MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

JUNE, 1972

Convention Digest

- Dangers of Unregulated Competition
- Hunt Commission Report Appraised
- Banking Faces Holding Company Question
- More Agribusiness Financing Needed
- 10 State BA Convention Reports

Banking's 'First Lady' Completes Term

Page 84

Commercial National, Kansas City, Kan., Observes Diamond Anniversary

Page 55

Ever wonder who's really on the phone when you call Liberty's Correspondent Banking Department?

Here they are.
Four of the hardest working, most conscientious girls in the Correspondent Banking business.
In fact, they're the heart of our Correspondent Department.
Each makes a special effort to efficiently handle your needs when your Correspondent Officer is out of the office and can't take care of things personally.
You probably know all four at least by name and voice.
We'd like for you to meet them in person, the next time you visit Liberty.
And, just so you'll have a face to connect with a name and voice, they are . . .

EUNICE HARRIS

PATTIE HAYES

BILLIE SPENCE

FELICIA GARDNER

LIBERTY
THE BANK OF MID-AMERICA

The Liberty National Bank and Trust Company of Oklahoma City P. O. Box 25848 73125 Phone 405/231-6164 Member F.D.I.C.

A good incentive program can brighten that corner where you are... even on a cloudy day.

Amazing how a well-planned incentive program boosts morale—stimulates tellers, officers, everyone—makes them cheerier, more alert—results in stepped-up sales of bank services.

Of course a lot depends upon goals, point systems, prizes and so on. A theme is important, too. And sometimes, letting the public in on what's happening is also a plus factor. Point is, there is no one, all-purpose, incentive plan applicable to every situation and equally effective for every bank.

At American National, through careful planning (and some painful trial and error experience), we've arrived at a very workable program for ourselves. We'll gladly pass it on to you.

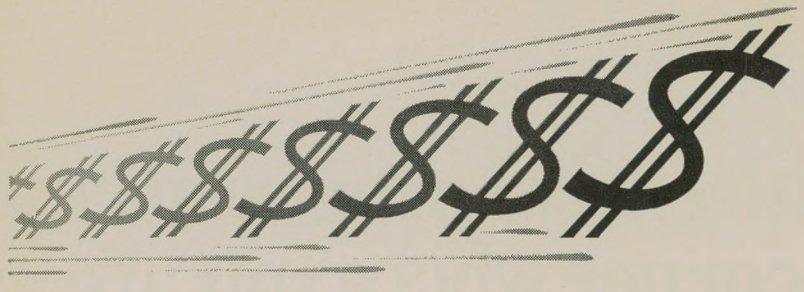
Or, if your problems and goals are different we'll be happy to put you in touch with some people who've been through it before.

Let's discuss it soon.

Ask Tom Robinson (661-5048) or Bill Aldrich (661-5050) to tell you about the prizes in our awards catalog.

The Idea Bank
American National Bank and Trust Company of Chicago

LaSalle at Washington 60690
Phone (312) 661-5000 Member FDIC



Check Collections...

how our Rapid Transit System can reduce your float by a day for many points.

The Northern Trust Total Systems Approach pulls out all the stops to help your bank profits grow.

Rapid Transit is our own direct sending system for providing faster check clearance. It can give you maximum dollar availability, and it can save you time and money. Here are some of the features:

Big dollars first: Since large sums are most important to your bank, our computers are programmed to recognize large dollar items first. Once this priority is established, these items are processed immediately to gain earlier clearings, delivery, or transit routing.

Faster availability: By sending directly to strategically located correspondent banks, we give you one day clearance for many points throughout the country, and even same day availability for Chicago and major New York City and California banks.

No pre-sorting: You can avoid the expense and inconvenience of sorting your own cash letters. We'll sort them for you, and we will also pass the actual availability back to your bank.

Latest deadlines: The Northern Trust will accept your unsorted cash letters at the latest deadlines in Chicago—and still provide you all the benefits of maximum float reduction.

Leadership in change: Our Rapid Transit System was developed years ago, and it has been continually expanded to meet changes in the payments mechanism. For example, in anticipation of the new Chicago Regional Check Processing Center, we've made further improvements to give our correspondent customers full advantage of the "immediate availability" status which is soon to apply to 280 Chicago area banks.

Free analysis: To prove our Rapid Transit System can increase profits for a bank of any size, we'll perform a free deposit composition analysis for you. We'll show you in dollars and items where it's to your advantage to use our system *and* where it's to your advantage to use alternative routing.

Fair enough? To get things moving, just call John A. Mattmiller, Vice President and Cashier, Banking Department.

Trust Northern...all your money matters matter to us.

NORTHERN TRUST BANK

THE NORTHERN TRUST COMPANY
50 SOUTH LASALLE STREET AT MONROE
CHICAGO 60690 • (312) 346-5500 • Member F.D.I.C.

Correspondent Division Of ABA Plans Meeting In New Orleans in Fall

THE CORRESPONDENT BANKING DIVISION of the American Bankers Association has scheduled its first national seminar for October 29-31 at the Fairmont Roosevelt Hotel, New Orleans. ABA officials expect more than 300 correspondent bankers to attend.

Eugene Swearingen, president, National Bank of Tulsa, has been named chairman of the seminar, which will emphasize issues such as legislation and regulations that affect correspondent banks and the services they provide to smaller banks.

John F. McGillicuddy, chairman of the ABA correspondent banking division, and president, Manufacturers Hanover Trust, New York, said the seminar "will concentrate on the 'how to' of serving correspondent customers better."

He continued, "The focal point of the seminar will be the state of transition in which the correspondent banking industry currently finds itself. With more than $30 billion in deposits in the correspondent banking system, the challenge of serving our customer banks as a consultant, service center, lender and supplier of additional lending opportunities is becoming increasingly complex."

Advance registration material for the seminar may be obtained by writing to the Correspondent Banking Division, American Bankers Association, 1120 Connecticut Ave., N.W., Washington, D. C. 20036. • •

Banking Bills Pass

Legislation backed by the Missouri Bankers Association was enacted in the closing days of the Missouri General Assembly recently.

Sent to the governor for signature were three bills, including repeal of the general intangible tax on bank interest (effective January 1, 1975), authority for a bank to have two detached facilities within the limits of its home city (but not across county lines) and authority to upgrade the office of the banking commissioner by providing salary increases and additional examiners.

If the $16-million decease in revenue from enactment of the intangible tax legislation can be replaced by new taxes in the next general session, the effective date of the bill might be advanced to January 1, 1974.

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

Volume 68, No. 7 **June, 1972**

FEATURES

DEPARTMENTS

STATE NEWS

DONALD H. CLARK, Chairman HAROLD R. COLBERT, President

RALPH B. COX, Editor & Publisher
LAWRENCE W. COLBERT, Associate Editor
JOHNSON POOR, Assistant Editor
KATHY FLOOD, Assistant Editor
ROSEMARY McKELVEY, Managing Editor
JIM FABIAN, Associate Editor
WESLEY CLARK, Assistant Editor
MARGARET HOLZ, Adv. Production Mgr.

MID-CONTINENT BANKER EDITORIAL & ADVERTISING OFFICES: 408 Olive St., St. Louis, Mo. 63102. Telephone (Direct Dialing) 314-421-5445.

MID-CONTINENT BANKER is published 13 times annually (two issues in May) by Commerce Publishing Co. Publication office, 1201-5 Bluff St., Fulton, Mo. 65251. Second-class postage paid at Fulton, Mo.

SUBSCRIPTION PRICE: Three years $16.00; two years $12.00; one year $7.00. Single copy $1.00. Foreign subscriptions: $20.00 per year.

WANT ADS: Forty cents per word, minimum charge: $10.00.

COMMERCE PUBLICATIONS: Mid-Continent Banker, Life Insurance Selling, American Agent & Broker, Mid-Western Banker, Club Management, Decor.

THE BANKING SCENE

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

Uniform Reserve Requirements

CLOSE TO 60% of the nation's commercial banks are not regulated or supervised by the Federal Reserve System (FRS). These six-out-of-10 banks are mostly small in size and hold approximately 20% of the banking resources of our nation.

In the last 15 years, less than 4% of the over 1,300 newly chartered state banks have elected to join the FRS. The reason is obvious to most bankers. It is simply that it is more profitable for new, relatively small banks to come under state supervision than under national or FRS supervision. The latter two call for reserve requirements that—in a defacto sense but not a dejure sense—are substantially higher than the reserve requirements called for by the 50 state banking commissions.

Not only are new banks electing to be state chartered without being subject to the reserve requirements of the Fed, but existing banks are more inclined today to give up their Fed memberships if they are below, say, 100 or 200 million dollars in size.

A number of my banking friends whose banks are Fed members have asked me if they should give up their Fed memberships. This is, of course, a most serious step for a bank to take. My answer typically is that one must view Fed membership two ways: (1) as an important element in trying to make the central banking system work and (2) the cost of joining.

There is a distinct monetary advantage for small banks not being Fed members. This advantage is a 7% savings in total earnings. Stated another way, a Fed-member bank, if operated as such, earns 7% less than it would if it were a non-Fed member. Of course, this figure will vary from state to state, depending upon a particular state's reserve requirements, but these average figures are fairly accurate for the nation as a whole.

The nation needs an effective central banking system. At some point a drop in Fed membership reduces the efficiency of the monetary powers.

A short time ago I had the pleasure of addressing the 12th Bank Management Conference at the Minnesota Bankers Association. Preceding me on the program were several individuals who were discussing the topic, "Changes in the Payments System." It was a panel discussion on the proposed federal regional clearing centers and the effects on upper midwestern banks of changes in the payments mechanism. The interesting thing was the reaction of those in the audience after the presentations were made. Most of the state-chartered bankers were decidedly not in favor of changing to the new payments system. Such a change would, in effect, substantially reduce float, especially for state-chartered non-Fed-member banks, they said.

The technical and pragmatic reason for not changing, of course, is simply that most state banking codes permit a state-chartered non-Fed-member bank to include "balances due from banks" in its legal reserve. However, the laws or regulations do not call for these to be *collected* balances; thus, they are phantom assets or simply bookkeeping illusions, because both country banks and clearing banks are able to count these items—even though they do not belong to both banks—as *collected* balances.

This is the heart of the problem. If a state-chartered bank could only count *collected* balances, the differential between the member banks, the Fed banks and the state-chartered banks would disappear to a major degree.

Very few textbooks on money and banking come to grips with this problem. This is possibly because academic authors are more inclined to consider the FRS as an easier topic to write about than referring to the disparity between Fed requirements and those of the 50 state banking codes.

Yet the sophisticated study groups that have been formed by the several national monetary commissions, dating back a number of years, typically come to the conclusion that all banks in the U. S. should be subjected to uniform reserve requirements, whether they are Fed members or simply state-chartered non-Fed-members. With all of the scholars on these monetary commissions recommending uniformity, and, for a number of years the Fed board in its annual report also calling for uniform reserve requirements for all commercial banks, the question may be raised by the lay public as to why or why not these recommendations were, or were not, followed.

The pragmatic answer is simply that a majority of bankers were on the side of small banks and they favored phantom reserves being valued on an uncollected basis. Equally important were the large city banks that served as correspondents, to the extent they joined forces with the small banks. The question emerges whether this coalition will persist in its successful opposition. It is difficult to say, but it appears that many Fed people who previously routinely contended that it was desirable for all banks to have uniform reserve requirements have taken a more strident and firm position that it will be only a matter of time before monetary policy breaks down unless uniform reserves are applied.

If the trend toward non-Fed membership continues, we can anticipate that total bank reserves in the FRS will drop below the current 80%. At some point on the scale, the balance will work in the direction of uniform reserve requirements for all banks. Probably the move will be strengthened as adverse balances of payments persist.

The tremendous amount of deficits that our U. S. Treasury has been forced to finance, the increased proportion of short-term Treasury bills, the increased number of checks that are being issued, the recognition of the technology of third-party payment remission systems and the pressures being made by financial intermediaries (specifically mutual savings banks, savings and loan associations and credit unions) to expand from their base into broader full-service banking—all these simply are incremental forces that call for a more

rational means of supervision of monetary policy.

Indeed, related to this situation is the concern about the known tendency on the part of many of our large corporations to have "played" the float and also being able to finance themselves, either through pension trusts, the commercial bill market or other financial resources—all outside of banking.

Some spokesmen, though saying they do not speak for the FRS, predict that the current trend on check payments cannot go on for another decade without the development of serious technological problems.

Sophisticated bankers are quite aware of the impact of such regional clearings systems. The regional clearings of the Fed will (for them) mount the horns of dilemma. Specifically, the non-Fed-member banks will be clearing through the regional check clearing centers that the Fed is now implementing throughout the U. S. The Fed, in turn, must accept this as a fact of life, because without such clearing, the growing tendency of corporations to try to slowly clear their corporate checks and take advantage of the float would be enhanced. Thus, the regional clearings system is having, in an overall context, a salutary effect in increasing the visibility of what some consider to be the inequitable nature of the dual system of reserves between state-chartered and Fed-member banks.

The very nature of this visibility seems to encourage existing Fed-member banks that are state chartered to convert to non-Fed-member status.

This may be viewed somewhat as a self-fullfilling prophecy. That is, as banks move in this direction, the very nature of more banks leaving the Fed makes it all the more important that the Fed hold out for uniform reserve requirements.

Lastly, let me refer back to the movement on the part of other financial institutions that issue or grant checking privileges to their customers—that is, some mutual savings banks, saving and loan associations and some credit unions. The nature of this competition will enhance the forces calling not only for uniform reserve requirements on the several types of commercial banks but, in a similar sense, for similar reserve requirements for other types of institutions that are moving in the direction of full-service banking for their members. • •

A Dual Check-Collection System—Is It in Banking's Future?

MID-CONTINENT BANKER editors have listened to observations made in the halls at various state bankers' conventions and have read different opinions concerning the Fed's proposal to change Regulation J to accelerate payment for all checks presented by the Federal Reserve System. Based on what the editors heard and read, they conclude that the proposed change in Regulation J is one of the most important developments to hit banking since automation came on the scene. Certainly, all bankers are not in agreement on the merits of the proposed change.

Some midwestern bankers opposed to the change have plans to cut short accelerated payments for their banks by altering the appearance of their checks to make them look like nonpar checks which the Fed will not handle.

The plan centers around eliminating the Fed routing symbol, both in standard and E-13B font type, from future check orders for their banks and their depositors. The banks initially will appear to cooperate with the Fed and arrange that the checks presented to them by the Fed be paid on the day of receipt in immediately available funds in order to preserve their right of return of dishonored checks. Very quickly, the new checks of these banks will appear in the system and will be ineligible under Fed regulations and operating letters to be handled by the Fed. These new checks with transit numbers but without Fed routing symbols are expected to be handled only through commercial bank channels. As banks receive them, they will be forwarded to large commercial banks in the Fed district in which the bank is located. Since the Fed will not handle these checks, the large commercial banks are expected to have no choice but to sort these checks and send them separately in a cash letter to the bank on which they are drawn and wait for return in accordance with provisions of the Uniform Commercial Code. This allows the paying bank until midnight of the day following receipt in which to remit.

Bankers sponsoring the plan expect the arrangement to spread rapidly in the midwestern unit banking area and foresee the nation possibly developing a dual check-collection system—one through the Fed for those banks that pay for incoming checks on the day of receipt in immediately available funds—and the other through commercial bank channels for all other checks, similar to the nonpar system.

Bank Security

Firearms, Armed Personnel in Banks: Check Advantages and Disadvantages

EDITOR'S NOTE: Because of the almost daily occurrences of bank robberies and now a rash of so-called "kidnap/ransom" cases, MID-CONTINENT BANKER *editors believe the following article should be read and studied by bankers. The latter, naturally, want to protect their employees, customers and premises from bank robbers. They may believe that placing armed guards in their lobbies or arming some of their personnel would help prevent robberies. However, they should examine such a step from all angles before taking it. Hopefully, this article will help our readers make their decisions.*

By GEORGE H. BRICKENDEN
Claims Representative
Scarborough & Co.
Chicago

ARMED RESPONSE to armed robbery and the keeping of arms or armed personnel on bank premises as a defense or deterrent to armed robbery are subjects worthy of some reflective thought.

The purpose of a firearm is to kill. It is highly efficient in its design. Rather than consider a firearm a tool, it should be considered, in and of itself, a deadly force and respected accordingly. Placing a deadly force in the midst of banking situations is a serious decision for the decision maker and a grave responsibility on the part of the person entrusted to be the bearer of such a force.

Many banks look to security guard services for armed personnel and contract for those services. If you utilize such a procedure, you would do well to be advised to reserve in your contract the right of final approval of the man assigned to you. In many cases, security guards are recruited from the street with very little verification of their backgrounds and experience, one essential being only that a man have no police record.

Security guards are paid a notoriously low wage. This often affects the caliber of men available. Qualification often is established by a purely subjective questionnaire completed by the applicant. The applicant's health also may be established by a questionnaire of a subjective nature, answered by the applicant and not in any way verified by a physical examination.

An armed bank guard may at any moment be required to be the key man in a situation of great stress and one requiring trained reaction and critical judgment. Police training or military combat training is an essential. Without it there can be no reasonably expectant pattern of response, or evaluative situational judgments appropriate to an emergency produced by an armed confrontation.

A security guard should be in a state of proved good health with physical capacity and reflexes sufficient to meet an unarmed combat situation, for he may very well be called on to do so. There is no substitute for a documental physical examination. If possible, the man you select should have had actual experience under police field duty or military combat conditions. A crowded bank is not the place for an armed man's baptism of fire. Actual combat conditions are the only real training available in which a man learns what to expect of himself in a moment of truth. A man with his first combat behind him is far more likely to react reliably at a lower level of shock-induced confusion.

Often, security guard services will recruit elderly men. In this category the wage level offered is often more appealing. Many elderly men with seemingly suitable backgrounds are fully capable of the requisites of the job. Elderly men, however, are prone to physical problems and should be scrutinized carefully. The deterrent factor of an elderly man in officer-presence is also significantly less to a would-be robber.

Your guard candidates' weapons training and level of proficiency should be a matter of verifiable record. Evaluate your man. Your life and lives of others may depend on his being what he purports himself or is purported by his service to be.

Many bank officers keep a pistol on the bank premises. Many more may be considering this measure. A pistol in the hands of a bank officer who is proficient in its use, and trained to meet a combat situation, might well prove to be an effective measure of defense. But

(Continued on page 70)

Remember Biloxi?

Remember the Biloxi hurricane?

After it whirled out, the municipal bond department of First National whirled in to help put things right.

They underwrote the bond issue that would help clean Biloxi up and handle its disposal problems for thirty years to come.

And they're ready to be your friends too.

But don't wait for a hurricane. Just call (901) 534-1511 for municipal bonds or (901) 534-1501 for government bonds.

INVESTMENT DIVISION

FIRST NATIONAL BANK OF MEMPHIS

1st®

NEWS OF THE
BANKING WORLD

• **First National, St. Louis,** promoted Richard M. Rathgeb and James J. Rau to commercial banking officers in the correspondent banking department.

Mr. Rathgeb, who joined the bank in 1970, will represent First National in Illinois, Indiana, Iowa and Kentucky. Mr. Rau has been with the bank since 1967 and will travel in Arkansas, Alabama, Mississippi and west Tennessee.

The bank also elected Gerrit E. Mahsman business development officer in EDP sales. He came to the bank in 1970 and the following year became a sales representative in the electronic data processing department.

RAU

RATHGEB

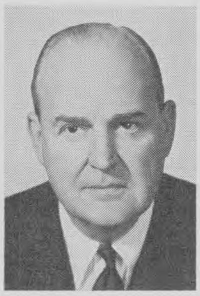
• **Union Planters National,** Memphis, recently announced a major realignment of responsibilities and the promotions of George C. Webb to vice chairman and William B. Rudner and Thomas A. Garrison to executive vice presidents.

Mr. Webb, who joined Union Planters in 1948, has been a director since 1955 and executive vice president since 1968. Mr. Rudner and Mr. Garrison formerly were senior vice presidents.

The new plan of organization created two primary organizational units, the banking group, headed by Mr. Garrison, and the support group, headed by Mr. Rudner. Each reports to the bank's president, James C. Merkle.

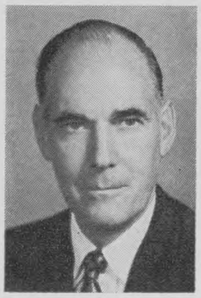
The new banking group oversees the corporate, retail banking and commercial loan divisions, as well as international accounts. The investment, operations, automation and planning divisions report to the new support group.

GARRISON



WEBB

CROTTY



RUDNER

Also reporting to the president is the new administrative division, which brings together the personnel, marketing and public relations departments, with L. Arnold Taylor Jr., vice president, as division manager, and the trust division, headed by James F. Springfield, vice president and senior trust officer.

Bill L. Teuton, vice president, economic development, and Walter A. Barret and A. M. Sommers, senior vice presidents, government and community affairs department, report directly to C. Bennett Harrison, chairman.

• **LaSalle National,** Chicago, promoted John J. Crotty Jr. to vice president in the correspondent banking division. He joined the bank's national division in 1969 and was transferred to the correspondent division shortly afterward.

Others advanced were: Stewart S. Anderson, assistant vice president, national division; John H. Deutsch, trust officer, agency division; and Aratula G. Vedalakis, international credit officer.

• **First National, Memphis,** has instituted an annual prayer breakfast for its officers and directors, following a tradition established by members of Congress and the nation's presidents.

The first breakfast was held in April in the auditorium of the bank's Main Office, with more than 160 in attendance. Following a continental breakfast, the prayer session began with a song by the minister of music from one of Memphis' leading churches.

Opening remarks were delivered by Ronald A. Terry, president, First Tennessee National Corp., of which First National is the principal affiliate. Other speakers included Joe H. Davis, senior vice president, and Philip Belz, director.

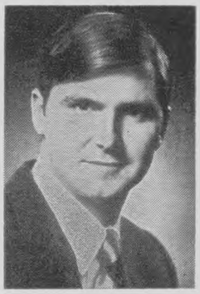
• **First National, Kansas City,** has announced the additions of William O. Weis, vice president, and William J. Fisher, assistant vice president, to the correspondent bank service team in Missouri.

Mr. Weis, who has been with the correspondent division for some time, will continue to represent the bank in Iowa and Oklahoma, but will devote a major portion of his time to Missouri contacts. Mr. Fisher, formerly in the operations division, had been working on special assignments for First National Charter Corp., the bank's holding company.

L. Joseph Archias, assistant cashier, who recently joined the correspondent division to travel in Missouri, will assume new responsibilities in Oklahoma and Nebraska.

WEIS

FISHER



ARCHIAS

LESHER

• **Earl E. Lesher** has retired as vice president and commercial loan officer of Fourth National, Wichita. He had been in banking 48 years.

After having been associated with Prairie State, Augusta, and First National, Pratt, Mr. Lesher joined Fourth National in 1948 and was elected vice president and commercial loan officer. He handled correspondent bank activity, grain and milling accounts and was named manager of a newly created cattle loan department in 1952. Mr. Lesher is credited with introducing retail airplane financing in the Wichita area as early as 1957.

News of the

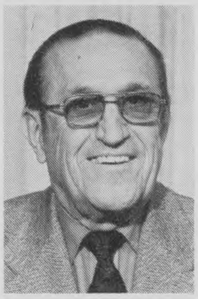
Banking World

• **Worthen Bank,** Little Rock, has appointed J. Orville Cheney vice president and director of public affairs and economic development activities.

Mr. Cheney, a former state senator with a widely varied background in business and government, joined Worthen in 1970 as an economic development officer in the marketing division. During the past year, he has provided economic development counsel to subsidiary banks owned by First Arkansas Bankstock Corp., holding company of Worthen Bank.

In other action, the bank promoted Michael Cissell to assistant cashier in the correspondent bank department.

CISSELL



CHENEY

He is assigned to banks in eastern Arkansas. Mr. Cissell joined the bank in April, after having been associated with Union Planters National, Memphis.

Other newly elected assistant cashiers are: Mrs. Frances Harrison, manager, Cantrell Road Office; Raymond Mitchell, systems analyst; and Herbert Throckmorton Jr., manager, Asher Avenue Office.

• **Eldon Beller** has been promoted from vice president to senior vice president in the commercial loan department of First National, Oklahoma City.

In charge of First National Leasing Co., Mr. Beller also is co-chairman of the bank's loan committee with the additional responsibility of coordinating commercial lending with First Oklahoma Bancorp. activities. He joined the bank in 1969.

Other new appointments at First National included: Richard L. Hosler, vice president, data processing department; Mrs. Johnnie Cassady, assistant vice president, discount department; James L. Bush, assistant vice president, oil loan section; and Mrs. Mary Morris, assistant cashier, investment securities department.

BELLER

STAHL

• **James A. Elkins Sr.,** 92, Houston banker and attorney, died May 7.

Judge Elkins, as he was known, founded Guaranty Trust in 1924, and this bank ultimately became First City National, lead bank in the First City Bancorp. of Texas, Inc., which listed 1971 year-end assets of more than $2 billion. He was senior chairman of the bank at the time of his death. Judge Elkins also was the founder (in 1917) of the law firm now known as Vinson, Elkins, Searls and Smith. He began his law career in the early 1900s in Huntsville, Tex., and moved to Houston in 1917. In 1918 he filled the unexpired term of the district attorney for that city. Since then, he had become a prominent figure in local, state and national politics.

Guaranty Trust was merged in 1928 with Gulf State to form City Bank & Trust Co., which became City National in 1934. In 1956, City National and First National were merged to form the $650-million First City National.

One of Judge Elkins' sons, James A. Elkins Jr., is chairman of First City Bancorp. and First City National. The other son, William S. Elkins, is a partner in his father's law firm.

• **Daniel W. Hogan,** 104, chairman emeritus, City National, Oklahoma City, died April 24. Until suffering a fall in the summer of 1967, Mr. Hogan was at the bank every day of the week. He headed the Oklahoma Bankers Association in 1902-03.

Mr. Hogan began his banking career in 1890 as a clerk in the State Bank of Bluff City, Kan. In 1892, he organized what is now First National, Yukon, Okla. He organized City National, Muskogee, Okla., in 1904 and was its president until he sold his interest in 1906. He then was cashier of American National, Oklahoma City, which later was merged into First National. In 1911, he resigned to become president of Farmers State, Oklahoma City, which later became City National. He moved up to chairman in 1955 and sold his interest in the bank in 1968, but remained as chairman. Later, he was named chairman emeritus.

• **Harvey L. Hinkle,** former senior vice president and head of the correspondent bank division at Liberty National, Oklahoma City, died suddenly last month. At the time of his death, he was vice chairman, Union Bank, Tucson, Ariz. He headed the Oklahoma Bankers Association in 1963-64.

Mr. Hinkle left Liberty National in 1966 to go to Tucson.

ELKINS

HINKLE

HOGAN

• **Boatmen's National,** St. Louis, has elected Henry G. Stahl senior vice president and controller. He will direct a newly created controller's division. Mr. Stahl also was named vice president and controller of Boatmen's Bancshares, Inc., the bank's holding company.

In other action, the bank elected Richard J. Gudinas vice president, cashier and head of the operations division. Marvin W. Smith was named auditor.

Boatmen's Bancshares also announced it has received Fed approval to acquire Bank of Troy.

• **Two senior officers** of Capital City State, Topeka, Kan., recently were honored with public service appointments.

A. J. Gray, chairman, was appointed to a position on the Kansas Turnpike Authority by Governor Robert B. Docking. He was cited for his business and financial experience and civil activities.

Mr. Gray's wife, Mrs. Georgia Neese Gray, president of Capital City State, and the first woman treasurer of the United States, was elected the first woman member of the board of trustees of the Harry S Truman Institute of National and International Affairs.

• **Charles A. Watson** has been elected vice president and cashier, First City National, Houston. He succeeds Jack Patterson, who has resigned to become chairman of Northline State, Houston.

In addition to his duties as cashier,

First National Bank is now...

First of Fort Worth

Our corporate name hasn't changed, really. But we've adopted a new symbol and signature to help people recognize us a little easier. Besides, "First of Fort Worth" is what our friends in the financial world have been calling us for years.

Together, the new signature and symbol help us project our position as the oldest national bank in Fort Worth, and first rank in quality banking services.

We hope you'll associate our new signature-symbol combination with the finest in banking services. We're pledged to continuing development as a progressive financial force in the Southwest.

The First National Bank of Fort Worth, Texas

News of the

Banking World

Mr. Watson retains his responsibility for the data processing and check processing departments. He joined the bank in 1967 and was elected vice president in 1970.

Others promoted were: Lane C. Grijns, vice president, international department; Louis C. Houck, assistant vice president and trust officer; John O. Bullington, assistant vice president; and Edward G. Keels, trust operations officer.

HOLLISTER

CIRCLE

• **Harold R. Hollister,** head of municipal securities, portfolio management and the bond computer program of the investment department, City National, Kansas City, has been promoted from vice president to senior vice president.

Mr. Hollister joined the bank in 1953 and was elected assistant vice president in 1962 and vice president in 1963.

E. L. Burch was named vice president in division II of banks and bankers and corporate accounts. He represents the bank in the state of Missouri.

Mr. Burch came to City National in 1965. He served as manager of the investment services department before joining the correspondent banking department, which he has represented in the states of Oklahoma, Texas and Missouri.

Promoted from data processing officer to vice president was James E. Circle. He joined the bank last year as data processing officer and manager of data processing services.

BURCH

JOHNSON

• **Leland F. Johnson** has been elected president of Stockyards National, Wichita. He succeeds Duane T. Smith, who has retired as president but will remain a director.

Mr. Johnson joined the bank in 1954 and was named executive vice president in 1970. Mr. Smith had been with the bank since 1958 and was named president that year.

Other promotions at the bank included: M. D. Michaelis, executive vice president; Kenneth A. Waegener, vice president, commercial loans and real estate loans; Duane L. Wilson, vice president, consumer loans; and James E. Manweiler, assistant vice president, data processing.

• **Republic National,** Dallas, has announced the promotions of Barry J. Mason, senior vice president in charge of the international banking division, to executive vice president and T. K. Matthews, vice president, petroleum and minerals division, to senior vice president and member of the executive committee.

Mr. Mason joined the bank's international banking division as a vice president in 1969 and was elected a senior vice president and member of the executive committee in 1970. He became officer in charge of the international division earlier this year. Before joining Republic National, Mr. Mason handled assignments in the Far East for First National City Bank, New York.

Mr. Matthews joined the bank as a petroleum engineer in 1954 and was advanced to vice president in 1965.

MATTHEWS

MASON

• **Commerce Bank,** Kansas City, promoted Donald H. Alexander to vice president in the international department. Mr. Alexander, a native of Amsterdam, Holland, also serves as counsul for the Netherlands in Kansas, Nebraska and western Missouri. He joined the international department in 1966 and was made an officer in 1968.

• **First National,** Fort Worth, has announced two new appointments. Ellis Boyd Jr., senior vice president, will assume the new role of senior lending officer in the commercial banking division. Harold O. Stallings, vice president and manager of the petroleum and chemical loan department, will additionally head the correspondent bank department.

BOYD

STALLINGS

Mr. Boyd joined the bank in 1939 and became a senior vice president in 1964. In recent years, he has managed the correspondent banking department.

Mr. Stallings came to First of Fort Worth in 1962. He was elected an assistant vice president in 1964 and a vice president in 1969.

HAMILTON

CLARK

• **Robert E. Clark** has been elected vice president in the commercial and industrial lending division, First National, Tulsa. He had been serving as executive vice president of Boulder Bank, Tulsa. Before joining that bank in 1970, Mr. Clark was an assistant vice president with First of Tulsa, where he had been employed since 1951.

In other action, Jerry Cantrell was elected a vice president in loan administration. He came to First National in 1958 and was appointed auditor in 1967. Gerald A. Haenggi, with First National since 1964, was advanced from assistant auditor to auditor.

• **American National**, Austin, has named Richard W. Hamilton vice president in the correspondent banking department.

Mr. Hamilton had been assistant vice president in the correspondent banking department of Fort Worth National. He represented the bank in central and south Texas. Mr. Hamilton joined the bank in 1963 and also served as head of the international department.

• **C. Allen McDaniel** has been elected a vice president of Texas National, Dallas. He had been senior vice president, Nevada National, Reno.

First National Bank of Chicago switches to Career Apparel with Dacron®.

"They stay neat, keep their color and wear very well. Both our customers and our employees are pleased with them," says Kay Lowe, Administrative Assistant.

When the First National Bank of Chicago opened the doors of its new 60-story, lake-view headquarters, visitors were welcomed into a show-case of fine modern design. The designers had taken great pains to make every detail of the lobby a model of functional good taste. Granite floors and walls. Wood furniture and bronze fixtures. Even a staff in fashionable Career Apparel color-coordinated with the interior.

Sketches for new Career Apparel were submitted to a special committee. And the designs chosen were presented to the staff at a fashion show, with employees serving as models. For women tellers, jacket dresses in mustard, rust and gold. For men tellers, mustard blazers. Pages, guards and elevator starters got striking new uniforms, too. And all were tailored in blends of 55% Dacron* polyester, 45% worsted wool.

"Our old uniforms looked about ten years old after six months," says Administrative Assistant Kay Lowe, "but our new Career Apparel with 'Dacron' has worn very well. We certainly have had no problem with wrinkling. 'Dacron' keeps the garments in shape, and they clean easily. The staff is pleased with them. And we've had lots of comments from customers."

Career Apparel like this will make a big difference in your bank—in appearance, in service, in employee morale. Look into it. Just be sure you get "Dacron" and worsted. And you'll be getting uniforms proved to be the finest made.

We're at your service. Write for our Career Apparel booklet and specific information on these garments made with "Dacron". Write Du Pont Co., 31J6 Centre Road Building, Wilmington, Del. 19898. Or call: (302) 999-3813.

DU PONT
REG. U.S. PAT OFF.

Better things for better living
...through chemistry

Personnel

Value of Bank's Hospitalization Plan Dramatized by Actual Case Histories

By ROSEMARY McKELVEY
Managing Editor

SO YOUR BANK has an insurance program for its employees, and you're proud of it. You've put out bulletins, brochures and pamphlets on the program to your staff members and, therefore, believe you've done enough to make them realize how lucky they are to work at your bank.

