500-member Admirals' Committee appointed by Oklahoma's governor to plan and execute the dedicatory ceremonies.

The ceremonies were, of course, the beginning as President Nixon said, "The opening of this great navigation system, the new maritime states of Oklahoma and Arkansas can look forward to a whole new era of growth and development."

Mr. McClintock was not concerned with just a Tulsa ceremony or an Oklahoma dedication . . . it was a four-state greeting for navigable water. Governors David Hall of Oklahoma, Dale Bumpers of Arkansas, Robert Docking of Kansas and John Love of Colorado hosted a ball the previous night.

President Nixon recognized this regional importance when he said that the area "in which we are now standing could absorb as much as 10%" of the nation's anticipated growth of 70 million people within the next 30 years.

As President Richard Nixon applauds, Tulsa banker F. G. McClintock (at lecturn) introduces Speaker of U. S. House of Representatives Carl Albert of Oklahoma during ceremonies dedicating McClellan-Kerr Arkansas River Navigation System at Tulsa Port of Catoosa. Standing, 2nd from r. on podium, is Marcus Tower, vice chairman, National Bank of Tulsa, member of City of Tulsa-Rogers County Port Authority and president of Arkansas Basin Development Association. Also on platform are Attorney General John Mitchell, Secretary of Agriculture Clifford Hardin and Secretary of Commerce Maurice Stans; U. S. Senators John McClellan of Arkansas and Henry Bellmon and Fred Harris of Oklahoma; Governors David Hall of Oklahoma and Dale Bumpers of Arkansas; U. S. Representatives Ed Edmondson, Happy Camp, Page Belcher, John Jarman and Tom Steed of Oklahoma; John P. Hammerschmidt and Bill Alexander of Arkansas. Loaded barges, tow boats and pleasure boats are seen in background.

Mr. McClintock wasn't the only banker involved in the dedication that formally marked the completion of the nation's largest civil works project.

Since the ceremonies took place at the Tulsa Port of Catoosa at the head of navigation for the 440-mile waterway, the program had to be coordinated with the City of Tulsa-Rogers County Port Authority headed by W. E. Bender Sr., vice president of Tulsa's First National. Houston Adams, president, Farmers & Merchants Bank; Marcus R. Tower, vice chairman, National Bank of Tulsa, and Fred Setser, senior vice president, Fourth National, all of Tulsa, also serve on the Port Authority Board. • •

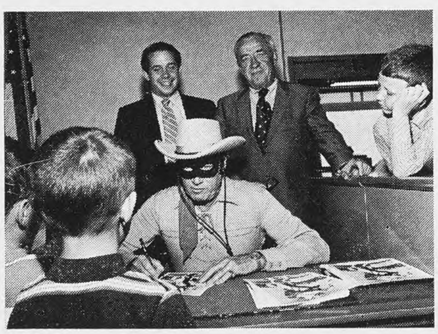
First Union, St. Louis, Acquires Two More Banks

ST. LOUIS—First Union, Inc., multi-bank holding company, has announced exchanges of shares of its stock for substantially all the outstanding capital stock of Crystal City State and Rolla State. Combined assets of the two banks exceed $26.5 million.

The two banks are the third and fourth acquisitions of First Union, outside of the St. Louis area. The holding company controls First National, St. Louis; St. Louis Union Trust; Bank of Springfield; and Vandalia State.

Three more acquisitions have received Fed approval—National Bank, North Kansas City; First National, West Plains; and First National, Cape Girardeau.

Lone Ranger Is Bank Friend



Clayton Moore, the original Lone Ranger on TV and in the films, made personal appearances at branches of Merchants National, Indianapolis, recently. Looking on during autograph session are R. R. Sweeney (l.), Speedway Branch manager, and R. E. Sweeney Jr., bank chairman and father of R. R. Sweeney.

Commerce State Bank, Topeka, Constructing New Building

TOPEKA—Commerce State has begun construction on a new $1,250,000 building to be located next door to the bank's present building.

The contemporary-style structure, of brown brick and glass, will rise from a terraced hillside and will have landscaped areas and a decorative fountain. A bronze glass curtain-wall will be suspended from a sculptured overhang of brown bricks and will shelter the deep-set windows of the bank's lower level.

The structure will have 36,000 square feet on two levels, plus four drive-up teller stations. Banking operations will be on the first floor and rental offices will be on the second floor.

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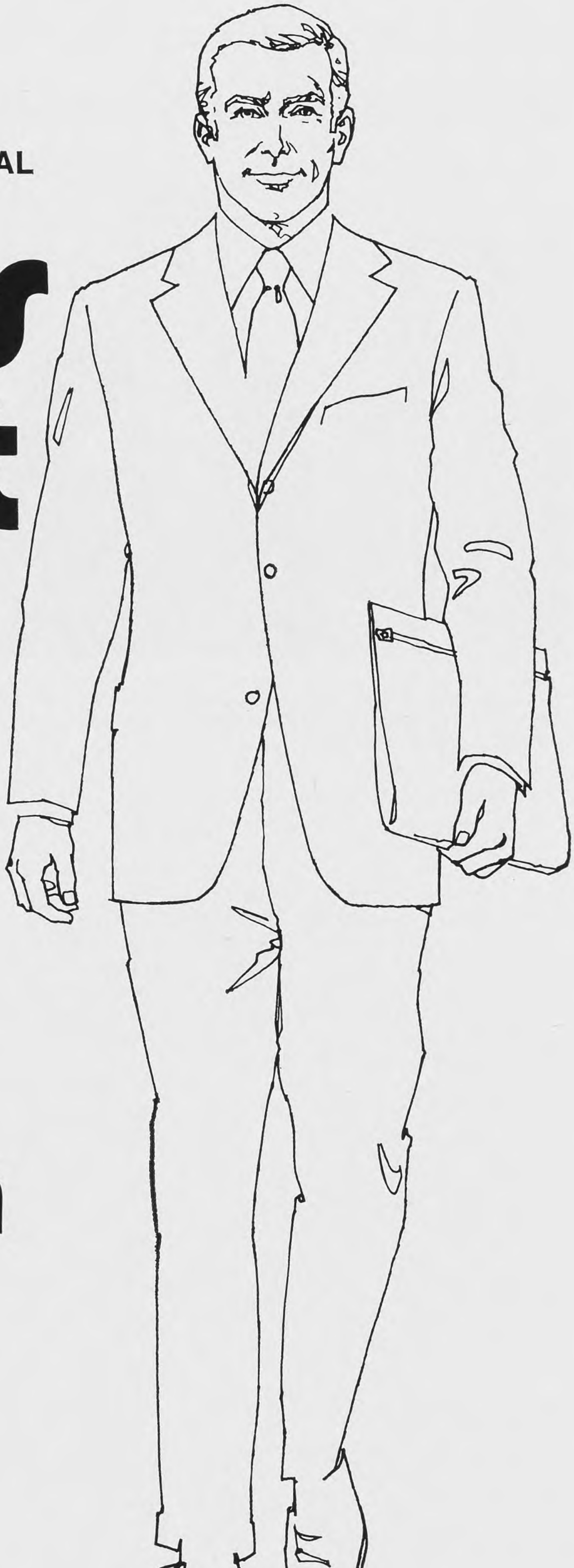
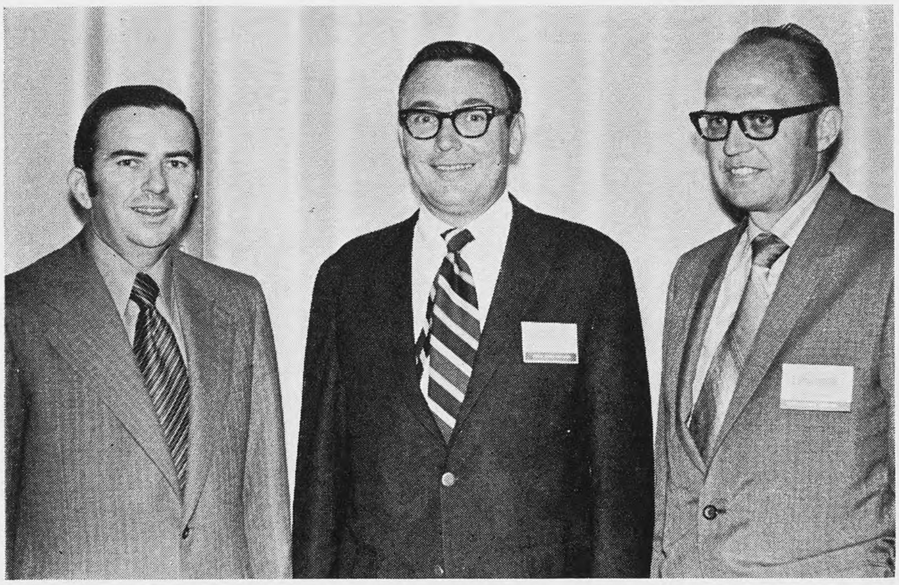


MBA Junior Bankers Hold Seminar; Elect G. Wayne Thomas Chairman



Shown at the MBA Junior Bankers Seminar are: (from l.) newly elected ch., G. Wayne Thomas, a.v.p., Commerce Bank, University City; outgoing ch., W. Darrell Meyer, v.p., First National, Kansas City; and Larry E. Lumpe, MBA pres. and exec. v.p., State Bank, Poplar Bluff.

COLUMBIA, MO.—The Missouri Bankers Association's seventh annual Junior Bankers Seminar was held here June 16-17 at Ramada Inn. About 205 bankers attended speeches, special interest sessions, size group meetings and elected new officers. The new chairman of the Junior Bankers is G. Wayne Thomas, assistant vice president, Commerce Bank, University City, and vice chairman is J. Michael Searles, vice president, Mercantile Trust, St. Louis.

One of the first speakers during the seminar was Larry E. Lumpe, MBA president and executive vice president, State Bank, Poplar Bluff. He told the group, "We're in an era of computer-stored information, electronic communications and a host of labor-saving devices. But we're also in an era in which the emphasis must be on people, on their individual needs and goals. And this applies both to our bank customers and to our employees."

Special Task Force

Mr. Lumpe also announced that a special task force is being formed to study the organization of the MBA and to recommend structural changes. The group will evaluate various committees to see which should be dropped, merged or added.

In his speech called "The Name of the Game," Eugene F. Everett, executive vice president, Union National, Springfield, predicted the general direction banking might take and the possible effects it will have on asset management and profitability.

Some aspects of this new direction, Mr. Everett said, are: the changing attitude toward change—the new spirit of venturesomeness; the move toward retail banking; expanded use of mortgage lending; term loans; and use of debentures.

Science of Managing

Mr. Everett concluded his speech by saying, "Somehow we must find the time to think about the science of managing, devise better systems and procedures and concentrate on the future instead of the past."

G. Wayne Thomas gave a report on the Junior Bankers statewide economic education program. He said that in educating the general public about practical economics, the program had met with success in the areas of bankers' training seminars and classroom presentations.

Some aspects of the program that had disappointing results were organizing a speakers' bureau and advertising and press releases.

Mr. Thomas set as this year's goals in the education program: to motivate banks and bankers to participate more actively; to reassess and streamline communication procedures; and to review the advertising program.

Keith M. Davis, president, Empire Bank, Springfield, speaking on a wide range of subjects, stated that small bankers must have legal knowledge, accounting proficiency and financial experience. In addition, they must be credit analysts, father confessors, sociologists, auditors, satisfiers of unhappy stockholders, advertising and public relations specialists, entertainers, community workers, prophets and economists.

They must be knowledgeable in data processing and competent in handling government rules and regulations—both state and federal—as well as being politicians of sorts.

Mr. Davis, speaking on bank regulation, called for a regulatory environment that allowed for innovation.

Convention Calendar

MID-CONTINENT AREA (1971)

Kentucky, Sept. 12-14, Louisville, Brown Hotel

MID-CONTINENT AREA (1972)

Alabama, May 17-19, Birmingham

Arkansas, May 7-9, Hot Springs, Arlington Hotel

Illinois, May 21-23, St. Louis, Sheraton-Jefferson Hotel

Indiana, June 14-15, French Lick, French Lick-Sheraton Hotel

Kansas, May 17-19, Topeka

Louisiana, April 29-May 2, New Orleans

Mississippi, May 22-24, Biloxi, Buena Vista Hotel

Missouri, May 14-16, St. Louis, Stouffer's Riverfront Inn

New Mexico, June 8-10, Las Cruces, Palms Motor Hotel

Oklahoma, May 10-11, Oklahoma City

Tennessee, May 14-17, Knoxville, Hyatt House

Texas, May 7-9, San Antonio

NATIONAL (1971)

ABA Agricultural Credit Conference, Nov. 14-16, Kansas City, Hotel Muehlebach

ABA Convention, Oct. 16-20, San Francisco

ABA Credit Card Conference, Oct. 25-27, New Orleans, Roosevelt Hotel

ABA Personnel Conference, Sept. 26-29, Los Angeles, Century Plaza Hotel

Bank Administration Institute, Nov. 7-10, Miami Beach

Bank Marketing Assn., Sept. 26-29, New York City, Americana Hotel

Consumer Bankers Assn., Oct. 24-28, Phoenix, Arizona-Biltmore Hotel

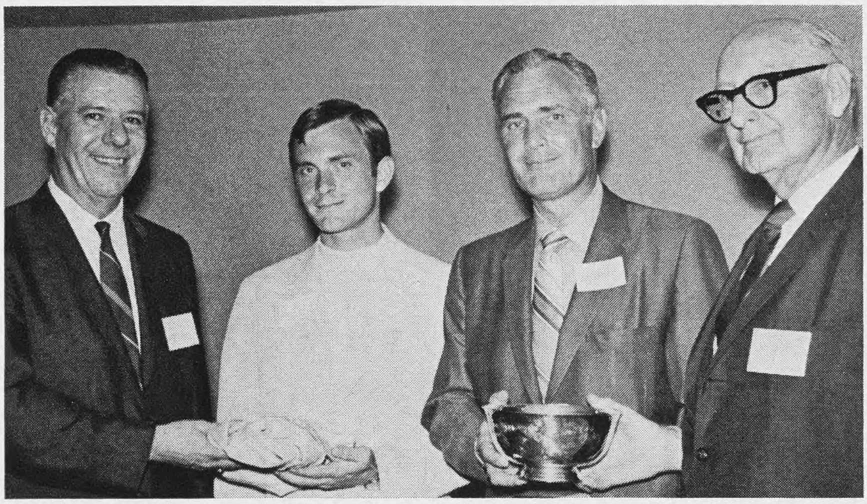
Nat'l Assn. of Bank-Women Inc., Oct. 6-10, New Orleans, Fairmont-Roosevelt Hotel

Robert Morris Associates, Oct. 23-27, Los Angeles, Century Plaza Hotel

NATIONAL (1972)

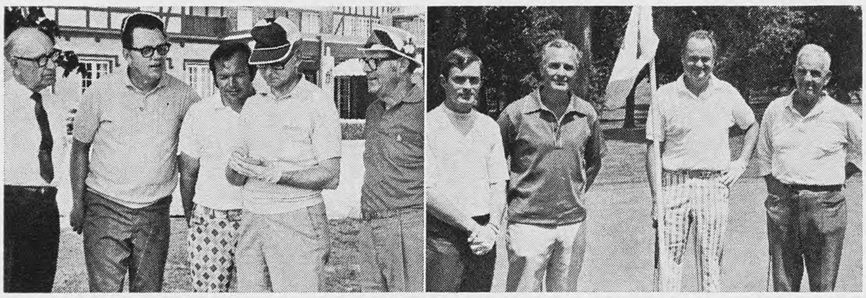
ABA, Oct. 7-11, Dallas

AIB, May 29-31, San Francisco



FATHER AND SON GOLFERS are shown here receiving awards from host bankers Benton Calkins, pres., American Nat'l (on the left); and Everett Crume, v.p., American Nat'l (extreme right). Bill Risley, pres., Excelsior (Mo.) Trust, is shown receiving one-year possession of bank's three-year traveling cup for his low score of 78. His son, Chuck, sec.-treas. of the bank, placed second with a 79.