However, unless the material you've distributed is a lot different from most that have been put out about insurance programs, chances are many of your employees haven't read all of it. And, if they have, they probably aren't sure just what benefits are offered. Being human, they aren't too interested until something happens and they need the insurance coverage.

A Memphis bank—Union Planters National—brought its insurance program graphically to life with a feature article in an issue of its company publication. The story described actual case histories of several employees who benefited from the bank's insurance program, under which the bank pays the cost of insuring all employees, and the latter may pay a little extra and insure their dependents, too.

For instance, Doug Justice, systems analyst for commercial loans, realized what a wise investment he had made when he spent the extra dollars to include his wife and six-year-old son in his hospitalization plan. Young Rickey was critically burned by an exploding gasoline can and required extensive hospital care, including skin grafting. The hospital bill alone was $4,500; the doctor's bill had not arrived when the story was written.

The article quoted Mr. Justice as saying, "There was no way I could have done it without Union Planters, and all we had to do was tell the hospital what policy we had."

The article contained stories of three other employees and how the insurance program at Union Planters was of specific benefit to them when trouble struck. Each case history contained a quote from the employee on how happy he or she was to be covered by the hospitalization.

This method of spotlighting a bank's fringe benefits makes such benefits much more tangible to employees. It may also inspire them to read their policies carefully so that they do know how much insurance or hospitalization they're entitled to. As one of the employees featured in Union Planters' story said, "I had no idea what it (the policy) was all about until I had to use it."

Of course, not all banks have company publications. But they could publish such case histories in the brochures or pamphlets that contain information on the various coverages. Or, from time to time, they might put out just mimeographed sheets telling how individual employees have found their policies to be of value to them.

When a bank "blows its own horn" about the benefits it provides employees, not many people may listen. But when the employees themselves do the horn blowing, it's more believable and effective. • •

Strube Gets Correspondent Post At Comm'l National of KCK

KANSAS CITY, KAN.—John H. Strube has joined Commercial National as assistant vice president in the correspondent division. He is assisting M. Max Dickerson, senior vice president, and Bob S. Nill, second vice president, in all correspondent activities.


STRUBE

Mr. Strube had been with Grand Avenue Bank, Kansas City (Mo.) for the past two years and was assistant cashier. He is a native of Hiawatha, Kan., and holds a B.S. degree in agriculture from Kansas State University at Manhattan.

■ NEW YORK—Bankers Trust has elected James E. Gibbons to its board. He is president, Sackman-Gilliland Corp., mortgage banking affiliate of Bankers Trust New York Corp., a bank holding company.

Introducing America's most exciting new idea in careerwear

Progressive organizations everywhere are taking a good look at Esprit de Corps, the new Lee spirit in original careerwear.

They have found that these distinctive corporate fashions—with their spirited styling, highest quality Dacron* polyester fabric, and easy-to-care-for practicality—are the answer to establishing an enthusiastic team spirit among their associates.

Created by internationally famous designers, Esprit de Corps corporate fashions give your people a new glow of pride. A renewed sense of belonging. An everyday professional look that reflects itself in even better work.

Best of all you don't have to wait for these smart outfits to be made. Esprit de Corps careerwear is ready now.

Perhaps your organization should take a close look at Esprit de Corps. It's great for your people, your customers—and you.

Write for our new Esprit de Corps fashion book today.

*Dacron is DuPont's registered trademark for its polyester fiber.

LEE Esprit™ de Corps

A company of VF Corporation

Original careerwear new from **LEE**®

LEE CAREER APPAREL • Division of THE H. D. LEE COMPANY • Phone (913) 371-1204
P.O. Box 15039 • 555 Sunshine Road • Kansas City, Kansas 66115

If unfinished work gets you down in the mouth

it's about time for a good thing to happen.

Computerize, correspartner. We'll show you how automation can give you time to spare. Call 615-265-3581.

Hamilton of Chattanooga
makes good things happen
Member: Hamilton Bancshares, Inc.

CORPORATE NEWS ROUNDUP

News of Firms Serving Banks

• **Diebold, Inc.** Three new appointments have been announced by Diebold, Inc., Canton, O. Named regional managers of Diebold's bank division were Edgar B. Sharp, Arkansas and western Tennessee, and Florie W. Medlenka, southern Texas. Robert W. Wroble was appointed manager of the Chicago metropolitan area.

Mr. Sharp previously was district manager for bank equipment sales in Arkansas. He joined Diebold in 1965. Mr. Medlenka, with the company since 1963, had been district manager in the Texas area. Mr. Wroble, who will direct activities of the bank division and coordinate sales, service and installations in the Chicago area, joined Diebold in 1953.


SHARP


MEDLENKA


WROBLE

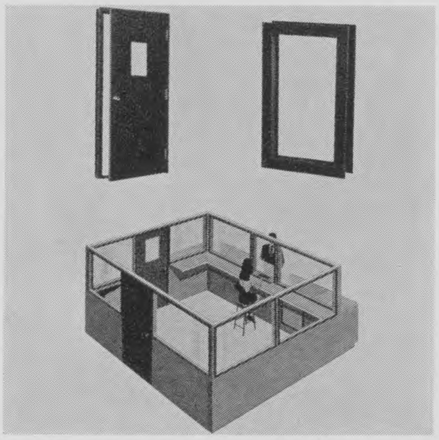

DEZENDORF

• **NYTCO Services, Inc.** Fred Dezendorf has been named head of the new Houston Office of NYTCO Services, Inc. He has had an extensive background in banking and management consulting in the Houston area.

The Houston Office is the third Texas office opened by the nationwide collateral control service company. Others are in Dallas and Amarillo.

• **Security Corp.** A full line of bullet-resistive doors, windows and accessories for use in financial institutions is now available from Security Corp., Santa Ana, Calif.

Primary door applications include entry to drive-in island installations, exterior access to service areas or to se-



curity areas within a building, and maximum security protection of life and property.

Pass-through and vision windows can be used for protection of personnel, cash and securities against armed robbery, plus protection against unauthorized intrusion.

Accessories include package receivers to handle bulky items and bullet-resistive panels for use with walk-up, drive-up or pass-through windows and bullet resistive doors. These panels also can enclose check-cashing booths, money exchange and high-security storage areas.

• **Meilink Bank Equipment.** The Fortress Safe is now available from Meilink Bank Equipment, headquartered in Toledo, O.

The Meilink Fortress Safe, available in three sizes, offers complete, scientifically developed security, according to the manufacturer. The 4½-inch-thick body has a 1½-inch protective metal thickness throughout. More than one inch of special heavy-duty reinforced alloy is combined with a reinforced monolith of material to resist oxygen cutting, blowtorch, drilling and other methods of entry. The impact-resistant alloy protects an inner shell of continuous welded steel. Interlocking construction protects against delamination.

The safe's boltwork incorporates anti-explosive and automatic relocking devices. Pressure, impact or excessive heat trigger a protective plate that secures the bolts in a locked position to foil entry.

Community Involvement

Bank Training for Minority Groups Sponsored by Wichita AIB Chapter

THE WICHITA CHAPTER of the American Institute of Banking, in cooperation with the Wichita Area Vocational-Technical School, is sponsoring an eight-week bank training program, beginning June 5. The program, which was first started in the summer of 1968, is designed to prepare the minority disadvantaged for future employment in banking. Cost of the program is subsidized by 14 banks in Wichita.

Program coordinator is Robert D. Clark, vice president and personnel director, Fourth National. In discussing the program, Mr. Clark said, "This particular training program is to serve only as another means of attracting minority members into the banking field. All 14 Wichita banks have and will continue to consider and employ qualified applicants regardless of their race, religion, color, sex or national origin."

Members of the program planning committee are: James Matheson, assistant cashier and personnel officer, First National; Mrs. Mona Cunningham, vice president, Union National; Dwayne Smith, assistant cashier and personnel officer, Kansas State; and Michael G. Glass, vice president and cashier, Southwest National.

The program consists of classroom training in all areas of bank operations and skill training in such areas as bookkeeping, office machines, filing, personality development and office procedure. Instructors are provided by the Wichita AIB Chapter, the Vocational-Technical School and bank personnel directors.

The 15 students selected for the program were recommended by the Wichita Urban League and interviewed by bank personnel directors. Each applicant took a general banking aptitude test as part of the selection process.

When the bank training program is completed, placements will begin as job vacancies occur in Wichita banks. • •

• **Continental Bank, Chicago,** has announced plans to finance $4.7 million for two low-income, multi-family housing developments that have a new "piggyback" design concept.

The "piggyback" design combines apartments and townhouses in the same housing units and eliminates the monotony of conventional project construction, according to the bank.

The larger of the two complexes is Martin Luther King Jr. Plaza, which will have 138 units on Chicago's west side. The bank is providing about $3.1 million to Chicago Westside Development Corp. for construction of six four-story buildings and three three-story buildings, to be completed early in 1973.

The second complex, Leigh-Johnson Court, will have 78 units when completed later this year. The bank's $1.6-million loan to the 73rd and Dobson Housing Corp. is for eight three-story buildings.

Above is artist's sketch of Martin Luther King Jr. Plaza, to be located on Chicago's west side. Continental Bank is providing about $3.1 million for construction of six four-story buildings and three three-story buildings.

• **United Bank of Denver** recently conducted a two-month "Ride 'n' Bank" program to encourage customer use of the Denver Metro Transit system. The bank urged commuters to take a bus to the downtown area instead of driving their cars in order to reduce traffic congestion and air pollution.

The bank offered 10 free full-fare bus tickets to new customers who opened checking or savings accounts and a customer who made any kind of bank transaction received a 25-cent bus ticket. Figures indicated that about 70% of the bus tickets were used.

Following the promotion, United Bank is continuing to act as a permanent vendor of bus tickets and information. Several other Denver banks and businesses are following United Bank's lead and are introducing similar programs.

• **American National,** Chattanooga, is sponsoring the distribution of narcotics identification guides as part of a drug education program in Hamilton County schools.

The pocket-size guide provides physical symptoms, drug descriptions and dangers of LSD, amphetamines, barbiturates, heroin, morphine, codeine, opium and marihuana.

American National also participated in "Operation Sparkle," Chattanooga's recent city-wide, clean-up effort. All the bank's branch offices served as collection centers for debris and refuse collected by volunteers. Refreshments for volunteers also were available at the branches. In addition, the bank donated a portion of its advertising program toward urging citizen and group participation in the clean-up effort.

• **The unusual loan program** of Bob Johnson, president, Chouteau (Okla.) Bank of Commerce, was the subject of a recent feature story in a local newspaper.

Mr. Johnson decided last year to make loans to persons who otherwise would not be able to get loans, based on their credit rating or lack of rating. He began with a reserve fund of $1,000 and, in a social action gesture, invited persons who had good reputations but no credit to come to the bank and borrow.

Mr. Johnson has made about 30 of the social action loans in the small farming community. Most loans were in the category of about $25 to $50 and most interest charges amounted to one or two dollars. Mr. Johnson said losses have been "negligible."

• **First National, Evanston, Ill.,** recently held a recreation show in conjunction with the Evanston Department of Parks and Recreation. The show was held in the city parking lot adjacent to the bank building, admission was free and door prizes were offered.

The show consisted of displays of camping and sports equipment, campers, mobile homes, boats, bicycles and other leisure-time equipment. Representatives from various clubs and organizations of the Evanston Recreation Department were present.

• **First State, Ketchum, Okla.,** recently held its 23rd annual bank tour and banquet for the seniors of two local high schools. In addition to the students, the bank invited faculty members of the two schools and their spouses, along with the bank staff, to the event.

Following the bank tour, the banquet was held with Dr. Herb True, South Bend, Ind., as dinner speaker. At the conclusion of the program, each high school senior received a small gift, compliments of the bank.

Missouri Suspends New HC Bank Charters Awaiting Outcome of Court Ruling

A MORATORIUM on the granting of new bank charters for HCs in Missouri has been declared by the Missouri commissioner of finance. The moratorium will remain in effect until the results of a court test over the state's branching law and its relation to de novo expansion by multibank firms are made known.

The Missouri state banking board's revocation of a charter for a proposed bank in Clayton from General Bancshares Corp., St. Louis, prompted the moratorium. The application was for Central State Bank, Clayton, and was filed by the HC last September and approved by the commission in February. Opposition from three existing banks in Clayton resulted in an appeal to the banking board in April, followed by the revocation of the charter.

General Bancshares officials called the revocation decision "unlawful, arbitrary and capricious" and filed an appeal.

Mo. HC Curbs Sought

A Missouri consumer advocate has announced plans to seek legislation to limit the power of bank HCs in the state. Courtney Goodman Jr., who is state liquor control supervisor, said he hopes to get such bills before the Missouri General Assembly in 1973.

Mr. Goodman terms the HCs "are a ruse to get around the absence of branch banking" and he claims the effect of unlimited HC activity would have the same effect as branch banking, resulting in farmers and others in small communities finding it difficult to obtain loans.

The five-member banking board ruled that evidence showed no need for the proposed Central Bank and that all five incorporators of the planned bank were agents for General Bancshares, who intended to sell their shares in the new bank to the HC "contrary to the intent and expressed restrictions against branch banking and other prohibitions" contained in various sections of the Missouri anti-branching law.

General Bancshares officials maintained that the procedure it used for the de novo charter is identical to methods used by HCs in other states and has precedent in Missouri. The HC also contended that the branching argument raised by the board runs counter to an opinion by the state attorney general that said the ownership of several banks by a HC did not violate state laws prohibiting branch banking.

A court decision is expected by fall.

Some Kansans Want HCs

Officers have been elected to lead the Kansas Association for Economic Growth, a new organization launched last month to seek to promote economic growth by working for legislation to permit multi-bank HCs. More than 100 Kansas banks are reported to be members.

President of the group is R. M. Bunten, chairman, Merchants National, Topeka. Vice president is John J. Sullivan Jr., president, Roeland Park State, Shawnee Mission, and secretary-treasurer is Paul Woods, retired president, First National, Wichita.

Kansas bankers serving as directors of the association include C. A. Abercrombie, president, Citizens National, Minneapolis; John A. Adair, president, Exchange National, Atchison; George T. Chandler, president, First National, Pratt; Thomas R. Clevenger, president, First National, Topeka; Edward V. Geary, president, Union National, Wichita; Jordan L. Haines, president, Fourth National, Wichita; Robert H. Jennison, president, First State, Healy; Nation Meyer, president, First National, Hutchinson; and Russell Winter, president, State Bank, Satanta.

• **United Missouri Bancshares, Inc.,** Kansas City, promoted Jack D. Burlingame to vice president and operations officer.

Mr. Burlingame joined City National, Kansas City, affiliate of the HC, in 1946. He was elected assistant vice president in 1964 and operations officer in 1970. Early last year, he was appointed operations officer of the HC.

• **Warren W. Weaver** has been elected vice president in charge of marketing for Commerce Bancshares, Kansas City. He also is general vice president of Commerce Bank of Kansas City, in charge of marketing, advertising and BankAmericard.

D. S. HOWARD (Above, Left)

W. W. WEAVER (Above, Right)

J. D. BURLINGAME (Right)

Mr. Weaver joined the bank in 1968 after having been vice president and sales manager of a lumber company.

• **Donald S. Howard** has been named a senior vice president of First National City Corp., New York City. Formerly deputy comptroller, he is in charge of Citicorp.'s newly formed financial reporting and profit planning division.

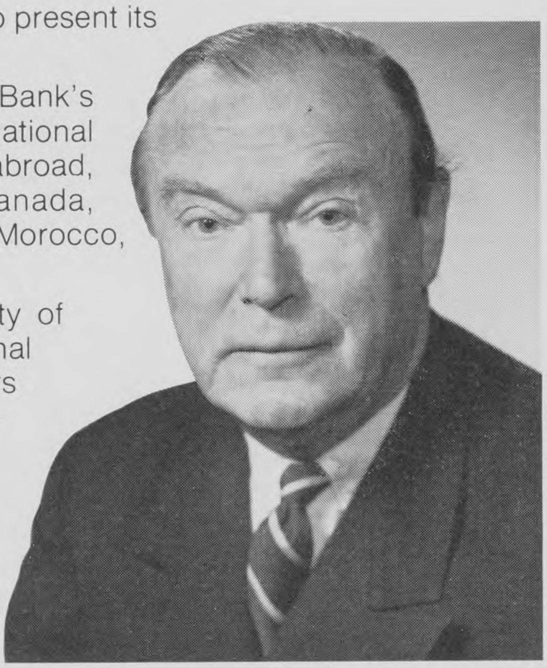
Mr. Howard joined the overseas division of Citicorp.'s principal subsidiary, First National City Bank, in 1957.

• **Boatmen's Bancshares, Inc.,** St. Louis, has received preliminary approval from the Comptroller of the Currency to organize a national bank in the vicinity of Parker Road and Highway 67, an unincorporated area of north St. Louis County. The bank, to be known as Boatmen's National Bank of North St. Louis County, is scheduled to open in late fall.

• **Commerce Union,** Nashville, has announced it has finalized formation of Tennessee Valley Bancorp., Inc., registered bank holding company, and the acquisition of the bank's shares by TVB. Shares of Commerce Union have been converted automatically into an equal number of TVB shares as a tax-free exchange.

Shareholders of Commerce Union approved formation of the holding company at their annual meeting in February.

Presenting the Ambassador to São Paulo. From the Republic. Of Texas.



The Republic National Bank of Dallas, Texas, is pleased to present its representative in São Paulo, Mr. Michael Sieniawski.

Mr. Sieniawski is vice president in charge of The Republic Bank's new São Paulo office. He has been engaged in international banking for more than 22 years in the U.S., and 16 years abroad, including service in every Latin American country, Canada, Spain, Portugal, France, England, Italy, Turkey, Greece, Morocco, and Algeria.

A Master of Business Administration from the University of North Carolina, Mr. Sieniawski represents an International Division whose officers have amassed a total of 158 years in domestic banking assignments and 173 years in overseas posts, 331 years total.

The Republic National Bank brings to São Paulo, and to Brazil, massive financial representation for the burgeoning Southwestern region of the United States, in which it is the largest bank. Indeed, Republic is the third-largest unit bank in the United States, with assets of more than $3 billion.

Our ''ambassador'' is at your service. Please feel free to call upon him for attention to your requirements.

Republic National Bank of Dallas The Action Bankers

Republic International Dallas do Brasil Servicos Financeiros Limitada

Avenida Ipiranga 104 (conj. 221) · Sao Paulo, Brasil · Caixa Postal 30334 · Tel.: 36-2054, 37-4273, 37-1223

London   Mexico City   Nassau   Sao Paulo   Singapore   Tokyo

PEOPLE

• GEORGE L. WHYEL, president, Genesee Merchants Bank, Flint, Mich., is a candidate for ABA president-elect in 1973. His candidacy was announced last month by the Michigan Bankers Association, of which Mr. Whyel is a past president.

WHYEL

Mr. Whyel entered banking in 1931 at First National, Miami, and Coral Gables (Fla.) First National. From 1937-41, he was vice president of the Coral Gables bank and a director of First of Miami. From 1941-57, he was treasurer of a large commercial firm in Flint. He joined Genesee Merchants Bank in 1957 as senior vice president and became president in 1958. He is serving his second term as a director of the Detroit Branch of the Chicago Fed.

In the ABA, Mr. Whyel has been on the executive council, the federal legislative committee's executive committee, the state bank division's executive committee and the special committee on taxation of municipal bonds.

• LEWIS A. LAPHAM, president, Bankers Trust New York Corp., was elected president of the Association of Registered Bank Holding Companies last month. He succeeded ROGER D. KNIGHT JR., president, United Banks of Colorado, Inc., Denver. Elected association vice presidents were GUY W. BOTTS, president, Barnett Banks of Florida, Inc., Jacksonville, and JOHN G. McCOY, president, First Bank Group of Ohio, Inc., Columbus. The new treasurer is WILMOT R. CRAIG, president, Lincoln First Banks, Inc., Rochester, N. Y.

• DR. EDMUND A. MENNIS, CFA, senior vice president and chairman, trust investment committee, Republic National, Dallas, last month became the second person to receive the Nicholas Molodovsky Award, the highest honor bestowed by the Financial Analysts Federation.

Modify D and J Changes, ABA Asks

Many banks would have less money available for loans and their earnings would be seriously affected if proposed changes in Regulations D and J are not modified, the ABA wrote the Board of Governors of the Federal Reserve System last month. The letter was signed by ABA President Allen P. Stults, chairman, American National, Chicago.

Regulation D covers reserves of member banks. Regulation J relates to collection of checks and other items by Fed banks. The proposed changes are designed to make the nation's check-collection system more efficient and less costly, to increase equity among banks and enhance their ability to render financial services.

While endorsing these objectives, the ABA sees the proposed changes as causing problems for banks located outside Federal Reserve cities and areas serviced by regional check-processing centers (RCPCs) because the cutoff hour for presentment of cash letters is the same for all banks. The ABA pointed out that this places many so-called "country banks" at a disadvantage. The ABA suggested that such banks be allowed to forego the proposed changes until RCPCs are established in their areas. The association also recommended that existing RCPCs be expanded by opening "pick-up points" for acceptance of cash letters.

In addition, the ABA proposed revising reserve-requirement schedules and asked that the Regulation J change be phased in over a period of time to ease the unfavorable impact of the new rule on many small banks.

Muskie Hits Bad-Debt Reserves

When Senator Edmund Muskie (D.,Me.) was still an active candidate for President, bad-debt-reserve allocations were one of his targets. Although he seemingly is out of the running for the Presidency, bankers should be alert to his thoughts on the subject.

Senator Muskie's proposal was that commercial banks, mutual savings banks and S&Ls should all be allowed additions to bad-debt reserves based solely on their actual loss experience. The transition from their present reserves, which, according to the Maine senator, are considerably above actual loss experience, to the proposed rule should be accomplished over a short period of time—perhaps two years, said Mr. Muskie.

At present, commercial banks are allowed to deduct an amount equal to a flat percentage of their eligible loans outstanding as a bad-debt reserve, regardless of their actual bad-debt-loss experience. Although the percentage method is being phased out gradually, banks still are permitted a flat deduction of 1.8% of loans until 1976, 1.2% until 1982 and 0.6% until 1988. Senator Muskie believes these percentages are substantially in excess of banks' historical loss experience. In addition, he said, mutuals and S&Ls are allowed even more generous deduction rules for bad-debt reserves over their actual loss experience.

C&S' Insurance Proposal Challenged

The National Association of Insurance Agents once again has Citizens & Southern National Corp., Atlanta, as a target. C&S and the NAIA were opponents a few years back in the celebrated "Saxon Case."

The NAIA has filed a petition with the Atlanta Fed to intervene in C&S' application to engage de novo in insurance agency activities through a subsidiary, the Citizens & Southern Agency. The NAIA maintains that approval of the C&S proposal would lead to a significant alteration in insurance agency structure in Georgia and that C&S would control a large insurance agency with a large captive market created by its affiliated banks.

Clockwise from left, J. Walter Peniston,
C. J. O'Connor, L. Joseph Archias

Call us. 816/221-2800

First KC

First National Bank of Kansas City

By K. A. RANDALL
President
United Virginia Bankshares
Richmond, Va.

The Dangers of Unregulated Competition

I DON'T like the Hunt Commission report, and I want to tell you why I don't like it.

I don't like it because it makes me look at a world that I wish didn't exist. It makes me look at a world that differs from the world I knew when I started in banking in 1947. It makes me think about a world that's unlike the world of banking that I knew in the '50s and into the mid-'60s—one that was orderly, had reasonably good profit margins and was not too troubled by the aggressions of non-bank competition.

The Hunt Commission report makes me focus on the problems of our industry that were felt so acutely during the credit crunch of 1966 and again in the periods of credit and monetary constraint in 1969 and 1970. It makes me look at the competitive postures of this industry. It makes me look at our shortcomings and the things that are going against us—such things as the fact that the savings and loan industry grew 1,400% between 1945 and today, while the commercial banking industry, in that same period, grew only 170%. It makes me look at my deficiencies and it makes me look at the problems I wish I didn't have to face.

What are these problems? A few weeks ago I encountered one that disturbed me quite a bit. I was asked to talk about the Hunt Commission before the Society of Government Economists in Washington, and the speaker who was on the program prior to my talk told me about the budget problems that we face.

Then a leading economist in the Treasury said that one half of the new money created—new credit availability—will have to be allocated, absolutely, to government in its many forms.

One-half!

I thought back and realized that it all has to come from the banking business! And I thought, "What a tremendous demand on us! How are we going to do it? How are we, as an industry, going to meet the needs of our clients and our customers, as well as the needs of government?"

The economist went on with his story, telling why it was necessary and what we had to do to meet this "brave new tomorrow" and get all our social problems solved—and all of the rest. I felt like a salmon must feel, being pulled upstream to spawn—because I felt I had no control over things.

Then I stopped to think, and I realized that somehow the government, in the period of time it took to move me upstream to spawn, has sterilized me—and it has!

It has, for the most part, restricted our access to our raw material, the essential thing that we need to do our job, that raw material called *money*.

How has the government done this? For the most part, it has been done in the guise of a regulation that the industry calls Regulation Q. Regulation Q imposes an interest ceiling that restricts our ability to get the money we need to service the needs of our customers.

Mr. Randall's remarks are excerpted from his talk before the Alabama Bankers Association convention last month. Mr. Randall gave a somewhat similar talk before the Kansas Bankers Association convention.

The savings and loan industry, from 1945 to 1966, had no ceiling on interest. Since 1966, the S&Ls and their cousins, the mutual savings banks, have been guaranteed a one-half percent differential in their favor across the board, from passbooks through all their savings instruments. We are denied this essential part of raw material access that we need to service our customers and do our jobs.

From 1945 to now, with either the ability to be in a free market against our ceilings, or with a one-half percent differential in their favor, the S&Ls have grown 1,400% against our industry's 170%!

Let's look at another differential and what this interest ceiling has done to us as an industry. Prior to the credit crunch of 1966, there were only $8 billion in the so-called commercial paper market. During the credit crunches in 1966, 1969 and 1970, the commercial paper market moved up to become a $40 billion industry. It was a special type of banking—in a free market, with no interest ceilings, no control, no supervision. When the crunch ended in 1970 and banks were once again allowed to compete for funds in large CDs, these funds started to flow back into the banking industry, but not to any great extent—only $2 billion.

In that same period (1969-70), two other things *almost* happened.

- One of the great industrial giants in the world, American Telephone & Telegraph, was ready to issue small certificates of indebtedness in amounts of $100 and above at unregulated

(Continued on page 66)

The Hunt Report Appraised

By WILLIAM G. KIRCHNER

President, Richfield Bank
Richfield, Minn.

THE HUNT REPORT is not a dead issue! The Minnesota Bankers Association recently made its annual visit to Washington. This provided an opportunity to visit about the Hunt report with the various agencies. We find that a staff has been assigned to draft a bill for the Administration based on the Hunt report. *We were told it definitely will be presented before this Congress adjourns.* It may not be in final form, and there will be no hearings this year. However, it will be available for consideration by the committees of the next Congress. Segments of the Hunt proposals may be offered in your state legislature and mine; so we must be alert.

From comments of the commission itself in its official report, we quote and paraphrase some of its remarks in regard to its overall recommendations:

"Very generally, the recommendations authorize depository institutions to engage in a wider range of financial services. At the same time, the recommendations require that after a transitional period, all institutions competing in the same markets do so on an equal basis. *It is essential, for example, that all institutions offering third-party-payment services have the same reserve requirements, tax treatment, interest-rate regulations and supervisory burdens.* The critical need for competition on equal terms causes the commission to emphasize the interdependence of the recommendations and warn against the potential harm of taking piecemeal legislative action. The commission believes that piecemeal adoption of the recommendations raises the danger of creating new and greater imbalances. When financial institutions compete on equal terms, with respect to reserves, taxes, rate regulations and supervision, there should be no need for ad hoc protective policies in future periods of economic stress."

"In recommending increased freedom for the financial system, the commission recognizes that precipitous action is inappropriate. The existing structure and regulatory framework must be changed in an orderly manner to achieve and maintain competitive balance between institutions and to assure the system's proper functioning during the transition period. Accordingly, several of the commission's recommendations contain guidelines that would provide for an orderly phasing out of the old system and phasing in of the new.

"Additional powers recommended by the commission are not to be imposed on the institutions. The commission seeks to abolish specialization forced by statute and by regulation. The commission in no way seeks to inhibit the right of institutions to specialize if they so wish.

"The commission views the granting of new operating freedoms as a first step in an evolving process leading ultimately to complete removal of socially harmful regulatory and statutory protection for particular types of institutions. Thus, institutions that choose to specialize in the climate of greater operational freedom must recognize that, after a limited transition period, the protective regulations accompanying the enforced specialization of the past will cease to exist.

"The commission's objective, then, is to move as far as possible toward freedom of financial markets and equip all institutions with the powers necessary to compete in such markets. Once these powers and services have been authorized, and a suitable time allowed for implementation, each institution will be free to determine its own course. The public will be better served by such competition. Markets will work more efficiently in the allocation of funds and total savings will expand to meet private and public needs."

The commission's position that the recommendations be considered as a package is an extremely important key point which very likely, as a practical matter, cannot be maintained. Of the recommendations, 76 require federal law changes; 16 can be achieved by new or changed regulations of the federal agencies. However, 47 other provisions, particularly those affecting state banks, are subject to statutory decisions and state bank department regulatory changes in the 50 states. *Therefore, it is impossible and not realistic to think that this program can be instituted as one integrated package, even if all parties concerned were in agreement!* Many institutions would be affected either positively or adversely, or both.

It's obvious that the competitive factors of the market and the traditional and historical rivalry among financial institutions will lead to many different vigorous positions in support of or opposition to the recommendations. It would be much easier for a specific financial institution to acquiesce in giving

an advantage to its opposition, if it could be assured that the same stroke of the pen would provide offsetting advantages in return.

The report recommendations principally cover 10 categories: 1. Regulation of interest-rate ceilings on deposits. 2. Regulation of functions of depository financial institutions. 3. Chartering and branching of depository financial institutions. 4. Deposit reserve requirements. 5. Taxation of financial institutions. 6. Deposit insurance. 7. Mortgages and mortgage markets. 8. Regulation and supervision of financial institutions. 9. Life insurance companies. 10. Trust departments and pension funds.

The commission first suggests a series of recommendations to remove unnecessary regulatory restraints and provide additional powers of flexibility to the various types of financial institutions. It was agreed that most operational powers of any class of deposit institutions should be available to all. It was felt that greater flexibility and operational freedom would improve allocation of resources. An institution that offers checking accounts or other third-party-payment services would gradually be phased into the same treatments as commercial banks with regard to interest-rate ceilings, reserve requirements, taxation and supervision.

Meeting Social Goals

The commission also recognizes that additional funds may be needed to meet congressionally defined social goals. It is recommended that these goals be met by tax credits or direct subsidies.

In a desire to improve the regulatory performance, the commission suggests a series of changes in federal supervisory structure. It does note, however, that the powers and functions of the institutions could be carried out under the existing regulatory framework.

The commission recommends that standby authority be given the Federal Reserve for the first five years to impose differential interest-rate ceilings on time and savings deposits. The rate limitation would be lower on the deposits of institutions not providing such services. After the first five years and for another five-year period, the Fed would be given standby authority to impose *uniform* interest-rate ceilings on savings and time deposits if needed. At the end of 10 years, the authority to impose deposit-rate ceilings would be entirely eliminated. The prohibition against payment of interest on demand deposits would be retained.

Equality for All

All deposit institutions would be permitted to offer third-party-payment services (e.g., checking accounts and credit cards) to individuals and non-business entities, although for credit unions the privilege would be limited to offering "line-of-credit" third-party-payment services. Savings and loan associations and mutual savings banks offering third-party-payment services would be phased into the same regulatory control as commercial banks. After two years, they would be subject to the same deposit interest-rate ceilings and, after a five-year transition period, would be subject to the *same tax treatment*. Regulatory changes also would include the requirement for *all* third-party-payment service institutions to become members of the Federal Reserve System immediately. After a five-year period, the transitional institutions would be required to maintain reserves on demand deposits as required of commercial banks. Mutual savings banks would come immediately under supervision of one of the newly created federal bank regulatory and examining agencies as would S&Ls, if the third-party balances exceed 10% of total liabilities. Any thrift institutions engaging in commercial lending and third-party-payment services to businesses would be required to convert to commercial bank charters.

Although tax equality is one of the prices of entry into the checking-account business for thrift institutions, it's not clear that the Hunt Commission recommendations actually would result in such equality between stockholder-owned banks and the mutually owned thrift institutions. Even assuming the same nominal tax rate and the same tax formula applying to the institutions, the mutuals still would have an advantage since they can deduct distributions to owners, in the form of interest paid on deposits, out of pre-tax dollars. Stock commercial banks, on the other hand, make dividend payments to stockholders out of after-tax dollars. Checking-account powers for thrift institutions are limited by the Hunt Commission to consumer checking accounts. The commission says that if a thrift institution desires to enter the commercial and public checking-account business, it must convert to a commercial bank. However, such conversion can be to a mutual commercial bank, with the pre-mentioned tax advantage.

An Uncertain Fate?

Academicians likewise have divided their interpretations. Ralph Nader attacked the commission for ignoring the needs of the housing market and other points. *Business Week* said the report faces bitter opposition and an uncertain fate. Pratt's Letter of December 23, 1971, called the report a "grab bag of recommendations for restructuring the financial community." Pratt sees the major losers as the FDIC and the FHLBB, which would be "gutted," and the dual-banking system, which would come close to oblivion. Further, "for every recommendation that the banks and S&Ls would favor, there is another

Special ABA Committee Voices Banking's 'Position' To Hunt Commission

The author, Mr. Kirchner, was a member of the nine-man, ABA-appointed Balles Committee, so named after its chairman, John Balles, senior vice president, Mellon National, Pittsburgh. The function of this committee, he told Illinois bankers in St. Louis last month, was to observe the activities of the Hunt Commission and to provide it with information on commercial banking. Other sectors of the financial community provided information to the Hunt Commission in a similar manner.

The committee advised the ABA of the positions being taken and implications of issues being considered by the commission and, with the approval of the ABA president, submitted views and recommendations to the commission.

Views expressed were those of the Balles Committee and did not necessarily reflect policies or opinions of the ABA. This procedure was adopted in order to facilitate the flow of information.

As the work of the Hunt Commission progressed, the Balles Committee submitted written reports on request, studied and discussed all other proposals submitted by other financial sectors, carefully weighing the implications of all proposals.

Through this process, the ABA formed and presented five "position" papers, which can be obtained from ABA headquarters under the title, "Toward a More Viable Financial System."

As was expected, the Hunt Commission and the Balles Committee had areas of agreement and disagreement.

The most significant area of disagreement was the Hunt proposal to allow thrift institutions to offer checking accounts and a full range of consumer loans, while permitting them to retain tax advantages and not subjecting them to reserve requirements or extensive regulation. The Balles Committee answer was: If they want these privileges, let them convert to stockholder-owned commercial banks.

There were many areas of agreement. For example, both groups recommended a liberalized discount window, elimination of reserves against time and savings deposits, uniform reserves for all classes of commercial banks, authority to underwrite revenue bonds, prohibition of interest on demand deposits and authority for banks to perform the same services as those permitted holding companies.

proposal that would set them crawling up the wall."

All deposit institutions, except for credit unions, would be permitted to offer a wide variety of time and savings-deposit arrangements and CDs and to issue capital subordinated debentures.

Reserve requirements on time and savings accounts, share accounts and CDs of all deposit institutions would be abolished. All commercial banks and thrift institutions offering third-party payments, except credit unions, would be required to join the Fed. After a transition period, reserve requirements on demand deposits would become uniform for all member institutions. The Fed's discount window would be made more available to all.

A wider range of loan and investment powers was recommended for all deposit institutions. Thrift institutions would receive a substantial gain in new powers. Generally, each institution would be permitted to provide the same services as those offered by others. More flexibility would be provided for all institutions on loan limitations. In addition, commercial banks would be granted a broad power to underwrite revenue bonds.

To improve the performance of the mortgage market, a special tax credit based on gross interest income from residential mortgages is recommended for all investors in such loans. This would place the tax incentive on mortgage lending rather than on any one type of institution. Congress would provide additional subsidies or increase the tax credit to further expand mortgage monies. Interest-rate ceilings and fixed mortgage interest rates on FHA and VA mortgages would be eliminated, and points and discounts would be prohibited. Variable interest-rate options for FHA and VA mortgages, with consumer safeguards, may be authorized. It was recommended that Congress formulate an insurance program to protect lenders against risks involved in holding long-term mortgages during periods of rising interest rates. States are urged to remove statutory interest-rate ceilings and to modernize mortgage origination and foreclosure rules through development of a Uniform Land Transaction Code.

Freedom to convert to other institutional types of charters, to convert from federal to state charter and vice versa and from stock to mutual forms, or reverse, is recommended for all deposit institutions. This would permit creation of *mutual commercial banks*. Also recommended is that state laws be amended to permit commercial banks, S&Ls and mutuals to branch, both de novo and by merger, on a state-wide basis.

The commission recommends that the special tax status of credit unions be continued. The range of services they provide would be broadened and "line-of-credit" third-party-payment services permitted. Large credit unions with substantial volumes of third-party-payment arrangements would be required to maintain reserves at the same levels as other deposit institutions. A central discount fund within the National Credit Union Administration is proposed to provide temporary advances to meet emergency liquidity needs.

Uniform and nondiscriminatory tax treatment is recommended for all financial institutions.

S&Ls and mutuals would be permitted to engage in the personal trust business, including the operation of individual pension plans. All institutions, except credit unions, would be permitted to manage and sell participations in mutual funds, including commingled managing-agency accounts. Additional reporting and improved public surveillance would be established for the trust departments and the pension funds of all financial institutions. It has been noted that the commission states that the aforementioned recommendations could be carried out under the existing regulatory framework. However, they believe that changes should be made in the framework and recommend some major adjustments.

At present, about a third of the commercial banks operate under federal charters supervised by the Comptroller of the Currency. The remaining two thirds are state-chartered banks subject to state supervision as well as to federal supervision by the Fed, if a member of the system, or by the FDIC, if insured but not a Fed member. The three federal banking agencies have overlapping supervisory functions among themselves. In addition to that, in the case of mergers and acquisitions, so also does the Justice Department and under various circumstances, the SEC, FTC and Labor Department.

The Hunt Commission recommends establishment of two new federal supervisory agencies: an administrator of national banks and an administrator of state banks. The national banks' administrator would take over the traditional duties of the Comptroller of the Currency and would be independent of the Treasury Department. His office would administer national banks, federally chartered mutual commercial banks, federally chartered mutual and

(Continued on page 62)

Views on The Hunt Report Expressed by Speakers At State Conventions


SPARKMAN


STONE


MORTHLAND

Throughout the Mid-Continent area last month, it was "open season" on the Hunt Commission report as convention speakers analyzed, commented on and took "pot shots" at the Hunt report.

In St. Louis and in Birmingham, Senator John Sparkman (ch., Senate Banking Committee) observed that his committee had partially, but not fully, studied the report. Whether the recommendations can be considered as a "package" and not piecemeal was doubtful, he said, noting that both federal and state actions are required by many of the recommendations. Chances for any "real action" during this session? Very unlikely, said the senator.

In Hot Springs, Donald W. Stone, president of the Arkansas Bankers Association, took issue with a number of recommendations made by the commission. While the commission recommends abolition of interest-rate ceilings on time deposits (Reg. Q), it is suggested, he said, that the Fed had this authority *only* on a standby basis to be used *only* when "serious disintermediation is threatened." This is like installing a drain plug in the bottom of the boat but not pulling the plug unless the boat is sinking.

Mr. Stone also quarreled with recommendations that all financial institutions (including S&Ls) compete on an equal footing, with no rate differential on savings interest, with equal taxation and with equal reserve requirements. Yet, he said, banks cannot pay interest on demand deposits, while thrift institutions, through third-party transfers, can. Also, the "gradualism" on taxation and reserve requirements, he noted, certainly doesn't contribute to "equal" competition.

In Texas and again in Tennessee, Alabama banker Rex Morthland, himself a member of the Hunt Commission, stated that he was not in complete agreement with the final report released. While he felt that the commission had made fair decisions on a "gradual" approach to equal competition among the various financial sectors, he felt that the commission erred on one major point.

This, he said, was in the recommendation that state barriers to branching be removed. "I voted against this recommendation," he said, pointing out that he favors the generally accepted viewpoint in banking circles that branching should be an individual state decision.

Convention Report

COMPETITIVE EQUALITY

Hunt Commission, Says ABA President-Elect, Compels Banking Industry to Focus Attention on the Rapidly Changing Financial Structure

By EUGENE H. ADAMS
ABA President-Elect

MORE THAN five months have passed since the Hunt Commission released its report. It is a comprehensive, hard-hitting document, and the reactions to it were predictable, particularly so far as ABA's posture is concerned. There are some who believe that the Report should be rejected out of hand. There are others who call for a ringing endorsement of the entire package. And there are still others who simply want to know just where ABA stands.

American banking certainly can endorse—and does endorse—the underlying objective of the Hunt Commission Report—*namely, that depository institutions should be free to compete on equal grounds and under the same rules.* However, it takes some careful consideration and fine balancing of the various items in the Report in order to determine whether the Commission has been successful in achieving its objective—that is, a set of recommendations which will provide competitive equality. "Competitive equality under equal ground rules," while a catchy and attractive phrase, is a difficult objective.

As is the case with so many other attractive and desirable objectives—tax reform comes to mind—the road from here to there is a twisting, turning lane, poorly marked and full of potholes. Many times the journey has been started; never has the destination been reached.

This article is based on a convention address by Mr. Adams before the Mississippi Bankers Association. Mr. Adams is president of the First National of Denver.

We have to recognize at the outset that competition among depository institutions will never be completely unregulated. This decision was made many decades ago, and for quite understandable reasons. Institutions which hold the savings and the general money supply of their respective communities and of the nation, must, above all else, be sound and solvent.

Free and unbridled competition may be an ideal in economic theory and may even work in some industries, but its success is founded in part on acceptance of the cruel lessons of failure, in order to eliminate those firms unable to withstand nature's first law—survival of the fittest. Long ago, government—and the public—concluded that regulation was needed, not necessarily to protect the inefficient but rather to soften to some extent the consequences of excessive competition, and to prevent potential chaos in such industries as communications and public utilities.

The quite delicate question in this context is the extent to which regulation should be used to prevent excessive competition in banking. The Hunt Commission believes that we are an overregulated industry, with which I agree.

The Hunt Commission seeks to make us much less regulated, an objective with which I again agree. Nonetheless, the dismantling of regulatory controls, however ill-advised those controls might originally have been, is a complex and delicate operation, especially when they have been in force for a lengthy period of time or have evolved from vigorous and often bitter legislative debate.

This is particularly so in the case of the depository institutions, such as commercial banks, savings banks, savings and loan associations, and credit unions. Some controls apply across-the-board to all four sets of institutions; others apply only to one group, or at most, two.

It should be remembered, too, that individual banks differ in terms of the regulatory authorities under which they operate, depending on whether they are national banks, state member banks, or state nonmember banks.

Perhaps most important of all in view of the specifics of the Hunt Commission recommendations, banks in different markets face entirely different environments and offer a wide variety of banking services. Some markets are already highly competitive both in terms of bank and non-bank competitors. Others are not and many banks face only non-bank competition or virtually none at all. Some commercial banks concentrate their lending in mortgages and consumer loans while others are almost exclusively commercial lenders.

While none of this is new, it is important to stress because any effort significantly to alter the present pattern of regulation must recognize that not only will the impact differ between the major lending industries but it will differ bank by bank within our industry.

Obviously, if there is to be more competition it should be on a basis of equality. Ground rules should be the same for all competitors. This is not now the case, a fact with which the Hunt Commission was deeply concerned. But it is also well to remember that over the years there has developed what might be termed a system of "balanced inequality." That is, while the ground rules have differed and do differ, it has been the goal of public policy—achieved to some extent—to offset each particular advantage or restriction with another advantage or restriction.

For example, savings and loan associations may have a tax advantage over commercial banks but operate under the disadvantage of not being able to offer checking accounts. Or commercial banks may have broader lending powers than savings and loan associations but are not allowed, are not able, or are simply unwilling to offer as much interest to attract savings and time funds.

Quite naturally, each industry jealously guards its advantages and chafes under its restrictions. Each seeks to remove as many of these restrictions as possible without giving up any of its advantages. To a considerable extent, its success or failure depends on its ability to persuade federal and state legislatures of the virtues of its case. Nor is this merely the result of each industry seeking to guard its advantages. What I have called "balanced inequality" was developed in large measure in response to Congressional efforts to deal with various social issues, notably housing. It cannot be expected that Congress will now readily remove the advantages or restrictions it granted, after long study and debate, in order to achieve a national objective when it knows the objective is far from having been met. While supporting a freer market and competitive equality, our industry should be certain that the proposed changes are in the public interest and consistent with national policy.

Commercial bankers are not much different from their counterparts in the savings and loan or the savings bank industries when it comes to fretting under restrictions. Perhaps the major difference is that over the years we have been somewhat less successful than these other industries in persuading legislatures that various limitations placed on our operations should be removed.

The Hunt Commission would seek to change our financial structure from one which is "mission-oriented," to use the words of one of its spokesmen, to one which is "market-oriented." This requires, then, the dismantling, which will take time, of a complex and delicately balanced set of powers and limitations. Getting from here to there—assuming the objective is valid—is not easy.

One major illustration of the problem of achieving tax equality as recommended by the Hunt Commission is simply the difficulty of determining just how "equality" is measured. Some formulas, such as those used by the Treasury Department, in my view substantially distort the tax impact on the various types of depository institutions. This is because in comparing, for example, the effective tax rate for mutual thrift institutions with that which can be computed for commercial banks, no consideration is given to two fundamental differences:

1. The fact that a mutual organization is able to deduct as an expense some portion of the dividends paid to its depositors which in reality represents a return on capital, whereas commercial banks, as stockholder-owned institutions, can only make dividend payments to their owners out of after-tax dollars.

(Continued on page 58)

Preston Bank, Dallas, Opens Combined Banking and Postal Facility

PRESTON STATE, Dallas, has opened what is said to be the Southwest's first 24-hour-a-day, completely automated, self-service combined banking and postal facility.

Five other Texas banks, all members of the Presto/Master Charge Associate Bank group along with Preston Bank, will open similar installations later this year. The five banks are: First State, Denton; Lewisville State; First National, Richardson; and Hillside Bank and Texas National, both of Dallas.

Preston Bank's new 24-hour facility, known as "Prestobank," dispenses cash to customers at any hour of day or night, seven days a week. In addition, the center is equipped to handle an almost complete range of other banking and postal services including the accepting of deposits, loan payments and transfers of funds, making change and issuing postage stamps.

An additional new service introduced with the Prestobank opening was an automatic overdraft program that furnishes automatic loan funds to prequalified bank customers. The service enables checking account customers to use the facility's cash withdrawal feature without incurring insufficient check penalties.

Parcel post weighing and mailing are provided for in Prestobank's postal service area, which includes a telephone "hot line" connected directly to the main downtown post office's information center and manned around the clock.

Located on Preston Bank's sheltered parking deck, the new facility is housed in a new glass-walled building that is protected by closed-circuit television at all times, in addition to 24-hour security guard service.

At the heart of the facility is a "total teller" machine manufactured in Dallas by Docutel Corp. The machine console, mounted inside the new annex structure, dispenses cash to Preston customers by means of a newly designed Presto/Master Charge card or, for checking and savings customers, a specially designed identification card, either of which acts as an electronic "key" to activate the machine.

TOP: Architect's drawing shows location of Preston Bank's new 24-hour banking and postal facility, sheltered under the bank's covered street-level parking deck. BOTTOM: The self-service Prestobank facility provides automatic and almost complete range of banking and postal services.

Each card carries on its reverse side a magnetically encoded strip of numbers which includes a personal security identification number known only to the cardholder and the bank.

To complete a transaction, a customer inserts his card in a central slot, taps out his security number on the keyboard, selects the account (checking, savings or Presto/Master Charge) he wants the withdrawal or transfer charged to and indicates the amount of money he wants. The machine then returns the card along with the cash and receipt of the transaction.

Customers also may transfer money from credit card to checking accounts, from checking to savings and from savings to checking. The machine accepts deposits for any account as well as loan payments and acknowledges all transactions with a printed receipt.

Customers of the six banks will be able to make cash withdrawals on their checking and Presto/Master Charge accounts at any of the participating banks. • •

Profile of a Professional Pacesetter

Since joining NBT in 1966, Bill Nash has carved a special niche for himself . . . both in Oklahoma banking circles and in Tulsa community affairs. After you meet this dynamic young banking executive, you'll agree he has a special "knack" for tackling problems head-on . . . in a *person-to-person* situation. A talent that uniquely qualifies him to head NBT's Correspondent Bank Department.

Don't let his low-key Georgia drawl fool you. His list of civic accomplishments and accolades are far more numerous than his years. In 1970, he was honored as Tulsa's Outstanding Young Man by the Junior Chamber of Commerce. Currently, he is a member of the board of regents of Oral Roberts University, a director of the Tulsa Boys Home, first vice president of the Downtown Lions Club, vice chairman of Tulsa Area Youth for Christ, as well as a member of the Junior League's Business Advisory Council.

And his list of professional credits is equally impressive. A graduate of Northwestern University's School of Bank Marketing, Bill joined NBT in 1966 as advertising manager and director of public relations. Named an NBT officer in 1967, he was promoted to Vice President and head of the Real Estate Loan Department in 1970. He is also a graduate of Oklahoma State University's Intermediate School of Banking.

But don't take our word for it. Find out for yourself. There's a *difference* in the brand of banking service you'll get from a *professional* Pacesetter. So, look for Bill . . . he'll be looking for you.

Phone (918) 584-3411, Ext. 443

NBT

MEMBER F.D.I.C.

NATIONAL BANK OF TULSA

THE PACESETTER® BANK THAT HELPS YOU GET THINGS DONE

Lee Career Apparel, Kansas City, Offers 'Esprit de Corps' Fashions

ESPRIT DE CORPS is the name of a new collection of career apparel being marketed by Lee Career Apparel, division of H. D. Lee Co., Inc., Kansas City.

William G. Gillespie, vice president, said, "Employers are discovering that personnel problems usually associated with clothing are solved by a good program of company career apparel.

"There also seems to be a growing realization of the importance of employee pride in the company that has manifested in a new fashion look for the workaday world. We believe our new Esprit de Corps apparel captures the spirit of this progressive corporate viewpoint."

In the Esprit collection, Lee presents a wardrobe of six colors and eight styles for women and six colors and two kinds of fabric in blazers and slacks for men.

Esprit de Corps careerwear for women is available in dresses, slacks, jumpers, vests, sleeveless shells, skirts, blazers and jackets.

Made of 100% Dacron polyester doubleknit, these ensembles are available in Scarlet O'Hara, Admiral Navy, Sunny Gold, Kelly Green, Teddy Bear Brown and Heavenly Blue. They can be mixed and matched in a wide range of styles and colors. All are machine washable.

Long- and short-sleeve blouses, bright accent scarves and panty hose are also available in the Esprit de Corps collection. Men's blazers and slacks are color coordinated to match the women's ensembles. The slacks are made in Lee Prest® (65% Dacron and 35% Avril Rayon)—as well as 100% Dacron doubleknit.

The blazers are available in 70% Dacron, 30% worsted wool—and 100% Dacron doubleknit.

For almost a century, Lee clothes have been identified with the American way of life: western styles, casual outfits and industrial work clothing and uniforms. Now a part of the VF Corp., the Kansas City-based firm is servicing the growing demand for appropriate corporate careerwear. • •

Corporate Identity Program Adopted, Results in Change In Name for Ft. Worth Bank

FORT WORTH—First National is now called First of Fort Worth, as part of a new corporate identity program. However, the legal name of the bank remains unchanged.

Paul Mason, chairman, and Karl T. Butz Jr., president, said, "We feel that 'First of Fort Worth' helps distinguish this bank from other 'First National Banks' in Texas and the Southwest."

Paul Mason (l.), ch., and Karl T. Butz Jr., pres., First of Fort Worth, hold a reproduction of the outdoor advertising signs that the bank has introduced as part of its new corporate identity.

The bank also has a new hallmark which is an abstraction of the new name. A shade of red is used when displaying the hallmark and name in color.

Sudler, Monigle, Cronewett, Inc., of Denver, design and planning consultants, developed the bank's new corporate identity program. The identity change affects checks, forms, stationery, advertising, telephone greetings and signs.

Longer Terms for Auto Loans?

One swallow doesn't a summer make, nor does one bank (or two) set a trend on loan policies, interest rates or any other topic.

Nonetheless, it is interesting to note that in recent months two prominent banks have lowered their standards on installment loans. One bank (in Michigan) has announced 48-month auto loans. Another bank (in Georgia) has announced 42-month auto loans that are advertised to "reduce your new car monthly payments up to 12%."

Obviously, both banks are trying to attract more loans and in most cases they will be attracting the marginal risks.

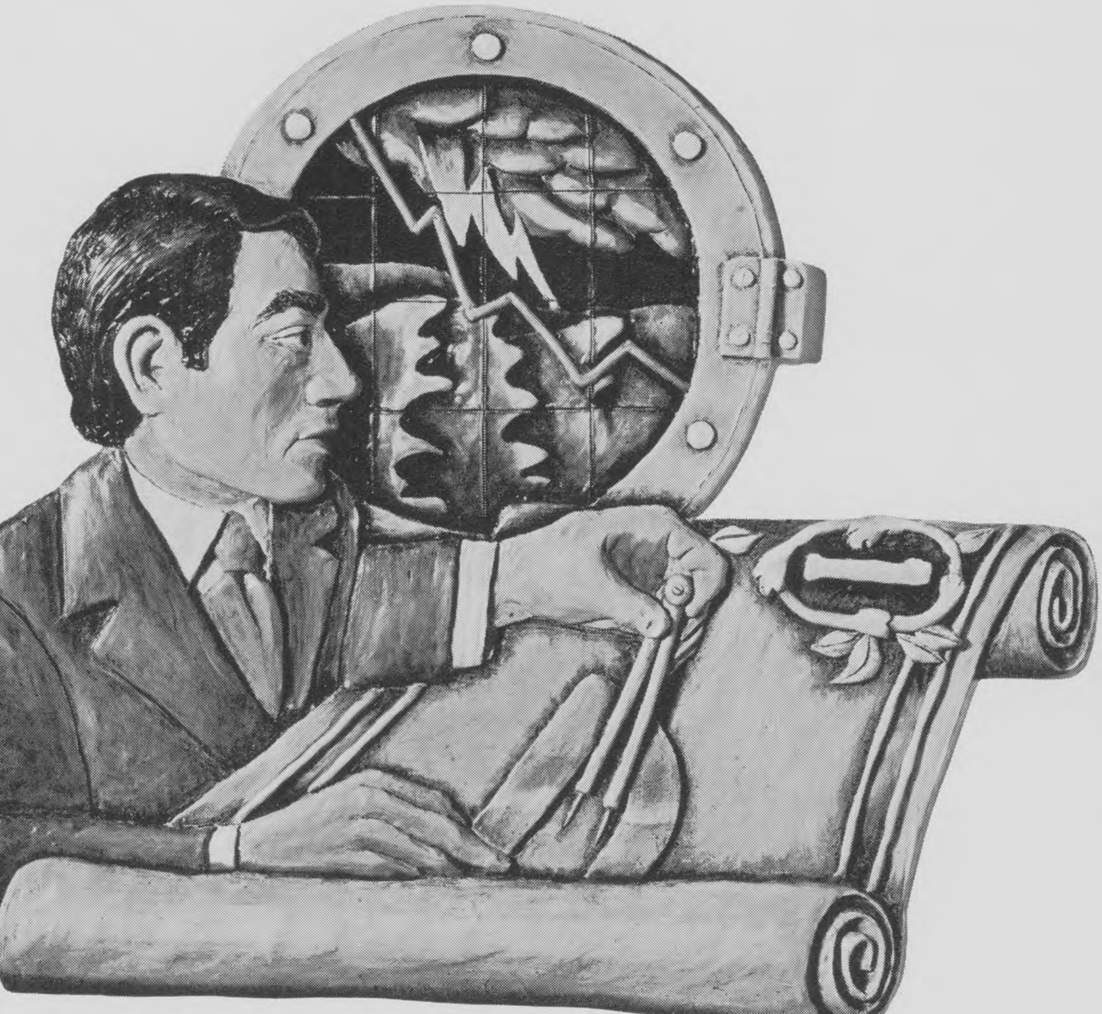
Several years ago banks tried, then discarded, the 48-month loan. Reason: The collateral was hardly ever worth the outstanding loan and losses resulted.

Are banks willing to take a little more risk now in order to bolster sagging loan portfolios? Spot checks (by MCB editors) have not uncovered any other banks lowering standards on auto loans.

Will we, in the months ahead, find banks willing to venture into waters already charted and found to be dangerous?—*RBC*

Kan. Trust Div. Elects Officers

New officers of the Kansas Bankers Association trust division recently were elected. From left are: outgoing pres., Glenn Tague, v.p. & tr. off., Citizens National, Emporia; pres., Lynn Anderson, v.p. & tr. off., First National, Lawrence; v.p., Mrs. Shirley Lang, tr. off., Hutchinson National; and sec.-treas., Frank Ragland, sr. v.p. & tr. off., Union National, Wichita.



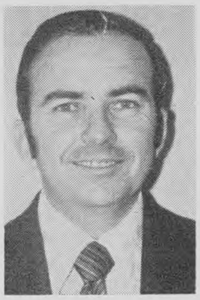
Young Bankers' Seminar In Missouri to Feature Size-Group Meetings

Special-interest sessions and size-group meetings will be featured at the eighth annual Young Bankers' Seminar of the Missouri Bankers Association June 21-22 at the Ramada Inn in Jefferson City. G. Wayne Thomas, Young Bankers' chairman, will call the meeting to order. He is vice president, Commerce Bank of University City. The group's vice chairman is J. Michael Searles, vice president, Mercantile Trust, St. Louis.

The special-interest sessions, scheduled to begin at 1:30 p.m., June 21, will spotlight the following topics and speakers: "Selling Trust Services," Thomas J. Alexander, attorney-at-law, Kansas City; "Installment Loans," Harry H. Harrison, vice president, Westport Bank, Kansas City; "Bank Investments—Assets or Liabilities," Harold R. Hollister, senior vice president, City National, Kansas City; and "SBA and Other Specialized Loans," William V. Turner, president, Citizens Bank, Springfield, Mo.

The size-group sessions will begin at 3:15 p.m. June 21 and will be divided according to banks' assets—up to $5 million; $5-12 million; $12-20 million.

On the morning of June 21, Howard Gibson, senior consultant, Lawrence-Leiter & Co., Kansas City management consulting firm, will speak on "Developing Management Skills." "A Case Study in Bank Advertising" will be presented



THOMAS

SEARLES

by Joseph H. Straughan, president, MAP Advertising Agency, Inc., Springfield, Mo. Ben A. Parnell Jr., newly elected MBA president, also will speak. He is president, Peoples Bank, Branson.

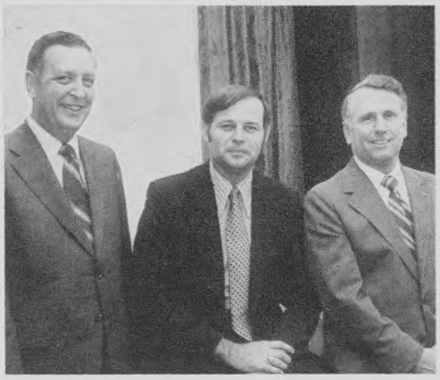
The following morning, Dick B. Dale, MBA general counsel, will present a "Legislative Review"; William W. Gillmor, cashier, Missouri Bank, Kansas City, will give a "Report on Economic Education Program," and Frank W. Koger, attorney-at-law, Kansas City, will have a "Report on Holder-in-Due-Course Act."

A social hour is scheduled for 6 p.m. June 21 to be followed by a 7 o'clock banquet. Registration will be held from 8 a.m.-6 p.m. June 21 and 8-10 a.m. the next day. Final adjournment is scheduled for 11:15 a.m. June 22.

Suiter, Lawrence, Robinson Named VPs in Nashville

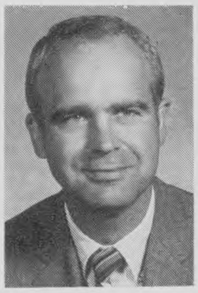
NASHVILLE—Third National has announced several promotions, including those of Clarence Suiter Jr., Roy B. Lawrence and Ronald D. Robinson from assistant vice presidents to vice presidents. Mr. Suiter is in the correspondent bank department.

Promoted from operations officers to assistant vice presidents were J. Everett Davis, Carl O. Diamond, Chase A. Horton and J. David Spalding. Rufus Bagsby, Robert Ligon, Robert Moss Jr. and John Patterson were named commercial officers. John Faulkner and Earl Lawrence were elected operations officers. New administrative assistants are Mrs. Allene Benson, Marker T. Billingsley, Miss Mary E. Chapman, Mrs. Annette Folds and Mrs. Gracie B. Sesak.



New vice presidents at Third Nat'l, Nashville, are (l. to r.): Roy Lawrence, Ronald Robinson and Clarence Suiter. Mr. Suiter is in the correspondent bank department.

Central Trust, Jefferson City, Elects Herfurth Vice President



HERFURTH

JEFFERSON CITY, MO—James T. Herfurth has been named vice president and operations officer of Central Trust. He had been serving as second vice president.

Mr. Herfurth is a graduate of the University of Missouri and the Central States School of Banking, Madison, Wis.

New Bank in Downtown St. Louis Planned by Commerce Bancshares

KANSAS CITY—Commerce Bancshares, registered bank holding company, has been granted preliminary approval to organize a national bank under the name of Commerce Bank of St. Louis, to be located in downtown St. Louis. Organizers of the bank are affiliated with Commerce Bancshares.

Plans call for an original capital structure of $5 million. The holding company is now awaiting Fed approval to proceed with plans for the new bank.

■ LOS ANGELES—Lawrence J. Sloane, William R. Warren and Edward Wilson have been named senior vice presidents at United California Bank.

Nostradamus had the power to forsee the future.

How many of your loan applicants do?

In the year 1555, Nostradamus predicted World War II and the atomic bomb. If he told you the price of cattle would be higher in six months, maybe you'd believe him.

But if you're loaning money to producers on beef, hogs, eggs, potatoes, milo or lumber, it's comforting to have more than someone's guess as to their potential value. The prices of these commodities have a tendency to vary considerably.

However, if your customer has hedged his crops through a futures contract on the Chicago Mercantile Exchange, you can determine exactly how much they will be worth many months in the future, regardless of market conditions. That's good protection for your customer and excellent protection for your loan. In fact, you can safely loan up to 100% of the hedged value of commodities.

Our free booklet, "Price and Loan Protection Through Hedging," is must reading for bankers with agricultural accounts. Order as many copies as you need with the coupon below.

CHICAGO MERCANTILE EXCHANGE
110 North Franklin Street, Chicago, Illinois 60606

Gentlemen: Dept. 177

Please send me_______copies of "Price and Loan Protection Through Hedging."

Name ____________________

Address ____________________

City ________ State ______ Zip ______

By DAVID R. NUNN
President
Bank of Halls,
Tennessee

Banking Faces the Holding Company Question

THERE IS a strong division of opinion within the banking industry as to the proper role of bank holding companies. The issue is one of the most important facing the industry.

Legislation on bank holding companies was introduced in a number of state legislatures this year, some of which is still pending. A number of other states are considering making legislative committee studies of the subject. Action in still other states has been relatively limited, although a number of proposals have been placed before state legislators.

On the one hand, Kentucky, which previously had prohibited any form of bank holding company, passed a bill in its last legislative session permitting one-bank holding companies. On the other hand, the New York superintendent of banks, William T. Dentzer Jr., proposed to the state general assembly that a bill be enacted permitting bank holding companies from another state to enter New York if the other state would extend reciprocal privileges to New York banks. This is a significant broadening of the powers of bank holding companies.

The trend in other states has been toward limitation of bank holding companies. Iowa has passed a bill prohibiting any bank holding company from controlling more than 8% of demand deposits in the state. Florida has prohibited any out-of-state holding company from acquiring a Florida trust company or any company furnishing investment advisory services to a Florida trust company or bank. Missouri has proposals pending to make a study and provide a moratorium on bank holding company expansion or formation until the study is complete, as well as another bill limiting the size of bank holding companies.

While bank holding companies are not new, in the last few years there has been a flurry of interest and activity that has brought this form of banking structure into the public eye. Studies on bank holding companies detailing the advantages, disadvantages and performances are relatively few. It would be a service to our industry to have a comprehensive study made of the data currently available on this topic.

Most bankers are familiar with many of the purported advantages and disadvantages of holding companies. The movement toward holding companies, if permitted to continue, could take a number of different forms. Present proposals of the Federal Reserve Board are relatively clear in terms of limiting the degree of expansion that any one holding company can make. Other regulatory authorities and government agencies are taking a number of different positions on the question.

Mr. Dentzer has issued guidelines based on the following criteria: The bigger the holding company, the smaller the acquisition that will be allowed; and the bigger the independent bank in its market area, the smaller will be

(Continued on page 44)

Holding Company Issue Aired at State Conventions

THE REMARKS of Mr. Nunn appearing on this page were excerpted from his report as president of the Tennessee Bankers Association convention, given in Knoxville last month.

The editors of MID-CONTINENT BANKER reported the following holding company activity at various other state banking association conventions recently:

Louisiana—Members of the Louisiana Bankers Association, polled recently on their opinions regarding the opening of the state to the formation of multi-bank holding companies, have gone strongly on record as favoring the status quo by continuing to prohibit the formation of HCs.

Mississippi—The Mississippi Bankers Association has contracted for an impartial study of the pros and cons of multi-bank holding companies, to be prepared by Dr. Charles F. Haywood, dean of the School of Business and Industry, University of Kentucky. Upon completion of the study, a meeting of the entire MBA membership will be called to discuss it.

Illinois—Delegates to the Illinois Bankers Association convention again reaffirmed their wish to continue the status quo situation in that state regarding multi-bank HCs. The formation of holding companies is prohibited in Illinois.

Texas—Due to the fact that there are no restrictions against the formation of HCs in Texas, banks are cautiously going ahead with the formation of HCs. The situation is similar to that in Missouri.

Kansas—A move toward repealing the prohibition against formation of HCs in Kansas has begun with the formation of the Kansas Association for Economic Growth. Purpose of the organization is to work for legislation to permit HCs. The group elected officers at a meeting held during the time the Kansas Bankers Association convention was meeting.

Indiana—As reported in the May 15 issue of MID-CONTINENT BANKER, an attempt to repeal the prohibition against multi-bank HCs in Indiana is being conducted by the League for Economic Development. Strong opposition has surfaced in the form of a farmer-labor-banker coalition. • •

around money the finest is "STEEL-STRONG"

TRADE MARK ®

1 AUTOMATIC COIN WRAPPER
Amounts and denominations automatically indicated by patented "red bordered windows". Amounts in windows always in register . . . eliminates mistakes. Accommodates all coins from 1c to $1.00.

2 TUBULAR COIN WRAPPER
Especially designed for machine filling . . . a real time-saver. Packed flat. Instant patented "Pop Open" action with finger tip pressure. Denominations identified by color coding . . . 6 different standard colors.

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

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

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

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

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

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

9 BANDING STRAPS
Ideal for packing currency, deposit tickets, checks, etc. . . . do not break or deteriorate with age. Size 10 x ⅞ inches and made of strong brown Kraft stock with gummed end for ease of sealing. Packed 1000 to a carton.