A golfing foursome poses on a golf cart with host banker (standing rear) Don Folks, v.p., American Nat'l. Others from left: Dick King, a.v.p., Planters State, Salina, Kan.; Burt Chapin, exec. v.p., 1st Nat'l, Washington, Kan.; Graham Larson, v.p., Planters State; and Gary Peters, exec. v.p., Commerce Bank, St. Joseph, Mo.



LEFT—A golf card is examined by these Missouri bankers: Everett Crume, host banker; Nick Shelby, v.p., 1st Nat'l, Bethany; Bill Welch, pres., Chillicothe State; Russell A. Wardell, v.p., 1st Nat'l, Bethany; and Edgerton Welch, ch., Chillicothe State. RIGHT—Foursome poses for camera just after they "holed out" on the 9th green; Chuck and Bill Risley of Excelsior Springs (see top photo); Milton Tootle, ch. of host bank; and Wayne Dailey, exec. v.p., Nat'l Bank of America, Salina, Kan.

A buffet dinner and awarding of golf prizes always round out the day-long American Nat'l golf party. Here, several hungry bankers "pile it on."

Father-Son Golfers Place 1st and 2nd in Area Bank Meet

ST. JOSEPH, MO.—American National again sponsored its annual golf party under clear skies, much to the delight of some 275 bankers from the four-state area of Missouri, Kansas, Iowa and Nebraska.

The day-long affair included a luncheon, golf, plenty of conversation and gossip, social hour, buffet dinner, a few well-worn jokes and probably most important of all—no after-dinner speeches!

A father-and-son golf team from Excelsior Springs, Mo., walked away with the first and second place in the tournament, with other golfers winning various awards for the longest drive, least number of putts, as well as the dubious honors of the shortest drive and the highest score, which this year climbed to 137!

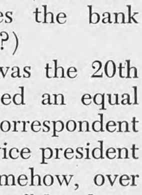
First place went to Bill Risley (see top photo) and his low score of 78. His son, Chuck, was just one stroke behind with a score of 79. (Attention supervisors: Who watches the bank during summer afternoons?)

This year's golf party was the 20th annual golfers meet, started an equal number of years ago by correspondent banker Everett Crume, a vice president of American National. Somehow, over all those years "Crume's Day" has been blessed with good weather. Not once have the golfers been rained out.

Bankers learned at the party that Everett Crume will retire at the end of 1971. However, bank officers assured their correspondent friends they would continue to retain the "weatherman instincts" of Mr. Crume. • •

■ UNION PLANTERS NATIONAL, Memphis, has elected Timmons L. Treadwell III a director. He is president and chief executive officer of a general insurance agency.

Hopkins Named Vice Pres. At Topeka State Bank



HOPKINS

TOPEKA—John Hopkins has been named a vice president of Topeka State and will work in marketing, public relations and new business. He recently retired from Southwestern Bell, where he was a personnel supervisor. Mr. Hopkins is a graduate of the University of Missouri.

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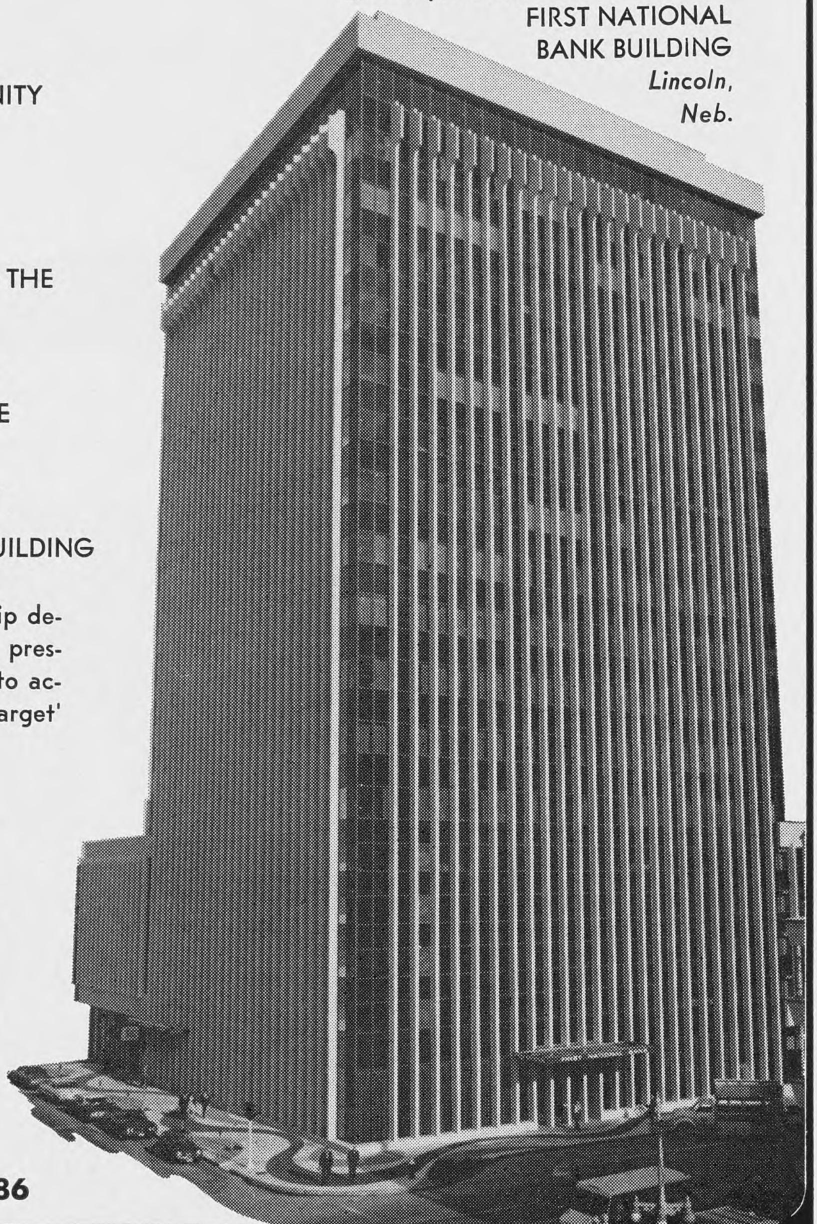

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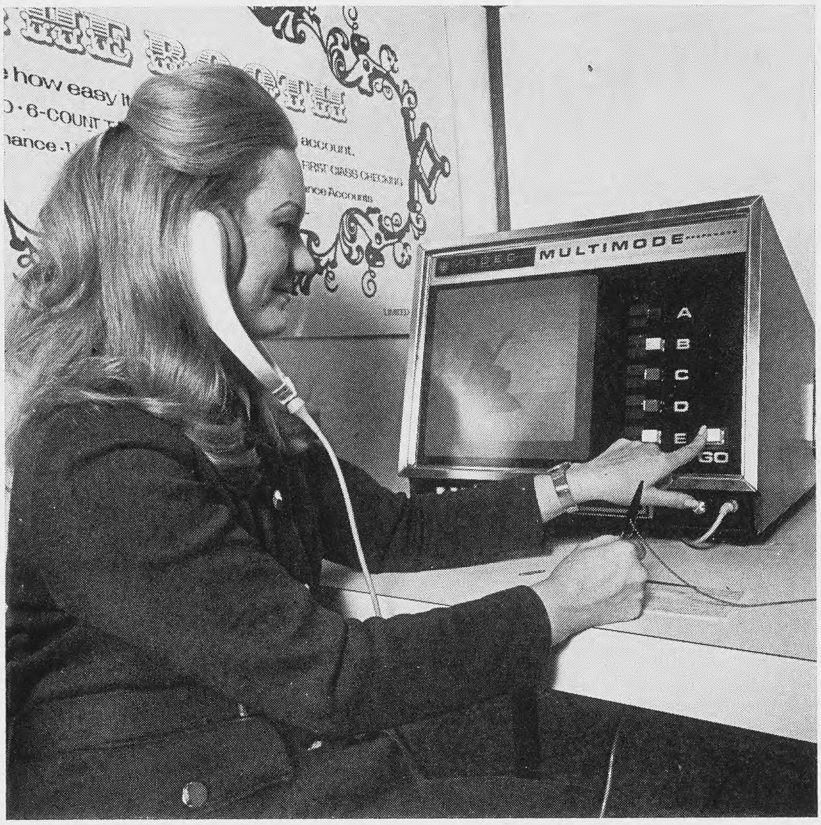


IF YOU happen to pass by the First National City Bank branch on 57th and Avenue of the Americas in New York City and see a line of people waiting to talk to a machine, there's nothing to be alarmed about.

It's only the "booth," an audiovisual unit providing information on the bank's First Class checking services. The booth has been programed to answer most questions normally found in brochures or other reading matter.

During the 12-minute automated presentation, the machine gives step-by-step instructions on filling out the necessary forms to open an account.

According to Eugene Callan, vice president in Citibank's personal banking group, this is the first time any financial institution has used a machine of this kind to sell a product or service.

All it lacks is a smile.

idea page

THE TOLEDO, Ore., branch of United States National of Orgeon has purchased safety signs that are displayed near the city's schools. Gary Foster, left, branch manager, shows Toledo Chief of Police Al Nasack one of the signs that will be placed near schools in four communities.

idea page

WHAT BETTER way to herald the arrival of spring than to display fresh flowers and potted plants in the bank? That's what Harris Trust, Chicago, did this year in connection with a campaign advertising various banking services.

This was the 12th year that Harris created a spring display under the direction of Thomas Mocella, marketing services officer.

Each garden has been an array of vivid color with azaleas in tones varying from deep red to pale pink; full-bloom blue and red cineraria; velvety purple gloxinia; pink and purple African violets and snow-white daisies. A variety of green surrounds the blooming plants.

Plants are selected several weeks before the displays are arranged. They are then blocked to retard further growth until use.

Displays are constructed on raised wooden structures with water pools and self-recirculating fountains sunk into the base. Barn wood and fiberglas cover the sides of the displays and on top is a bed of peat and sheet moss to retain humidity. Fresh flowers, potted plants and greens are embedded in the moss and are changed when the blooms begin to wilt. Fig trees and garden lights serve as backdrops for the settings.

No matter what the weather, when Harris Trust's flowers are on display, spring has arrived!

"FIRSTBANK FIESTA" was the theme for the official opening of newly remodeled and enlarged First Bank, Richardson, Tex., recently. Using publicity and entertainment, the bank, located in a Dallas suburb, drew several hundred area residents to its opening.

The event celebrated the bank's third major expansion program since its founding in 1960. Recently completed remodeling gives the bank 6,500 square feet of additional space, expanding the banking area to 14,000 square feet.

The "fiesta" featured entertainment, music, refreshments, prizes, exhibits and souvenirs. Pictured are bank President Kenneth R. Terry and "Miss Richardson" Lisa Bryan.

TWO UNUSUAL pickets appeared at the opening of a new ladies banking center at American Bank, Baton Rouge. The young men picketed the office for about two hours and drew considerable interest and amusement from passersby.

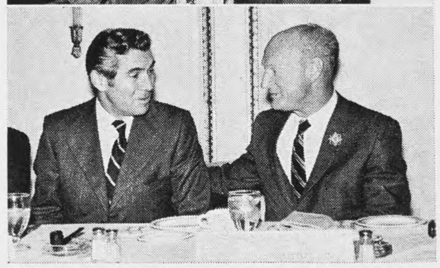
The pickets, both university students, carried signs that read, "If American Bank can balance my wife's checkbook, I'm for 'em!" and "Women control 100% of the money, not 90%. This is a man's banking center, too!" The 100% reference refuted bank advertising stating that since women control 90% of the money, they should have a bank of their own.

Illinois News

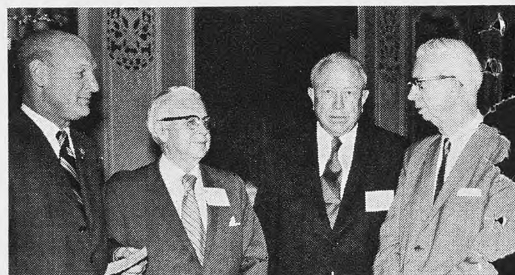
Two Speakers Irk Conventioneers; Lewis Clausen New IBA President

By RALPH B. COX, Editor and Publisher

and JIM FABIAN, Associate Editor



TOP—Dr. Wernher von Braun (r.) deputy associate administrator for NASA, spoke on the American space program in the decade of the seventies during IBA convention. At left is incoming IBA Pres. Lewis H. Clausen, pres., Champaign Nat'l. BOTTOM—Outgoing IBA Pres. Fred W. Heitmann Jr. (r.), pres., Northwest Nat'l, Chicago, chats with convention speaker Willis W. Alexander, ABA exec. v.p.



NEW 50-Year Clubbers are welcomed by outgoing IBA Pres. Fred W. Heitmann Jr. (l.)—F. Guy Hitt, dir., Bank of Benton; V. R. Smith, ch., Nat'l Bank, Rochelle; Stephen B. Clark, Lake View Trust, Chicago.