SEE YOUR DEALER OR SEND FOR FREE SAMPLES

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

The View From the Driver's Seat

EDITOR'S NOTE—Mrs. Waite's remarks were excerpted from her report as president of the Alabama Bankers Association, given at the AlaBA convention last month. Mrs. Waite has just completed service as the nation's first banking association woman president.

By MARY GEORGE WAITE

Chairman and President
Farmers & Merchants Bank
Centre, Alabama

HAVE YOU ever noticed how differently things look from the driver's seat? One uses the rear view mirror to see what has happened, the two side mirrors to observe what is happening and the front windshield to anticipate what might happen. Being in the driver's seat also stimulates more objectivity, more caution, more consideration, more appreciation, more awareness and more concern—all in one breath.

As I look back into that rear view mirror, I see a well organized and deeply rooted Alabama Bankers Association, whose purpose for being organized at Blount Springs, Ala., on August 11, 1902, was "to promote the general welfare and usefulness of bank and banking institutions and to secure the uniformity of action, together with the practical benefits to be derived from personal acquaintance and from the discussion of subjects of importance to the banking and commercial interests of the State of Alabama and for protection against loss by crime."

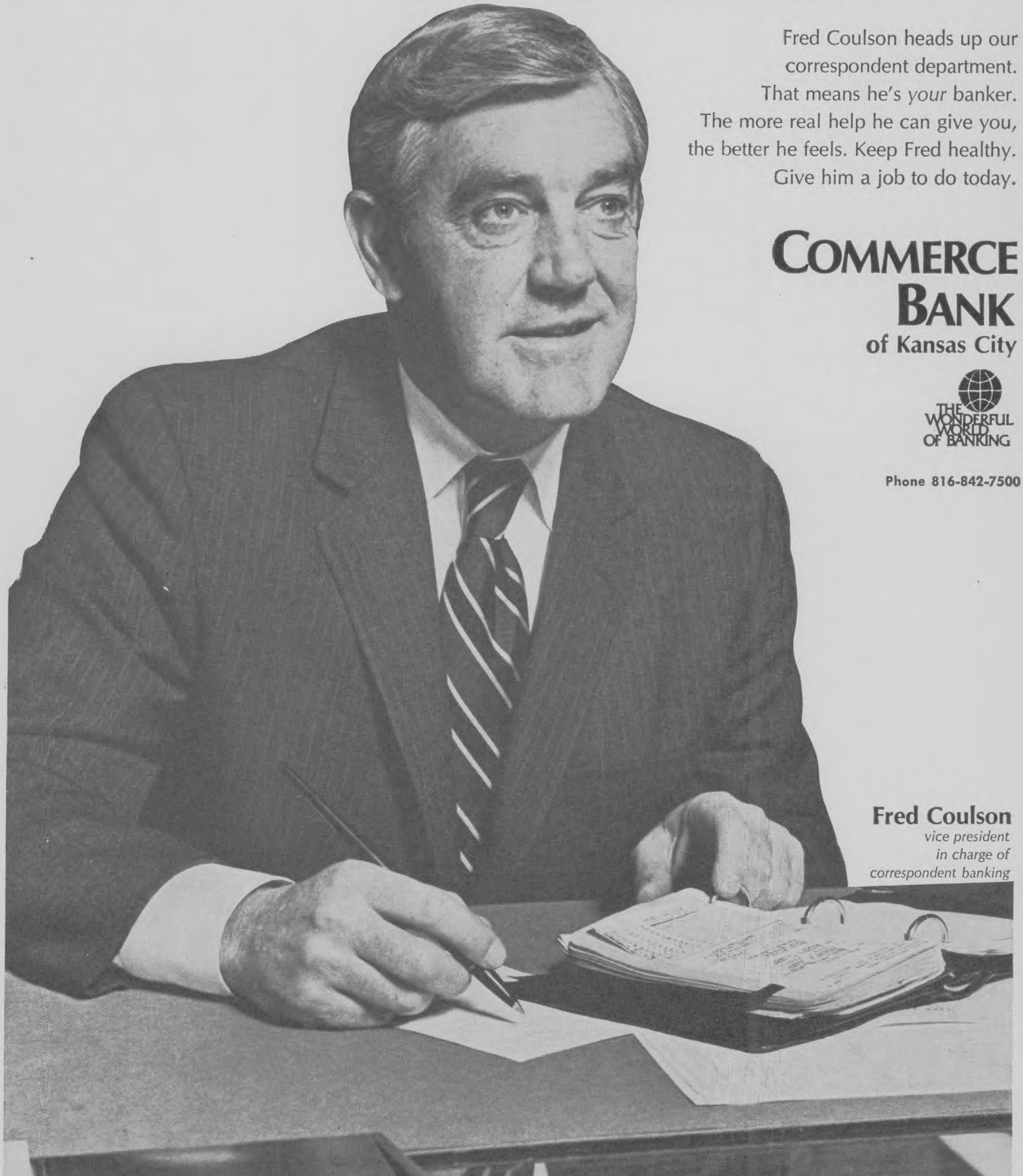
Isn't this still our purpose for being? The roof that covers us is not like the farmer's barn that leaked. A friend asked him why he didn't repair it; and he said, "When it's raining it's too wet to work, and when the sun shines it doesn't leak." Our founders built a strong secure roof in the beginning. I also look back and see great AlaBA presidents, each one a banker of deep dedication, with exceptional intelligence and abundant courage topped off with good old common sense. Also, my mirror reflects able bankers from all over Alabama joining hands to cement a great industry—banking.

I attempt to look through both side mirrors at one time in order not to miss a single part of the 1971-72 rapid-fire scene of action. It has truly been action plus! Your president has felt often like the little boy who came out for shortstop and made the team. That night he told his daddy and then he said, "Daddy, what does a shortstop do?" By giving American banking its first association woman president, you caused a mild flurry that seems to have been felt in many parts of the U. S. You've shared your president, whether you have known it or not, with state associations and affiliates in South Carolina, Georgia, West Virginia, Wisconsin, Kansas, Florida, North Dakota, Oregon, Tennessee, Mississippi, Arkansas, Kentucky and North Carolina. Hopefully, this has been good for banking and for Alabama!

I've seen in these side mirrors consumers, ecology, involvement, expertise, rationale, and relevance become commonplace words in our banking language. "Mini-code madness" has been seen over and over with one day ending and passage seeming impossible and the next day seeing passage by both House and Senate with, finally, the governor's signature.

My side mirrors have let me watch a par bill pass (with both the AlaBA president and first vice president being nonpar bankers!); read Hunt Commission Chairman Reed O. Hunt's statement, "Mr. President, we propose a number of fundamental changes in the nation's financial system" (89 to be exact!); see prime rate changes almost daily; meet Phase I and Phase II; and watch Alabama's first multi-bank holding companies be born.

Looking straight ahead, I see many things in Alabama banking. Holding companies will have an impact on banking and possibly AlaBA. Regardless of our personal opinions concerning them, they are now a way of life. Increased competition from other financial institutions is extremely evident. The Hunt Commission is living proof of this fact. Automation continues to be important, even though some information generated might be classed as useless and even though some bankers have become disenchanted with not being able



Fred Coulson
vice president in charge of correspondent banking

to develop central file information, management science techniques, management information systems, or efficient unused time schedules. The computer is no longer a toy and will continue to be great with EDP problems of transit, proof and routine operations.

The political aspect will have more and more impact on our industry. John J. Carter, vice president, Indiana National, Indianapolis, said recently, "The changes to expect in the credit markets in 1972 appear to entail more political than economic judgment." Our front windshield agrees. Look at possible legislation, both state and national, that is already being talked and proposed; and banks will continue to be the prime target for much of it. We see that everybody is concerned about banks; the Fed, Treasury Department, FDIC, state supervisors, IRS, Congress, state legislators, the consumer, HEW and on and on! Ours is a regulated industry!

This front windshield reveals some banks at which management is concerned with profits first and people second and other banks at which management is trying to stay open longer hours, give away more gimmicks, come up with everything possible for nothing and forcing his competitor to fall in line and stay open all the time and do everything for nothing, too. Costs soar and profits decline!

We also see ahead the type of bank that will survive, and this is the bank that your president likes best to look at! This is the bank whose management puts people first and watches profits follow naturally.

People-to-people banking is your president's concern and in her opinion is the only type of banking that will survive. This people-to-people banking is both within and without—within with our employees and without with our customers. All in the world our employees and our customers are asking is to be treated like people in our shops.

It's just like the six-year-old girl who went into a restaurant with her mother and daddy for lunch. The waitress taking her order asked, "What do you want, my dear?" Her mother answered, "She will have roast, squash and potatoes." The waitress asked the little girl again and the little girl answered, "I want a hot dog and a Coke." When the order came, the waitress brought the little girl a hot dog and a Coke. The little girl turned to her mother and said, "Mother, she thinks I'm people!" Personal-touch banking is the answer; a genuine welcome, a desire to serve, a happy atmosphere filled with happy employees from management on down —employees who care; an efficient operation. How can this be?

Mike Mescon, professor of human relations, Georgia State College, Atlanta, told the Alabama Young Bankers recently when he said, "Service isn't provided by inanimate objects but by human relations. Management should be proactionary not reactionary. What's lacking today on the part of management isn't intelligence, but commitment. The real tragedy today is underemployed human beings. Put more emphasis on net productivity. It's not how many units are produced today that is important but how many perfect units are produced. There should be only one job title in banks—sales manager. Everybody should sell. We must sell the people inside before we can sell the people outside."

His first question from the audience was, "Will you speak to senior bankers next week?" Doesn't that tell us something? People-to-people banking is just like the little boy who had to take his birth certificate to school. He said to the teacher, "Here's my excuse for being born."

"Just being a bank isn't enough any more" is one bank's slogan. How true this is! To survive, our front windshield says we must be people-minded bankers. How are we planning to motivate people in our shops? How are we utilizing human beings today? Have you ever heard anybody say, "Are you full of the old moxie?" Whatever happened to moxie? Moxie was a soft drink 20 years ago that stood for courage and aggressiveness. It once had a sales force and more sales than Coca-Cola. What happened? It went bankrupt because it rested on its laurels, didn't know its production, didn't plan for the future and forgot about the "people" angle of service.

This president wants banks to be the financial institutions of the future and to be full of the old Moxie called courage, aggressiveness and service. Why does this driver want us to survive? Because banking is a great industry and bankers are the most compassionate people on the face of the earth! • •

The HC Question

(Continued from page 40)

the holding company that will be allowed to acquire it. This policy would result in holding companies becoming vehicles for smaller units to become medium-sized competition for large holding companies.

There are a number of studies available for evaluation. The Fed recently published one stating that bank holding companies, because of the diversity of the economy in which they operate in different geographical regions, were able to make more high-risk loans and investments than individual country banks could. The Boston Fed commissioned a study of 102 bank acquisitions made during 1947-67, involving 30 different holding companies. The report stated that the acquisitions "failed on the average to improve the earnings of their parent firms."

A study published by the Atlanta Fed on holding companies in three states concluded that on the average, measured by the performance variables used, holding company banks were found to be just about like comparable independent banks. • •

Bermuda Bound for Alabama in 1973

During their annual convention in Birmingham last month, Alabama bankers voted to hold their 1973 convention in Bermuda in a new hotel now nearing completion. The convention group will fly by chartered aircraft direct from Birmingham. Pictured here is the convention location committee that made the recommendation to the association: Charles Snell, Citizens National, Shawmut; Harold Glass, Bank of Thomasville; committee chairman, J. C. Jacobs, J. C. Jacobs Banking Co., Scottsboro; J. M. Barrett, First Nat'l, Wetumpka; and Howard K. Morris, AlaBA exec. v.p. The committee obviously is pleased with the decision.

By FOREST L. GOETSCH
President
Doane Agricultural Service, Inc.
St. Louis

The Expanding Agriculture Industry Needs Increased Bank Participation

Mr. Goetsch's remarks were given before the Missouri Bankers Association convention in St. Louis last month. While some of the excerpts from Mr. Goetsch's speech are directed specifically to the situation in Missouri, the theories he presents are pertinent to the situation in other states—EDITOR.

I WOULD like to interest all bankers in doing a more effective job of financing good farm operators.

Many bankers are quite active in farm lending. The February issue of "Agricultural Finance Outlook" quotes Farmers' Home Administration Correspondents' Reports from Missouri as follows: "The need for farm credit is great in Missouri. Many rural bankers are loaned up to their limit on operating credit. Due to the legal limit of 8% set by law that can be charged to individuals for interest, many large banks and insurance companies are lending to corporations, which have a higher legal rate in this state."

With somewhat lower interest rates, this legal limit may not be quite the problem in 1972 that it was last year. Maybe some year the state legislature will get around to raising that rate like many other states have done, so that funds are not siphoned off to other uses.

At the beginning of 1971, all operating banks in Missouri showed a total of nearly $427 million loaned to farmers in the form of non-real estate loans. This was up about $35 million from the previous January. It compares to $154 million loaned by the Production Credit Associations in Missouri (up $19 million over year-previous figures).

Of course, this did not include the rather sizable amount on the books of various farm suppliers, such as fertilizer and feed dealers, as well as machinery companies. National figures show that dealer credit is up to $12 billion; nearly 40% of total non-real estate farm debt. I think you can assume that a similar percentage holds for Missouri.

Take a look at agricultural financing in total and learn what has been happening. Going back 20 or 30 years, we find that farmers financed most of their own needs from internal earnings. In the mid-1950s, as much as 88% of farm financing was provided internally. Farm debt was going up about $1 billion per year.

In the late 1950s, a major change occurred and the rate of savings for farmers dropped. As a result, internal financing met only two-thirds of capital requirements and debt-financing went up to one-third. Farm debt then was rising about $2 billion annually.

Heavy capital spending in the mid-1960s brought the annual rate of debt increase up to about $4 billion, and that's about where it stands today.

Looking at the non-real estate debt outstanding on January 1, 1972, you will find it significant that, for the first time in this series of years, farmers owe a substantially larger amount in non-real estate debt than they do on real estate itself.

Of course this is the major lending activity in which we would hope that all bankers would become involved. In the last three years, the percentage increase in non-real estate debt has been fully twice as great as that on real estate debt.

You often hear people refer to the balance sheet of agriculture and what a terrific debt-to-asset ratio total agriculture has. For instance, assets this past January 1 are listed at $335.2 billion, against total debts of $65.5 billion. Often overlooked is the fact that the bulk of these assets is in real estate, much of which is not owned by operating farmers, but by investors. The ratio is much different when we look at non-real estate assets of $86.9 billion and non-real estate debt of $32.7 billion.

Much of the real credit need is on the part of younger operators who are expanding rapidly with rather small equities. That big chunk of real estate equity in the total farm situation really doesn't do these farmers any good because off-farm investors hold title to it. Younger operators may be able to rent land to expand, or buy on contract, but they still need more funds for machinery, livestock and for working capital to cover the large amount of cash expense involved in putting in a crop today.

Since 1960, total outstanding farm debt in the U.S. has increased by more

Charley Foret is comin' yeh!

Charley Foret coming down the bayou in a marsh buggy? You better believe it. There's probably a traffic jam behind him or the bridge is blocked off. But that sort of thing doesn't stop Charley. Or slow him down for long. Being an NAB Traveling Man he likes to keep moving. That means he has more time for you and your business. The marsh buggy is great Charley, but two hands on the wheel, huh.

NATIONAL AMERICAN BANK OF NEW ORLEANS

The Bank that travels to help you!

MEMBER FDIC

Carroll Griffith   Milton Zeller

than $40 billion. This was possible only because people selling farms provided almost $7 billion of credit. The various types of federal credit programs accounted for $10.8 billion of the total increase, and farm suppliers—particularly machinery companies—provided another $7.3 billion. Life insurance companies increased their mortgage holdings by $2.6 billion. Commercial banks increased their non-real estate debt a little over $6 billion during this period.

What is the situation for the future so far as banks and farm credit are concerned?

In 1950, banks were loaning only about 45% of farmers' bank deposits back to them in the form of farm loans —or about $3 billion.

The 1971 figures show that farmers' bank deposits totaled $10.4 billion and their bank loans were up to $16.2 billion—or more than 150% of their deposits.

Another situation arising is the fact that these larger farm operators are facing credit needs beyond the lending limits of many smaller banks. This is especially true in the case of cattle feeders, as the price of feeder cattle reaches new all-time highs and the volume of feeding continues to go up.

Many bankers have read or heard estimates of the amount of agricultural credit needed between now and 1980. There are various estimates, but all indicate substantial increases. Current increases are in the neighborhood of 10% per year for non-real estate credit, or about $3 billion for the U.S.

Bankers who make farm loans to young men realize that the days of loaning strictly on collateral are about gone. I'm sure bankers evaluate the management ability of the young businessman more than his financial assets. Bankers should commit themselves to stay in touch with farm management developments and do a sound job of evaluating farm loan applications. Some bankers may not feel this business is worth the effort. But those who prepare for it and go after it will be dealing with customers whose business volume will increase year by year.

What are the potential increases for agriculture? Why should I be optimistic about agriculture's future?

The most recent projections by the Department of Agriculture show that total production of cattle and calves must go up 30% before 1980. If you have been listening to the discussion of meat prices of late, then you know that per capita consumption of beef has doubled in the past 20 years. The demand for beef continues to grow at an extremely strong rate.

Production of hogs must go up 15% during the 1970s.

Because soybean yields have not been increasing drastically, it appears that soybean acreage will have to be increased somewhat. Total acreage will need to go up 17% during the 1970s in order to increase soybean output 34% by 1980.

Although feed grain production must move up 44% during this period, new technology is expected to make this possible by increasing acreage by only 1% over the 1970 figure.

Cotton is another important crop. The government is expecting the need for 25% more cotton by 1980 and a slight increase of 2.8% in cotton acreage.

We have to expect a decrease in the use of milk products; however, not all processed dairy foods will be affected negatively.

The trend continues upward for broilers and turkeys, with egg production going up at the same rate population increases. The net result is a third more chickens being needed by the end of the decade. Turkey production should increase 44%.

There has been much concern in recent years about the threat of corporate farm takeovers. We have seen some companies make strong efforts in this direction and some projects have been unsuccessful. It is my opinion that the Midwest will be the last section of the country to see a substantial increase in farming activities by publicly-held corporations. However, if farmers run into major credit shortages, the corporate route may be one of the only avenues left to finance necessary farm production.

Most companies selling fertilizer, chemicals, petroleum products and other input items are involved in some type of financing. If this should become a large part of the cash input for crop production, there could be a form of contract farming evolve that would mean rather close supervision on the part of corporate fieldmen. Possibly an ultimate takeover could occur, such as has happened in broilers and—in a few instances—with hogs. However, most of these input suppliers would much prefer to see the financing of purchases handled by traditional credit sources, leaving them free to use their assets in other productive ways.

The traditional lending agencies can meet the challenge of providing the credit needed for an expanding Midwest agriculture. Let's take the positive approach and say that banks will be a significant factor in providing the sharply increased amount of credit for farmers estimated for the next 10 years. You may say, "Where will the additional funds come from?"

One of the recommendations for reducing impediments in agricultural financing by rural banks, made in the President's First Annual Report on Financial Assistance to Rural Areas, released last July, was greater use of correspondent banks and increased participation in loans with non-bank lenders.

Recently I read a talk given by George W. Mitchell, member of the Fed Board of Governors. He had a suggestion that made sense to me.

Governor Mitchell referred to the fact that small banks obtain many services from larger banks. Traditionally, smaller banks have paid for these services, indirectly, by maintaining demand accounts at these banks. A part of country banking resources is therefore tied up at all times in balances carried at city banks, rather than being

available for farm loans. Generally, the smaller banks have a larger percentage of such balances.

Governor Mitchell's suggestion is simply to have the smaller bank pay fees rather than use balances as a method of compensation. If more credit was needed locally, rural banks would not place funds with city banks. Instead, rural banks would put that part of these funds not needed for clearing purposes to work in local loans. The local earnings would be used to pay for correspondent services on a fee basis.

Governor Mitchell feels that this change has not been made because paying for services through deposit balances has been a standard industry practice for such a long time. Banks not only compensate each other in this fashion, but they use the same practice for other bank customers.

The practice is probably a carryover from the time when rural banks had more loanable funds than loan demand. This is no longer the case.

Participation by city correspondents in farm loans is another obvious answer to the need for more rural credit. During the "credit crunch" of a few years ago, the funds sometimes were flowing the wrong way for farmers. With money more plentiful now, there should be sufficient funds to handle all good agricultural loans.

Indications are that multi-bank holding companies will be putting out funds to their rural banks to handle good farm loans if local deposits are not adequate. I would hope the correspondent banking system would do likewise.

Agricultural credit corporations are another tool for bringing outside funds into agriculture. I notice that one of the Chicago bank holding companies recently formed such a corporation to tap new sources of funds by selling commercial paper to bankers and to commercial, industrial and institutional investors.

The Farm Credit Act of 1971 allows Production Credit Associations to participate in loans with local commercial banks. As I understand it, this new provision will tend to replace the former arrangement of commercial banks discounting agricultural paper directly with Federal Intermediate Credit Banks.

This participation arrangement with PCAs is being offered to banks that have shortages of funds to meet loan needs or have low lending limits. A survey of bankers in the Seventh Reserve District last winter showed that most were unwilling to initiate a participation loan with the local PCA. Most said they would obtain funds from a city correspondent instead.

In conclusion, I would like to suggest that many of you take a new look at agriculture as a source of future business loans. You will find some sophisticated operators who are accustomed to budgets and cash-flow projections.

A recent announcement of Doane's new computerized farm planning service brought a surprising response from Midwest farmers. Many of these men know how to produce major commodities in an efficient manner. They are now looking for better business management tools. Many of you can help them in this search, along with providing them needed funds. As our staff works in different parts of the country, it is apparent that a strong, aggressive banking industry can help make for a strong and prosperous agriculture industry. • •

Three Vice Presidents Appointed At Hamilton Nat'l, Chattanooga

CHATTANOOGA—Hamilton National has promoted Edward W. Blake, William J. Camden and Pemberton Cooley Jr. to vice presidents.

Mr. Blake is head of the real estate loan department and has been with the bank since 1966. Mr. Camden, with the bank since 1967, is manager of the installment loan department. Mr. Cooley came to the bank in May to organize and manage a time-sales department.

Named assistant cashiers were: Kenneth A. Gross, East Ridge Branch; and Chapin B. Miller II, commercial loan department.

Capital Bank Opens in Santa Fe; Ike Kalangis Is President

SANTA FE, N. M.—Capital Bank recently opened its doors for business here with capitalization of $840,000. The bank is located in a temporary facility until construction of a permanent building is completed in November.

Officers of the bank are Ike Kalangis, president, and Bill Bowlds, vice president and cashier. Mr. Kalangis has been in banking eight years and formerly was senior vice president, Santa Fe National. Mr. Bowlds also was with Santa Fe National as assistant vice president and assistant manager of the Southside Branch.

NABW's Southwestern Region Holds Annual Conference in San Antonio

Business and fun were successfully combined at the 1972 Southwestern regional conference of the National Association of Bank-Women Inc. The region, encompassing Arkansas, Oklahoma and Texas, met in mid-April in San Antonio. LEFT: A highlight of the meeting was the awarding of scholarships to Mrs. Virginia P. Lewis (2nd from l.) and Miss Joy Lambert (2nd from r.). Miss Mary Agnes Bowles (l.), v.p., Boulder Bank, Tulsa, was chairman of the committee that awarded a Bank Marketing School scholarship to Mrs. Lewis, sr. v.p., Seagoville (Tex.) State. She will attend the University of Colorado. Mrs. Roberta Watson (r.), a.v.p., Heights State, Houston, was chairman of the committee that selected Miss Lambert for a scholarship for study at Southern Methodist University's Southwestern Graduate School of Banking. Miss Lambert is a.v.p., Lubbock (Tex.) Nat'l. SECOND FROM LEFT: NABW President Ruth Harrison (seated, r.), a.v.p., Irwin Union Bank, Columbus, Ind., and Mrs. Denzel Taylor (seated, l.), v.p., First Bank, Sand Springs, Okla., are pictured at the early bird party. Mrs. Taylor is immediate past v.p. of the Southwestern Region. In background are Mrs. Elma Pogue (l.) and Mrs. Bette Trump (2nd from l.), conference ch. and co-ch., respectively. Mrs. Pogue is a.v.p., Broadway Nat'l, and Mrs. Trump is asst. director of adv., Frost Nat'l, both in San Antonio. THIRD FROM LEFT: Mrs. Taylor introduces region's incoming vice president, Mrs. Geraldine R. Eidson, v.p., Ridglea State, Fort Worth. Mrs. Eidson will take office at NABW's 50th-anniversary convention in Chicago in September. RIGHT: A prize is awarded to an NABW member at the first-timers' costume party.

How the Bank for Banks keeps your securities safe.

Chemical, as a major New York bank, can of course hold your securities in safekeeping in our vault. We can act as your agent, arranging for receipt and delivery of securities. We will also transfer ownership of stocks or registered bonds.

But here's where—and how—the Bank for Banks parts company with most others. First of all, when you bring your bank's safekeeping business to Chemical we give this important area of banking the front-office attention it deserves. Chemical is the bank with a separate department that has no other business than our Correspondent's Safekeeping.

Your account will be assigned to one special group within the department. They see that coupons and interest/dividend checks are collected and promptly credited to your account. Take careful note of tenders, exchanges, notifications of calls, stock dividends and offerings. There's also a special stock sight draft unit that processes and delivers most drafts within 24 hours of receipt, speeding up availability of your funds.

Chemical is the bank that provides every Correspondent with this kind of full service—which no doubt explains why Chemical's Safekeeping activities have grown by some 50 per cent in the past three years. Why we're finding it necessary to expand into new facilities. And why Chemical ranks at the top in Securities Safekeeping among the six largest New York banks.

We have a new brochure that spells out specifically how the Bank for Banks does more for you. Just speak to your National Division Representative: or call Bill Rowand, Vice President, of our Correspondent Safekeeping Department at (212) 952-2391, or write to him at 55 Water Street, New York, N.Y. 10041.

CHEMICALBANK

We do more for your money.

WE WORRY ABOUT YOU.

We hope your present mobile home loan program hasn't tied you down so tightly you're left with no room to maneuver. Some programs are so inflexible, you're forced to fit your dealers into the program rather than fitting the program to the dealers.

Take the question of non-recourse vs. repurchase for example. Some dealers don't want to be bothered with repurchasing repo's and absorbing repo losses. So they prefer to work on a non-recourse basis. While others are confident they can keep defaults to a minimum and prefer the higher dealer reserve allowance that should go along with a recourse/repurchase plan.

The point is, if you can give both kinds of dealers what *they* want, then it's a lot easier to get the kind of dealers *you* want.

With the proper planning and insurance backup, you can do both. To find out how it's done, send for our booklet: Lenders' Guide to Mobile Home Insurance. Just write us, use the coupon below, or call toll-free at 800-243-6000 (in Connecticut, dial 800-942-0655) to get your free copy.

WE WORRY SO YOU WON'T HAVE TO.

Foremost
INSURANCE COMPANY
5800 FOREMOST DRIVE
GRAND RAPIDS, MICH. 49501

Please send me your "Lender's Guide To Mobile Home Insurance".

Name__________ Title

Company__________

Address__________

City__________

State__________ Zip__________

MAYOR RICHARD F. WALSH (standing, c.) of Kansas City, Kan., presents official proclamation to Commercial National's chairman, Henry G. Blanchard, designating May 1-5 as "Commercial National Bank Week" in KCK. Between Mr. Blanchard and Mayor Walsh is Bernard J. Ruysser, Pres. of bank. At right is Kansas Governor Robert Docking.

General Store, Free Popcorn, Color TV:

Bank Offers Something for Everyone In Observance of 75th Anniversary

COVER PHOTO: During Commercial National's 75th-anniversary celebration, a "rocking-chair visit" is enjoyed by Kansas Governor Robert Docking (r.); Henry G. Blanchard (l.), chairman of the bank; and Bernard J. Ruysser, president.

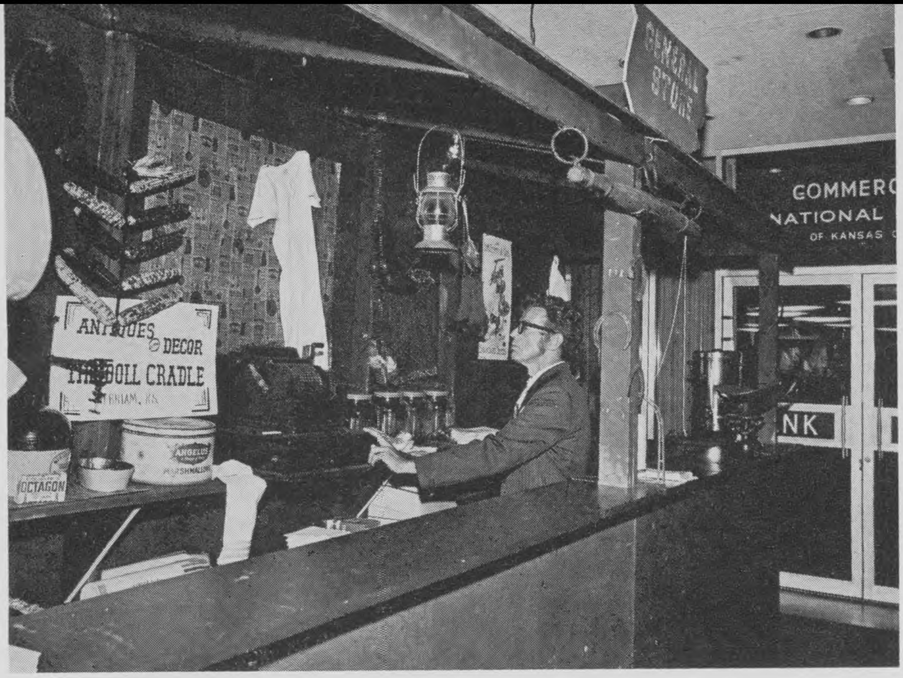
WHEN COMMERCIAL NATIONAL of Kansas City, Kan., celebrated its 75th anniversary last month, the bank offered something for just about everyone.

The week-long observance included the awarding of prizes to the oldest customer and for the oldest bank document presented on "Old-Timer's Day." There were door-prize drawings for: 1. A vacation trip. 2. A color TV set. 3. Other prizes. In addition, a popcorn machine was in action in front of the bank building dispensing free popcorn to passers-by during business hours. In the bank's foyer was a "general store," which served as a refreshment stand during the week-long celebration.

On May 2, Governor Robert Docking and other state, county and city officials, plus bankers from throughout the state, were Commercial National's guests at a special 75th-anniversary celebration and ceremony.

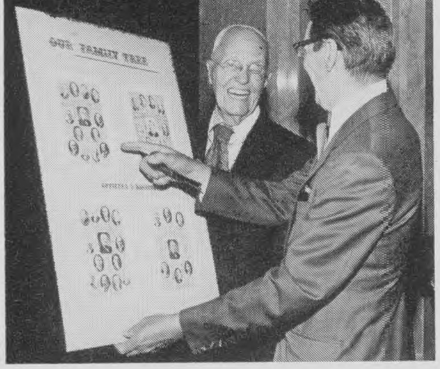
As a nostalgic tribute to the three-quarters of a century it has been in busi-

LEFT: Banking of another era is suggested by eye shades, string ties and sleeve bands worn by M. Max Dickerson (l.), sr. v.p., Commercial National, and Bernard J. Ruysser, pres. & CEO. Antique hall tree and top hat were among memorabilia displayed throughout bank during its 75th-anniversary celebration. CENTER: Shown in type of dresses worn by women employees of Commercial National during celebration are (l. to r.) Mildred Sutter, a.c.; Marcella Caldwell, exec. sec., correspondent division; and Olga Walker, a.c. Note antique dolls and doll buggy in background. RIGHT: Max A. Dupuy (l.), v.p. & tr. off., and Henry G. Blanchard, ch., stop long enough during 75th-anniversary observance to have their picture taken.



"General Store" was set up in foyer of Commercial National to serve as refreshment stand during bank's week-long 75th-anniversary observance. On sidewalk, in front of bank, old-time popcorn wagon attracted crowds to free popcorn.

This steel engraving of CNB's first home at Fifth and Minnesota was made around 1897. Wyandotte State, whose name appears on engraving, was purchased by Commercial National in 1907.



Dave Bjorkman (l.), retired CNB v.p., and Jack Mueller, v.p. & cash., look over one of the photo displays of early-day CNB officers and directors. Mr. Bjorkman, who now lives in Dallas, flew to Kansas City, Kan., for bank's 75th anniversary. He joined CNB as bank clerk in 1902 and retired in 1955.

ness, Commercial National decorated its building during the celebration with 200 antiques, most of which are owned by Max Dupuy, vice president and trust officer. Visitors could see antique rocking chairs, tin laundry tubs, lanterns, a needlepoint screen and solid brass spittoons. There were unusual pieces such as a very old table made from a water pump. Also on view were earthenware pitchers, iron kettles, handmade quilts, china dolls, lamps, a five-pound Campfire marshmallow box and baby buggies.

During the observance, women employees wore dresses reminiscent of the early part of this century, and the men gave their suits an old-fashioned flavor by wearing string ties bearing a message about CNB's 75th anniversary, sleeve holders and eye shades.

During its 75 years, the bank has had six homes, six presidents and two name changes. Although the bank did move five times after opening, it has never been located more than a block from its original site at Fifth and Minnesota.

Founded as Commercial State on May 1, 1897, by Peter W. Goebel and Charles L. Brokaw, the bank was initially capitalized at $25,000, and the first day's deposits totaled $12,500. Early in 1902, the bank changed to a national charter and became Commercial National. In 1905, Commercial National bought the business and stock of the Merchants Bank. That same year, the bank's officers and directors purchased Citizens State Savings Bank. In 1906, persons active in Commercial National organized the Kansas Trust Co., and the two institutions were consolidated in 1947. Wyandotte State was purchased in 1907.