CHICAGO—Controversy is nothing new to Illinois bankers, but the principal controversial figures at the 80th annual convention of the Illinois Bankers Association were not bankers, but speakers.

Specifically, the speakers that struck ire in the hearts of some bankers were Congressman Wright Patman (D.,Tex.) and TV Commentator Mike Wallace (CBS). These two men were part of a notable array of speakers who crossed the podium during the two-day convention, held at the Palmer House.

Mr. Patman spoke at the convention luncheon. He stuck barbs into the ABA and the large banks, as he does in almost every talk before bankers. He charged that bank lobbyists—some of whom are sponsored by Illinois institutions—serve the interests of banking poorly. He termed the ABA and large banks as "predatory giants," and said he has received many letters from bankers expressing their opposition to positions being taken by "the ABA and the big Wall Street financial institutions." He said these letters have reinforced his belief "that there are thousands and thousands of public-spirited bankers who do not go along with the theory that this industry should be controlled by a handful of lobbyists and propagandists."

He said, "I realize that the bankers here in Illinois do not have the time to check on what the ABA is doing in Washington and I would never hold individual bankers responsible for the type of information—or misinformation—which pours forth from the printing press of this organization. Let me just say that I am convinced—and there are many others in Washington who hold the same view—that the ABA does tremendous damage to the good name of banking."

Mr. Patman then described some of the provisions of the Banking Reform Act of 1971 and his reasons for supporting various sections of the bill. (See partial text of address on page 25.)

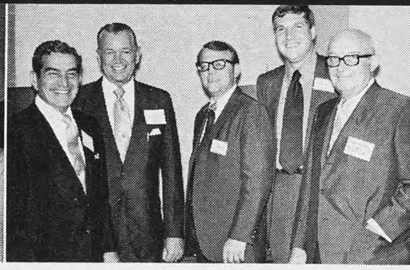
Mr. Wallace has nothing against bankers. Rather, he talked about the problem the news media is facing regarding the type of reporting typified by the recent CBS special "The Selling of the Pentagon." The federal government has requested CBS to turn over its film—used and not used—to investigators to determine if the network distorted its facts. The network has so far refused to comply.

IBA OFFICERS for 1971-72 include (from l.) Pres. Lewis H. Clausen, pres., Champaign Nat'l; V.P. John F. McKnight, pres., Oak Park Nat'l; 2nd V.P. James P. Ghiglieri, pres., Citizens Nat'l, Toluca; and Treas. Paul Jones, ch., Glenview State.

Mr. Wallace brought out that the majority of the American viewing public apparently has had too much critical reporting of the American scene—that it does not want the news media to report the truth. He said that Vice President Spiro Agnew's criticism of the TV news industry has had a salutary effect, but that there is a danger that the media will begin to "run scared," due to the fact that the government controls the airwaves. Not all bankers agreed with Mr. Wallace.

Other speakers. Not to be neglected were numerous other speakers at the convention. These included Dr. Werhner von Braun, deputy associate administrator of NASA, who reviewed the space program; Dr. Walter W. Heller, regents' professor of economics at the University of Minnesota and former presidential adviser, who discussed the economy; and William Hummer, partner, Wayne Hummer and Co., Chicago, who reported on changes in the bond market.

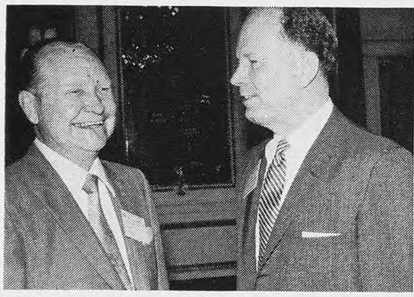
ABA Executive Vice President Willis W. Alexander was introduced by

LEFT—Charles D. Renfro, v.p. & cash., 1st Nat'l, Carbondale; James J. Reedy, v.p., Mercantile Trust, St. Louis; Glenn W. Storme, pres., 1st Nat'l, Carbondale, and retiring IBA treas. NEXT—Joe Orlando, v.p., 1st Nat'l, St. Louis; J. D. Lyle, cash., Sparta State; Michael D. Flier, corres. rep., and Roger L. Huber, com'l officer, both of 1st Nat'l, St. Louis; John J. White, pres., 1st Nat'l, Beardstown. NEXT—Leroy G. Ward, sr. v.p., Citizens Nat'l, Decatur; Nick McCann, same bank; C. Warren Breeding, pres., Winchester Nat'l; Jack L. Hunter, pres., and Dale P. Arnold, a.v.p., both of Citizens Nat'l, Decatur. RIGHT—John H. Ardapple, v.p., Whiteside County Bank, Morrison; Ron R. Frederikson, Scarborough & Co., Chicago; William C. Gooch Jr., v.p. & cash., York State, Elmhurst; Raymond Eilert, Scarborough & Co.; Robert L. Olson, exec. v.p. & cash., Whiteside County Bank.



LEFT—Arnold Peterson, v.p., Central Nat'l, Chicago; Waldo Erickson, pres., and Eldon R. Duncan, cash., both of Raritan State; Alan Meyer, 2nd v.p., Central Nat'l, Chicago; Roy A. Copelan, dir., Farmers State, Ferris. MIDDLE—Kenneth Kann, a.v.p., Harris Trust, Chicago; M. E. Peine, pres., Farmers State, Minier; Bill Potterton, corres. off., Harris Trust. RIGHT—John S. Janes, bond invest. off., 1st Nat'l, Chicago; Mary Bjork and Corinne Albers, wives of 1st of Chicago officers; Ralph N. Taake Jr., pres., 1st Bank, Cairo; G. Wallace Rich, pres., 1st Nat'l, Cobden.



LEFT—Clayton W. Hall, pres., Colonial Bank, Chicago; Allen P. Stults, ABA v.p., and ch., American Nat'l, Chicago. MIDDLE—Dane Brooksher, Peat, Marwick & Mitchell, St. Louis; Jack Impey, v.p., Financial Insurance, Des Plaines; W. M. Miller, pres., State Bank, Huntley. RIGHT—Mrs. Troutman; William Davis, v.p., American Nat'l, Chicago; William E. Troutman, pres., 1st Nat'l, Pekin.

ABA Vice President Allen P. Stults, chairman, American National, Chicago. Mr. Alexander discussed "The Way It Looks Today." He ticked off the advances the ABA has made in the last nine months and called for more unity from members so the ABA could be made more effective.

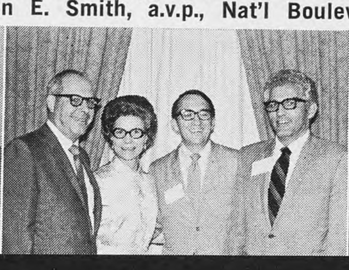
Elections. During the final business session, new IBA officers were elected. Moved up to president was Lewis H. Clausen, president, Champaign National; and to vice president, John F. McKnight, president, Oak Park National. Elected second vice president was James P. Ghiglieri, president, Citizens National, Toluca. The new treasurer is Paul Jones, chairman, Glenview State.

During the ABA portion of the convention, the following were elected: Lynn H. Miller, senior vice president, Northern Trust, Chicago, to the nominating committee; David H. Barrow, executive vice president and cashier, First Community Bank, West Frankfort, alternate; Fred W. Heitmann Jr., president, Northwest National, and A. Thomas Etcheson, president, Lake Shore National, both of Chicago, to the ABA executive council for two-year terms.

Reports. Convention reports were given by the following: IBA annual report—Fred W. Heitmann Jr., outgoing IBA president; IBA executive vice president's report—Robert C. Schrimple; Foundation for Full Service Banks report—William O. Kurtz Jr., chairman for Illinois and senior vice president, American National, Chicago; and savings bond program report—Edward F. Blettner, vice chairman, First National, Chicago.

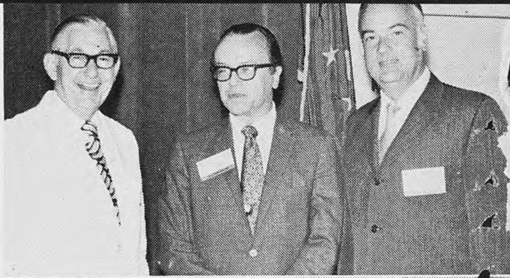
TV door-prizes were awarded to Muryl Sturm, president, Melvin State, and Herbert G. Bayley, chairman, National Bank, Carmi. • •

LEFT—Charles A. Urick, 2nd v.p., Continental Illinois Nat'l, Chicago; William R. Ward, pres., South Side Trust, Peoria; Bill Grove, v.p., Continental Illinois Nat'l; Fred W. Mansfield, v.p. & comp., 1st Nat'l, Blue Island. NEXT—H. E. Vogelsinger Jr., pres., Pontiac Nat'l; Mrs. Vogelsinger; Clifford A. Michael Jr., v.p., and Theodore N. Ragias, a.v.p., both of Commercial Nat'l, Peoria. NEXT—Glen E. Smith, a.v.p., Nat'l Boulevard Bank, Chicago; John Witmer, pres., Hill-Dodge Banking, Warsaw; Bernard C. Long, pres., Park Nat'l, Chicago; Daniel G. Priske, v.p., Nat'l Boulevard Bank; Mrs. Long. RIGHT—Raymond E. Madorin, v.p., Nat'l Stock Yards Nat'l; Mrs. Holloway; Jack E. Holloway, cash., Bank of Kampsville; Charles L. Eatherton Jr., a.v.p., Nat'l Stock Yards Nat'l.

Indiana News

Bankers Show Patriotic Colors at Star Spangled Convention



TOP—First general business session of IBA convention featured (from l.) IBA Pres. Philip W. McCauley, pres., Madison Bank; Tilford C. Gaines, v.p. & economist, Manufacturers Hanover Trust, New York, speaker; and George N. Lane, ABA v.p. for Indiana, and pres., Citizens Bank, Jerfersonville, who conducted ABA portion of session. MIDDLE—Speakers at second general business session included ABA Pres. Clifford C. Sommer (l.), pres., Security Bank, Owatonna, Minn., and Edward C. Boldt, pres., Bank Marketing Assn., and sr. v.p., Central Nat'l, Cleveland. BOTTOM—New officers of Campfollowers include (from l.) Pres. Harold A. Yates, v.p., and Treas. Tom McCart, both of Merchants National; Sec. Sidney E. Baker III, div. off., American Fletcher Nat'l; and V.P. James W. Rose, a.v.p., Indiana National. All are from Indianapolis.

By JIM FABIAN

Associate Editor

FRENCH LICK—Indiana bankers showed their patriotic colors during their 74th annual meeting, entitled "a star spangled convention." Reds, whites and blues splashed through the French Lick Sheraton Hotel during the two-day event.

Outgoing IBA President Philip W. McCauley, president, Madison Bank, discussed the great amount of change taking place in the banking profession. In his president's message, he called on Indiana bankers not to lose the great gains of personal and property rights attained under law through years of orderly growth, to be replaced by mob rule and anarchy. He also called on the IBA to develop leadership to insure that future changes are constructive and not unduly restrictive.

ABA Meeting. George N. Lane, ABA vice president for Indiana, and president, Citizens Bank, Jeffersonville, conducted the ABA portion of the convention. Elected to the ABA executive council for two-year terms were Blaine H. Wiseman, president, Old Capital Bank, Corydon, and Philip W. McCauley, president, Madison Bank. Mr. McCauley was also elected to the ABA nominating committee, with William C. Farrell Jr., president, Elston Bank, Crawfordsville, named as alternate. Mr. Lane reported that approximately 95% of the banks in Indiana are ABA members.

Speakers. Tilford C. Gaines, vice president and economist, Manufacturers Hanover Trust, New York, spoke on the state of the economy. He reported that optimism that the long-awaited economic recovery is now on the way has been dampened by the course that interest rates may take. He said that it is reasonably sure that rates of short-term obligations have bottomed out and will begin to rise for the rest of 1971 and through next year.

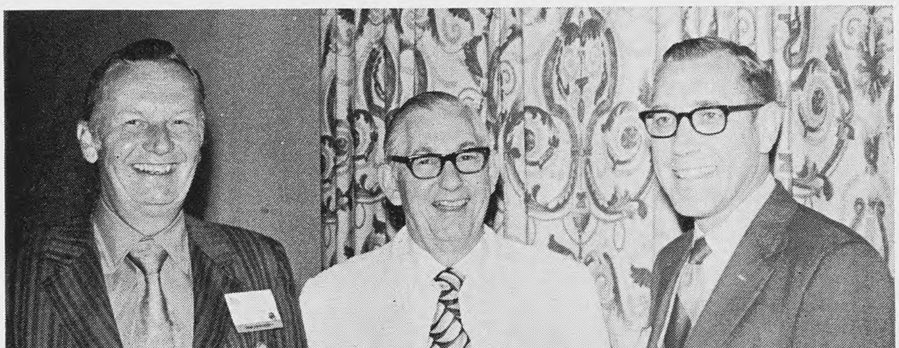
He predicted steadily rising short-term rates as business and consumer borrowing needs steadily increase with the pace of economic improvement, but that long-term rates may not follow the same course.

Mr. Gaines cautioned bankers not to become too terribly upset by the recurrent headlines about international monetary problems. He expressed the opinion that the dollar is in fundamental disequilibrium, if one is willing to accept the present allocation of defense spending among the Western powers and the present structure of impediments to trade and financial flows.

He called for a new realization on the part of all the important members of the international trading community of the need for new approaches in establishing and regulating exchange parities among currencies.

He predicted no upturn in employment until early 1972 and the establishment of a 5% unemployment rate by the end of 1972. He expressed optimism on corporate profits in 1972.

State Treasurer Jack L. New reported on the changes in state policies that affect banking and predicted that the state would be withdrawing most of its excess funds from banks in the



OUTGOING IBA Pres. Philip W. McCauley (c.), pres., Madison Bank, is flanked by new IBA Treas. C. L. Griffis (l.), pres., Old-First Nat'l, Bluffton, and incoming IBA Pres. Robert W. Renner, pres., Citizens State, Hartford City.

LEFT—Mrs. William J. (Bill) Davis, whose husband is 2nd v.p., American Nat'l, Chicago; Ted P. Axton, pres., Lafayette Savings; Mrs. Axton; Stefan S. Anderson, exec. v.p., American Nat'l. MIDDLE—John H. Croker Jr., v.p., Peoples Trust, Ft. Wayne; Mrs. Larry J. Hannah, whose husband is v.p., American Fletcher Nat'l, Indianapolis; Mrs. Wygant; John R. Wygant, v.p., First Nat'l, Huntington. RIGHT—Richard E. Bonewitz, a.c., Indiana Nat'l, Indianapolis; Ivan W. Dudley, pres., Greenfield Banking Co.; C. Richard Kellum, sr. v.p., Indiana Nat'l, Indianapolis.