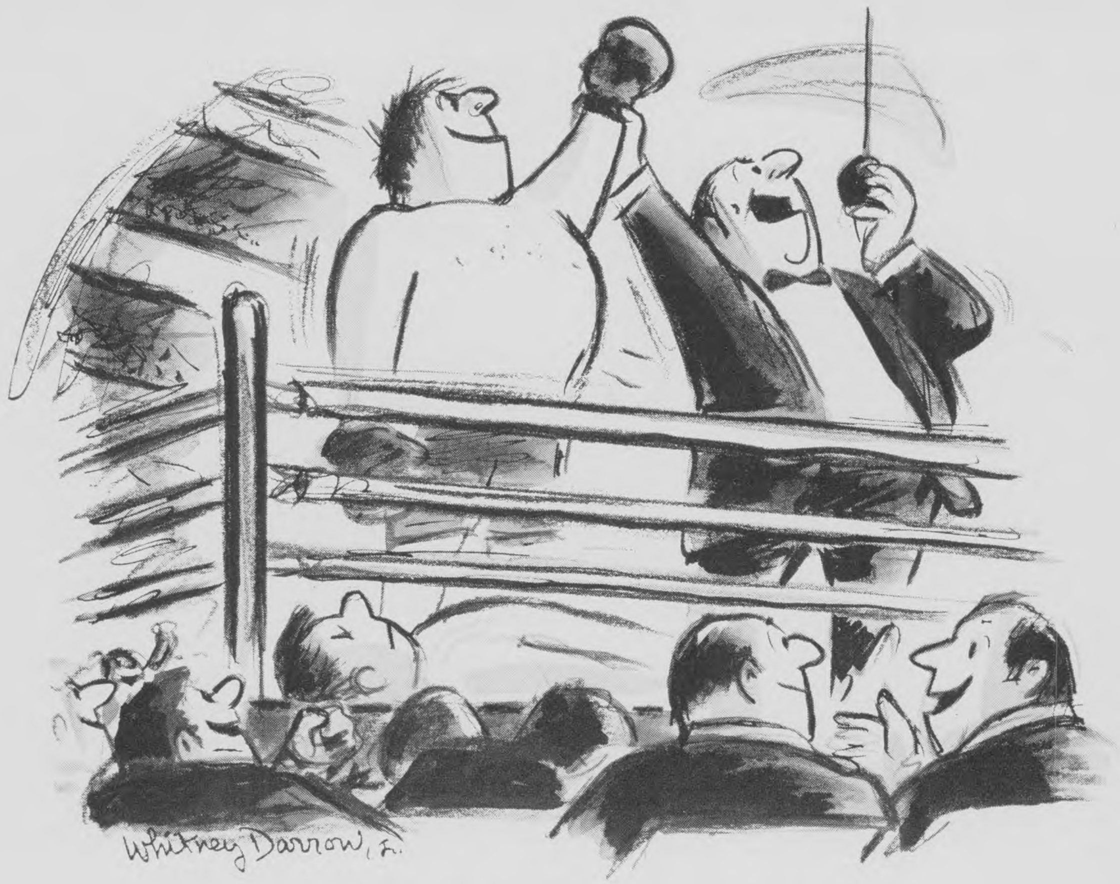
In 1933, Commercial National was

This photo, taken prior to 1902, shows Commercial State and Merchants Bank buildings, both structures occupied by Commercial National. This view of Minnesota Avenue looks east toward Sixth Street. Corner site at Sixth and Minnesota is present location of Commercial National.

reorganized with the sale of $350,000 of Class A preferred stock to the Reconstruction Finance Corp., with another $100,000 added by directors and other interested parties. This strengthened capital structure and enabled the bank to qualify under the Glass-Steagall guarantee-deposit law.

In its most recent statement, Commercial National had deposits of $123.1 million and resources of $168.7 million.

The six bank president have been: Peter W. Goebel, 1897-1923; Charles L. Brokaw, 1923-36; E. W. Stilwell, 1936-58; Willard J. Breidenthal, 1958-61; Henry G. Blanchard, 1961-70; and Bernard J. Ruysser, 1970-present. Mr. Blanchard, now chairman, was elected vice president of the Kansas Bankers Association last month. • •



"The only one-two combination that works better is Talcott and my bank."

Banks and Talcott—what a combination! Consider participations. With Talcott as your lending "partner," your bank can extend a larger line of credit to a customer. More than if you were handling the loan alone. Talcott specialists take care of the technical and legal aspects, relieving your bank of costly and burdensome details. And if you have to turn down a business loan, why not send the applicant away happy? Do it by recommending Talcott. With Talcott business financing, his unsecured credit line will be back on its feet fast—and he'll return to you for his regular financing needs.

Talcott—we're one of the nation's largest and oldest business financing organizations. Completely professional. Thoroughly experienced. You can participate with us—or recommend us to your customers—in complete confidence.

To find out how we can work together, send for our informative mailing piece.

It's a knockout.

Talcott is whatever a growing company needs capital for... That's what Talcott is.

Talcott

TALCOTT BUSINESS FINANCE • Division of James Talcott, Inc. • Founded 1854
230 West Monroe Street, Chicago, Illinois 60606 • (312) 782-9044

Atlanta • Boston • Chicago • Dallas • Detroit • Los Angeles • Miami • Minneapolis • Newark • New York • Puerto Rico • San Francisco

Central National, Chicago, Forms Unit For New Way of Funding Farm Loans

ANNOUNCEMENT was made recently of the formation of Central AgFinance Corp. to make farm loans and raise funds for such loans by selling commercial paper. Central AgFinance Corp. is a subsidiary of Central National Chicago Corp., holding company for Central National, Chicago.

Central AgFinance Corp. is believed to be the first of its kind and represents a new approach to the financing of agriculture. Other banks have subsidiary agricultural credit corporations, but in most cases, these corporations were set up to discount farm loan paper through Federal Intermediate Credit Banks.

Central AgFinance Corp. sells commercial paper backed by the corporation to other banks and farm supply companies. Approval of the subsidiary was given by the Fed.

Robert E. Hamilton, vice chairman of Central National, is president of the new subsidiary, and Howard H. Beermann, vice president of Central National, is executive vice president of Central AgFinance Corp.

Sale of commercial paper by the subsidiary has exceeded expectations, according to Mr. Hamilton. Buyers have included non-agricultural corporations that previously have invested in non-agricultural commercial paper as well as agricultural corporations. "This is money heretofore not used in the business of agriculture," Mr. Hamilton noted.

Mr. Hamilton expects the new credit corporation, rather than the bank, to be the principal lender within the holding company to production agriculture.

In addition to short-term farm production loans, Central AgFinance will make and take over some seasonal, self-liquidating loans to agricultural business, such as country grain elevators. The bank will keep longer-term farm and agricultural business loans.

According to Mr. Hamilton, the concept of the new corporation is similar to that to be proposed by an ABA agricultural credit task force as a way of getting more funds for farm loans into capital-short rural areas. "We liked the idea and decided to put our money where our mouth is," Mr. Hamilton said. "The main difference is that we're doing it with one bank rather than a number of banks."

The commercial paper being sold by Central AgFinance is not secured, but is a first obligation of the corporation, backed by its assets. It carries maturities of five to 270 days and is being

HAMILTON

BEERMANN

offered at "rates competitive with commercial paper rates in the marketplace —probably averaging from one-quarter to three-eighths percentage point over prime commercial paper issues," Mr. Hamilton said.

Mr. Hamilton expects the buyers to be those who his subcommittee thinks would be potential buyers of paper offered by a corporation capitalized by a group of banks.

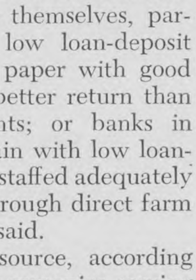
"One primary source of funds would be commercial banks themselves, particularly those with low loan-deposit ratios that could use paper with good liquidity but a little better return than short-term governments; or banks in agricultural areas, again with low loan-deposit ratios, but not staffed adequately to serve agriculture through direct farm loans," Mr. Hamilton said.

Another potential source, according to Mr. Hamilton, is "companies serving agriculture whose own cash requirements have seasonal ebbs and flows, particularly as these companies see we are making loans to serve their customers."

Central AgFinance has headquarters at Central National. Its officers are the officers in charge of Central National's farm lending. • •

Pitts Promoted at 1st of KC, Represents Bank in Kansas

KANSAS CITY—Larry T. Pitts was promoted last month to assistant cashier in First National's correspondent division. He travels in Kansas.



PITTS

Mr. Pitts joined the bank in 1964 as a clerk in the transit department, spent two years in military service and rejoined First National in 1968. He has been supervisor and administrative assistant in the operations division and a trainee in the correspondent division.

M. C. Naftzger Dies at 87, Was Banker in Wichita

WICHITA—Maurice Clif Naftzger, 87, died May 19 following a long illness. He was chairman of Southwest National.

Although born in Warsaw, Mo., Mr. Naftzger was brought to Wichita in 1886 by his family. He became a collector of art, including the works by the cowboy artist, Charles M. Russell, that are hanging in the bank until the Wichita Art Museum, to which they were willed, can give them suitable housing. During his lifetime, Mr. Naftzger contributed to the Wichita Public Library and gave scholarships to Wichita State University, Friends University and Sacred Heart College. The Naftzger Young Artists Auditions has, during its 31 years, produced at least three artists of international recognition.

Another hobby of Mr. Naftzger's was the collection of original McGuffey readers. He also ordered 500 new copies of the readers and sent them to schools, churches, teachers, friends and fellow bankers throughout the state.

Mr. Naftzger's son, John E. Naftzger, is vice chairman of Southwest National.

New Computer Center Planned By Financial Computing Corp.

ST. LOUIS—Financial Computing Corp. has announced plans to build a computer center in Columbia, to service banks in the central Missouri area. The center, scheduled to be in operation by the end of 1972, is the first of a series of such installations planned for Missouri.

Fourteen banks will participate with the firm in the ownership and management of the computer center. Computer and data processing services also are available on a contract basis for banks without ownership participation.

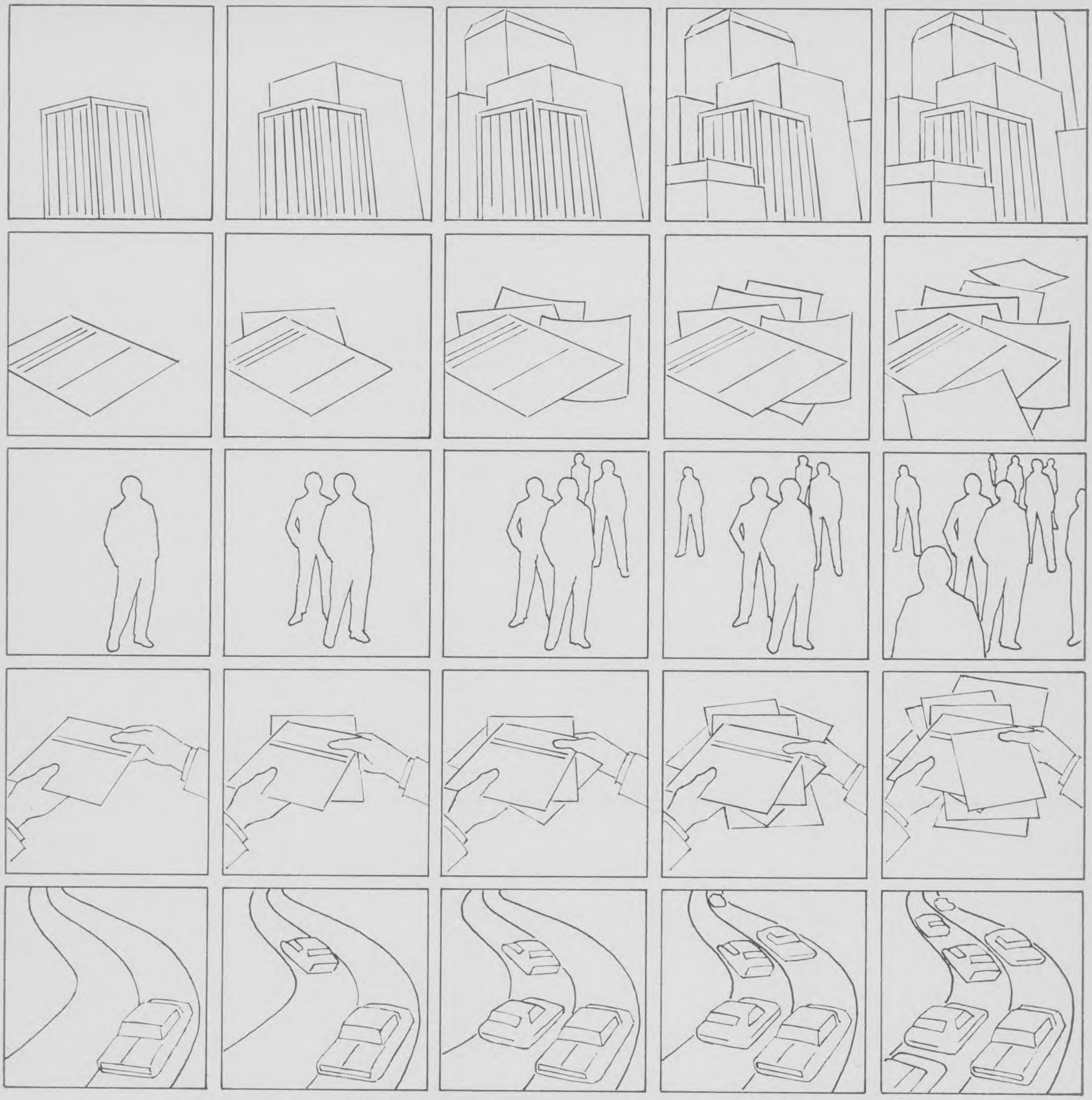
The center will allow each bank the opportunity to use or develop programs for its individual institution. Banks also will be able to offer their commercial and institutional customers a number of financial computer services.

Competitive Equality

(Continued from page 34)

2. The fact that the substantial investment by commercial banks in municipal obligations represents a trade-off on the part of banks, wherein they accept a lower rate of return on such obligations in return for tax benefit. Yet no consideration is given to this trade-off in the many computations relating to effective tax rates.

I am not saying it is impossible to advance an equitable proposal and to



IT TAKES BONDS TO BUILD A GREAT CITY. IT TAKES THIS CITY TO BUILD A GREAT BOND PORTFOLIO.

We underwrite the bonds that underwrite the schools, the hospitals, the bridges, the parks, and the airports that underwrite the high standards that have become the American way of life.

Helping to keep these standards high has helped us become the most respected bond department in Mid-America. Positively unmatched for its knowledge and judgment in bond market matters. And in government and federal agency securities.

Give us a try. Call Byron Thompson, Hal Hollister, Pat Thompson, Phil Youngs, or Gayle Dietz at 816-221-6800.

We'd like to show you why we're called the banker's Bank. And the city's City.

a united missouri bank

CITY NATIONAL BANK AND TRUST COMPANY

KANSAS CITY, MISSOURI

create a climate in which a major step toward the equality objective can be made. All I am saying is that it is extremely difficult to do so and that history tells us the odds are heavily in favor of a situation where each kind of institution will look out for its own best interests first. Mind you, this is only human nature.

It is notable in this connection that the Hunt Commission provided no magic formula for achieving its tax equality objective. It merely extolled the virtue of "a single tax formula applicable to all depository institutions offering third party payment service" (this means in essence the offering of checking accounts and credit card facilities) and urged Congress to "develop and enact as promptly as possible tax legislation which would result in a uniform tax formula for all depository financial institutions." By not mapping the "how," the Hunt Commission tacitly recognized the immense difficulty involved in any such undertaking.

There is one other aspect of the tax equality proposal and other key recommendations of the Hunt Commission that deserve mention. I refer to the fact that the Commission did not content itself with simply making a series of recommendations concerning the powers of various institutions; it went further and suggested phasing stages. That is, it attempted to recommend the timing and order in which changes should occur.

This is an important element of the Report—one which has not received the attention it deserves. If we were to attempt to boil down the entire set of recommendations to the essential sticking point, it would not be too far from the mark to say that the Hunt Commission recommended that the thrift institutions receive much expanded investment powers, plus the ability to offer checking accounts, in return for giving tax equality to the commercial banks and freeing the banks to compete on equal terms for savings and time deposits. This might well be defined as the basic "swap" in the Hunt Commission recommendations.

Forgetting for the moment the merits or lack thereof of any one or all of these recommendations, a crucial question is timing. It is argued, for example, that if all were adopted simultaneously, the advantage given to the thrift institutions would be meaningless, since there would never be a fair opportunity for a thrift institution to develop a checking account business if higher taxes and equal competition for savings and time money were immediately effective. Accordingly, the Commission further recommended that the part of the bargain to be received by the thrift institutions would be available immediately, whereas the part to be received by the commercial banks—tax equality and freedom to compete for savings and time deposits—would be phased-in over, roughly, a five- to 10-year term.

Here is a crucial point which requires considerable study. There are informal indications from representatives of the Commission that these particular phase lines were intended more for purposes of discussion than anything else. After all, how does one know that it will take precisely X years for an institution to develop a capability to compete in one area before it is to be subjected to expert competition from another source?

Those who ask that ABA "take a position" on the Hunt Commission recommendations might ponder seriously the complex problems involved in this matter of timing—a matter which is absolutely crucial to acceptance or rejection of the basic portion of the Commission's recommendations. Taking a position solves nothing. But detailed and objective study of the matter may provide some answers.

Keep in mind that the recommendations look to the future—not some dim, misty time beyond the life expectancies of most of us, but the future of the next five to 10 years. It recommends more competition among depository institutions. Frankly, even if the Hunt Commission had never existed, it is clear that this is coming.

As bankers we know that we live in a far more competitive environment today than even a few years ago. There is nothing really new in the Commission recommendations, nor is there much that will not happen in some form and at some time. The powers of thrift institutions expand with each passing year. The powers of commercial banks are expanding. The old limitations and distinctions are either fading away or are under strong criticism.

In our secret hearts, many of us—perhaps most of us—would welcome a vacation from change; we would be comforted by the feeling that the landmarks which we use today will be those by which we set our bearings tomorrow. But as realists we know that the world does not stand still. We also recognize that while change brings problems, it frequently also brings opportunities.

Perhaps the greatest service rendered by the Hunt Commission is that it compels us to focus our attention on this changing financial industry of ours. It reminds us once again that while the *status quo* is comforting, it is not here for long. All of our efforts and all of our thoughts must be focused on the future.

In my view, the Hunt Commission Report contains *a* plan for meeting that future. It does not necessarily constitute *the* plan. • •

Hunt Report Appraised

(*Continued from page 32*)

stock savings banks and those federally chartered S&Ls with more than 10% of their deposits in demand accounts or other third-party-payment arrangements.

The office of the administrator of state banks would supervise state-chartered commercial banks, insured state-chartered mutual and stock savings banks and those state-chartered S&Ls that have more than 10% of their deposits as demand deposits or other third-party-payment accounts.

Many Federal Reserve regulatory and supervisory functions would be transferred to the state banks' administrator. This would permit the Fed to concentrate on monetary policies. It would be fully informed of bank changes by access to all supervisory reports of the two agencies. The Fed would continue to supervise the Edge Act, international banking and bank holding company affairs. The Fed still would draft regulations, such as Regulation Z or other items affecting the entire system and economy.

The proposed Federal Deposit Guarantee Administration would include the overall insurance authority functions of the FDIC, FSLIC and Credit Union Insurance Corp., as subsidiary corporations, each with its own fund operated separately.

That concludes my description of the report. Now, what's going to happen to it?

While in Washington, I was informed that the Administration has appointed a Task Force to review the Hunt report, resolve the problems and conflicts in it and suggest a legislative package. Spearheading the Task Force is Dr. William Howard Beasley III, professional economist from the University of Texas, who works for Undersecretary Charls Walker of the Treasury. He also is working under the general supervision of Richard Erb, an assistant to Peter Flanigan of the White House.

All banking and major housing agencies have been asked to submit position papers and comments on the Hunt report. The Task Force and Dr. Beasley have divided their work into three distinct phases:

Phase 1. Separate out the noncontroversial recommendations in the report because they are most likely to be adopted anyway. This involves reviewing the papers and comments submitted by all the government agencies and holding discussions with trade associations.

Phase 2. Resolve the controversial areas, wherever possible, by agreement or conciliation of the interested parties—government agencies and trade associations. It might be necessary to drop or change certain controversial recommendations. However, Dr. Beasley and his group will carefully avoid destroying the package by not dropping any of the key recommendations which are vital to maintaining the delicate competitive balance developed by the commission. The Administration Task Force obviously is determined to hold the recommendations together as a package, as urged by the commission.

Phase 3. Develop a legislative package with the help of government agencies, trade associations and other interested parties. This will require a great deal of technical and skillful legislative draftsmanship. The Task Force would like to have a package which already has been ironed out and resolved among the industry groups and agencies before it goes to the Hill. The desire is to send it to the Hill as a package, enact it as a package and to avoid amendments, if at all possible. Dr. Beasley was most earnest in his pleading for assistance from financial groups in pulling the legislative package together.

Among agencies solicited for the reports are the Office of Management and Budget, Council of Economic Advisers, Housing and Urban Development, Federal Reserve, FDIC, Federal Home Loan Bank Board and the Comptroller of the Currency. It is understood that all agencies now have submitted papers. Little is known about most of these except that the Comptroller did not submit a full-blown study, but merely listed reactions and positions on specific recommendations with a short memo. These were presented as the Comptroller's official views. The Fed has presented a staff paper with no official board clearance. The FDIC has forwarded Frank Wille's personal view. However, it is expected he will later make staff assignments in depth and review five or six areas of the report. Mr. Wille made it very clear he was submitting personal comments and not official FDIC views.

The ABA has asked the 14 banking professions to look the report over and come up with suggestions. These professions include the installment lending, housing, trust divisions, etc., of the ABA. Their reports are to be in by July 18. At that time, the ABA governmental relations council will meet and will be looking over these comments in an effort to move toward the ABA position on the entire matter. To date, various ABA committees have considered the report, but no official position has been taken.

In addition to this kind of an input, the Beasley Task Force is requesting study papers on various aspects such as the impact on housing. Other papers will include consumer implications, monetary implications, effect on viability of savings and loan, etc.

All of this seems to indicate that the Hunt report will not become law overnight, that is, not all of it. Commercial banking must be very attentive that adverse portions are not enacted without offsetting gains. In other words, banking again is challenged to be diligent or find itself swept away in another governmental move.

How much have you done to get to know your Washington representatives? If you don't know them, you had better start yesterday! • •

■ SAN FRANCISCO—Fred J. Martin has been promoted to vice president-public relations in the San Francisco Headquarters of Bank of America. He has been with the bank seven years.

Foundation for Full Service Banks To Sponsor Public Opinion Survey

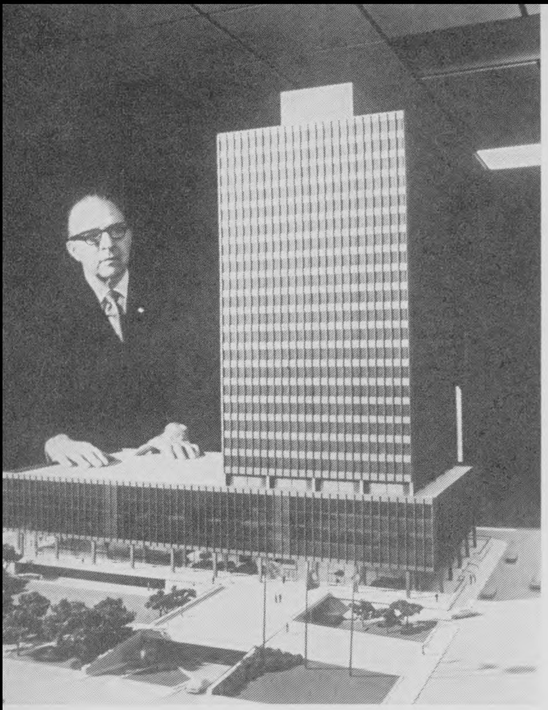
The Foundation for Full Service Banks has commissioned Louis Harris and Associates, New York City opinion research firm, to conduct a new nationwide public opinion survey of the banking industry.

The survey is the second Harris study sponsored by the Foundation and the fourth Foundation effort over the last decade to determine how the public views banking.

The new survey will measure the changes in public attitudes against the bench-mark findings of the 1970 Harris study and also will look into new areas of public opinion in regard to banking services and other local activities of banks.

First Nat'l Buys British Sterling

Allen Good (r.), v.p., First National, Memphis, acquires 40 contracts (two million pounds sterling) for March, 1973, delivery of British currency through Charles Mattey, first v.p. and dir., Bache & Co., international securities and commodities firm. First National bought the future currency contract, representing a dollar amount of $5.2 million, for a cotton merchant in connection with an international transaction in cotton. Occasion was the inauguration of the International Monetary Market of the Chicago Mercantile Exchange.



ARCHITECTURAL MODEL (l.) of American Bank of Baton Rouge's future home is unveiled by J. Clifford Ourso, ch., Great American Corp., parent company of bank. Scale model of building is being exhibited to public, along with message over special telephone hookup on bank's history and plans for building's completion. New structure, to be completed in 1974, is far cry from bank's first home (r.), which was simple white frame building. When bank opened in 1946, there were only about half dozen employees. Mr. Ourso was one of founders.

Plans Are Unveiled in Baton Rouge For New American Bank Building

AMERICAN BANK of Baton Rouge, which opened in 1946 in a small, white frame building, will move into a 25-story bank and office tower in January, 1974. The new structure will be called One American Place. The block on which it will be constructed was given this name by a special vote of the City-Parish Council in January.

Plans—in the form of a true-scale, five-foot-square architectural model—were unveiled last month by Great American Corp., parent organization of American Bank. Officiating were J. Clifford Ourso, chairman and president of the holding company; Thaddeus Broussard, architect; Stuart Strasner, vice president, Great American; and Franklin King Jr., vice president, Cabot, Cabot & Forbes, developers.

The new main office of American Bank will be located in the structure to be located on the block bordered by Riverside Mall, North, Main and Fourth streets. The main bank entrance will face Fourth, with galleries of shops along Riverside and Main and a fully landscaped plaza on Main. Building entrances will be located on all sides.

Groundbreaking was held last month, with excavation beginning immediately in preparation for construction of the building.

According to a bank spokesman, the new building will have these firsts as far as local banks are concerned: four floors of parking, with space for 418 cars, and a 200-seat auditorium on the plaza level for use by the city's civic, charitable and educational groups, as well as by the bank.

Walk-in banking will be accessible from all four streets, with drive-in banking entering four motor banks from Fourth Street and exiting on Main. The drive-in facilities on this "bottom floor" will be served by visual tellers with remote kiosks.

Construction materials planned for the building's exterior will give off a "golden glow." Light bronze anodized aluminum, in combination with bronze glass, will—according to the project's architect—be responsible for the golden effect, brighter at times due to the sun's position. Opaque bronze glass will be used on the outer surface of the parking facilities. Exterior graphics— signs, door handles, etc.—are being specially designed to harmonize.

The gallery will be paved with rustic terrazzo with a natural stone finish. Earth tones will continue the decor into the interior, where travertine marble will cover the walls and polished terrazzo the floor of the foyer and main lobby. Bronze matching the exterior wall finish will be used on the revolving front entrance door and elevator doors.

The elevated plaza (three feet from ground level) will be terraced to harmonize with the landscaping, which is being coordinated with the City-Parish Beautification Commission. This is to assure that the lighting, plantings, walkways and visitors' promenades will blend with the overall long-range plans of the commission for the entire downtown area.

Overall height of the bank's new home will be 310 feet from ground level to the top of the parapet, comprising 24 stories. Above this, the elevator and equipment penthouse will be located, approximately one story more in height. Additionally, one story—the service level—will be located below ground. • •

Unregulated Competition

(Continued from page 29)

interest ceilings, fair-market-type cost for funds, in each one of their commercial offices. These funds were to be used for internal purposes.

An essential ingredient of banking is confidence, and confidence would have existed in AT&T. Theirs would have been free instruments competing against us in a regulated ceiling limited source of funds—and *our funds would have run.*

• At the same time, Sears, Roebuck & Co. was considering exactly the same thing—selling certificates of indebtedness in its stores, just as they sell Allstate insurance. Don't kid yourself; that would be competition—major competition. And there isn't one law in the land that prohibits firms from competing with us for what we have to have—dollars.

The main reason AT&T did not carry out its plan was the considerable jawboning done by the Federal Reserve. There was also a turnaround in Fed policy that made the issuance unnecessary for AT&T.

I don't like the Hunt Commission report because it makes me look at what is needed—and that's a *free market* for funds.

Let's assume for a moment that we live in a world that bounces between virulent and incipient inflation. Every time the inflation peak takes off, the pressure of monetary policy is upon us. One of the forms that it takes is the constriction of our ability to get dollars. Every time inflation increases, this business of banking shrinks, relative to the economy. Every time this industry shrinks, the Fed, in exercising monetary policy, has to hit harder to make the economy respond.

I'd like to call attention to what is happening to us in the marketplace due to the increasing powers of those institutions with which we compete. I'm talking about the S&Ls and the mutual savings banks.

In 1968, Congress passed an interesting bill. It is called the Housing Act of 1968. It contained several interesting paragraphs. One permitted S&Ls to make unsecured loans, even though monetary constraints were not an issue at the time. Consequently, on May 2 of this year, proposed rules were filed in the Federal Register authorizing federal S&Ls (1) to make unsecured loans not exceeding $5,000 to finance new structures relating to residential use, and (2) to make unsecured loans not exceeding $5,000 for equipping real property.

The part of the Housing Act that is most interesting is an item that states: "Federal savings and loans and insured savings and loans shall be allowed to have *third-party payments.*"

Third-party payment regulations were posted by the Home Loan Bank Board in August, 1969, but they were not acted upon. They were not acted upon because the Fed again did some jawboning. But these regulations are the law of the land, and within the last year the chairman of the Home Loan Bank Board was asked whether he had enough power to activate them. His answer was "yes."

In the state of Washington, the law allows third-party payments, and some experimental cases are being developed. I want to describe one.

An advertising brochure for Queen City Savings and Loan Association of Seattle shows a picture of a young lady on an identification card that looks much like a bank credit card. The ad says, "The customer that carries this card has something that's better than a credit card, better than a personal check, better even than cash."

How does it work? You have what is known as a deposit account in an S&L. You go in and say, "I want to be able to participate in your system with your identification card." They sign you up

and they give you a package of pay orders.

In the meantime, they have gone out to all the merchants in the community and signed them up, just like signing up merchants for BankAmericard or Master Charge, except for one thing—*there is no dealer discount!* The only thing the merchants have to do to participate is to deposit pay orders received from depositors in an interest-bearing account at the S&L.

The pay orders look surprisingly like checks. They are called "PaCheks."

Above the signature line on the pay orders appear the words "nontransferable" and "nonnegotiable," but the merchants will take them. They will deposit them to the S&L and convert them to their own cash needs without the costs incurred when accepting bank credit cards.

This is a program that can be developed by an S&L in Texas that is allowed to have branching even though Texas is a non-branch state for banks. This is the kind of program that can take care of the needs of most people in the retail banking sector, and this is competition for the funds of the future. This system can be as effective for the family unit as the checking accounts we offer. The competing institutions we are looking at today are in a position to be the competitor in the retail market in an environment that is exactly like the kind of banking market we are in, and they can serve that market—the laws exist.

The Hunt Commission comes back and says, "We see this, we recognize these factors, we recognize the problems of AT&T, Sears and Queen City S&L, but we object to the way it's going, because these institutions are not paying the price of entry into this payments mechanism."

The Home Loan Bank Board periodically is accused of going from one side to the other, of being a cheerleader to a trade association, but it does not offer supervision as we know it; and the supervision burden is one of the prices of entry. The other price is equity in interest ceilings, so that *everyone* has the right to the market of that raw product—that essential ingredient —dollars.

On April 15 in Salt Lake City, Dick Hannon, who is a Democratic member of the House Banking and Currency Committee, called for an updating of the institutional structure of the neighborhood lender—the S&L. And Dick Hannon doesn't mean that the S&Ls should pay the price of entry!

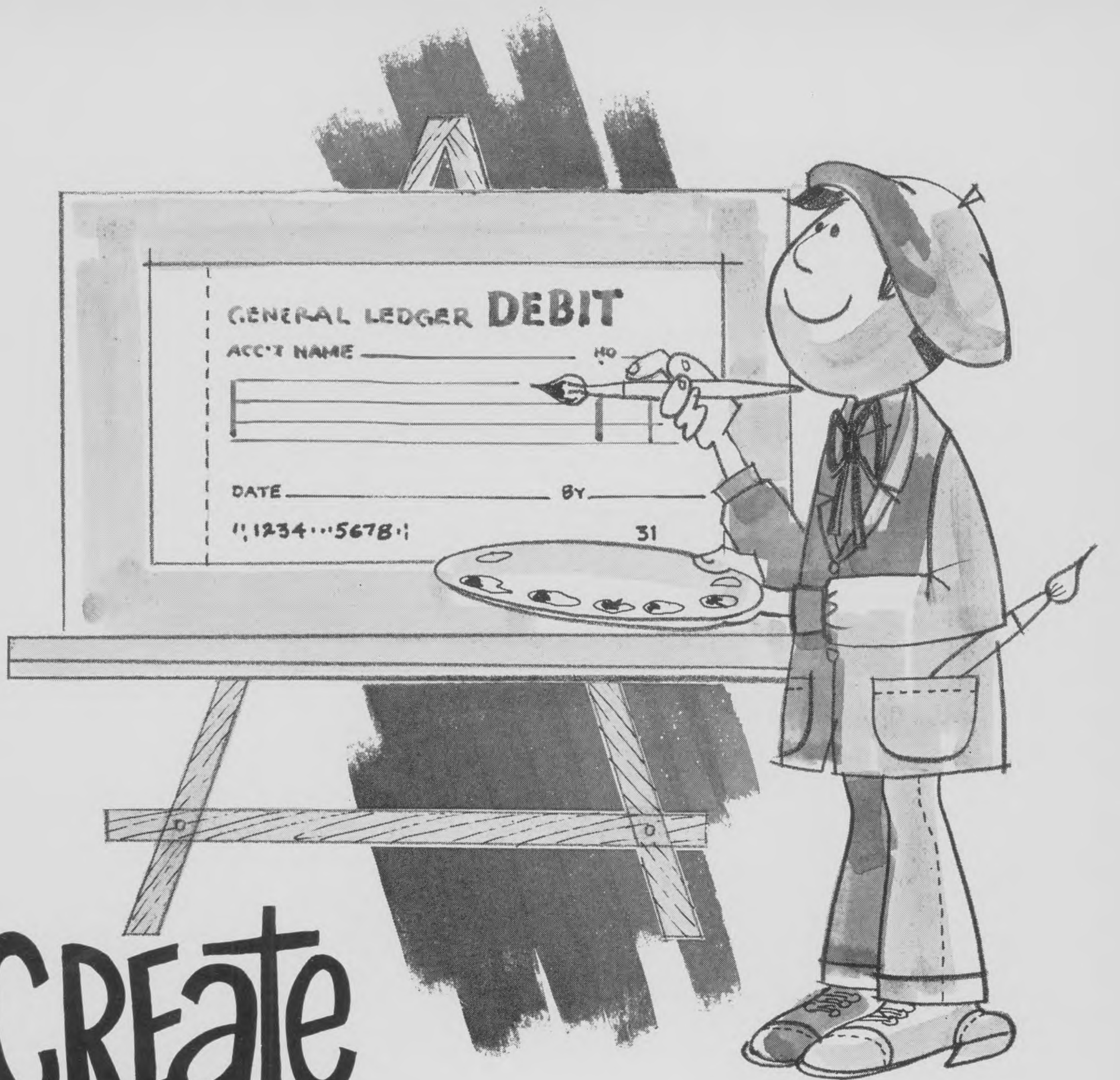
The Hunt Commission says that those that compete in the same market should compete under the same terms. This I believe. It says that we as a nation are going to have more and more financial stress brought about by the problems of inflation and the problems of capital demand, both of which are intense. In this kind of stress our financial institutions must have free and unrestrained access to dollars if they are to be proper allocators of dollars.

The Hunt Commission says also—and this is fundamental—that institutions that are specialized by statute are incompatible with the free market.

It follows then, how do you get rid of specialized institutions? And this is where we get caught in the text of the commission's report. I don't really think the recommendations of the commission are important. The important thing is the acceptance of the reality of our environment, that banking is in danger of unregulated or little-regulated competition. Also important is the fact that banking's markets are pitted against it by the federal government—the continuation of that sterilization of the salmon-swimming-upstream analogy.

The program offered by the Hunt Commission is purely a composite one—20 men from diverse parts of life and experience, trying as best they could to come up with an orderly program of moving toward the free market. The program is, primarily, compromise.

The Hunt Commission report is only one group's idea of how to get from



CREATE

Your Own Internal Bank Forms

While we have hundreds of standard Internal Bank Forms available, many bankers prefer to design their own so they have the exact format they need. And why not?

Prices are the same as standard forms—plus a modest one-time composition charge. All we need is your sketch or sample of the forms desired. Even special orders are usually shipped 10 days after receipt.

Ask your DeLuxe representative for information and prices on Internal Bank Forms.

There is a difference . . .

DELUXE CHECK PRINTERS, INC.

SALES HDQTRS. • 3440 N. KEDZIE, CHICAGO, ILL. 60618
STRATEGICALLY LOCATED PLANTS FROM COAST TO COAST

here to there; but the important thing is that we recognize that we have to get there—we have to have a free market and it has to be on equitable terms. Those who compete in the free market must do it on a base that's fair to all.

I have little faith in many of the recommendations as to how to get there. Some offend me, some are rather interesting; but I don't think this is the important part of the report. The important part is that we have to get there—to the free market. We have to get to that place where we can compete without the constraints that move our industry into the paths of others—into the areas like AT&T, Sears, Queen City S&L, commercial paper markets and an S&L industry that increased 1,400% against our 170% since 1945. • •

Firearms in Banks

(Continued from page 10)

if he considers arming himself, he should evaluate his combat potential as realistically as he should those of a prospective armed guard. The responsibility related by the element of deadly force is even greater on him. A pistol may be more dangerous in the hands of an untrained man than the one in the hands of the robber.

No man, natively, has the necessary system of reflexes needed to deliberately kill another man. When arms are brought into hostile confrontation, this is the logical, ultimate course of action. Training, alone, can produce a reliable system of reflexes and value judgments in a man faced with a need of this ultimate action.

The man who must methodically decide what is right before he acts is very likely to be the dead or wounded man.

An untrained man, armed and in the first shock of a realization of a life-and-death situation, faces other hazards—in fact a galaxy of them. He may forget the basic elements of the mechanical operation of his weapon. He may freeze. He may become enraged and fire irrationally—without situational evaluation, target definition or target background consideration. His bullet may hit an innocent bystander and either kill or wound that person. The first sight of a weapon may produce instant action on the part of the armed robber. The robber is under extreme tension and may be expected to be easily triggered into fatal violence.

Bullets from heavy-caliber pistols have tremendous destructive effect on the human body—few wounds are minor—and a man in the robber's position placed in defense of his life and freedom will, predictably, shoot to kill. Wounds result in death, paralysis, loss of sight, loss of hearing, amputation of limbs, frozen joints, loss of organic functions, peritonitis and many other possibilities. Consider this if you invite gunfire. Perhaps, if in your critical self evaluation you find yourself less than an expert in firearms and their use, it would be better to carefully delegate the duty of their possession and use to a bona fide expert.

The law, too, is a possible hazard. It does not take kindly or liberally to any use of deadly force, and this is especially true of deadly force set in motion by a private citizen. For the law allows you no errors. Deadly force is permitted only in actual defense of one's life or that of another or in the prevention of a violent felony, and to excuse the use of deadly force you must know a felony is being committed by the person on whom it is inflicted. Again, there can be no error—a mistake may mean standing before the full wrath of the law—even on a murder charge.

So—usually intelligent passive resistance and close observation will prove more productive in eventual vindication than an abortive ineffective dis-

Integon announces automatic, renewable, no-limit life insurance for your borrowers.

Integon's Security Protector Plan fills an insurance gap. It's a perfect complement to your regular group creditor life plan.

S. P. P. gives you security for those large loans where regular credit life can't be written and permanent or long-term life is not practical.

NOW EVEN BETTER

Now S. P. P. level term is guaranteed renewable, without evidence of insurability.

FOR YOU

There's no limit on the amount. You can secure large, short-term loans for almost any purpose, with either decreasing term or level term, individual creditor life insurance.

FOR YOUR CUSTOMER

This low-cost protection enables the borrower to protect his obligation without having to pledge (and dilute) his permanent life insurance as collateral.

If there were a claim, his estate would not be impaired. He can match his coverage to either a decreasing credit obligation or a large, single-payment note.

And now, on level term S. P. P., he is assured of insurability for future loans or renewals.

DETAILS

Level term S. P. P. Minimum $1,000, no maximum. Insurance in force is initial amount for the full term. For terms up to and including 5 years. Renewable through age 60, without evidence of insurability. Renewal not to exceed original amount and term.

Decreasing term S. P. P. Minimum $1,000, no maximum. For terms up to and including 15 years. Not renewable. Pro rata reduction of insurance in force, according to number of months covered.

CALL NOW

For full data and rate information on this newest creditor protection, call the Listener; our Manager for your state. Or write M. DeLeon Britt, Integon Life Insurance Corporation, Winston-Salem, N. C. 27102.

INTEGON®
LIFE INSURANCE CORPORATION

play of arms—and it is far less dangerous to the innocent. Never display a weapon intending only to frighten an armed man. Produce it only if you are fully prepared and confident of being able to kill. Any other attitude is an invitation to disaster.

Also, bankers should train their personnel to recognize various types of weapons and to know something of their capabilities. A teller behind so-called "bullet-proof" glass can ignore a .22 or .25 caliber pistol revolver. A short-barreled .32 or .38 presents a little hazard. But the story quickly changes if the offensive weapon is a .44 magnum or a .357 magnum or a similarly high-powered weapon, or if the weapon displayed is a rifle. A shotgun would not penetrate the glass. Identification is reasonably simple. The local police and other law enforcement agencies have many methods available for accurate weapons descriptions.

A Final Word of Caution. In all instances where arms may be involved, think not only in terms of the possible advantage, but weigh the subject in terms of the human lives that could be affected. • •

■ NEW YORK—First National City has named Paul Rudovsky and Fenton R. Talbott vice presidents in the operating group.

Internat'l Peace Symbol Designed By Manufacturers Hanover AVP

An international peace symbol, created by a banker, recently was presented to members of the U. S. and Chinese ping pong teams at competition matches at the Nassau Coliseum in New York.

Lester C. Samsen, assistant vice president, Manufacturers Hanover Trust, New York City, designed the symbol, which shows crossed ping pong paddles, one encircling the American flag and the other the Chinese flag, with the word "Peace" at the bottom.

Mr. Samsen obtained a U. S. copyright for his peace design, contacted Balfour Co., Attleboro, Mass., and had

Lester C. Samsen, a.v.p., Manufacturers Hanover Trust, New York City, designed peace symbol in background. Key ring replicas of the symbol recently were presented to members of the U. S. and Chinese ping pong teams.

the symbol embossed on a limited number of decals, medallions and key rings.

Mr. Samsen then held discussions with the National Committee for U. S.-China Relations, and with the committee's and Balfour's cooperation, saw that each player on the ping pong teams was presented with a key ring peace symbol. Captains of each team also received a special die cut of the symbol.

Both medallions and key rings now are being marketed in college bookstores around the country.

Edward M. Norman Dies

Edward M. Norman, 1963 president of the Tennessee Bankers Association, was killed in an auto accident May 21. He was 45.

Mr. Norman entered banking in 1953 with First National, Clarksville, and became president in 1959. He was a past chairman of the TBA's executive council and past chairman of the ABA's agricultural and community banker division. For the past year, he had been vice president of the newly formed agricultural credit task force of the ABA's agricultural division.

ST. LOUIS MUNICIPAL OPERA—world-famous, 12,000-seat outdoor theatre—where millions of St. Louisans have enjoyed the best in show business.

Seated: Jim Smith. Standing, left to right: Jerry Fleschner, Mel Schroeder and Larry Gallo.

When you need stars for a great banking performance...

count on Mercantile in St. Louis

For help with any banking problem, let your Man from Mercantile give you a great big hand. He's part of our all-star cast of twelve correspondent bankers; one is always just seconds away when you phone 314/231-3500. Whatever your need, *count on Mercantile* for a good show and a happy ending!

MERCANTILE
ST. LOUIS, MO. **TRUST COMPANY** MEMBER F.D.I.C.

Illinois News

IBA Hears Talks on Free Press, Hunt Report and Soviet Threat

By ROSEMARY McKELVEY
Managing Editor

ST. LOUIS—A plea from Jack Anderson, Washington correspondent, to keep the country's press free, a sobering talk from a retired Marine general on the threat to the free world posed by Soviet Russia and a detailed discussion of the Hunt Report were all part of the Illinois Bankers Association's 81st annual convention at the Sheraton-Jefferson Hotel here May 21-23.

Mr. Anderson, a Pulitzer Prize-winning columnist who has been in the news lately for revealing the "IT&T Affair" in Washington, told his audience of Illinois bankers that governments, by their nature, cannot be trusted. Our country's constitutional forefathers understood this, he continued, and so they gave us the First Amendment to the Constitution providing for freedom of the press, among other things. According to Mr. Anderson, their intent was to make the press the watchdog of government. Thomas Jefferson understood the necessity of watching government, he said, and understood that those holding power must be watched.

The columnist pointed to Russia, where, he said, the people live in darkness because the newspapers there are not free.

"Every government, including ours, seeks to control the flow of information to its people," said Mr. Anderson. "Every government needs to manipulate public opinion."

The U. S. government censors news by classifying everything it doesn't want us to read, Mr. Anderson continued, pointing out that the public is entitled to know more than 95% of classified material.

He again brought Russia into his talk by saying that the press here is different from that in Russia because here the press has the right under our Constitution to dig, to find the facts and inform the public.

Although many correspondents become like the people they cover, he pointed out that there are enough newspapermen who do act as watchdogs.

Mr. Anderson closed by offering a plan for declassifying secret government documents. He proposed that all such documents be declassified after two years and that a special security commission be appointed to consider any request by the government to extend a classification.

The Military View. General Lewis W. Walt, USMC (Ret.), now executive director, U. S. Marines Youth Foundation, Inc., Colorado Springs, Colo., told his listeners that he was appearing not so much as a military man of over 40 years' service, but as a concerned—yes, as a very worried—American. He said he was sure that his experience on the battlefields of three wars and his three-year tour on the top military level in Washington form an experience base for his concern.

General Walt recalled events leading up to this nation's commitment in World War II, the anti-military, anti-war sentiment here in the late 1930s. He went on to describe how the youth of that era took part in communist-inspired anti-war rallies and swore never to bear arms for their country. Then, in June, 1941, Germany attacked the USSR, said the general, and the Soviets "hollered for help and overnight the war became a crusade." He said that former dissidents became super patriots, and all strikes and slowdowns were called off.

The general described how this country has become the *No. 2* military power in the world, after Soviet Russia, how the Soviets by 1974 could cripple us militarily. This fact, he said, gives them the greatest blackmail capability the world has ever known and, in conjunction with this, with their overall naval power, they will be able to control the sea lanes and strangle our country economically by depriving us of the vital materials we must obtain from overseas to support our nation's industry.

The Hunt Report. This report was a subject on several convention agendas and is covered in the feature section of this issue. It was discussed before Illinois by William G. Kirchner, president, Minnesota Bankers Association, and president, Richfield Bank.

Another Illinois speaker, Senator John Sparkman (D.,Ala.) also alluded to the Hunt Report in his talk on "A United States Senator's Views on Banking Legislation." The senator, who is chairman of the Senate Banking, Housing and Urban Affairs Committee, predicted that no legislative action would be taken on the report this year even if President Nixon should request it. He did say that his committee has not met to consider the report in its entirety, but hopes that, in the not-too-distant future, its members can have a thorough review of the report.

The Alabaman said he was interested in the commission's urging of more responsible fiscal policies as far as our public policies are concerned and for our private sector, it urges more responsible price and wage behavior.

Senator Sparkman told Illinois bankers that there is no landmark legislation waiting in the wings at the present time. However, he advised them that there are several interesting matters that legislators are watching carefully.

He spoke about the Fair Credit

NEW IBA OFFICERS: (L. to r.) president, John F. McKnight, Oak Park; vice president, James P. Ghiglieri, Toluca; second vice president, William O. Kurtz, Chicago; and treasurer, C. Warren Breeding, Winchester.

LEFT: Washington columnist Jack Anderson (r.), lead-off speaker at Illinois convention, visits with (l. to r.) John F. McKnight, IBA v.p.; James P. Ghiglieri, 2nd v.p.; Lewis Clausen, pres.; and Allen P. Stults, ABA pres. and ch., American Nat'l, Chicago. Mr. Stults also spoke to conventioneers. CENTER: Two other convention speakers—General Lewis W. Walt (2nd from l.), USMC (Ret.), exec. director, U. S. Marines Youth Foundation, Inc., and William G. Kirchner (2nd from r.), pres., Minnesota Bankers Assn., and pres., Richfield Bank—are shown with IBA Pres. Clausen (l.) and Robert Schrimple, IBA exec. v.p. RIGHT: Mr. Clausen is pictured with Senator John Sparkman (D.,Ala.), luncheon speaker May 23. Senator Sparkman is ch., Senate Banking, Housing and Urban Affairs Committee.

Billing Act (S. 652) that passed the Senate last April 27, and the so-called Truth-in-Savings bill (S. 1848). This bill would provide for disclosure of information relating to the computation of interest on savings accounts. Senator Sparkman said he does not anticipate any action on this bill this year. He also referred to a proposal for a Consumers Protection Agency, which has passed the House and is now pending in the Senate Subcommittee on Executive Reorganization of the Government Operations Committee.

Other Speakers. Also appearing at this year's convention were the current ABA president and a Chicago banker, Allen P. Stults, chairman, American National, who discussed "Bankers' Responsibility to the Four Cs"; Richard C. Rastetter, state chairman for Illinois for the Foundation for Full Service Banks, and senior vice president, Continental Illinois National, Chicago; and Gerald T. Dunne, vice president, Federal Reserve, St. Louis, whose topic was "Proposed Changes in Federal Reserve Board Regulations 'D' and 'J.' "

President's Report. IBA President Lewis H. Clausen, president, Champaign National, reported that there are 1,151 chartered banks in Illinois; 21 chartered Illinois banks are not members of the IBA; 18 new banks were organized and became members of the IBA since the 1971 convention; three banks that formerly were members have rejoined, and there are outstanding at the moment six charters for new banks, all of which have joined the association.

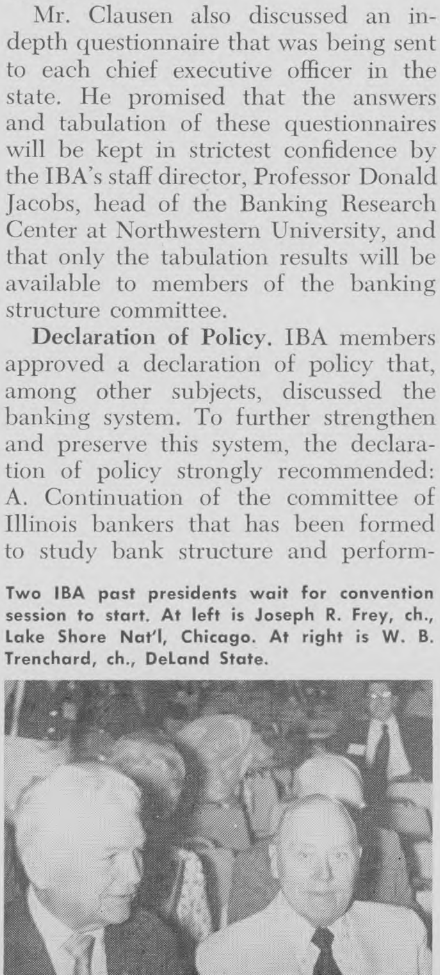
Mr. Clausen pointed out that forces outside of the banking industry have exerted pressures on the IBA's committee on bank structure and caused it to increase its meeting schedule. He said the committee expects to come to IBA members with a special one-day working convention, if appropriate, within the next six months. This meeting, according to the IBA president, would be for the purpose of allowing all members to review actions and hear recommendations of this committee so that if changes are to be suggested in present state banking laws, Illinois bankers can, hopefully, show a united front in support of these changes as they may be needed. The latter would then be presented for consideration in the 1973 state legislature.

The outside forces to which Mr. Clausen referred are: 1. The Hunt Commission's recommendations regarding financial structure and regulations at the federal level that would bestow commercial and other banking functions now reserved exclusively to banks on S&Ls, mutuals and credit unions. 2. The Federal Home Loan Bank Board now possesses the power to authorize branches for federal S&Ls in all states. To date, he continued, the FHLBB has permitted such associations in Illinois to do business in more than one location.

Mr. Clausen also discussed an in-depth questionnaire that was being sent to each chief executive officer in the state. He promised that the answers and tabulation of these questionnaires will be kept in strictest confidence by the IBA's staff director, Professor Donald Jacobs, head of the Banking Research Center at Northwestern University, and that only the tabulation results will be available to members of the banking structure committee.

Declaration of Policy. IBA members approved a declaration of policy that, among other subjects, discussed the banking system. To further strengthen and preserve this system, the declaration of policy strongly recommended: A. Continuation of the committee of Illinois bankers that has been formed to study bank structure and performance in Illinois and until the report of this committee is submitted to the membership, continued support of all legislation that upholds the sound principles of the unit-banking system and one-bank holding companies and opposition to any legislation that would permit branching or multiple holding company banking in the state and interstate branching in the nation. B. Equal regulations, including, but not limited to, comparable limitation on payment of interest, liquidity requirements and uniform taxation, and subject to the same regulatory authorities on a nondiscriminatory basis for all types of financial institutions seeking the rights and privileges presently granted to commercial banks. C. That the Federal Home Loan Bank Board be required to comply with the statutes of the individual states regarding the banking and S&L structures and that Illinois bankers strongly support all legislation, rulings and interpretations that would require federally chartered financial institutions to comply with state laws. D. Continuation of the programs by the state treasurer for equitable distribution of state funds in the banking system.

Two IBA past presidents wait for convention session to start. At left is Joseph R. Frey, ch., Lake Shore Nat'l, Chicago. At right is W. B. Trenchard, ch., DeLand State.



New IBA Officers. John F. McKnight, president, First Bank of Oak Park, succeeded Mr. Clausen as IBA president. Mr. McKnight moved up from vice president. James P. Ghiglieri, president, Citizens National, Toluca, was elected vice president (he was second vice president). William O. Kurtz, president, Metropolitan Bank, Chicago, was elected second vice president, and the new treasurer is C. Warren Breeding, president, Winchester National.

ABA Officers. Elected to the ABA nominating committee to serve at the 1972 convention was Ben Ryan Jr., president, State Bank, East Moline. Raymond C. Burroughs, president, City National, Murphysboro, was chosen as alternate. Elected to the ABA governing council were Mr. McKnight, newly elected IBA president; Arthur F. Busboom, president, Gifford State; and Kenneth E. Cook, president, DuQuoin State. • •

Indiana News

Irwin Union Announces Plans To Form Holding Company

COLUMBUS—Directors of Irwin Union recently approved plans to form a one-bank holding company.

Under the plan, which is subject to approval of bank shareholders and regulatory authorities, a new corporation to be called Irwin Union Corp. will be formed and will acquire the stock of Irwin Union Bank.

■ BERT A. TIMMA has retired as assistant vice president, money management and investment division, Lincoln National, Fort Wayne. He had been with the bank 45 years.

■ CITIZENS BANK, Jeffersonville, promoted Mrs. Mary Jean Julius to assistant loan officer, real estate mortgage loan department, and Mrs. Mary Hubbard and Mrs. Mary Alice Bottorff to new accounts officers.

■ GEORGE W. LOUGHMAN, manager, electronic data processing department, Mrs. Mary Mathias and Mrs. Maryanna Walton were elected assistant cashiers of Peru Trust. Mr. Loughman has been with the bank since 1968, Mrs. Mathias since 1958 and Mrs. Walton since 1962.

■ PROMOTED to assistant cashiers at Calumet National, Hammond, were Richard L. Hodges, installment loan department, and Lawrence H. Stengel, assistant manager, Munster Office.

■ ROBERT B. TRUITT, vice president-engineering, Rostone Corp., has been elected a director of Lafayette National.

■ CALUMET NATIONAL, Hammond, has elected Lloyd R. Ahlf and Paul Wolf directors. Mr. Ahlf is a partner in an accounting firm and Mr. Wolf is general manager of a department store.

Indiana Deaths

KENNETH W. HICKMAN, retired vice president and operations officer, Terre Haute First National.

LESTER F. JONES, 94, former president and chairman, Boone County State, Lebanon.

EMSLEY W. JOHNSON JR., 58, vice chairman, First Bank, Speedway. He had been a director 34 years and was elected vice chairman in 1969.

■ MICHAEL S. ZONAKIS has been named director of marketing for Bankshares of Indiana, Inc., Merrillville, and of its affiliate, Bank of Indiana, Gary. Formerly, Mr. Zonakis was vice president of marketing, Venturi, Inc., San Francisco, tobacco and consumer products manufacturing firm. He also has served as assistant to the president of Bank of Indiana.

Nicholson Named President & CEO Of American Nat'l, South Bend

SOUTH BEND—Meredith Nicholson III has been elected president and chief executive officer, American National. He succeeds Lex B. Wilkinson, who will continue as chairman of the board and chairman of the executive committee. Mr. Wilkinson will devote additional time to the bank's controlling corporation, American Investment Co. of South Bend, Inc., of which he is president and chief executive officer.

Mr. Nicholson had been executive assistant to the president, Western Pennsylvania National, Pittsburgh, and previously was chairman and president, First National, Evanston, Ill.

From 1949 to 1968, Mr. Nicholson was with American Fletcher National, Indianapolis, attaining the title of executive vice president in charge of asset management. He served as manager of the trust department, established a municipal bond underwriting division and managed the investment department.

■ BANK OF INDIANA, Gary, elected Edward J. Radigan vice president in charge of business development. He also will continue to direct the bank's BankAmericard program.

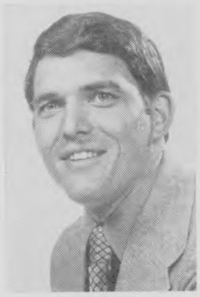
■ FIRST NATIONAL, Richmond, elected Mrs. William G. Patterson a director. She is president of Knowles Tool Corp. and is said to be the first woman director in Richmond's banking history.

■ NORD W. KRAUSKOPF has been elected a director of Anthony Wayne Bank, Fort Wayne. He is owner and president of an auto racing insurance firm.

■ JAMES S. DEVANEY, formerly assistant vice president, Lafayette National, has been elected auditor and Larry E. Suter was named operations officer. Mr. Devaney joined the bank in 1950 and Mr. Suter in 1966.

Kentucky News

Bank Names Correspondent Rep.



James F. Zimmerman has been appointed a representative in the correspondent banking division of Louisville Trust. He joined the bank in June of last year.

Liberty National Is Sponsor Of Classical Radio Station

LOUISVILLE—Liberty National is sponsoring a program of musical presentations on WHAS-FM, a classical music radio station. The program, called the "Liberty Concert Series," is presented for two consecutive hours every evening.

Liberty National has become the principal sponsor of the station, which was considering changing its classical music format because of financial difficulties stemming from lack of sponsorship. According to a Liberty National spokesman, the bank is sponsoring the program because it believes Louisville needs a classical music station as an integral part of its cultural growth.

Paxton Is Pres., Paducah Bank; DeJarnatt Named Ch. & CEO

PADUCAH—Frank R. Paxton has been elected president and chief administrative officer of Paducah Bank. He succeeds M. O. DeJarnatt, who was named chairman and chief executive officer. Mr. DeJarnatt is a past president of the Kentucky Bankers Association.

Mr. Paxton is president of Paducah Newspapers, Inc., and of Burke and James, Inc., a photographic supply and manufacturing concern in Chicago.

Mr. DeJarnatt organized Paducah Bank in 1947, was the bank's first cashier and became president in 1949.

■ CITIZENS FIDELITY, Louisville, promoted Mrs. Helen J. Hamilton and Mrs. Nancy Robertson from administrative assistants to assistant cashiers. Mrs. Hamilton joined the St. Matthews Branch Office in 1947 and Mrs. Robertson came to the Guthrie Street Office in 1953.

■ LOUISVILLE TRUST has elected William H. Hagan and Leland T. Hulbert assistant treasurers. Mr. Hagan is manager, Medical Center Branch, and Mr. Hulbert is manager of the Brownsboro Road Branch.

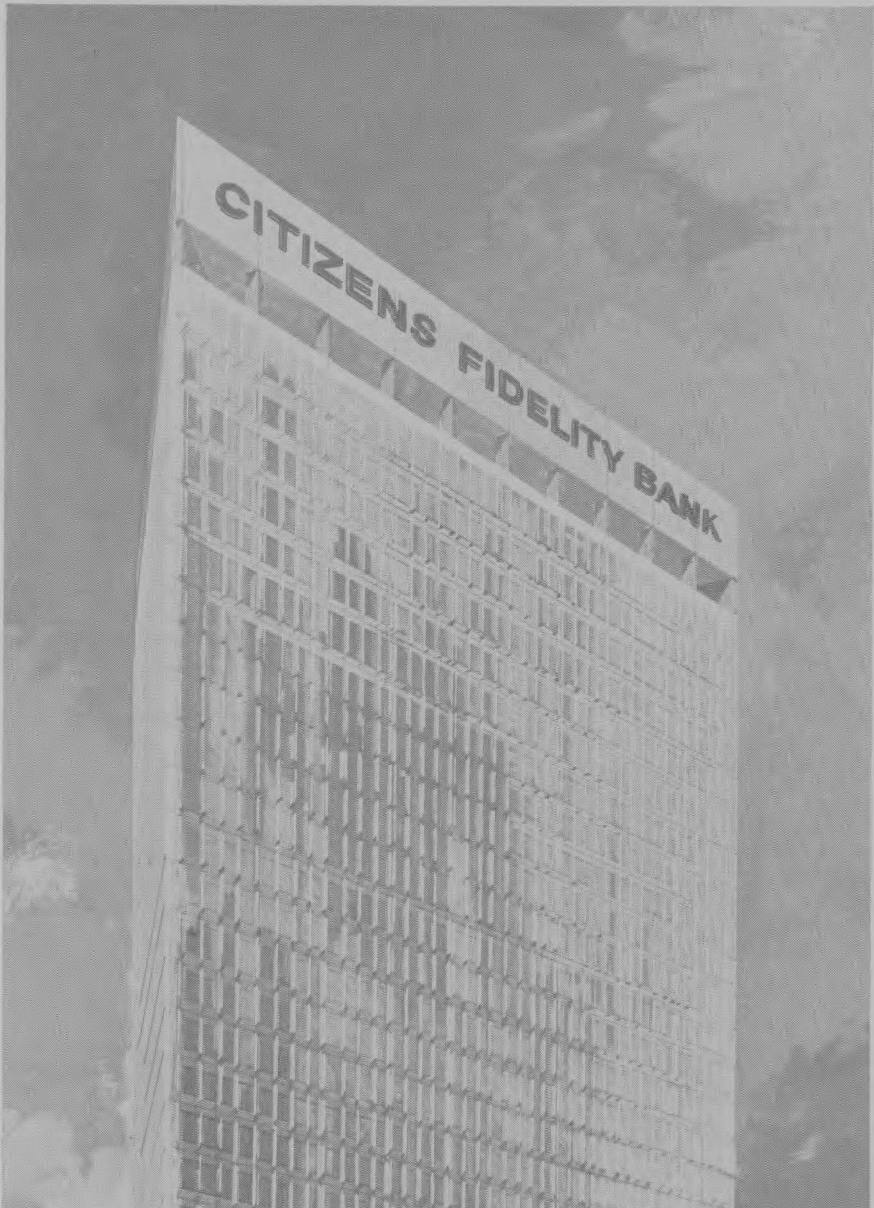
■ WILLIAM A. COVINGTON has been elected executive vice president of Planters Bank, Hopkinsville. Previously, he was president, chief executive officer and cashier, Bank of Hazlehurst, Miss., which he joined in 1965.

Harris Named Vice President Of Citizens Fidelity Bank

LOUISVILLE—Citizens Fidelity has appointed Claude H. Harris vice president in the mortgage lending department.

Mr. Harris has been associated with a Louisville S&L and with a bond and mortgage company. In 1947, he opened Claude H. Harris Mortgage Co., a mortgage banking firm that is still in operation.

■ LARRY SMITH has joined Bowling Green Bank as a management trainee. He later will be associated with the loan department.



Welcome to Citizens Plaza ...your office away from home.

Plan on making our Citizens Plaza headquarters your base when in Louisville. It symbolizes Kentucky banking's great past and points to an even greater future. It is the result of many wonderful correspondent relationships and will make possible still finer correspondent service through the years ahead.

Our Correspondent Division is conveniently located at the west end of our main banking lobby.

When we're completely settled, we will more formally welcome our many correspondent friends to the wonderful world of Citizens Plaza.

Joe L. Hamilton
Phone 581-2100

Joe L. Hamilton

Citizens Fidelity Bank

Come grow with us... under the sign of the Service Tree

Citizens Plaza
500 West Jefferson Street
Louisville, Ky. 40201

Tennessee News

Miller Is Elected to Head TBA; Wright Exec. Council Head

By RALPH B. COX
Editor & Publisher

KNOXVILLE—Tennessee bankers returned to Knoxville for their annual convention after a long absence, this time meeting in the modernistic Hyatt-Regency House, which offers excellent convention facilities. This writer gained the impression (which was not officially confirmed) that future TBA conventions would alternate between Memphis and Knoxville, until both Nashville and Chattanooga are able to offer adequate convention facilities.

At the close of their 82nd convention, Tennessee bankers elected Charles R. Miller Jr. to serve as president for 1972-73. Mr. Miller, president of the Citizens Bank, Cookeville, succeeded David R. Nunn, president of the Bank of Halls.

Other officers were elected as follows: chairman of the executive council, John P. Wright, president, American National, Chattanooga; vice presidents, Walter Barret, senior vice president, Union Planters, Memphis; Wm. M. Johnson, president, First National, Sparta; and Thomas C. Mottern, president, Hamilton National, Johnson City.

New executive council members include Jack O. Weatherford, chairman, Murfreesboro Bank and Trust; George R. Taylor, president, Merchants Bank, Cleveland; and J. H. Shelton, president, Somerville Bank and Trust.

New officers also were named to the association's national and state divisions:

National Division: chairman, L. E. Kilday, president, First National, Greeneville; and vice chairman, James W. White, president, Old & Third National, Union City.

State Division: Chairman, Jack O. Weatherford, chairman, Murfreesboro Bank & Trust; and vice chairman, W. C. Adams, president, Bank of Maryville.

ABA Elections. TBA members of the American Bankers Association elected G. C. Graves, chairman of Sweetwater Valley Bank, to the ABA governing council.

NEW EXECUTIVE COUNCIL MEMBERS—George R. Taylor, pres., Merchants Bank, Cleveland; and Jack Weatherford, ch., Murfreesboro Bank.

TOP—TBA Pres. D. R. Nunn with convention speaker Rex J. Morthland, pres., Peoples Bank, Selma, Ala.; and Charles R. Miller Jr., pres., Citizens Bank, Cookeville. Mr. Nunn is president, Bank of Halls.

CENTER—ABA President and convention speaker, Allen P. Stults, ch., American Nat'l, Chicago; and Tennessee's ABA vice president, Robert F. Patterson, pres., Bank of Trenton.