LEFT—Thomas Schaefer, cash. & tr. off., Citizens Nat'l, Tell City; F. Wayne Stidham, pres., 2nd Nat'l, Richmond; Mrs. William H. Grove; Thomas Hefner and William H. Grove, v.p., both of Continental Illinois Nat'l, Chicago. MIDDLE—Mr. & Mrs. Marion C. Ginn, pres., State Bank, Lizton; E. E. MacDonald, v.p., Peoples Bank, Indianapolis; Carl S. Nelson, v.p., Merchants Nat'l, Indianapolis; Donald Hatke, pres., Hancock County Bank, Greenfield. RIGHT—David L. Webber, v.p., and Harvey R. Untiedt, a.v.p., both of Harris Trust, Chicago; C. L. Griffis, pres., Old-First Nat'l, Bluffton (incoming IBA treas.); Donald C. Alberty, exec. v.p., New Palestine Bank.

LEFT—Mr. & Mrs. Blair C. Radford, Northern Trust, Chicago; Mrs. Curtis E. Skinner, whose husband is v.p., Northern Trust; Mrs. Gunkler; Carl A. Gunkler, sr. v.p., Lincoln Nat'l, Ft. Wayne. MIDDLE—Charles P. Ongena, a.v.p., 1st Nat'l, Chicago; W. Haynes Starbuck, pres., Peoples Bank, Portland; Thomas E. Conner, exec. v.p. & cash., American State, Ligonier; Stanley R. Boughton, sr. v.p. & cash., Purdue Nat'l, Lafayette. RIGHT—Mrs. V. C. Johnson, whose husband is pres., Central Nat'l, Attica; Mrs. Charles P. Ongena, whose husband is a.v.p., 1st Nat'l, Chicago; Mrs. Thomas E. Conner, whose husband is exec. v.p. & cash., American State, Ligonier; Mrs. L. C. Taylor, whose husband is pres., 1st Nat'l, Goshen; Mrs. W. Haynes Starbuck, whose husband is pres., Peoples Bank, Portland.

near future.

Edward C. Boldt, president, Bank Marketing Association, and senior vice president, Central National, Cleveland, discussed the importance of marketing for small banks, citing the necessity for banks to change their images through imaginative marketing programs.

Final speaker was Clifford C. Sommer, ABA president, and president, Security Bank, Owatonna, Minn. Mr. Sommer's subject was "When is a Conflict not a Conflict?" He reported on the emergence of the nation from a mood of deep pessimism and frustration and said he thought the national loss of confidence might be ending. This, he said, would result in a more rational perspective on the nation's problems and our hopes for solving them.

Paul N. Dinkins is new IBA v.p., and pres., Irwin Union Bank, Columbus. Mr. Dinkins was abroad at the time of the convention.

He called on bankers to come up with imaginative solutions to problems, but said that, in order to do so, bankers must not be subject to restrictive legislation, such as H.R. 5700, the Banking Reform Act of 1971.

Election of Officers. Officers for 1971-72 are as follows: president—Robert W. Renner, president, Citizens State, Hartford City; vice president—Paul N. Dinkins, president, Irwin Union Bank, Columbus; treasurer—C. L. Griffis, president, Old-First National, Bluffton. Retiring President Philip W. McCauley, president, Madison Bank, was named to the IBA council of administration for a three-year term. • •

Kentucky News

Kentucky Bankers Assn. Elects Group Officers

The Kentucky Bankers Association recently elected new group officers. They are:

GROUP 1: president, Robert L. Ross, executive vice president, Bank of Marshall County, Benton; vice president, H. Glenn Doran, president, Peoples Bank, Murray; secretary, Aubrey W. Lippert, assistant vice president, Peoples First National, Paducah.

GROUP 2: president, J. D. Wright, assistant cashier, First City Bank, Hopkinsville; vice president, H. C. Downey, vice president, First State, Greenville; secretary, George L. Moss, president, First National, Henderson.

GROUP 3: president, Clarence W. Pratt, president, Fort Knox National; vice president, Richard A. Raderer, vice president, Stock Yards Bank, Louisville; secretary, J. D. Tobin Jr., president, First State, Irvington.

GROUP 4: president, Emery E. Cardwell, executive vice president, American National, Bowling Green; vice president, Charley V. Kirkpatrick, executive vice president, Deposit Bank of Monroe County, Tomkinsville; secretary, William D. Johnson, vice president and trust officer, Simpson County Bank, Franklin.

GROUP 5: president, Claude H. Taylor Sr., executive vice president, Bank of Oldham County, LaGrange; vice president, Charles Clifton, vice president, Farmers & Traders Bank, Shelbyville; secretary, James D. Roland, president, First Farmers Bank, Owenton.

GROUP 6: president, Porter P. Welch, president, Woodford Bank, Versailles; vice president, H. R. Dicken, executive vice president, Farmers Bank, Owingsville; secretary, Clay Adams, executive vice president and cashier, First National, Georgetown.

GROUP 7: president, Keith Radford, cashier, Citizens Bank, Albany; vice president, John Holtzclaw, vice president, Lincoln County National, Stanford; secretary, Randolph Stivers, executive vice president, First National, Corbin.

GROUP 8: president, R. L. Bichlmeier, executive vice president, Newport National; vice president, Kenneth M. Juett, cashier, Bank of Williamstown; secretary, W. J. Scheben Jr., cashier, Community Bank, Erlanger.

GROUP 9: president, W. G. Bailey, vice president, Citizens National, Paintsville; vice president, John E. Coleman, vice president, First National, Pikeville; secretary, Donald L. Edwards, cashier, Second National, Ashland.

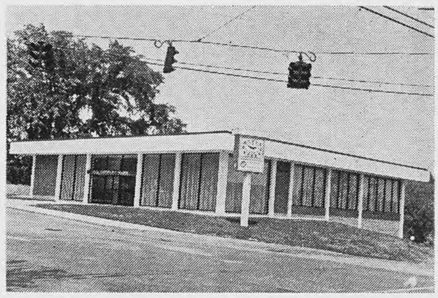
Joaquin Seltzer Is Chairman Of Paducah Summer Festival

PADUCAH—Miss Joaquin Seltzer, vice president, Peoples First National, is serving as general chairman of the fifth annual Paducah Summer Festival, a three-day event.

Among the events scheduled are a festival of music, air show, water ski contest and a fireworks display.

■ CITIZENS FIDELITY, Louisville, has elected John R. McClure an assistant vice president. He is manager of the bank's Dixie Manor Office.

Peoples Bank Has New Building



Peoples Bank, Greensburg, recently opened its new two-level building, which has 10,000 square feet of floor space. The lower floor, with kitchen facilities, will be used as a community room. The new building also has off-street parking and two drive-up windows.

■ RICHARD L. LEHMANN, vice president, Citizens Fidelity, Louisville, has been installed as president of the Rotary Club of South Louisville.

■ FARMERS & TRADERS, Shelbyville, has named Marshall Long to its board. Mr. Long is a building materials supplier.

■ SATURDAY HOURS have been initiated on a trial basis at the Turfland Mall Branch of Bank of Lexington. Hours are 10 a.m. to 4 p.m.

■ FIRST & FARMERS, Somerset, recently celebrated its 100th year of operation in Somerset.

■ ROBERT E. SMITH has been named assistant trust officer in charge of the income tax department at Kentucky Trust, Louisville.

■ LOUISVILLE TRUST has promoted the following officers: Fred E. Grimm Jr., former credit manager, to assistant vice president; and Richard L. Siegel, David L. Thomas and John H. Yost to assistant treasurers.

■ LEO B. DAWSON has been elected president of Peoples Bank, Shepherdsville. He has been associated with the bank for 31 years.

■ AMERICAN NATIONAL, Bowling Green, has made three new appointments. Terry M. Hale was named assistant trust officer, Ken Smith was appointed manager of the data processing department and Mrs. Fran Sowell was promoted to manager of the new Fairview Branch, which opened this month.

Kentucky Deaths

W. G. RATLIFF, 71, executive vice president, Commercial Bank, West Liberty, after a long illness.

D. C. MAY SR., 88, retired president, People's Bank, Lebanon Junction.

Tennessee News

American National Bank Elects Three Senior Vice Presidents

CHATTANOOGA—American National has elected McCoy C. Campbell, Peter W. Robinson and Gerry U. Stephens senior vice presidents.


CAMPBELL

Mr. Campbell is manager of personnel administration and has been with the bank since 1968. Previously, he was vice president in charge of personnel at First National, Atlanta.

Mr. Robinson came to American National in 1966 to head the data systems division. He had been systems and sales representative with IBM and systems manager with RCA.

With the bank since 1953, Mr. Stephens served as manager of the North Side Branch until 1959. He then was transferred to the Main Office where he presently serves as head of the commercial division and a member of the finance committee.


STEPHENS


ROBINSON

Chattanooga Bank Reaches 25th Year in Branching

CHATTANOOGA—American National last month celebrated its 25th anniversary in branch banking by holding a ceremony at its first branch, North Side Branch. This office was opened June 1, 1946.

B. L. King, senior vice president of the retail division, presided at the cake-cutting ceremonies, which were attended by several former North Side managers.

In other action, the bank promoted Gerald L. Gaffner to trust officer and William E. Pollak to assistant trust investment officer.

D.R. Buttrey Named to Post At Third Nat'l, Nashville

NASHVILLE—D. Roscoe Buttrey became chairman of the executive committee of Third National July 1. He has been on the bank's board since February 12, 1970.


BUTTREY

Mr. Buttrey became president of the Crescent Amusement Co. (now the Crescent Co.) in 1960, coming from the presidency of the State Bank of Jacksonville, Fla. At that time, he had been a banker 20 years. Mr. Buttrey has resigned as president of Crescent.

Mr. Buttrey has been a lecturer at the School of Banking of the South at Louisiana State University 17 years.

HC Affiliation Approved By Nashville City Board

NASHVILLE—Nashville City Bank's directors last month voted to recommend to stockholders an affiliation with United Tennessee Bancshares Corp., subject to supervisory approval.

United Tennessee Bancshares is a registered bank holding company that currently has three affiliated banks, National Bank of Commerce, Memphis; First Peoples Bank, Johnson City; and Carter County Bank, Elizabethton.

The holding company's directors also have approved the proposed affiliation.

■ AMERICAN NATIONAL, Chattanooga, recently opened its new Lee Highway Branch. The bank's 17th office covers 3,200 square feet and has two drive-in windows. William G. Brown Jr. was introduced as branch manager during ribbon-cutting ceremonies followed by an open house celebration.

Memphis Bank Appoints Williams Director of Advertising and PR


WILLIAMS

MEMPHIS—Bob L. Williams, vice president, Memphis Bank, has been appointed director of advertising and public relations.

Mr. Williams joined the bank in 1962. He was elected assistant cashier in 1965, assistant vice president in 1966 and vice president in 1968.

TBA Endorses Morthland

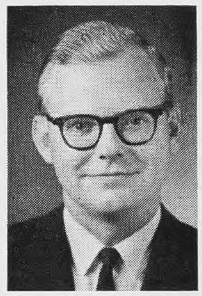
Members of the Tennessee Bankers Association endorsed the candidacy of Rex Morthland for 1972-73 ABA vice president at their 1971 convention.

Mr. Morthland is chairman, Peoples Bank, Selma, Ala. Among other state bankers associations that have endorsed him are his own Alabama Bankers Association, of which he is a past president, as well as Arkansas and Mississippi.

New Director, Promotions Announced in Memphis

MEMPHIS—William Cullen Kehoe, executive vice president, First National, has been elected a director of the bank. First National also announced five promotions: Robert L. Beck to vice president; Paul T. Gillespie and John E. Sanders to assistant trust officers; Harold L. Groggel to bond department officer; and Mrs. Elizabeth F. Muller to branch officer.


KEHOE


BECK

Mr. Kehoe has charge of the bank's corporate group and is responsible for coordinating area development, correspondent banking, commodity, international and national accounts. He has been with the bank since 1955.

Mr. Beck is in commercial loans.

■ MILTON R. FULGHAM has been elected comptroller of National Bank of Commerce, Jackson. Previously, he was vice president and cashier, First Jacksonville (Ark.) Bank and before that held the same position at Coahoma National, Clarksdale, Miss.

■ HAMILTON NATIONAL, Johnson City, elected Gene Sprouse assistant cashier and Gene Mercer assistant cashier and assistant manager, Mountcastle Branch. Both men have been in the installment loan department since joining the bank in 1969.

■ KENNEDY MAUPIN has been elected president of Peoples National, Shelbyville, succeeding his brother, the late E. B. Maupin Jr. Kennedy Maupin joined the bank in 1950, was elected a director in 1957 and executive vice president last year.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Alabama News

First of Memphis Names Baker Bond Representative for Ala.

BAKER

MEMPHIS—Bernard H. Baker, assistant vice president, First National, has been assigned to the investment division as a municipal bond representative for Alabama.

Mr. Baker joined First National in 1941 and has served as assistant manager of the bookkeeping and transit departments. Before joining the investment division, he was in the automation department and served the north Alabama territory.

Organizers Seek State Charter For New Bank of the Southeast

BIRMINGHAM—A group of local businessmen have filed for an application to establish a new state-chartered bank in the downtown area. The new Bank of the Southeast will start with $2 million in capital.

W. Cassell Stewart is head of the bank's organizers. He formerly was head of the trust department at First National, Tuscaloosa, and was vice president and trust officer in charge of the trust department at Birmingham Trust National. Most recently, Mr. Stewart was senior vice president of Georgia Railroad Bank, Augusta.

Branch Opens New Building

First National, Mobile, recently opened the new building of its Bayou La Batre Branch. Attending the ribbon-cutting ceremony are (from l.): James S. Crow, pres.; Vincent Bosarge, a.v.p. and mgr. of the Bayou Office; Mrs. Carolyn Allender; Mrs. E. A. Robertson; and Dwain G. Luce, exec. v.p.

Colleges Express Thanks

Presidents of four local colleges express their thanks to First National, Montgomery, for funds donated by bank in honor of its centennial. Seated is Walter Kennedy, honorary bank chairman. Standing (from l.) are Dr. Rex A. Turner, president, Alabama Christian College; Dr. Allen K. Jackson, president, Huntingdon College; Dr. Hanly Funderburk Jr., vice president, Auburn University at Montgomery; Dr. Levi Watkins, president, Alabama State University; and Frank A. Plummer, chairman and president, First National. Each college received $25,000 from the bank.