BOTTOM—T. B. Gilley, asst. supt. of banks; Lt. Gov. John S. Wilder, convention speaker; Marvin A. Bryan, supt. of banks; and Jack E. Veazey, pres., 1st Trust & Savings, Paris. Mr. Veazey was the retiring chairman of the state bank division.

Joe Pinkerton, chairman of the Williams County Bank, Franklin, was named a member of the 1972 nominating committee; and the alternate selected was Percy J. Henry, chairman of the Oakland Deposit Bank.

President's Address. Retiring President Nunn recounted many of the TBA's accomplishments during the past year and devoted much of his speech to the subject of holding companies, which the reader will find reported on page 40 of this issue.

Also, Mr. Nunn reminded bankers of the passage of House Bill 1943, which would provide for a regulatory board to govern the operations of the municipal bond business in Tennessee. The TBA believes, he said, that the bill, as enacted, will be a constructive step for both buyers and sellers of municipal bonds. "Hopefully," he said, "confidence in the ethical dealers in Tennessee will be preserved and buyers who feel that they have been misled will have some recourse against unethical practices.

"Also," he said, "we are hopeful that capable individuals will be willing to

NEW TBA OFFICERS—Chairman of exec. council, John P. Wright, pres., American Nat'l, Chattanooga; pres., Charles R. Miller Jr., pres., Citizens Bank, Cookeville; vice president, Thomas C. Mottern, pres., Hamilton Nat'l, Johnson City; and vice president, Wm. M. Johnson, pres., 1st Nat'l, Sparta.

TENNESSEE BANKERS "settling down" for first joint session of their national and state banking divisions. Lt. Governor John S. Wilder was the featured speaker at this session.

give the large amount of time necessary to make the regulatory board an effective tool."

Tennessee Banking Laws. At the convention's opening joint session of the state and national bank divisions, Tennessee bankers learned that the state banking department would soon issue a compilation of all state banking legislation under the title, "Tennessee Banking Laws."

This codification of Tennessee banking laws has been a two-year project, paid for by surpluses created from state examination fees. Therefore, explained Marvin Bryan, superintendent, and T. B. Gilley, assistant superintendent of banks, each state bank would be entitled to receive a free copy of the manual. National banks, they explained, may purchase copies at a cost of $40.

The manual is cross referenced, containing appropriate national laws as well, so that Tennessee banks may quickly find the answer to any law affecting banking transactions in the state.

Featured Speakers. One of the convention's first speakers was Tennessee's Lt. Governor John S. Wilder, who commented on the formation of an Industrial Development Authority in Tennessee. The legislature, he explained, had provided this authority with $5 million in capital and with authority to make loans up to $250,000 to small businesses as a means of promoting growth in the state. He urged bankers to make use of the Industrial Development Authority and also to offer every possible assistance to small business in the state.

ABA President Allen P. Stults presented a technical discussion on views expressed at the recent International Monetary Conference at Montreal. He also outlined some of the recent changes in ABA structure, pointing out that 23 bankers from Tennessee are presently serving the ABA in various volunteer capacities, including Joe Davis of Memphis, who serves as ABA treasurer.

Alabama banker Rex M. Morthland, a member of the much-reported Hunt Commission, also was one of the featured speakers.

Mr. Morthland, chairman of the Peoples Bank of Selma, and currently a "front runner" in the campaign for ABA president-elect in 1972, told Tennessee bankers that the commission did not agree 100% on many of its recommendations which were "handed down." However, unlike a Supreme Court decision, dissenting opinions on the commission were not always included in the final recommendations.

For example, Mr. Morthland noted that he disagreed completely with the commission's recommendation that state barriers to branching be removed. Expressing the same stand a few days earlier to Texas bankers in San Antonio, Mr. Morthland said that he preferred to retain the generally accepted principle in banking circles (and still the policy of the American Bankers Association) that individual states have the right to determine whether they will or will not permit branch banking and if so to what degree. This principle is recognized, he reminded bankers, in the McFadden Banking Act of 1927.

In most other areas of the commission's 89 recommendations, said Mr. Morthland, the commission made an effort to recognize the merits of the dual banking system, but in terms of the branching recommendation he felt that the commission "had erred."

Mr. Morthland stated that he also voted against the recommendation that would call for mandatory membership in the Federal Reserve System for all commercial banks and institutions offering third-party payment services.

His own bank in Selma, Ala., said Mr. Morthland, is a member of the Federal Reserve System, but he personally believes that banks should be free to choose for themselves whether or not they want to belong to the Fed.

"If the Fed has anything to sell," he said, "banks will join."

Mr. Morthland told bankers in Tennessee and in Texas that, in his opinion, the banking industry had gained two important things from the work of the Hunt Commission: (1) the right to compete with other types of financial institutions on an equal basis; and (2) the potential for a more flexible financial system that is not bogged down by restrictive legislative regulations.

The commission's recommendations, he said, will place a greater burden on regulatory authorities to make sure they are alert and imaginative, and it will put a burden on the banking industry to make certain it is too. • •

LEFT—Fifty-Year Club, short on numbers but long on service, is pictured here at breakfast session. Miss Manye Hammock, pres., Bank of Hartsville; and standing, Karl J. Augustine, pres., Bank of Loretta; Hugh Hicks, ch., 1st Nat'l, Jackson; and R. J. Howard, exec. v.p., Farmers State, Mountain City. CENTER—L. E. Kilday, pres., 1st Nat'l, Greeneville; Clair C. Eoff Jr., pres., 1st Nat'l, Tullahoma; Ray Tanner, pres., 2nd Nat'l, Jackson; and Sidney A. Bailey, National Bank Department, Memphis. RIGHT—Convention Chairman Laurance Frierson, pres., Volunteer State, Knoxville; James W. Thompson, reg. dir., FDIC, Memphis; and Neal Culver, a.v.p., Valley Fidelity, Knoxville.

Mississippi News

HCs, Economic Development, Topics at MBA Convention

Frank E. Allen (l.), Canton Exchange Bank, chats with James Thompson, regional dir., FDIC, Memphis.

Presiding over convention was C. S. McGivaren (l.), MBA pres. At right is first session speaker, Horace Steele, state comptroller.

By JIM FABIAN, Associate Editor

BILOXI—A record number of Mississippi bankers were brought up-to-date on the affairs of the Mississippi Bankers Association at the MBA's 84th annual convention here last month. Although the issue of permitting multi-bank holding companies in Mississippi was the overriding issue, it was by no means the only one.

Retiring MBA President C. S. McGivaren, president, Bank of Clarksdale, brought up two questions in his report, and he called on Mississippi bankers to come up with satisfactory answers.

The first question is "What, if anything more than we are now doing, can we do to hasten the economic development of our state?"

Mr. McGivaren described the startling contrasts posed by comparing highly developed operations that might be situated within view of run-down, neglected and dilapidated operations. He said that substantial evidence of growth and progress is everywhere apparent, but the need for acceleration is also evident.

He cited figures from the 1970 census stating that more than one-third of the state's population is below the poverty level and almost one-half the population has less than a high school education. He also said that Mississippi bankers have "stood tall" in their dedication to the economic development of the state.

Mr. McGivaren wondered aloud what the effect on Mississippi would be if each bank looked over its own community with the idea of finding credit-worthy people and properties and offering professional know-how and financing for the purpose of restoring or increasing productivity.

"I'm really saying that we should go to them—not wait for them to come to us," he said. "I'm not proposing give-aways or write-offs," he said, "but oftentimes a word of encouragement, some sound advice and a well thought out plan can be transformed into an 'operation bootstrap' if the individual involved is carefully selected. As bankers, we're doing this every day for our customers, but I'm suggesting that we seek, actively, for those properties and enterprises, rural or urban, which, in our judgment, can be transformed."

Mr. McGivaren's second question was, "How long must bankers continue to be cast in the role of villains?"

"For years we have sought to change this image," he said, "and in many ways we have succeeded. We've made ourselves available to the public, we've become customer-oriented and people-centered. It's axiomatic for bankers to be in the forefront of every civic movement."

He then read quotes from public figures that pictured bankers in a bad light and questioned whether bankers really deserved to be so pictured.

"At the state and national level, we are, and have been, lumped into that mysterious, foreboding, ill-defined body known as the 'power structure.' Whether we agree that we should be so classified or not, so long as we are in the business of extending credit, the common man we hear so much about is susceptible to the thesis that banks and bankers can, if they choose, use the lending function for manipulative or malevolent purposes. It's too easy to ignore the simple fact that extension or denial of credit is a business decision."

Mr. McGivaren closed by saying that positive leadership, imagination, involvement and noticeable results on the local level over a sustained period—all closely identified with banks and bankers—is the best response to attacks from every quarter.

HC Issue. John H. Mitchell Jr., presi-

OFFICERS FOR 1972-73 are (from l.) J. C. Whitehead Jr., pres., Bank of Mississippi, Tupelo, MBA pres.; Leo W. Seal Jr., pres., Hancock Bank, Gulfport, assn. v.p.; and R. B. Lampton, pres., 1st Nat'l, Jackson, assn. treas. At right is C. S. McGivaren, pres., Bank of Clarksville, outgoing MBA pres.

LEFT—Sidney D. Davis, Peoples Bank, Mendenhall; John Mitchell Jr., Peoples Bank, Starkville; H. G. Breland, State Bank, Collins. MIDDLE—M. F. Kahlmus, Merchants & Farmers, Meridian; R. E. Kennington II, Grenada Bank; Douglas A. Herring, Security State, Starkville. RIGHT—Nat S. Rogers, 1st City Nat'l, Houston, Tex.; Eugene Adams, 1st Nat'l, Denver; John Hubbard, MBA exec. dir.

dent, Peoples Bank, Starkville, and chairman of the MBA legislative committee, reported on the holding company issue. The MBA has appointed a special committee to study a proposal to amend the state statute prohibiting multi-bank holding companies. The committee has contracted with Dr. Charles F. Haywood, dean of the School of Business and Industry at the University of Kentucky, to conduct an investigation of the subject so the committee can present an unbiased report to the MBA.

The objectives of the committee are to "ascertain and then acquaint all Mississippi bankers with the distinctive features of multi-bank holding companies without any implication that the committee, or the association, is taking a 'pro or con' position." Other objectives include determining the benefits and/or disadvantages of taking the HC route, the effect HC legislation would have on the state's economy, what the reaction has been in states now permitting multi-bank HCs and to determine, if possible, the position of the Fed and the Justice Department with regard to the extent to which multi-bank HCs might be permitted before anti-competitive factors come into play.

Upon completion of the committee's work, a meeting of the entire MBA membership will be called to present the study to MBA members.

The speech of Eugene Adams, ABA president-elect and president, First National, Denver, was entitled "Would Multi-Bank HCs Be Good for Mississippi's Economy?". The illustrated talk presented many facts and figures about the Mississippi banking structure and the state's economy and endeavored to show what affect the creation of multi-bank HCs would have on the economy.

Charles J. Cassidy, associate director of the School of Banking of the South, reported that the school has 1,280 students enrolled this year, with 92 coming from Mississippi. During the 23-year history of the school, 3,287 students have been graduated, 322 from Mississippi.

Dr. Irby C. Ellis, executive director of the Mississippi Council of Economic Education, stressed the need for economic instruction in the state. He said that only one out of four college students takes courses in economics and that only 23% of the adult population knows the meaning of the term "common stock." He said 300 economics teachers are being trained and that social science teachers now must have six hours of economic training instead of only three hours, as was the previous requirement.

ABA Meeting. Sidney D. Davis, president, Peoples Bank, Mendenhall, conducted the ABA members' meeting and ended up being elected to a two-year term on the ABA governing council. Named to the ABA nominating committee for the Dallas convention was J. C. Whitehead Jr., incoming MBA president and president, Bank of Mississippi, Tupelo. Alternate is Leo Seal Jr., incoming MBA vice president, and president, Hancock Bank, Gulfport.

Officers. Elected president of the association was J. C. Whitehead, who moved up from the vice president spot. Advanced to vice president was Leo Seal Jr., who had been treasurer. New treasurer is R. Ben Lampton, president, First National, Jackson.

Elected to the executive committee were Farrell Berryhill, president, First National, Pontotoc; N. L. Cassibry Jr., president, Cleveland State; Max T. Allen Jr., president, Mississippi Bank, Jackson; and William F. Crawford, chairman, Brookhaven Bank.

50-Year Club. Certificates for new members of the MBA's 50-Year Club were presented to W. P. McMullan Sr., Deposit Guaranty National, Jackson; J. L. Spence and H. P. Dillard, chairman and president, respectively, Bank of New Albany; and Herman Moore, chairman, Planters Bank, Ruleville.

Resolutions. Don F. Calfee, president, Rankin County Bank, Brandon, chairman of the resolutions committee, presented resolutions supporting participation by MBA members in BankPAC and the establishment of a branch of the Federal Reserve Bank in Mississippi.

LEFT—Joe H. Davis, 1st Nat'l, Memphis (and ABA treas.); C. S. McGivaren, MBA outgoing pres.; Eugene Adams, 1st Nat'l, Denver (and ABA pres.-elect). RIGHT—O. B. Bowen Jr., Richton Bank; H. P. Heidelberg Jr., Pascagoula-Moss Point Bank, Pascagoula; Marion D. Brett, Citizens Bank, Hattiesburg.

Alabama News

Mary George Waite "Makes History"; Bermuda in '73 Voted by ALaBA

By RALPH B. COX
Editor & Publisher

COVER PHOTO: Mrs. Mary George Waite (r.), first woman to serve as president of a state banking association, chats with convention speaker Miss Marilyn Van Derbur, former Miss America, at Alabama Bankers Association convention.

BIRMINGHAM—"History made here at bankers meeting" was one of the headlines used by a local newspaper as it reported on the 79th AlaBA convention held in this city last month.

It *was* the first time, this newspaper reported, that a woman had carried out the duties of the presidency of a state banking association and also had presided over the proceedings of a state convention.

Undoubtedly, it will not be the last. Not because women "have been liberated," but because Mrs. Mary George Waite demonstrated that a woman *can* handle the job.

Mrs. Waite, chairman and president of the $18-million Farmers & Merchants Bank of Centre, was, as the newspaper reported, the first woman banker to be elected to her post. Later, Rhode Island also elected a woman to the presidency of its state banking association.

Mary George (this reporter has never heard her addressed as Mrs. Waite by any of her peers) acquitted herself remarkably well. A convention, of course, is the "show place" of association work, and Mary George "showed 'em." She was gracious; she was tactful; she was determined; she was prompt; she was enthusiastic; and she was indefatigable! Her memory was unerring. Introducing some 20 past presidents by "name, rank and serial number," she missed not one opportunity to add a personal comment.

In action, Mary George was superb. And behind the scenes, where the work of the association is really done, AlaBA Executive Vice President Howard J. Morris summed up her administration in this way: She provided "balanced judgment" in every problem to face the association and not once, he said, did she ever procrastinate on a decision. Never, he said, did we ever have to "wait" on Mary George.

(The reader will find Mary George's presidential address appearing in the front pages of this issue. This editor recommends it as "must" reading.)

In addition to creating headlines locally, the Alabama Bankers Association caused a stir among its membership when a special committee headed by J. C. Jacobs, chairman of the J. C.

A FORMER MISS AMERICA, Miss Marilyn Van Derbur, is shown receiving congratulations for her convention speech from Mrs. Lucille W. Foley, v.p., 1st Nat'l, Opp. Miss Van Derbur received a standing ovation for her motivational speech in which she challenged bankers to set a goal for themselves and then create a plan to achieve that goal.

Jacobs Banking Co., Scottsboro, recommended that the association's 1973 convention be held in Bermuda. Chartered jets would fly delegates direct from Birmingham. (See additional story and photo on page 44.)

The recommendation was unanimously accepted by the convention, possibly much to the relief of the AlaBA incoming president, Harold O. Glass, president of Bank of Thomasville, who undoubtedly was muttering to himself by this time saying: "It's probably the only way I can top this convention headlined by Mary George!"

Mr. Glass took over from Mary George at the convention's final luncheon, where the AlaBA's other elective officers were introduced: First Vice President J. M. Barrett, president, First National, Wetumpka; and Second Vice President Ernest Ladd Jr., chairman, Merchants National, Mobile.

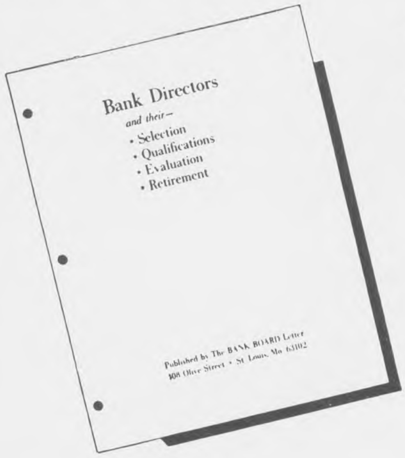
ABA Election. In other official action, Alabama bankers elected W. T. Cothran, chairman, Birmingham Trust National, as a member of the 1972 ABA nominating committee, and selected as their alternate delegate Marshall Dugger, chairman, First National, Tuscumbia.

C. Logan Taylor, chairman, First

NEW AlaBA OFFICERS: President Harold O. Glass, pres., Bank of Thomasville; Vice President J. M. Barrett, pres., First Nat'l, Wetumpka; and Second Vice President Ernest Ladd Jr., ch., Merchants Nat'l, Mobile.

NOW . . . *A Booklet to Aid Your Bank*

on Selection, Qualifications, Evaluation and Retirement of Bank Directors!



• **24-page booklet, 8½ x 11.** Answers key questions concerning director selection, retention and retirement. Special section: the prospective director and how he should be expected to contribute to the bank's success. Suggested rating system and checklist, model forms for board analysis, cost and remuneration and retirement policy statement included.

Check Box No. 101, $2 per copy.

OTHER MANAGEMENT-DIRECTOR MANUALS

• **Bank Shareholders' Meeting Manual.** For directors of state-chartered banks. 60-pages, discusses conflict-of-interest, minority rights, fuller disclosure, voting of trust-held securities, preparation of stock purchase and stock option plans and capital notes and capital debentures.

No. 102, $6.95 each.

• **A Model Policy For The Bank's Board of Directors.** 24-pages, reviews typical organizational chart, duties and responsibilities of managing officers and various standing committees, loan, investment and collection policies, and an outline of a suggested investment policy.

No. 103, $2 per copy.

• **Annual Review For Officer Promotions.** 4-page study, contains 12 point-by-point appraisals of officer performance and potentials.

No. 104, 4 copies for $1.

• **Check List of Audit Procedures For Directors' Examination.** 23-part outline encompasses review of major audit categories. Special 4-page study.

No. 105, 4 copies for $1.

• **Bank Board Policy And The Prerogatives Of Operating Management.** Special study focuses on utilization of skills and knowledge of "outside" directors; should the board do more than merely set policy?; who should operate the bank, the board or management?

No. 106, 4 copies for $1.

• **The Board of Directors And Effective Management.** Harold Koontz, 256 pages. Critical look at directors' role: functions and responsibilities, decision areas, control, relationship of success to more productive management.

No. 107, $8.50 per copy.

Please Send Me The Following Bank Management Aids:

No. 101 .... copies $ ....
No. 102 .... copies $ ....
No. 103 .... copies $ ....
No. 104 .... copies $ ....
No. 105 .... copies $ ....
No. 106 .... copies $ ....
No. 107 .... copies $ ....

Are You Ordering Enough Copies To Go Around?

Total $ ....
Sls Tax $ ....
(Missouri banks add 3%)
TOTAL $ ....

Send Completed coupon WITH CHECK to:

Commerce Publishing Co., 408 Olive St., St. Louis, Mo. 63102, publishers of Mid-Continent Banker, Mid-Western Banker and The BANK BOARD Letter.
(Please make check payable to The BANK BOARD Letter)

Name ....

Bank or Company ....

Address ....

City .... State .... Zip ......

GOING GROUP

Groups of 10 or more save 20% one way, 33⅓% on round trip Ozark fares, on any flight, any day. You must leave together, but may return separately. Get up a bunch and save a bundle . . . on Ozark.

GOING FAMILY

Only the husband pays full fare . . . the wife and children fly for less, when they fly together, family-style. Ozark special family fares are good on any day, any flight. No limit on time, no limit on fun.

GOING CHARTER

Ozark puts your group on their own private jet (or prop-jet), to go whenever and wherever they want, in the continental United States, Canada, or the Bahamas. There's no better way to travel—and the price is right.

OR GOING ALONE

Even regular Ozark flights, at regular single rates, are a travel bargain, and a pleasure besides. Everything Ozark does is designed to do the best possible job, for all the cities it serves . . . all the *people* it serves.

NICE GOING!

Call Ozark Air Lines or your travel agent.

OZARK AIR LINES®

Up there with the biggest

State, Oxford, was named to the ABA's governing council.

Committee Reports. The formal establishment of a Chair of Banking at the University of Alabama was reported by Henry A. Leslie, chairman of the association's educational foundation. Mr. Leslie, senior vice president, Union Bank, Montgomery, reported that the AlaBA had agreed to "support" this chair at the rate of $40,000 per year for the first five years of its existence. In return, he said, the AlaBA has the privilege of making recommendations regarding appointment of the chairholder. An appointment probably cannot be made until sometime in 1973, he stated.

Mr. Leslie noted that close to 200 banks had signed pledge cards to support the educational foundation, which just recently received official tax-exempt status from the IRS. He noted that "bequests, legacies, devises, transfers or gifts . . . are deductible under sections 2055, 2106 and 2522 of the Code."

"Our objective continues to be," he said, "*Alabama Number One in Banking Education,* and with your (AlaBA members) support, we will achieve this goal."

Trust Training School

Education also was the subject of a report by William Buckley Jr., vice president and trust officer, Merchants National, Mobile. Reporting for the AlaBA trust division, Mr. Buckley noted that the need is mounting for a special trust training school in Alabama and although such a school is not feasible today, it is "more than just a dream," he said. The subject of trusts, he said, should occupy a prominent position on the AlaBA bank management conference and he recommended this proposal receive serious consideration by the "new administration."

Still another report on the subject of education came from Roy Gilbert, on behalf of the AlaBA Junior Bankers Section. Mr. Gilbert, a senior vice president of Birmingham Trust National, reported that junior bankers had contacted 20% more students and schools during the past year with their story of "economic education." Although this program has been in existence for a number of years, Mr. Gilbert noted that the "consumerism" trend makes it even more important today. "Why," he asked? "Because our future deposits and our loans will come from these young students we are educating today!"

Two of the convention's featured speakers, Alabama Senator John Sparkman and K. A. Randall, president, United Virginia Bankshares, Richmond, are reported in the feature section of this issue.

ALABAMA BANKERS are pictured here at the opening event of the convention in Birmingham's Civic Center. From left: Mrs. Lucille W. Foley, v.p., 1st Nat'l, Opp.; Horace Broom, pres., Citizens Bank, Hartselle; Convention Chairman Guy Caffey, pres., Birmingham Trust; and AlaBA President Mrs. Mary George Waite, pres., Farmers & Merchants, Centre.

CONVENTION AUDIENCE (a partial view) on the second day of the convention. Just a few were lost to the previous evening's entertainment. RIGHT: Two retired Decatur bankers exchange greetings. On the left: Clyde Hendrix, oldest living past president of AlaBA (1923-24) and Mac McLeod, also a past president (1929-30) and now associated with the Export-Import Bank, Washington, D. C.

The convention's regularly scheduled "Bank of Knowledge" produced a number of interesting and valuable pieces of information for bankers attending this afternoon session. Among them was information from the regional director of the Small Business Administration that the SBA can be helpful in procuring government contracts for small businesses, thus aiding banks where these small firms are located. Paul R. Brunson, Birmingham, pointed out that through SBA loans and other help, the community of Haleyville, Ala., had created 334 jobs in recent years. This, he said, is action that can be felt by the banks in that community! • •

ABA REPRESENTATIVES (American Bankers Association) are pictured here following their portion of the AlaBA meeting. From left: ABA Vice President for Alabama, Frank M. Moody, ch., 1st Nat'l, Tuscaloosa; ABA Executive Vice President, Willis W. Alexander, Washington, D. C.; and ABA Regional Vice President, W. Liddon McPeters, pres., Security Bank, Corinth, Miss.

Louisiana News

Convention speaker Eugene H. Adams, ABA pres.-elect and pres., First Nat'l, Denver, with John A. Oulliber, outgoing LBA pres. and ch., 1st NBC, New Orleans.

Vanderpool New LBA President; Adams, Edwards Principal Speakers

By JIM FABIAN
Associate Editor

NEW ORLEANS—Officers for 1972-73 were elected and installed at the 72nd annual convention of the Louisiana Bankers Association last month.

Elevated to president of the association was R. L. Vanderpool Jr., president, Ouachita National, Monroe. New president-elect is Arthur Broussard, president, Guaranty Bank, Lafayette, and new treasurer is J. D. Acklin, president, Planters Bank, Haynesville. The title of president-elect is new this year; it replaces the former vice president title.

Named to serve on the nominating committee for the ABA convention was Mr. Vanderpool, with Mr. Broussard elected alternate member. Named to two-year terms on the ABA's governing council were L. J. Hebert Jr., executive vice president and cashier, Lafourche National, Thibodaux, and J. A. Dunnam Jr., president, Bank of Benton.

Principal speakers on the program were ABA President-Elect Eugene H. Adams, president, First National, Denver, who spoke on the implications of the Hunt Commission report, and then-Governor-Elect Edwin W. Edwards, who took office the week following the convention.

Mr. Adams reminded his audience that the recommendations of the Hunt Commission look to the future—the next five or 10 years. He said the report recommends more competition among depository institutions, something that is inevitable.

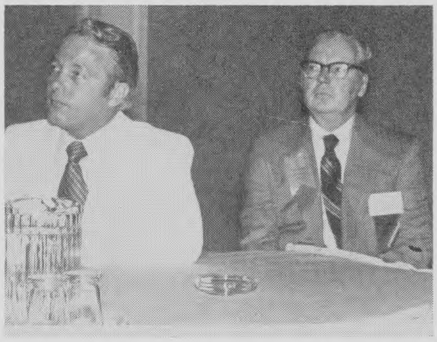
"There is nothing really new in the Commission recommendations," he said, "nor is there much that will not happen in some form and at some time. The powers of thrift institutions expand with each passing year. The powers of commercial banks are expanding. The old limitations and distinctions are either fading away or are under strong criticism."

He said that, as realists, bankers know that the world doesn't stand still and that while change brings problems, it also brings opportunities.

"Perhaps the greatest service rendered by the Hunt Commission is that it compels us to focus our attention on this changing financial industry of ours. It reminds us once again that while the status quo is comforting, it is not here for long. All our efforts and our thoughts must be focused on the future."

He concluded by saying the Commission report contains a plan for meeting the future, but does not necessarily constitute the plan.

Governor-Elect Edwards promised to submit a balanced state budget to the legislative session, which registered approval from the audience. He said the state had too few bank examiners and that they were underpaid. He asked



Louisiana Governor-Elect Edwin W. Edwards (l.) addressed convention. At r. is incoming Pres. R. Lee Vanderpool Jr., pres., Ouachita Nat'l, Monroe.

bankers to consider a voluntary agreement to increase the fees for bank examinations so these inequities could be remedied.

He pledged to take a "hard, unyielding line" on measures to tighten state government and finances, citing the need for a constitutional convention to streamline the state's procedures that, among other things, has resulted in the state maintaining 1,113 bank accounts.

Outgoing President John A. Oulliber, chairman, First National Bank of Commerce, reported on the current legislative picture in Louisiana. He said a bank holiday bill had been formulated that should meet with the approval of most LBA members, that the installment credit committee had reached a compromise agreement with representatives of the Consumers' League and other organizations on a modified form of the Uniform Consumer Credit Code, that LBA expects to support legislation to bring about changes in the state banking department and that drafting of a bill to give banks handling real estate construction loans protection

NEW LBA OFFICERS are congratulated by outgoing Pres. John Oulliber (c.), ch., 1st NBC, New Orleans. From l.: Treasurer J. D. Acklin Jr., pres., Planters Bank, Haynesville; President-Elect Arthur J. Broussard, pres., Guaranty Bank, Lafayette; Mr. Oulliber; President R. Lee Vanderpool Jr., pres., Ouachita Nat'l, Monroe; Executive Vice President R. I. Didier Jr.

LEFT—Mrs. John J. Doles Sr., mother of John J. Doles Jr., pres., First State, Plain Dealing; Mrs. James C. Atkins (Mr. Atkins is sr. v.p., Louisiana Bank, Shreveport); W. McKerall O'Niell, pres., St. Mary Bank, Franklin. CENTER—Al Mahaffey, a.v.p., Mercantile Nat'l, Dallas; J. E. Pierson, pres., City Bank, Natchitoches; Delma Prince, a.v.p., Mercantile Nat'l, Dallas; Mrs. Prince. RIGHT—Michael J. Rapier, sr. v.p., 1st Nat'l Bank of Commerce, New Orleans (and convention ch.); and Ben C. Adams, a.c., City Nat'l, Kansas City.

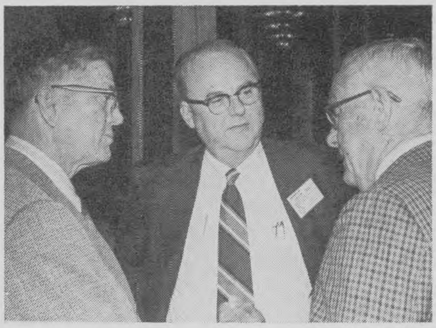
against subdivision liens is about to begin.

Mr. Oulliber made several recommendations for change in LBA procedure, including the change of designation from vice president to president-elect; that the LBA should have but one legislative committee, with two divisions, in the future; that a real estate financing committee be created; that young adult agribusiness seminars and farmer awards meetings be conducted exclusively by the chairman of the agricultural committee rather than by top LBA officers; and that the public relations committee be asked to develop a speakers bureau.

He offered a final word of caution to delegates, as follows:

"There will be controversial issues that will face the members of this association this year and in the years to come. I need not have to remind you that it is a selfish world; that the bankers of Louisiana among themselves will have differences of opinion; that no matter how hard we try at a local or state level, nationally we will have our plans thwarted or at least threatened by federal legislation or regulations of our supervising federal agencies.

"Despite all this, let us 'keep our cool.' By all means, fight for what you feel is right, but, as fellow bankers, as Louisiana bankers, let us all stick together and pull together when the 'chips are down,' because we have a common cause—the improvement of banking and the economy of the state of Louisiana. In fighting for this cause, we need one another." • •



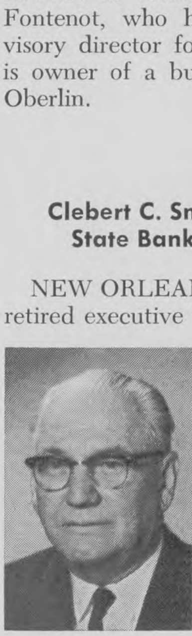
A. Emmett Stephenson (l.), ch., Bank of Morehouse, Bastrop, chats with James W. Thompson (c.), regional dir., FDIC, Memphis; and R. Irby Didier, consultant life member, LBA.

■ RACELAND BANK recently announced a list of new promotions. Advanced were: Francis J. Badeaux, from vice president to senior vice president; Jerry J. Dufrene, from cashier to vice president and cashier; Edwin P. Blanchard, Leonard J. Borne and Raymond P. Plaisance, from assistant cashiers to assistant vice presidents; V. J. Zeringue, from assistant cashier to branch manager; and Abel L. Bourgeois Jr., Allen J. Foret, Presley J. Babin and Edward J. Himel, assistant cashiers.

■ LEROY FONTENOT was named a director of Allen State, Oakdale. Mr. Fontenot, who has served as an advisory director for the past two years, is owner of a builders' supply firm in Oberlin.

Clebert C. Smith Is Appointed State Bank Commissioner

NEW ORLEANS—Clebert C. Smith, retired executive vice president at First National Bank of Commerce, has been appointed state bank commissioner by Governor Edwin Edwards. The announcement of Mr. Smith's appointment was made by Governor Edwards during his remarks at the LBA convention on May 1.



SMITH

Mr. Smith retired in 1968, following many years of service in the correspondent department. He was appointed assistant state bank commissioner in 1971 by former Governor John J. McKeithen.

Clem Sehrt, most recent state bank commissioner, resigned last January.

LEFT—Ronald J. Levy and Richard D. Roussel, representatives, Kohlmeyer & Co., New Orleans; Harris J. Champagne, 1st v.p., Teche Bank, St. Martinsville. CENTER—Mrs. Hebert; L. J. Hebert Jr., exec. v.p. & cash., Lafourche Nat'l, Thibodaux; Frank A. Gallaugher, pres., Jeff Davis Bank, Jennings; Mrs. Gallaugher. RIGHT—Mrs. Langley; Rex Langley, exec. v.p., Church Point Bank; Woodie V. White, v.p., Houston Nat'l.

Arkansas News

Branching Discussed at Arkansas; Finley Vinson Named President

By RALPH B. COX
Editor & Publisher

HOT SPRINGS—Branching and taxation were two touchy subjects discussed at the Arkansas convention last month by Donald W. Stone, ArkBA president. Both problems, he said, are under consideration by the association and Mr. Stone, who is vice president of the Simmons First National, Pine Bluff, expressed opinions on both.

New federal legislation, he said, has opened the door wide for unusual taxes on all banks. In Arkansas, for example, banks have been operating "in Limbo" for about 11 years with a voluntary ad valorem tax. Arkansas banks, according to Mr. Stone, have continued to pay the tax even though it is considered illegal.

The legislative committee and the executive council of ArkBA, reported Mr. Stone, has recommended that Arkansas banks pay normal corporate state income taxes, with provisions that tax funds be segregated and returned to the counties. Because of the substantial contributions banks have made to county and municipal services, said Mr. Stone, it is believed by ArkBA that these services could not survive without these turnback funds.

He urged bankers to support this type of legislation when it is actually proposed.

On the subject of branching, Mr. Stone reminded bankers that they already had received a rough draft of a branch banking bill being considered by the ArkBA legislative committee. This bill, he said, would allow branches to be established anywhere within city limits except for a 300-foot radius around a competitive bank. Branches also could be established in non-bank communities within the same county and existing branches and future branches would be allowed to perform *any* banking service.