■ CHARLES D. CARLISLE has joined First National, Birmingham, as assistant trust investment officer. He will act as a personal trust portfolio manager and securities analyst. Previously, Mr. Carlisle was in the trust investment department of Detroit Bank.

■ CITY NATIONAL, Birmingham, has promoted Johnny R. Wallis to executive vice president, Jerry L. Baggett to vice president, Guy T. Sutterer to assistant vice president and Sam J. Chiarella to assistant manager of data processing.

Controlling Interest Bought In Capitol National Bank

MONTGOMERY—Six businessmen recently bought controlling interest in Capitol National. The stock was purchased by Gerald Wallace, brother of Governor George Wallace, Charles M. Smith III, Frank M. Long, Warner L. Mathis, Richard Compton and Joe T. Pilcher.

H. Edward Norton, vice president, City National, Birmingham, was elected the new president of Capitol National. He succeeds Feagin Rainer, who recently resigned.

■ BANK OF HUNTSVILLE has elected Charles R. Smith and Randall R. Bailey assistant vice presidents. Mr. Smith heads the installment loan department and Mr. Bailey is responsible for the marketing division.

Mississippi News

Hoyt Promoted to Vice Pres. At Deposit Guaranty Nat'l

JACKSON—Deposit Guaranty National has elected Robert W. Hoyt a vice president. He joined the bank in 1957, was promoted to credit officer and later was named assistant vice president and manager of the credit department.

HOYT

The bank also named Gary T. Anderson and Joseph A. Kellum data processing officers and Willie J. Mayo systems officer. Mr. Anderson joined the bank in 1966 and Mr. Kellum, manager of Deposit Guaranty's Hattiesburg Data Center, came to the bank in 1965. Mr. Mayo, an employee since 1968, is responsible for the bank's EDP training and technical support function.

■ NEW OFFICERS of the Northeast Mississippi Chapter of Bank Administration Institute are Jerry Reece, vice president, Bank of Amory—president; J. W. Smith Jr., vice president, Peoples Bank, Booneville—vice president; Laron Shannon, cashier, Peoples Bank, Ripley—treasurer; and Fulton Thompson, vice president and trust officer, Peoples Bank, Tupelo—secretary.

■ CONSTRUCTION has begun on the new Bank of West Point building under the supervision of Bank Building Corporation, St. Louis. Completion is expected by year end.

■ WILLIAM B. HARRINGTON has joined Bank of Lucedale as assistant vice president. Mr. Harrington is a former state bank examiner.

■ JOHN P. CHAMPION has been elected an assistant vice president at Bank of Quitman.

■ CECIL H. SMITH, vice president, Deposit Guaranty National, Jackson, has been named "boss of the year" by the Magnolia Chapter, American Business Women's Association.

■ BANK OF MISSISSIPPI, Tupelo, recently elected Jim Collins and John Rial executive vice presidents; R. L. Qualls senior vice president and Thomas R. Jones vice president and trust officer.

■ BANK OF ANGUILLA has opened new quarters for its Rolling Fork Office.

■ HANCOCK BANK, Gulfport, has opened its new downtown motor bank facility. The $45,000 drive-in features three pneumatic-tube service lanes.

■ ROBERT G. BARNETT has been promoted to assistant vice president, Deposit Guaranty National, Jackson. Mr. Barnett, an attorney, joined the bank last year.

Bankers Attend MBA Convention

Brookhaven Bank officials attended a party hosted by Hibernia National, New Orleans, during the Mississippi Bankers Association convention in Biloxi. From left are: T. E. Applewhite, sr. v.p.; Jerry Rein, exec. v.p.; Mrs. Rein; Archie Manning, former Ole Miss quarterback and guest of honor at the party; Mrs. Applewhite; Ray Davis, pres.; and Mrs. Davis.

Grenada Bank Donates Building

GRENADA—Grenada Bank has given the town of Moorhead a two-story brick building valued at $26,000. It is to be used as a community library.

Mississippi Deaths

LLOYD M. MONTGOMERY SR., 65, vice president, Deposit Guaranty National, Jackson, following an illness.

THOMAS F. McALISTER, 69, retired president of First National of New Albany.

CLAUDE H. HUDSON, 79, former president, Bank of Brooksville, on June 9 following a long illness. Mr. Hudson retired as president of the bank in 1968, when it was merged with the National Bank of Commerce, Columbus. Since then, he was advisory director and chairman of the advisory committee of NBC. He also owned an insurance agency.

■ FIRST MISSISSIPPI NATIONAL, Hattiesburg, has announced several promotions at its Gulf Coast Division, headquartered in Biloxi. William A. Pittman was advanced to senior vice president, Hoyt W. Moore to assistant vice president and Mrs. Sherland McMillen to assistant cashier.

Management by Objectives

(Continued from page 31)

This is progress but we are keenly aware that within the individual responsibility centers many planned cost items are presented more in the nature of forecasts based on experience than plans based on considerations of cost effectiveness. But as planning gets more into our blood, this will change.

Another example of our attempt to manage by objectives involves the allocation of resources in the most effective way. How does one ever realize this objective? We are far from being able to state with a straight face that we have made strong progress toward this objective and can monitor that progress. We are, however, beginning to operate under one concept that can make a great difference in an organization, and that is the concept of functional responsibility. We all know what line is and we all know what staff is, but who for the organization as a whole watches developments from a point of view of cost control, of effective utilization of manpower, of efficient allocation of resources and reports to the chief executive from that point of view? This just does not get done unless somebody (and I say this literally—it can be a person but it does not have to be) has the responsibility.

In the beginning, I said a word about a five-year plan. In our organization we have some way to go before having a five-year plan composed exclusively of desired objectives that take a real extra effort to reach. Our five-year plan is still too much of a forecast, but it does afford the organization a perspective it would otherwise lack. For example, it can show what will happen to profit sharing if the growth in the number of people continues on a historical path. Also, it has the advantage of requiring that divisions think in five-year terms when they are asked for data that show what they expect their division to look like five years hence. In time we hope to have a plan composed only of desired objectives, but we still have a long way to go.

One final concept, important in the management by objectives, is the agreement for performance between superior and subordinate. Unless throughout the organization these two agree on the objectives for the job and what constitutes a job well done, there is bound to be wasted motion and frustration. If you don't now have agreements of performance with your subordinates, do me a favor and try this experiment. Have your principal subordinate write independently what he believes the objectives of his job to be and have him write them down, to the extent possible, in quantitative terms. Do this yourself as well. Then compare the two papers and see if there are not vast differences! In our experience, it takes many hours of discussion to come to an agreement but once done, it saves far more hours wasted as a result of misunderstandings and it saves much frustration as well.

I seem to have given a catalogue of management tools we are using. We feel they have been a great help to us and are largely responsible for raising our performance well above the 1967 level. At the end of 1970, our five-year compound growth rate had risen from the 6.9% referred to earlier to 14% and the return on shareholders' equity from 10.8% to 14.3%, in each case putting us well within the top quartile of the 36 major banks. This has encouraged us to continue to sharpen our tools and to work on new ones. • •

Louisiana News

John Lewis Promoted to VP At International City Bank

NEW ORLEANS—International City Bank has promoted John H. Lewis from assistant vice president to vice president. He has served as a commercial loan officer since 1968.


LEWIS

Mr. Lewis received a Business of Commercial Science degree from the University College of Tulane and currently is attending the Graduate School of Banking of the University of Wisconsin.

First Metropolitan, Metairie, Elects Two New Directors

METAIRIE—First Metropolitan Bank has elected as directors Conrad Meyer III, New Orleans attorney, and Thomas D. Lacour, Kenner contractor. Both previously were members of the advisory board.

Mrs. Orris S. Bennett, Jefferson realtor, has been elected a member of the advisory board. She is the first woman to hold this position at the bank.

In other action, the bank appointed Mrs. Andrew G. Guillaud director of the newly created women's division. The women's banking center will be headquartered in the bank's new Main Office which is scheduled to open July 26.

■ ENOCH T. NIX, president, American Bank, Shreveport, is serving as vice chairman of the United Fund campaign in Caddo and Bossier parishes.

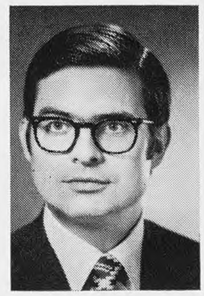
Louisiana Bankers Association Building New Headquarters

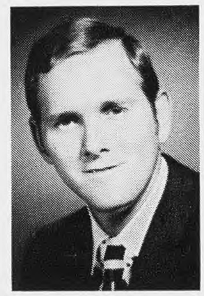
BATON ROUGE—The Louisiana Bankers Association recently held groundbreaking ceremonies for its new headquarters. The $100,000-building will have a copper-covered mansard roof and large arched windows. The building will contain executive offices and meeting rooms for the organization.

Robert I. Didier Jr., executive vice president of the association, will be in charge of the new office. Completion is expected around October 1.

First NBC, New Orleans, Promotes, Elects Officers

NEW ORLEANS—Fred M. Smith has been named a senior vice president and trust officer at First National Bank of Commerce and Thomas C. Shellnut has joined the bank as vice president and investment officer in the trust department.


SHELLNUT


SMITH

Mr. Smith is manager of the bank's trust department. He was formerly a vice president and trust officer. He joined the bank in 1957.

Mr. Shellnut was formerly an account manager and investment officer in New York.

In other action, the bank elected Mrs. Evelyn Hargis a customer service officer and Daniel R. Hogan Jr. a banking officer.

Hibernia National, New Orleans, Elects Hill Assistant Cashier

NEW ORLEANS—Hibernia National has elected James D. Hill Jr. an assistant cashier. He came to the bank in 1966 as a general assistant and later was assigned to the bond department, where he is now assistant manager.


HILL

Mr. Hill is presently working toward a degree in business administration at Loyola University.

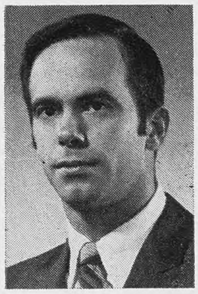
■ ALLEN STATE, Oakdale, held an open house recently to celebrate the opening of the new building for the bank's branch in Kinder. More than 500 people attended the one-day event.

■ SILVER CLOVER awards have been presented to the following Louisiana bankers by the 4-H Club: James Craig, executive vice president, Richland State, Rayville; Ray Prickett, assistant cashier, Winnsboro State; T. E. Hankins, vice president, Bank of Dixie, Lake Providence; W. H. White Jr., president, First National, Delhi; George Rorex, vice president, Ouachita National, Monroe; Sebron Sneed, president, American Bank, Monroe; and Herbert Davis, president, Franklin State, Winnsboro.

Arkansas News

Sharpe Elected President Of Ark. Junior Bankers

New officers of the Junior Bankers Section of the Arkansas Bankers Association were elected at the group's annual educational conference in Hot Springs last month.



SHARPE

New president is Charles Sharpe Jr., assistant vice president, First National, Hope. New vice president is Joe Taylor III, assistant cashier, Fidelity National, West Memphis. Secretary is Robert Dill, marketing officer, Simmons First National, Pine Bluff, and treasurer is Don Tuller, assistant vice president, First National, Fayetteville.

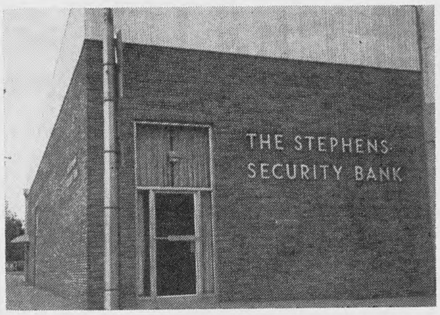
Other officers include Alexander P. Golden III, assistant vice president, Commercial National, Little Rock, parliamentarian; and Perrin Jones, assistant cashier, National Bank of Commerce, El Dorado, historian.

■ PLANTERS BANK, Forrest City, has promoted Mrs. Joyce Clark to assistant cashier and assistant trust officer. Mrs. Clark has 16 years' service with the bank.

■ FIRST NATIONAL, Little Rock, has promoted Ronald A. West, manager of the Asher Office, to assistant vice president. Joe Ford was named a loan officer in the commercial loan department.

■ WAYNE L. COATES JR. has been elected an assistant vice president in the investment division of Worthen Bank, Little Rock. He previously was vice president and comptroller of W. L. Moody & Co., Galveston, Tex.

Stephens Security Bank Marks 25th Anniversary



Stephens Security Bank recently celebrated its silver anniversary by publishing a booklet which showed how the bank building looked 25 years ago (l.) and how it looks today. Also in the brochure, the bank announced plans to construct a new building, to be completed by next April.

Ark. NABW Group Officers

New officers for the Arkansas Group of the National Association of Bank-Women Inc. are (from l.): vice ch., Mrs. Wilma Willbanks, cash., Peoples Bank, Lewisville; sec.-treas., Mrs. Mildred Earney, a.v.p., Bank of West Memphis; and ch., Mrs. Sibyl Adams, a.v.p., First Jacksonville Bank.

Worthen Building Is Honor Winner

LITTLE ROCK—The Gulf States Regional Conference of the American Institute of Architects, meeting in Hot Springs, has selected the Worthen Bank Building in Little Rock as an honor award winner for excellence in architectural design.

More than 50 entries were considered in the competition.

■ FIRST NATIONAL, Jonesboro, has elected Gary L. Moore a vice president. Mr. Moore was formerly assistant vice president at First National, Little Rock.

■ FIRST STATE, Conway, recently celebrated its 25th anniversary.

■ TWO STAFF MEMBERS of Pike County Bank, Murfreesboro, have been promoted. Miss Cleo Risner was named vice president and cashier and Mrs. Brenda Roberts was advanced to assistant cashier. Miss Risner, with the bank 24 years, was previously cashier and Mrs. Roberts formerly was a bookkeeper-teller.

■ CITIZENS BANK, Jonesboro, has elected Walter A. DeRoeck, executive vice president, to its board. Mr. DeRoeck joined the bank in 1965 as a trainee and has worked in the customer service, general banking and installment loan departments and as an operations officer.

■ CASS HOUGH was elected a director of Union National, Little Rock. He is president of the Daisy-Heddon Division of Victor Comptometer Corp., Rogers.

Arkansas Death

MAXWELL G. WADE, 85, director, First National, El Dorado. Mr. Wade retired as president of the bank in 1950 with 44 years' service.

Texas News

Clarence J. Guffey Dies at 61; Former Fort Worth Nat'l VP


GUFFEY

FORT WORTH—Clarence J. Guffey, 61, recently died at his home here. He was former vice president and head of the correspondent bank department, Fort Worth National.

Before his retirement in 1969, Mr. Guffey had been with the bank 43 years. He was a past president of the Fort Worth Chapter of AIB.

Merger Negotiations Dropped

EL PASO—Southwest National has announced that it has terminated merger negotiations with Midland National Corp. Southwest National officials said the merger would not be in the best interests of the shareholders of the bank.

■ FIRST NATIONAL, Brownwood, elected W. Glen Kirk vice president and trust officer. Mr. Kirk was president of Citizens National until 1966 when he became associated with First National, Grand Prairie, as chairman. He presently is a director of Bank of Lancaster.

■ GARLAND BANK recently elected Jack Smithhart a director. He is president of a steel company and of an aviation firm.

■ CURTIS MOERBE was elected a director at First National, Port Arthur. He is president of a barge company and is vice president and secretary of a shipyard company.

New Bank to Be Acquired By Southwest Bancshares

HOUSTON—The Federal Reserve has given Southwest Bancshares, Inc., approval to acquire 100% interest in Village National, to be opened here. The new bank will operate in the Memorial Drive-Katy Freeway area approximately 12 miles from the central business district.

Southwest Bancshares directly controls Bank of the Southwest and has substantial interest in Gulf Coast National, Western National, Commercial State and Long Point National, all of Houston; Kilgore National and First National, Longview.

■ FROST NATIONAL, San Antonio, promoted two officers and elected three new ones. Donald A. Douglas and C. Murray Fichtner were made assistant vice presidents; Miss Dale Longmoor, administrative officer; Stephen A. Snow, credit administrative officer; and Morris E. White, personal banking officer.

Peterson Retires as Exec. VP Of Fort Worth National

FORT WORTH—W. H. Peterson, executive vice president, Fort Worth National, has retired after 46 years with the bank. He will continue as a director and as a member of the executive committee.

Mr. Peterson joined the bank in 1925 as a clerk in the collection department. He became assistant cashier in 1940, a vice president in 1946 and executive vice president in 1959. He was elected a director in 1969.

■ FIRST SECURITY BANK, Carrollton, has elected Eddie D. Pittman senior vice president, cashier and secretary to the board. Previously, he had been associated with Bank of Commerce, Corpus Christi, and was vice president, cashier and trust officer at Denton County National, Denton.

State Nat'l Seeks Approval To Form Holding Company

EL PASO—Directors of State National have approved formation of a holding company to be known as State National Bankshares, Inc. The action is subject to approval of regulatory authorities and stockholders of the bank.

The proposed holding company would own State National Bank and Flory Co., which is now a wholly owned subsidiary of the bank. Officials said no additional acquisitions are under consideration at this time.

Texas Deaths

JAMES HENRY SEARS, 64, vice chairman, First National, Hereford, June 1 following a long illness. Mr. Sears, a banking, business and civic leader, played a prominent role in the development of agriculture in the Panhandle region.

J. O. GILLHAM, 72, chairman, Brownfield State, June 6. Mr. Gillham, a prominent South Plains banker and former state representative, served as president of the Texas Bankers Association in 1943-44.

Promotions and Elections Made at 1st of Ft. Worth

FORT WORTH—First National has promoted eight officers, elected six to officer status and named a new advisory director. The latter is Bill D. Serrault, Fort Worth division manager, Southwestern Bell Telephone Co.

Those promoted are: B. J. Crow and Shirley R. Clark Jr., from vice presidents and trust officers to vice presidents and senior trust officers; W. Clark Campbell, Robert E. Crawford, Lawrence M. Story, Gerald L. Hartman Jr., William F. Dunn and William P. Cranz Jr., from trust officers to vice presidents and trust officers.


CROW


CLARK

New officers are: John A. Bates and Larry E. Willcoxon, trust officers; John R. Downing, investment administrative officer; John Gerlach, personnel officer; Mrs. Frances Evans, data processing officer; and Duane Webber, operations officer.

Federal Reserve Bank of Dallas Announces Officer Changes

DALLAS—The Federal Reserve Bank of Dallas has announced several official staff changes.

Larry D. Higgins, computer consultant, was elected a vice president; William H. Kelly, senior economist, was named director of research; and Joseph W. Harlow Jr., computer systems coordinator, was elected data processing officer. In addition, Sidney J. Alexander Jr. was promoted from assistant cashier to assistant vice president.

New HC for Houston

HOUSTON—Texas Commerce Bancshares, Inc., has received Fed approval to become a bank holding company. Through a merger into a so-called phantom bank, the firm would acquire all the shares of Texas Commerce Bank. The HC also would acquire an indirect ownership of a minority interest in six suburban Houston banks.

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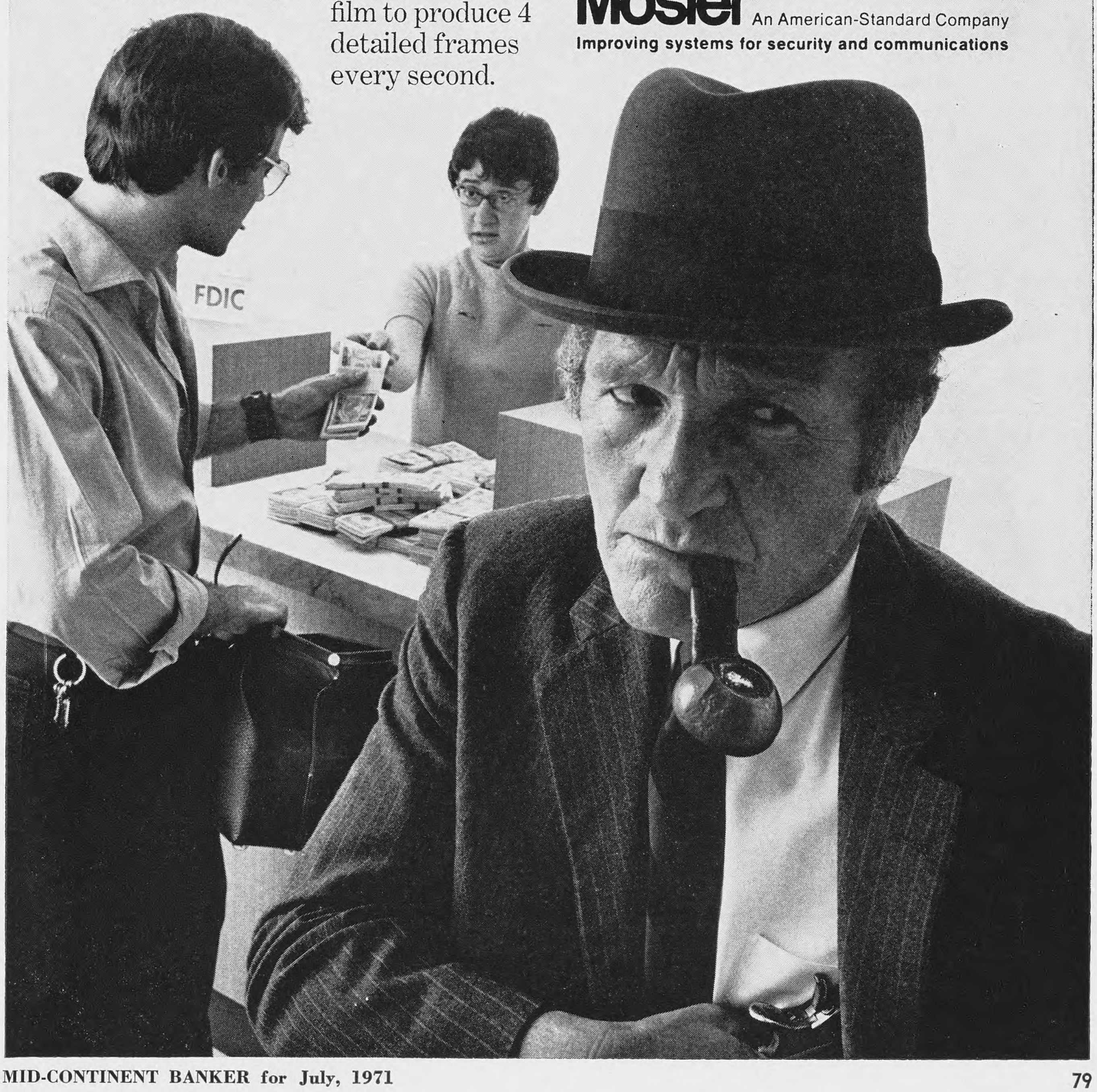


New Mexico News

NMBA Holds Harmonious Meeting After Year's Branching Dispute

By HAROLD R. COLBERT
President
Commerce Publishing Co.

CARLSBAD—After a lapse of 20 years since Carlsbad entertained a convention of the New Mexico Bankers Association, everybody in Carlsbad was ready to greet the more than 800 NMBA bankers and wives who poured into town June 3 for the association's 60th annual convention. Not since 1951 had the association met in Carlsbad and the time before that was 1931.

Judging by the warm welcome from Carlsbad bankers, a welcoming team from the Chamber of Commerce, merchants and employees of the motels and hotels, it would appear Carlsbad aims to get the bankers back for another convention before another 20 years roll around. The spirit of friendliness that greeted the visitors on every hand did much to create a harmonious convention after what had been admittedly a year of tenseness in the association brought about by differences of opinion on whether the association should take a stand on state-wide branch-banking proposals in and out of the legislature.

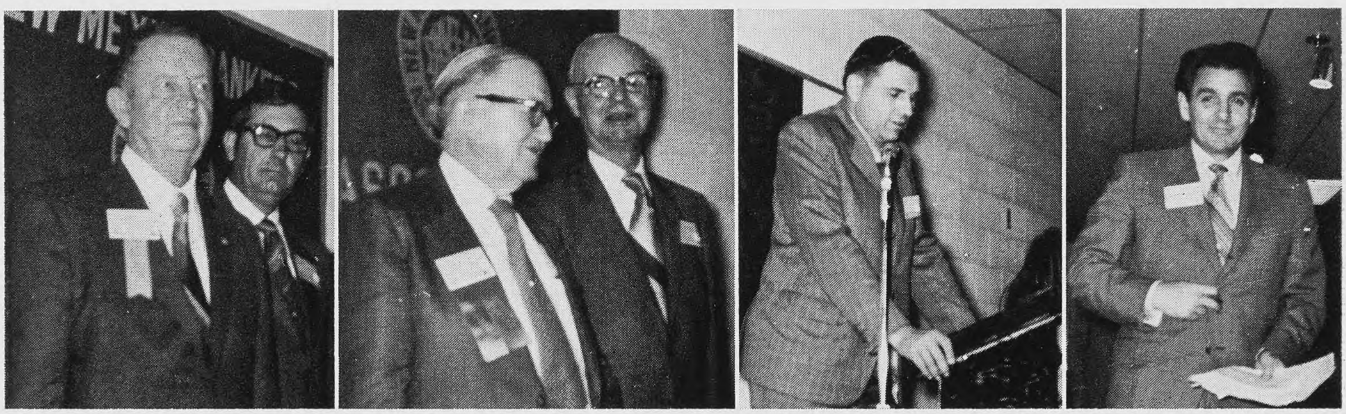
A resolution introduced from the floor the final day of the convention failed to pass. This resolution would have bound the executive committee, the governing body of the association, to "at all times in the future adopt an official public position consistent with the expressed wishes and desires of a majority of 66% of the bankers of the association." Leaders opposing the resolution expressed the view that the association historically has represented the majority view of its members and that adoption of such a resolution might tend only to polarize the membership, which presently is composed of banks representing divergent views on branching.

New Officers. Rex E. Reeves, outgoing NMBA president and president, Farmers & Stockmens Bank, Clayton, was praised highly for the strong leadership he gave the association during his term when many of the controversial legislative matters were being thrashed out. Douglas B. Stone, president, Portales National, who served as vice president of the association during the past year, was advanced to president, succeeding Mr. Reeves. Claude E. Leyendecker, president, Mimbres Valley Bank, Deming, was elected vice president. D. D. Van Soelen, vice president and cashier, First National, Santa Fe, who was appointed treasurer by Mr. Reeves to fill an unexpired term, was elected treasurer for the coming year. Denton R. Hudgeons, who has served as executive secretary since 1961, was re-elected for another year.

Elected to the executive committee for a two-year term were Henry Jaramillo Jr., president, Ranchers State, Belen; Edward L. Jory, senior vice president, Albuquerque National, and outgoing President Reeves.

Chairmen of the following committees also were elected by the convention: ABA savings bond—Edward L. Wimberly, president, Ruidoso State; agriculture—Tilman E. Wayne, vice president, Carlsbad National; department of banking liaison—W. R. Nicks, president, Citizens State, Springer; education in economics—Lewis C. Vencill, president, Grant County, Silver City; installment credit—Virgil L. Sowell, vice president, Security National, Roswell; investment—K. O. Wilbanks, president, First National, Farmington; legislative—William C. White, president, Santa Fe National (vice chairman, W. R. Nicks); board of pension trustees—R. Walton Eastland, executive vice president, First National, Santa Rosa; preparedness and security—Fred Ewing, senior vice president, First National, Lordsburg; public relations—Mrs. Betty Perkins, assistant vice president, First National, Albuquerque; and taxation—Philip W. White, executive vice president, American Bank of Commerce, Albuquerque.

At a meeting of the New Mexico members of the American Bankers Association, presided over by Cale W. Carson Jr., state ABA vice president and president, First National, Albuquerque, Edward H. Tatum Jr., vice chairman and president, First National, Santa Fe, was elected to the ABA executive council for a two-year term. Charles K. Johnson, president, First National, Artesia, was named a member of the nominating committee, with



LEFT: New NMBA officers include President Douglas B. Stone (l.), pres., Portales Nat'l, and Vice President Claude E. Leyendecker, pres., Mimbres Valley Bank, Deming. Elected assn. treasurer was D. D. Van Soelen, v.p. & cash., First Nat'l, Santa Fe, who was not present at the convention. CENTER, LEFT: Three bankers were honored for 50 years in banking. They included J. E. Robertson (l.), ch., American Bank, Carlsbad and Guy L. Rogers, ch., New Mexico Bank, Hobbs. Not pictured was Roy Ward, ch., Roswell State. CENTER, RIGHT: Governor Bruce King reviews the status of economic affairs in New Mexico. RIGHT: Dan Moore, mgr., educational programs, Times Mirror, Los Angeles, talks on the technological, biological, sociological and communications revolution.

T. A. Bonnell, president, Bank Securities Inc., Alamogordo, alternate.

President's Report. President Reeves, reporting on his administration, said that he had visited all NMBA member banks during his term of office and that he had found the leaders in those banks running their affairs in their own way in a genuine free-enterprise manner. Sixty-four of the state's 66 banks are NMBA members. Also, during the year the association conducted six seminars at which a total of 838 persons participated. These seminars covered such fields as taxation, agriculture, trusts, public relations, installment lending and investment policies. The president described the legislative program of the association as a successful one and explained that he and the executive council took the position that the association should stay out of the branch-banking dispute, believing that the association should represent all member banks regardless of their structural preferences.

In his acceptance speech, Mr. Stone, the incoming president, said that he had three primary goals for his administration—first, to have a united banking fraternity in the state, next, for banking in New Mexico to have a good image with the public and with the legislature. As his third goal, he said he hoped to end his term with a surplus in the treasury.

Governor Bruce King reviewed the status of economic affairs in New Mexico, reporting that unemployment in the state is above the national average, running over 7% state-wide.

"Thousands of people are on welfare," the governor stated. "In some counties nearly one out of every five persons is on welfare. State-wide, 15 out of every 100 people receive food stamps and in some counties more than one-third of the population receives food stamps." The governor said that the need is for new, clean, non-polluting industry and the expansion of existing industry. He described the goals he has for the Department of Development of the state and said that his newly appointed Board of Economic Development is going to work to conduct resource surveys throughout the state. He said that the Department of Development and the University of New Mexico will join together to create a series of educational programs in economic development for the state's colleges. These will include projects ranging from a four-year bachelor's degree-granting program in economic development to non-degree, short-course training for tourist-oriented service industries. The governor envisions that in the future persons wanting to engage in tourism will have opportunities to study careers in tourism, including management skills.

A Newsman Speaks. Dan Moore, manager, educational programs, *Times Mirror*, Los Angeles, said that we can't stop the technological, biological, sociological and communications revolution that we are caught up in, and that we might as well set about adjusting to the revolution. The rate of change that we tried to grow accustomed to in the '60s will continue to escalate in the '70s, he believes.

"Our children and we from now on must learn to live in a world which is changing rapidly and radically—a world in which it is almost impossible for anyone to predict the future, except on a very short-term basis," the speaker declared.

Mr. Moore said that people in business must face these intellectual revolutions with an unprecedented sense of personal and corporate responsibility, commitment and even sacrifice. Otherwise, "we run the very real chance of having these intellectual revolutions become political revolutions, and we know that if that occurs, no matter who wins, the left or the right, we will have lost our free society in America."

Not since man climbed out of the caves has the world changed as rapidly as it is changing now. A quarter of all the people who have ever lived on this earth are alive right now. Half of the people alive today are under 26 years of age in the United States. In countries such as Brazil, half are under 15 years of age. In the United States, we have 57 million people in school and another 20 million under five years of age who will be ready for school soon. Another 18 million have finished high school and college in the past eight years. More than 12 million young people who were too young to vote for either Mr. Nixon or Mr. Humphrey in 1968 will be qualified by age to vote in the November, 1972, elections. This is the first generation of young people who are affluent and for the most part have not known what it is to be hungry. All prior generations "worked to eat." Today's generation does not believe that all work is worthwhile. At the rate of increased technology, some of them may never be able to find out whether it is worthwhile or not, Mr. Moore believes.

Whether our traditional concepts have been right or wrong, moral or immoral, Mr. Moore believes that most of us have succeeded because we have been conformists. The younger generation has adjusted to a different kind of world, have different needs, and they cannot conform to some of our basic values. "We in business must understand this and we must learn to talk to young people rather than about them to each other. We must create a value system which is not so much based on conformity, but which is based rather on responsibility," the speaker declared.

"Poised on the threshold of the greatest golden age that has ever been, I believe that to an incredible degree which way we go will depend on the business leaders of this country who control our destiny in the next decade and upon whether or not they see fit to become committed, to understanding the younger generation and to communicate with them. That makes business leaders today the most important generation of businessmen who have ever lived," Mr. Moore told the bankers.

National Legislation. John W. Holton, ABA federal legislative counsel, reviewed current banking legislation. He said that the Farm Credit Administration has a powerful lobby and now wants to depart from traditional functions and to provide farm credit bonds that can be cashed. The ABA believes that such a savings bond should be at least of a seven-year maturity and have regulations regarding interest, redemption rights and the like. He indicated that this is only one of the areas in which various financial interests are seeking to encroach on activities that heretofore have been the function of commercial banking. He described Congressman Wright Patman as a gracious man but one who wants to write legislation that gets his hands on what the congressman describes as the abuses of big banks. The restrictions he proposes, however, restrict all institutions. Some of them would be so restrictive as to stifle legitimate activities of banks.

Because the term "Banking Reform Act" has been bandied about so freely, there is a danger that Congress will pass sweeping legislative restrictions that will hamper the normal and useful functions of the nation's banks. "Banking is facing its greatest challenge," declared Mr. Holton as he urged bankers to know more about what is going on in their communities than anybody else, and to give financial as well as moral support to good candidates and good causes of government.

Guy L. Rogers, chairman, New Mexico Bank, Hobbs; J. E. Robertson, chairman, American Bank, Carlsbad; and Roy Ward, chairman, Roswell State, were honored for 50 years of banking service. Twenty-eight other bankers received certificates for 25 years of banking service.

Las Cruces was selected for the 1972 convention and Santa Fe for the 1973 meeting. • •

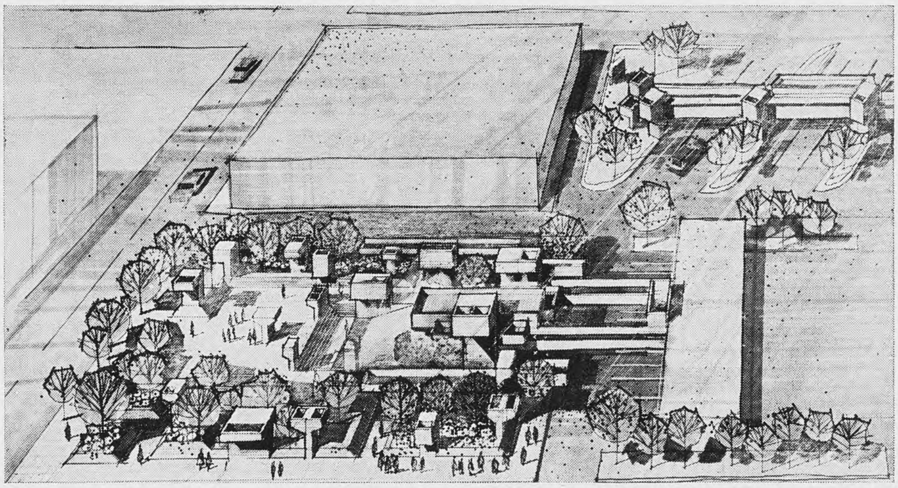
Oklahoma News

■ COMMUNITY NATIONAL, Oklahoma City, recently elected three new officers. Named assistant vice presidents were Bob Ward, installment loan officer, and Mrs. Mary Lou Waller, secretary to the president. Miss Nancy Bomar, secretary in the installment loan department, was elected an assistant cashier.

■ FIRST NATIONAL, Chandler, has elected Victor D. Hellman a vice president. Mr. Hellman has been a director of the bank for several years and, previously, was co-owner of a department store.

■ R. D. STUART, formerly vice president and cashier, American Bank, Wagoner, has been elected president. Wayne E. Drain was elected vice president and Mrs. Julia K. Skeen was advanced from assistant cashier to cashier. Mr. Drain formerly was with Security National, Coweta.

First of Oklahoma City Plans Drive-In Near Civic Center



First National, Oklahoma City, will erect a drive-in banking facility just north of the Civic Center area. An artist's sketch is shown here. The drive-in will occupy a large part of the block bounded by Robert E. Kerr Avenue on the south, Northwest Third on the north and North Walker and Hudson on the west and east. The site will be available to motorists from three sides. Plans call for urban open spaces, using trees, water and forms to create a place for passersby to relax. Completion is set for next winter.

■ FOURTH NATIONAL, Tulsa, has elected Miss Mary E. Butler and Mrs. Nadine Coonfield assistant cashiers and has promoted Wesley E. Thompson from assistant auditor to auditor. Miss Butler joined the bank in 1952 and has worked in nearly every operational department. Mrs. Coonfield went to the bank 24 years ago and has been a new accounts supervisor the past seven years. Mr. Thompson joined Fourth National in 1969.

■ J. W. McLEAN, chairman and chief executive officer, Liberty National, Oklahoma City, has been elected to the executive committee of Allied Bank International, New York City. Mr. McLean also is chairman of his bank's holding company, Liberty National Corp.

Fidelity Center Nears Completion

Fidelity Bank, Oklahoma City, has completed one year's progress in construction of its new Fidelity Center. The structural system of the building has been completed and bank space below the office tower fully outlined. The plaza level, which will cover the full basement, has been partially finished. Completion and occupancy is expected in early 1972.

JUST PUBLISHED!

Bank Shareholders' Meeting Manual

60 pages
size: $8\frac{1}{2}$" x 11"

A 'Must' for Directors of State-Chartered Banks!

Prepared by Dr. Lewis E. Davids
Hill Professor of Bank Management
University of Missouri, Columbia

This important book was developed by the editor of The BANK BOARD Letter to provide means for directors of state-chartered banks to bring their operations up-to-date. It was developed in recognition of several new trends in business and society—trends involving an increased sensitivity of the public in the area of conflicts-of-interest; greater concern for the rights of minorities; greater demand for fuller disclosure—not only interest rates but financial statements; data on control and ownership and of related business interests, including voting of trust-held securities.

The "Bank Shareholders' Meeting Model" is also helpful in updating annual shareholders' meetings at a time when stockholders are becoming more insistent on receiving meaningful information at annual meetings and in annual reports.

In addition, this book provides a means for state bank directors to modify procedures to bring their banks into compliance with current state banking statutes and regulations. The book is a valuable, modern frame of reference, easily adaptable to state-chartered-bank needs. Its use can result in economies and efficiencies for banks.

Partial contents: Guidelines for the preparation of stock purchase and stock option plans; application for capital increase; application for stock dividend; certificate of payment of additional common stock; certificate of conversion of capital notes; certificate of payment for capital debentures; certificate of payment for preferred stock; certification of declaration of stock dividend; joint oath of directors; and much more.

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Kansas News

Peoples National, Clay Center, Holds Opening of Motor Bank

CLAY CENTER—Peoples National recently held an open house and ribbon-cutting ceremony for its new motor bank. The building, constructed by Bank Building Corp., has two Diebold visual auto-teller units and a customer walk-up window.

Mayor William C. Logan (center) cuts a ribbon of one-dollar bills to open the new motor bank of Peoples National, Clay Center. Participating in the ceremony are: (from l.) W. F. McIntosh, exec. v.p.; R. R. Smith, cash.; George W. Fullington, dir.; Wayne W. Ryan, inactive v.p.; Harry E. Valentine, dir.; and D. E. McIntosh Jr., pres.

About 1,200 people attended the 2½-day grand opening and registered for drawings of 10 $50 cash certificates.

The first customer to drive through the new motor bank was George Dietrich, who was born two days before Peoples National opened for business on June 1, 1885. He drove a 1916 Reo roadster.

Frank Corbett Named Pres. Of Quindaro State Bank

CORBETT

KANSAS CITY—Frank Corbett has been elected president, chief executive officer and a director of Quindaro State. Ray W. Dunn, the former president, was named vice chairman.

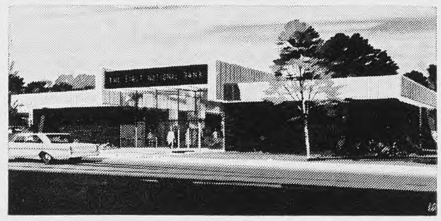
Previously, Mr. Corbett was a vice president of Security National. He had been with that bank since 1956.

■ TWIN LAKES STATE, Wichita, recently opened its new "mini-bank," located inside the building's main entrance. The "mini-bank" is open for business when the main bank is closed.

Kansas Death

DONALD J. LAW, 44, executive vice president and cashier, Farmers & Merchants Bank, Hill City.

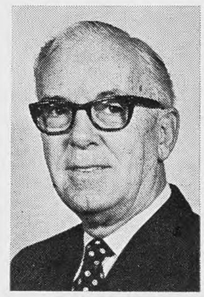
First of Girard Opens Building



First National, Girard, recently opened its new 6,000-square-foot building. The structure has a glass entrance, parking lot and drive-up window.

Carl O'Leary Replaces Webber As State Bank Commissioner

BAXTER SPRINGS—Carl O'Leary, president, Baxter State, has been appointed state bank commissioner. He succeeds William Webber, who is retiring.



O'LEARY

Mr. O'Leary joined Baxter State in 1946 and served as cashier until he was elected president in 1966. Formerly, he was with Peoples State, Luray. Mr. O'Leary has served as an assistant national bank examiner and on the state banking board. His brother, John O'Leary, also has served as state bank commissioner.

■ FIRST NATIONAL, Wichita, has advanced Roger W. Zellers to assistant trust officer. He joined the bank last year as a management trainee.

■ JIMMIE W. SMITH, vice president, Farmers & Merchants Bank, Hill City, has been elected a director of the bank and secretary to the board. Mrs. Cova Fink was advanced to cashier and auditor and Mrs. Viola Scott was elected assistant cashier.

■ HARLOW V. WOODS has joined McPherson & Citizens State as a vice president in the commercial loan department. He had been an examiner with the Kansas Banking Department for the past three years and before that was cashier, State Bank of Kingman.

Employees of Union National Bank, Manhattan, Attend Classes in Fundamentals of Banking

MANHATTAN—Employees of Union National have gone back to school! The bank recently organized a Fundamentals of Banking class for employees interested in gaining banking knowledge.

The staff members felt a need for the class because they come into daily contact with some principles of banking they do not fully understand. Some examples are power of attorney, the making of a contract, the Federal Reserve System, banking economics and areas within the bank itself. Employees showed an interest in the reasoning behind these various topics.

A Union National employee who enrolls in the class must plan to attend the full nine-week training session. The class meets each week for one hour and is conducted either by a bank officer or director. The instructor is free to conduct his class as he wishes. Some "teachers" give short quizzes, lead informal discussions or give lectures followed by question periods.

The class has been so successful with employees that the bank's management now is considering offering an advanced class in banking.

The banker's dozen.

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Missouri News

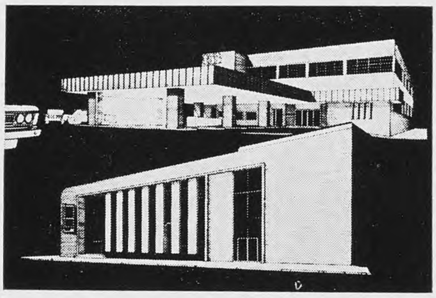
Tower Grove Bank Adding To Main Office Building; Enlarging Drive-In Area

ST. LOUIS—Tower Grove Bank has broken ground for a four-story, 17,000-square-foot addition to the bank's headquarters. Construction is scheduled for completion in late December.

The ground floor of the addition will contain staff training rooms and storage facilities. The first floor will house new offices for the installment loan, new business and business development departments and for executive officers.

Computer services and new data processing and computer equipment will be located on the second floor while the third floor will contain a board room and employee and officer dining facilities.

Earlier this year, the bank began installation of new drive-up facilities adjoining the east side of the building. The five drive-up stations and walk-up window are expected to be completed in early fall.



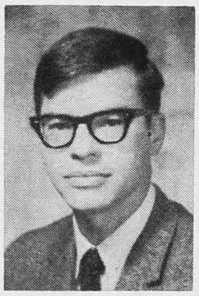
A two-phase construction and expansion program is underway at Tower Grove Bank, St. Louis. In upper half of architect's rendering is the design for the five drive-up stations and walk-up window. In lower half is the bank's west facade as it will look when construction of a 17,000-square-foot addition to the south end is completed.

■ BANK OF KENNETT has elected R. P. Simcoke and Glen Brogden directors, increasing the bank's number of directors from seven to nine. Mr. Simcoke owns and operates a farming and ginning operation and Mr. Brogden is in the retail business.

■ ARNOLD GRAY recently became controller of Boone County National, Columbia. He had been a banker's representative for a computer software company in Dallas and, earlier, vice president and cashier at Kansas State, Wichita.

Leonard Will Succeed Lewis At St. Louis Fed Bank

ST. LOUIS—Top level changes have been announced by the Federal Reserve Bank of St. Louis. First Vice President Dale M. Lewis has elected to effect special service retirement on July 31. Mr. Lewis has been with the bank for 45 years.



LEONARD

Named to succeed Mr. Lewis is Eugene A. Leonard, who joined the bank in 1961 as an economist. Mr. Leonard had previously served as manager of the Memphis Branch and was named senior vice president in 1970. He will return to the bank August 1 following a year on loan to the Fed Board of Governors.

Leonall C. Andersen has been appointed a senior vice president to succeed retiring Homer Jones, senior vice president. Mr. Andersen joined the bank in 1962 and was formerly a vice president.

Charles E. Silva and Donald W. Moriarty Jr. have been promoted from assistant vice presidents to vice presidents. Mr. Silva joined the bank in 1937, Mr. Moriarty in 1968.

Flory Elected Vice President Of Union Nat'l, Springfield

SPRINGFIELD—Union National has elected Richard K. Flory vice president in charge of commercial loans. He came to the bank in 1962 and previously had been associated with National Bank of Commerce, Memphis, and Florida National, Miami.

FLORY

Mr. Flory was manager of Union National's bookkeeping and proof departments until 1964, when he was transferred to the commercial loan department. He was elected an assistant cashier later that year and was given additional responsibilities in the correspondent bank department. In 1966, he was named an assistant vice president.

■ CRYSTAL CITY STATE has promoted C. Joseph Curry to assistant cashier. He joined the bank in 1969 in the installment loan department.

Chillicothe State Opens Facility

Chillicothe State recently opened its new drive-in/walk-up facility. The structure includes a regular drive-in window, two pneumatic-tube drive-ins and a walk-up window in a small lobby.

Missouri Bancshares Gets OK To Acquire Bank of Ferguson

KANSAS CITY—Acquisition of Bank of Ferguson by Missouri Bancshares, Inc., has been approved by the Fed. The multi-bank holding company plans to purchase approximately 90% of Bank of Ferguson's existing stock on a cash basis. A similar offer at the same proportionate price per share will be made to the remaining stockholders.

Upon consummation of the sale, Bank of Ferguson will become the eighth acquisition of Missouri Bancshares. Discussions with other banks throughout the state are in progress.

■ MRS. WANDA B. LAFFOON has been promoted from assistant vice president to vice president and cashier of Crystal City State. She joined the bank 22 years ago. Mrs. Laffoon is a past president of the Jefferson County Bankers Association.

■ BELLE STATE BANK has named W. C. Hardy president. Mr. Hardy formerly was vice president and succeeds B. A. Jones, who has retired.

■ CLAYTON BANK has elected W. R. Murphy a director and a member of the advisory board. He is president of Rose Barge Line, Inc. Previously, Mr. Murphy was chairman of the executive committee, Pullman Bank, Chicago.

Community State Is Acquired By Midwest Bancorporation

KANSAS CITY—Midwest Bancorp., Inc., has acquired Community State of Kansas City, following Fed approval. Community State is the third acquisition for the holding company. Others are Laurel Bank of Raytown and Platte Woods Bank. Combined deposits exceed $30 million.

No officer changes are anticipated at Community State. R. J. Meuli and Clark G. McCorkle, Midwest Bancorp. officers, have been elected to the board of Community State.

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Margaret Parman Retires From MBA Staff After 26 Years of Service

MRS. MARGARET PARMAN, executive secretary of the Missouri Bankers Association, will round out 26 years of service to Missouri banking this summer.

Mrs. Parman—who was Margaret Palmer when she joined the MBA when it moved from Sedalia to Columbia in 1945—was recently honored for her service to the industry at the MBA's annual convention in Kansas City. Missouri bankers gave Mrs. Parman a silver punch bowl and serving set in appreciation for her contributions to Missouri banking.

Effective with the convention, Mrs. Parman retired under provisions of the MBA Pension Plan, but continues on a part-time basis until the MBA moves to Jefferson City late this year.

In reflecting on her 26 years with the MBA, Mrs. Parman said, "The MBA and Missouri banking have come a very long way since 1945 when I first joined the MBA." "In the early days after the MBA moved to Columbia from Sedalia, there was just Robert E. Lee Hill (executive manager) and two other girls to do all the work."

. . . with MBA records

. . . on telephone

Following Mr. Hill's death and until the appointment of the late Randall Kitt as executive manager, Mrs. Parman held down the top MBA office post for a period of time. "Those were hectic times," she said. "Besides trying to run the office, I was very much involved in the campaign to elect Joe Welman (chairman of the Bank of Kennett) as ABA president."

Following the death of Randall Kitt in 1964, Felix LeGrand was appointed executive manager.

Having had the experience of serving under three different executive managers, Mrs. Parman said, "Each man handled things differently, but all have made significant contributions to Missouri banking."

In commenting on the change in banking over the 26 years, Mrs. Parman said, "The major change has been that bankers have become more public relations minded—they have come out of their cages!"

Mrs. Parman said that bankers have become more active in the civic affairs of their communities and believes that this has helped improve the image the public holds of bankers.

"I will miss working with bankers and Missouri banking," she continued. "Bankers are truly genuine people. I have loved working with them—they are really a great group of people."

Mrs. Parman is active in numerous civic and social organizations in Columbia and Boone County and hopes to be able to devote more time to those interests.

She also hopes to find time for her hobbies, which include gardening, riding five-gaited horses and fishing with her husband, Ken, a realtor in Columbia. She especially hopes to find more time for one of her greatest joys—entertaining. The MBA's gift of a silver punch bowl and serving set should come in quite handy. • •

. . . at typewriter

White and Hoerner Promoted At First National, Joplin

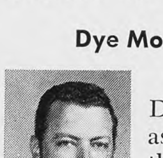
JOPLIN—First National has elected Carrick D. White vice president, cashier and secretary. He joined the bank last year as auditor. Previously, Mr. White was assistant vice president and controller, Plaza Bank of Commerce, Kansas City.

WHITE HOERNER

In other action, William E. Hoerner, vice president and controller, was assigned additional duties as treasurer of First Community Bancorp. The registered bank holding company is the parent company of First National and Community National.

Mr. Hoerner joined the bank in 1947 and was appointed auditor in 1953. He was promoted to vice president and controller last year.

Dye Moves to Springfield



DYE

SPRINGFIELD — Kyle Dye has been named an assistant vice president in the commercial loan department at Union National.

Mr. Dye has had previous experience with Mid-Continent National and Westport Bank, both of Kansas City.

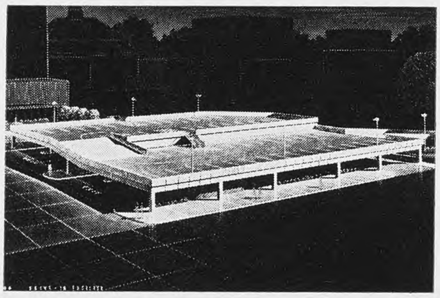
Mercantile Bancorp. to Acquire Red Bridge Bank, Kansas City

ST. LOUIS—Tentative agreement has been reached for Red Bridge Bank, Kansas City, to affiliate with Mercantile Bancorp., Inc., St. Louis.

Completion of the affiliation requires approval of supervisory authorities and the exchange of 90% of the capital stock of Red Bridge Bank for Mercantile Bancorp. common shares. Assets of Red Bridge Bank exceed $10 million.

Red Bridge Bank would be the fourth acquisition for Mercantile Bancorp. The holding company has filed an application with the Fed for its fifth acquisition—Mercantile Bank, Kansas City.

Bank Has New Drive-In Facility



Above is artist's sketch of a new eight-lane drive-in visual system at First National, Independence. The facility will have two double drive-in windows with four lanes off each window and a parking lot that will hold 50 cars. Mosler Co. is doing the installation.

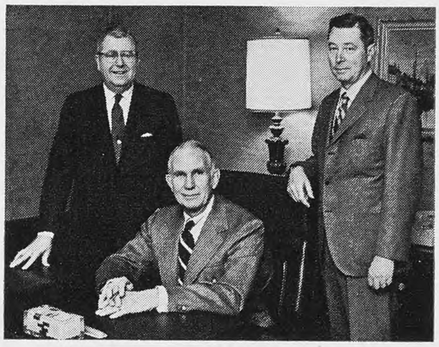
■ FIRST STATE, Wellston, has promoted Mrs. Rose M. Messner to assistant vice president, A. T. (Ted) Laspe to assistant treasurer and elected Joel D. Seigel, executive vice president, to the bank's management committee.

■ THOMAS L. MOUSER has been promoted to assistant cashier at Citizens Bank, University City. Mr. Mouser joined the bank 18 months ago as supervisor of tellers.

Southern Mo. Trust Affiliates With Mercantile Bancorp.

SPRINGFIELD—Southern Missouri Trust has announced its affiliation with Mercantile Bancorp., Inc., of St. Louis, a multi-bank holding company. More than 99% of the bank's stock was exchanged for Mercantile Bancorp. stock.

At the end of 1970, assets of Southern Missouri Trust were nearly $31 million. Assets of Mercantile Bancorp. total more than $1.3 billion. The holding company was formed last March with Mercantile Trust and Mercantile-Commerce Trust as its two bank affiliates.



Officers of Southern Missouri Trust, Springfield, have announced the bank's affiliation with Mercantile Bancorp., St. Louis. From left are: Robert L. Shannon, pres.; Ray F. Aton, ch.; and Thomas H. Baird, ch. of the executive committee.

■ CHESTERFIELD BANK expects to move into its new 12,000-square-foot building some time this summer. The new structure is adjacent to the bank's present quarters.

St. Louis Chapter of BAI Announces New Officers

The St. Louis Chapter of Bank Administration Institute has elected new officers for 1971-72.

They are: president, Edward Jezik, vice president and auditor, North Side Bank; first vice president, Frank W. Gresoski, auditor, First National, St. Louis; second vice president, Cyril A. Niehoff, vice president and cashier, Florissant Bank; treasurer, Ernest J. Brundick, assistant vice president and auditor, Manufacturers Bank; and secretary, William Unwin, vice president and cashier, Bank of Concord Village.

Serving on the advisory board are: Walter C. Hammermeister, vice president, South Side National; Henry G. Stahl, senior vice president, Boatman's National; and John E. Tethers Jr., vice president and auditor, Citizens National.

■ WEBSTER GROVES TRUST has boosted capital from $500,000 to $1 million through a 100% stock dividend.

Van W. Cooper Is President Of Southeast State Bank

KANSAS CITY—Van W. Cooper, former vice president of Southeast State, recently was elected president. Before joining the bank in 1969, he was associated with City National.

COOPER

Mr. Cooper succeeds as president John N. Perdew, who has been named chairman. James G. Hoover, former chairman, is now honorary chairman and Robert D. Walker, who was executive vice president, is now a consultant.

Other promotions at the bank included: Robert J. Plisky, vice chairman; Harry W. Trueheart, executive vice president and a director; and Floyd N. Hermann, vice president and cashier.

Rice Brown, vice president, is in charge of the bank's new business department.

Independent Thinkers Fund Scholarship Inaugurated By Columbia Union National

KANSAS CITY—Between 650 and 700 business and professional leaders of the area attended a luncheon hosted by Columbia Union National recently. Guest speaker was William F. Buckley Jr., newspaper columnist and TV personality.

Mr. Buckley, a customer of Columbia Union National, was lauded by bank President and CEO Robert W. Wallerstedt for his "independent approach in thinking about world problems, as well as in considering possible solutions to our nation's social and economic ills."

Mr. Wallerstedt announced that the bank is establishing a $1,000 Independent Thinkers Scholarship Fund for Kansas City area high school seniors preparing the best essay on a specified subject—a nationally known person. Subjects for essays will be announced from time to time and professors from area colleges will select winners.

The first honoree will be Mr. Buckley and the 1971 subject will be "Why I Am an Independent Thinker."

William F. Buckley Jr. (l.) displays Independent Thinkers Scholarship Fund certificate during luncheon sponsored by Columbia Union National, Kansas City. Bank President Robert W. Wallerstedt is at podium.

Commerce Bancshares to Acquire Willard, Blue Hills Banks

KANSAS CITY—Commerce Bancshares has received Fed approval to acquire Willard Bank and has signed an affiliation contract with Blue Hills Bank of Commerce, Kansas City.

An exchange offer was made in May by Commerce Bancshares to acquire at least 80% of the outstanding shares of Willard Bank. The contract with Blue Hills Bank is subject to Fed approval.

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