Mr. Stone acknowledged controversy over the proposal. Full-service branches cost money, but our competitors, he said, are not hesitant about putting full-service branches next door to your main office. He referred to the savings and loan associations, of course, at the same time pointing out that real estate men in Arkansas are also soliciting deposits and loans for S&Ls in neighboring states.

Branches belong where the people are, he stated, noting that a 1,000- or 3,000-foot circle drawn around the parent bank often showed that the only possible location for a new branch might be in a "tomato patch."

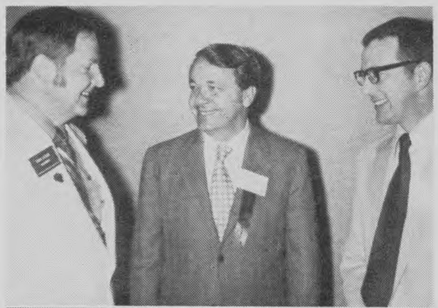
Mr. Stone also observed that the customer doesn't understand why he must drive up to 20 miles to the main office to make an auto loan, when he now can make a deposit at a limited-service facility. Also, he said, it is confusing to bank customers when an old branch can perform services that a new branch cannot.

The Pine Bluff banker seemingly was arguing for change in the state's present branching law as he stated: "I sincerely hope you will give the legislative committee your opinion after giving the proposal your serious, open-minded consideration."

Another portion of Mr. Stone's talk relating to the Hunt Commission Report will be found in the forward section of this issue.

Featured Speakers. Two of the convention's major addresses were delivered by William W. Sherrill, former governor of the Federal Reserve, and by Eugene H. Adams, president-elect of the American Bankers Association.

Mr. Adams, who is president of the First National, Denver, spoke to the Arkansas convention basically about



TOP—Donald W. Stone, outgoing president of Arkansas Bankers Association, visits with convention speaker William W. Sherrill (c.), former governor of Federal Reserve Board and now pres., Associates Corp., South Bend, Ind., and H. C. Carvill, exec. mgr., ArkBA. Mr. Stone is vice president, Simmons 1st Nat'l, Pine Bluff.

BOTTOM—American Bankers Association representatives pose here: Van Smith, Tuckerman, alternate delegate to 1972 convention; Arkansas ABA V.P. C. W. Harper, pres., 1st Nat'l, Conway; and ABA Pres.-Elect Eugene H. Adams, pres., 1st Nat'l, Denver. Mr. Adams spoke to the convention on the new structure of the ABA.

NEW ARKANSAS OFFICERS for 1972-73—From left: Treasurer Fred Michael, pres., 1st State, Lake Village; Vice President Thomas E. Hays Jr., pres., 1st Nat'l, Hope; President-Elect Van Smith, pres., Bank of Tuckerman; and President B. Finley Vinson, ch., 1st Nat'l, Little Rock.

CONVENTION DELEGATES were packed along the left and right aisles. They came to hear convention speakers and stayed, many of them, to win a TV set. The lucky winner is shown in the center: Mrs. Charles E. Sharpe Jr., Hope. Making the presentation is George Jackson, pres., Peoples Bank of Russellville, a member of the ArkBA public relations committee.

the new structure of the American Bankers Association, which was adopted at the 1971 ABA convention held in San Francisco.

Whether the structure of the ABA has changed, Mr. Adams emphasized, or whether the issues of the day have changed, the basic purpose of the ABA has not changed since its founding almost 100 years ago: "To promote the general welfare and usefulness of banks and banking institutions, and to secure the practical benefits . . . from the discussion of subjects of importance to the banking and commercial interests of the country."

The various state associations, he said, continue to play an important role in the policy-making process of the ABA; and Arkansas, he said, has 14 bankers serving on various committees and councils of the ABA. Among these are Finley Vinson, Little Rock, who chairs the government relations council and who also serves on the governing council. Also, "Bo" Carvill, ArkBA executive manager, chairs the state association division.

Mr. Adams' views on the Hunt Commission Report will be found in a forward section of this issue.

Mr. Sherrill, currently serving as president of Associates Corporation of America, South Bend, Ind., spoke about the vast changes that will take place in the '70s in the political, technological and economic environment of the nation.

Economic growth is inevitable, he said. Population, gross national product, labor force, national income, personal consumption: all of these units, he said, will grow in staggering amounts. As a result, banks will grow, too.

The problem, as he saw it, will be how to manage this growth. The decade will become one of "management of change," and bankers must *plan* for this change.

He advised bankers to develop planning programs along these lines:

1. A one-year program, where objectives and budgets can be set down, adhered to and adjusted as conditions warrant.

2. A five-year program. Here, he said, bankers must conceive or anticipate new services to fit customer needs, or anticipate technological changes in operations. A constant appraisal must be made, he said, of any factor affecting the banking business and the proposed activities to meet those changes.

3. Advanced planning. This function, he said, could stretch out for 20 years. There are no formulas to be used. Common sense and judgment prevail here. However, banks must *set down* their objectives and their priorities.

How should you organize such planning? Think it through. Analyze from all directions, then *write it down.* Above all, he said, put your plans into action. Why plan, he asked, if you never act?

In the future, he advised, bankers must keep an open mind on everything that affects their business: competition, legislation, local problems, environment, etc.

New Officers. At the close of the convention's final session, B. Finley Vinson, chairman of the First National, Little Rock, was elected president of ArkBA, succeeding Donald W. Stone of Pine Bluff.

Also named to office were the following: president-elect, Van Smith, president, Bank of Tuckerman; vice president, Thomas E. Hays Jr., president, First National, Hope; and treasurer, Fred Michael, president, First State, Lake Village.

Mr. Smith was overheard saying that he will represent the smallest bank ($4.7 million) from the smallest community (pop. 1,731) when he succeeds to the presidency in 1973.

ABA Officers. Arkansas members of the American Bankers Association elected Mr. Vinson as their member of the 1972 nominating committee, with Mr. Smith to serve as delegate.

Arkansas continues to maintain 100% membership in the ABA, with each of the state's 253 banks enrolled.

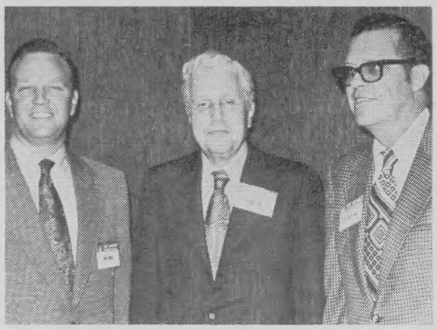
Resolutions. In one of its resolutions, the ArkBA endorsed the candidacy of George L. Whyel (see story on page 27) for the post of ABA vice president in 1973. Mr. Whyel is president of the Genesee Merchants Bank, Flint, Mich.

In another resolution, Arkansas bankers endorsed the study of conservation in the public schools and pledged support for the project through the economic education program of the association. • •

ARKANSAS PAST PRESIDENTS pose for the MID-CONTINENT BANKER camera. Fifteen of the association's 30 living past presidents are shown here. Stuart Wilson, seated 2nd from r., is the oldest from the point of service, having served the association in 1919. Mr. Wilson is chairman of State 1st Nat'l, Texarkana.

Texas News

Adjustment to Sudden Change Permeates Convention Scene



NATIONAL BANK DIVISION OFFICERS: William G. Fuller (c.), pres., Texarkana Nat'l, was elected ch. of the national bank division. Paul Mason (not pictured), ch., First Nat'l, Ft. Worth, was elected v. ch., and B. Glen Jordan (r.), pres., State Nat'l, El Paso, was elected division sec. Retiring Division Ch. Bookman Peters (l.) poses with the new officers. Mr. Peters is pres., City Nat'l, Bryan.

By HAROLD R. COLBERT

President
Commerce Publishing Co.

SAN ANTONIO—As nearly 2,000 Texas bankers and wives trooped from their hotels to the San Antonio Convention Center in the bright sunshine of a late Sunday afternoon, May 7, they were revealing how quickly people can adjust, if they must, to sudden change.

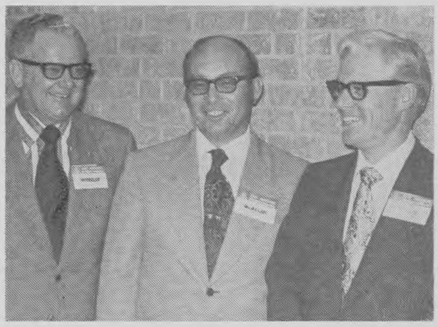
As the conventioners gathered Sunday May 7 in San Antonio in preparation for what was planned as a colorful "Night in Old San Antonio" in the charming La Villita area of the old city, the warm sunshine belied the fact that only a few hours before San Antonio had been drenched with a six-inch cloudburst which required the entertainment committee to make a 10 a.m. decision to move the entire "outdoor evening festivities" from La Villita to the shelter of the Convention Center.

With typical San Antonio hospitality the bankers adjusted their plans in order to protect the welfare of the visiting bankers. Members of the San Antonio Conservation Society, which stages the annual fiesta in San Antonio and special parties for TBA conventions at La Villita, hurriedly completed arrangements for an "indoor fiesta." It left little room for strolling, but it was not lacking in the colorful charm of a party that the bankers had looked forward to at La Villita.

Such was the unexpected opening of the 88th annual TBA convention.

As the business part of the convention unfolded during the next two days, bankers could look back on the Sunday night party as almost prophetic witness to the need to adjust to change, and a demonstration that, given full cooperation and an enthusiastic outlook, we can adjust quickly when called upon.

Dr. Charles A. LeMaistre, chancellor, University of Texas System, Austin, set the stage by discussing the burgeoning of the Texas higher educational system comprising 17 campuses. He related the many changes taking place in faculty, in an effort to upgrade the quality of the teaching. He pointed out that all promotions in salary or rank are now based on effectiveness of a faculty member's teaching. Many of the new faculty members are coming to Texas from the most highly rated educational systems in the U. S. and abroad. He cited the guiding principles once laid down by the University of Boulogne as desired goals for the educational system of Texas: progress, accountability, perspective and performance.



STATE BANK DIVISION OFFICERS: J. B. Wheeler (l.), pres., Hale County State, Plainview, was elected state bank division ch. Robert A. McAllen (c.), pres., Hidalgo County Bank & Trust, Mercedes, was elected v. ch., and Jay C. Sloan, pres., Citizens State, Georgetown, was elected division sec.

As Rex J. Morthland, chairman, Peoples Bank & Trust Co., Selma, Ala., and a member of the Hunt Commission, followed with a detailed discussion of the "Impact of the Hunt Commission Report," it was apparent to all that banking, like education, could well be judged in the years ahead by the standards of progress, accountability, perspective and performance.

When the Texas bankers, representing the largest number of unit banks in any state, heard recommendation after recommendation lifted from the Hunt

NEW TBA OFFICERS: Leon Stone (c.), pres., Austin Nat'l, was elected assn. pres.; C. Truett Smith (l.), pres., First State, Wylie, was elected assn. v.p.; and Jeff E. Bell Jr., pres., Portland State, was elected assn. treas.

Commission Report, they couldn't help realizing, as TBA President Oscar C. Lindemann had been telling them at district meetings in recent months and would tell them again in his presidential address, that banking is in for days of soul searching and adjustments to change. Many of the recommendations of the Hunt Commission Report, Mr. Morthland explained, represented compromises in an attempt to reach competitive equality between commercial banks and other financial institutions covered in the Hunt Commission study.

Texas, with its more than 1,200 unit banks, in the past year has experienced a wave of multi-bank holding company applications, and prior to that had experienced in recent years quite a number of chain-bank operations with an individual or a small group of individuals owning several unit banks. Today one hears in open lobby discussion, comments that, after all, branching may be the more economical and efficient way to go than the holding-company route, which is already quite well entrenched.

Outgoing President Lindemann, chairman, Texas Bank, Dallas, told the Texas bankers that they are going to be faced in the coming year with four critical areas: the economic environment in Texas and the U. S.; the form of bank system that finally evolves to serve Texas; the regulatory system governing commercial banks; and banking's image with the public, the customer. Mr. Lindemann predicted that within the next 25 years Texas will be completing its change from an agricultural, natural-resource-producing economy to an urban-industrial complex. He predicted that in 25 years 20 million people will live in Texas, 80% of them in four highly industrialized population complexes around the major cities of Houston, San Antonio, Fort Worth and Dallas. Today 71 banks, 6% of the state's total, hold 55% of the deposits. The number of banks in and surrounding the major cities increased by 95% in the past 20 years. Today 740 of the state's slightly more than 1,200 banks (63% of the total) have less than $10 million in deposits and control only 15% of the total bank deposits in the state. Mr. Lindemann declared that today's bankers must design a banking system to serve the ever-changing, complex economic system, and that if bankers don't meet the demand some other group will do so, perhaps with a system working to the disadvantage of established commercial banks.

As for the regulatory system, Mr. Lindemann reminded the bankers that the Hunt Commission study occurred because the public thought it saw in our system enough defects to bring the real or imaginary defects to the point of discussion, and President Nixon thought them serious enough to commission a study. The recommendations of the commission already have spawned suggestions for legislation that will be considered now and in the years to come. Bankers must be alert, he said, to all the legislation that is introduced as a result of the report and be willing to give guidance to legislators regarding the proposed legislation.

"But lastly," Mr. Lindemann declared, "bankers must serve the public while trying to remain within the framework of an economic complex with a developing structure, within a sphere of regulation on both a state and national level. The public will be served or a substitute will be found. It is a painful fact, but it is very true."

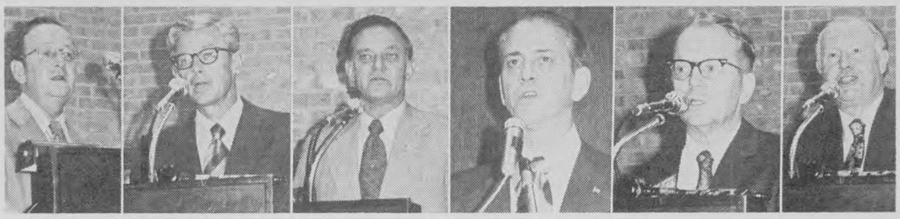
It was evident that Texas bankers got the message. They seemed not only ready, but eager, to tackle and master the challenge of change.

The new team of officers elected for the coming year consists of: president—Leon Stone, president, Austin National, and also a director of First State of Burnet and Lockhart State; vice president—C. Truett Smith, president, First State, Wylie; treasurer—Jeff E. Bell Jr., president, Portland State.

At meetings of the national and state bank divisions the following officers were elected: National bank division—chairman, William G. Fuller, chairman, Texarkana National, succeeding Bookman Peters, president, City National, Bryan; vice chairman, Paul Mason, chairman, First National, Fort Worth; secretary, B. Glen Jordan, president, State National, El Paso. State bank division—chairman, J. B. Wheeler, president, Hale County State, Plainview; succeeding Jeff E. Bell Jr.; vice chairman, Robert A. McAllen, president, Hidalgo County Bank & Trust, Mercedes; secretary, Jay C. Sloan, president, Citizens State, Georgetown.

At a meeting of the Texas members of the American Bankers Association, presided over by Lewis H. Bond, state vice president of ABA and chairman of Fort Worth National, the following were elected to the ABA governing council: Oscar C. Lindemann; Elvis L. Mason, president, First Security National, Beaumont; and Archie B. Scott, president, Security State, Pecos. E. M. Schur, chairman, First National, Odessa, was named member of the nominating committee, with Ernest Deal, president, Fannin Bank, Houston, alternate.

The 1973 TBA convention will be held May 6, 7 and 8 in El Paso's new auditorium. • •



STEWART LeMAISTRE LINDEMANN BATES MORTHLAND PAULSON

TBA PAST PRESIDENTS in attendance at opening convention session: (l. to r.) A. A. (Buck) Horne, City Nat'l, Galveston; John M. Griffith, City Nat'l, Taylor; Roy Selby, Citizens State, Ganado; L. S. (Lefty) Goforth, Comfort State; Jeff Austin, First State, Frankston; Walter F. Johnson, First Nat'l, Abilene; S. R. (Buddy) Jones Jr., First Pasadena State; John F. Geis, First Security Nat'l, Beaumont; Derrell Henry, American Bank of Commerce, Odessa; Tom C. Frost Jr., Frost Nat'l, San Antonio.

New Mexico News

Low-Rise Building Complex Proposed By First National of Albuquerque

FIRST NATIONAL, ALBUQUERQUE, has proposed a $30-million, low-rise, pedestrian-oriented complex in the downtown area to the Urban Development Agency (UDA).

The bank proposed to purchase and redevelop three blocks of the Tijeras Urban Renewal area bounded by Third, First, Tijeras and Copper streets. In addition, a parking area is planned for First Street.

The 700,000-square-foot complex would include the bank's headquarters, office and retail space, a hotel, garden restaurants, a plaza and arcaded walks.

If approved by UDA, the first building to be constructed in the complex will be six stories high and will have 250,000 square feet, including up to 25,000 square feet of retail space. The building will be long and low, constructed in a U-shape and will have an inner courtyard. The ground level will feature fashion shops, a book store, cinema and a restaurant.

In keeping with the pedestrian orientation of the complex, there will be no drive-up banking facilities. Construction on the building will begin when construction drawings are completed and approved by UDA.

A 17-story, 225-room hotel with meeting rooms and dining facilities is tentatively planned as the second building of the complex. Estimated cost of the two buildings is about $16 million.

The next phase of the project would include an additional 200,000 square feet of office space, an additional 200 hotel rooms and about 13,000 square feet of additional retail space.

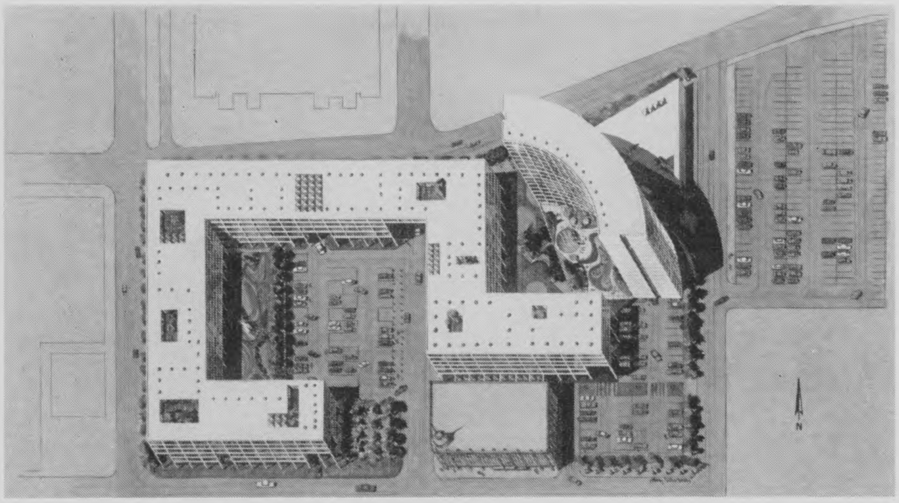
In this phase, the bank proposes to bridge Second Street with the office structure to unify the two blocks and at the same time define two major outdoor spaces—a central plaza on one block and a garden on the other.

Arthur Cinader, chairman of the bank's executive committee, said about the complex, "It will be a place particularly appropriate to Albuquerque that might, hopefully, serve to establish a new vision of what urban Albuquerque can and should become." • •

■ FIRST STATE, Rio Rancho Estates, has elected Gavin H. Young a director. He is general manager of Earth Resources Co.'s Nacimiento copper project in Cuba.

■ JAMES D. FOUNTAIN has joined New Mexico Bank, Hobbs, as auditor. Previously, he was assistant auditor, First National Bank of Oregon, Portland, which he joined in 1962.

■ COMMERCE BANK, Carlsbad, has begun construction on a new drive-in branch office, to be completed this summer.



Above is an aerial view of the $30-million, low-rise complex proposed by First National, Albuquerque.

Mrs. Ann Kelley Named Winner Of NABW Scholarship Award

HOBBS—Mrs. Ann M. Kelley, customer service officer, First National Bank of Lea County, has been awarded the 1972 Rocky Mountain regional scholarship of the National Association of Bank-Women Inc. She will take advanced banking courses at the Bank Marketing School in Boulder, Colo.

KELLEY

Mrs. Kelley began her banking career with First State, Bokchito, Okla., in 1952. She joined First National in 1956 as a bookkeeper.

■ DONALD L. KRESS has joined First National, Albuquerque, as an executive vice president and has responsibility for the personal banking division and marketing activities. Mr. Kress formerly was director of the international staff of British Leyland Motor Corp., London.

■ HOT SPRINGS NATIONAL, Truth or Consequences, recently made the following promotions: Dick Ruffini, vice president and senior trust officer; Wayne Hudson, vice president and senior loan officer; Jim Grider, cashier; and Mrs. Faye Crooks, assistant trust officer.

■ JOHN A. RHOADS has been named assistant vice president of Deming National. He succeeds Ron Oliver, who is now with Farmington National. Mr. Rhoads previously was credit manager for Cessna Aircraft, Wichita.

■ FIRST NATIONAL, Santa Fe, elected Mrs. Glenna Jarvis assistant vice president and assistant trust officer. She joined the bank in 1949, was appointed assistant cashier in 1968 and assistant trust officer in 1970.

■ RICHARD E. SCHORSE has joined First National Bank of Lea County, Hobbs, as vice president and trust officer. Formerly, he was in charge of the Orange regional trust office of United States National, Orange, Calif.

■ FARMERS & STOCKMENS BANK, Clayton, named W. H. Cantrell agricultural loan officer. Before joining the bank, he was vice president of Amarillo Production Credit Association.

■ SECURITY NATIONAL, Roswell, has elected as associate directors Dr. William G. Liakos, M.D., and Dr. Charles W. Plett, D.D.S.

Oklahoma News

New Bylaws, Titles for Officers Adopted at OBA Convention

By HAROLD R. COLBERT
President
Commerce Publishing Co.

OKLAHOMA CITY—Both from the standpoint of program and entertainment, the 75th annual convention of the Oklahoma Bankers Association, held May 9-11, was something special.

In addition to the functions at the headquarters hotel, the nearly 1,200 bankers and wives had an opportunity to enjoy, at the conclusion of the convention, an open house at the OBA's new headquarters building at 643 N.E. 41st Street.

The OBA's trust division, which has been growing in size and importance in recent years, expanded its meeting from its usual luncheon meeting to an all-day affair May 9, which consisted of a tour to Oklahoma Gas & Electric Co.'s Konawa Generating Plant in the morning, an afternoon business session at the hotel and an evening dinner for all OBA registrants with the OBA trust division as host. W. K. Bonds, executive vice president and senior trust officer at Oklahoma City's Liberty National, presided at the meeting and at the evening dinner, where Dr. Frank Goodwin, management consultant for W. T. Grant Co., delighted an enthusiastic audience with a profoundly philosophical but humorous address on "people problems."

Oliver C. Parker, vice president and trust officer, First National, Ada, was elected chairman of the trust division for the coming year. Paul H. Mindeman, senior vice president and senior trust officer, National Bank of Tulsa, was elected assistant secretary-treasurer. Joe T. Gilliland, OBA executive vice president, serves as the division's permanent secretary-treasurer.

OBA convention innovations were not limited to the trust division at the diamond-anniversary convention. The association unanimously adopted modernized and streamlined new bylaws. Under these, Frank G. Kliewer Jr., 1971-72 OBA president and president of Cordell National, became OBA's chairman of the board for the coming year, a newly created office. Harry E. Leonard, president, Bank of Elgin, moved up from vice president to president, and Glenn P. Ward, senior vice president, Fourth National, Tulsa, who, under the old bylaws, would normally have been named vice president for the coming year, was named president-elect, a title provided under the new bylaws. Thomas W. Utterback, president, Oklahoma National, Oklahoma City, was elected treasurer.

As at several other state bankers conventions this year, committee reports played an increasingly important role in identifying OBA association activities in the minds of delegates. Mr. Kliewer, in his presidential address, paid tribute to all committees and called particular attention to the work of the agricultural committee, the legislative committee and the economic development committee. On the legislative front, the OBA reported a perfect record, so far as passage of desirable legislation and defeat of undesirable legislation are concerned. The president reported on the appointment last December of a blue-ribbon group to study the structure of Oklahoma banking. Members of the committee were instructed to come back with recommendations to the OBA executive council for any structure change which the committee felt was needed, or a recommendation that no change was desirable. In turn, the executive council was charged with the responsibility of passing on the recommendations for consideration by the entire membership. The structure committee unanimously agreed, Mr. Kliewer said, that no legislation would be introduced in the legislature by the OBA without approval through the procedure outlined.

Mr. Kliewer expressed the opinion that, after observing other banking associations, visiting with legislators at the national level and studying the Hunt Commission Report, it is imperative that Oklahoma bankers be knowledgeable enough and act quickly enough to influence the inevitable changes that will be taking place. He cited as evidence of the spirit of cooperation prevailing among the committee members studying banking structure that no efforts were made to introduce branching or holding company legislation in the 1972 session of the legislature.

"We have involved ourselves in research, public education and political manipulation . . . we have been openminded and sincerely concerned with the inadequacies of our society . . . we have not tried to stereotype ourselves . . . we know that involvement is necessary for the preservation of banking . . . we have not played the little against the big . . . the rural against the urban or the Democrat against the Republican . . . we have recognized youth . . . we have worked with them, we have financed them and counseled with them, realizing that in their hands rests our future. We feel that our rural areas have been dealt a 'short suit' and

NEW OBA OFFICERS: Elected pres. of the OBA was Harry E. Leonard (c.), pres., Bank of Elgin. Named pres.-elect was Glenn P. Ward (r.), sr. v.p., Fourth Nat'l, Tulsa. Elected assn. treas. was Thomas W. Utterback, pres., Oklahoma Nat'l, Oklahoma City.

YORK WATT EACHON WILLE HOLT

have not benefited equally in our national prosperity, and so we have pursued a strong program of economic development, slanted especially to the benefit of the rural areas," Mr. Kliewer stated in summarizing the work of the association under his leadership.

In an added program feature, Mrs. Virginia Fuson, widow of the late Charles Fuson and sister of OBA's new president, Harry E. Leonard, became the recipient of a special commemorative plaque that paid tribute to the work of the late Mr. Fuson when he was OBA executive vice president. The plaque replaced one destroyed in an apartment fire that Mrs. Fuson suffered. The latter had inquired whether there might be some way of recapturing the words written on the plaque. J. Willis Baker, financial editor of the *Daily Oklahoman,* learning that Mrs. Fuson had sought a copy of the column Mr. Baker had written for the paper September 20, 1964, entitled "Hub of the Wheel, Trade Workhorse, An Unsung Hero," dug out his old column and had it remade in the form of a permanent plaque. After reading the glowing tribute to Charley Fuson, Mr. Baker presented the plaque to the grateful Mrs. Fuson, adding, "The only reason I wrote that piece is that Charley deserved it."

Mr. Leonard got his new administration off to a positive start by urging members to make the story of banking one of which they can be deservedly proud and then to tell that story—not permitting the lust of a few to be a conclusive picture of the whole, to be concerned that the heart of bankers is in the right place so that their thinking can be "people oriented."

Sandwiched in between speeches on such subjects as the Hunt Commission Report, public and personnel relations problems, was a timely discussion by Eugene York of the FBI, prompted by an extortion threat experienced by an Oklahoma banker only a few days before the convention. After Houston Adams, president, Farmers & Merchants Bank, Tulsa, and his family were threatened with extortion, Mr. Adams concluded that all bankers should have the benefit of the information given him by the FBI during the investigation of the case. Therefore, he arranged for Mr. York to appear before the convention.

Among the points covered by Mr. York: 1. The FBI is at an extreme disadvantage if there is any delay in reporting an incident. 2. Top management must become involved in seeing that specific plans of procedure are established, covering burglary or extortion situations. A designated security officer in the bank (as called for by the Bank Protection Act of 1968) must be a mature person capable of carrying out the bank's plan. 3. The security officer must report to top management. 4. As simple precautions, don't establish such regular routines that the criminal can observe and chart your daily course. Don't arrive at the bank at the same time every day or park in the same spot. Don't unlock the safe at the same time each day. Don't ignore a strange car in the vicinity of the bank or your home. Don't fail to report any situations to the police and the FBI that appear to be of a suspicious nature. Mr. York emphasized the importance of remaining as calm as possible because the criminal is working on your fears and hopes you will not think clearly.

He urged bankers to let a designated officer or employee notify authorities immediately when a crime is committed or a threat made against the bank. He stated that authorities will never act in such a way as to put a banker or his family in jeopardy, but that prompt notification can greatly increase the possibility of apprehending the criminal.

As for handling the press, which naturally is eager to get and publish full details, he urged bankers to make one person responsible for releasing the news, but without detailed information, such as the amount of money involved or that bait money had been used. For the safety of bank employees and their families, the press should not be permitted to photograph either the employees or their families or to conduct interviews with them.

At a meeting of the Oklahoma members of the ABA, presided over by Richard A. Wagner, state ABA vice president and senior vice president, First National, Tulsa, Morrison G. Tucker, chairman, May Avenue Bank, Oklahoma City, was named a member of the ABA nominating committee. Robert L. Hollis, president, First National, Okmulgee, was elected alternate.

FRANK WILLE (c.), FDIC ch., chats with Jack T. Conn (l.), ch., Fidelity Nat'l, Oklahoma City, and former ABA pres., and Frank G. Kliewer, retiring OBA pres. (now OBA ch. of the board) and ch. & pres., Cordell Nat'l.

Kansas News

KBA Takes Impartial Position On Study of Banking Structure

By LAWRENCE W. COLBERT
Assistant to the Publisher

TOPEKA—The stated theme of this year's KBA convention was "Our Stake in Free Enterprise!" and was ably developed by an outstanding group of speakers. However, the underlying theme and thread of conversation were on the topic of future banking structure in Kansas.

Following defeat of a bill earlier this year that would have liberalized the facility law in Kansas, the Kansas legislature agreed by resolution to study banking structure through a special legislative committee. The committee is charged with the task of studying the laws relating to establishment of branch banks and multi-bank holding companies. It is scheduled to report back to the legislature before December 1. KBA President A. J. Collins reported on the last day of the convention the decision of the executive council to take an impartial position—neither recommending any changes, nor opposing any changes—during the time the special committee is making a study of the subject. And further, he urged all bankers who are vitally interested in the subject to present their views, either as individuals or with bankers who hold similar views, to the legislative committee.

J. Rex Duwe, newly elected KBA president and chairman of Farmers State, Lucas, announced plans to appoint a KBA task force to consider a possible reorganization of the KBA similar to the reorganization of the ABA approved at the association's annual convention last year. Mr. Duwe stated that the ABA has become a more streamlined and efficient organization since its reorganization and more responsive to its members. The goals of possible reorganization of the KBA would be more responsiveness and service. He called the KBA the best state trade association, and with self examination and self analysis it will become even better.

In addition to Mr. Duwe, other newly elected KBA officers are Henry G. Blanchard, chairman, Commercial National, Kansas City, vice president; and Charles E. Grutzmacher, president, First National, Onaga, treasurer.

In the ABA elections, H. A. Hedlund, president, Montezuma State, and Robert V. McGrath, president, Boulevard State, Wichita, were elected to the ABA governing council. Oliver H. Hughes, president, Citizens National, Emporia, was named to the nominating committee representing Kansas, and Robert A. Brown, president, Home National, Arkansas City, was named alternate member of the nominating committee.

KANSAS GOVERNOR Robert Docking (c.), poses with Dr. Kenneth McFarland (l.), nationally recognized speaker who addressed the convention, and A. J. Collins, retiring KBA pres., and pres., Hutchinson Nat'l. Governor Docking addressed the convention about the economic climate in Kansas.

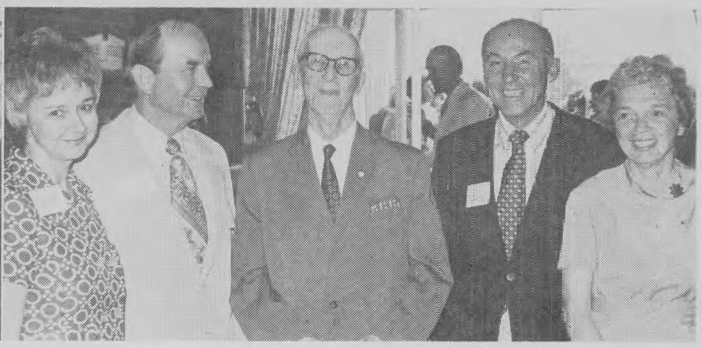
J. REX DUWE (l.), newly elected KBA pres., presents plaque to A. J. Collins, retiring KBA pres., recognizing his year as association pres.

Convention registration topped 1,700, including more than 400 who purchased special tickets for the banquet only.

Kansas Governor Robert Docking, in addressing the convention, said he foresees a bright economic future for Kansas. He stated that one of every eight manufacturing concerns has plants in Kansas. Meat packing would enjoy the greatest growth, he predicted. Crude oil would be the only major industry that faces a decline. "The Kansas future is really very bright," the governor stated.

"As I cover the country these days, I get the feeling sometimes that the chief characteristics of our people are frustration and a feeling of helplessness in combating our problems. People feel themselves being pushed along by great national trends and forces, and very often they are being shoved in directions they don't want to go. Millions

NEW KBA OFFICERS: J. Rex Duwe (c.), ch., Farmers State, Lucas, was elected assn. pres. Henry G. Blanchard (l.), ch., Commercial Nat'l, Kansas City, was elected assn. v.p., and Charles E. Grutzmacher, pres., First Nat'l, Onaga, was elected assn. treas.



LEFT: Four college freshmen, chosen to represent Kansas as delegates to the national 4-H conference, were honored at the convention. They are (l. to r.) Doris Hubbard, St. George; Annette Allen, Olathe; Richard Koelsch, Great Bend; and Vernon Waldren, Tribune. Dr. Glenn M. Busset, state 4-H leader, is at right, and Max Dickerson, ch., KBA agricultural com., and sr. v.p., Commercial Nat'l, Kansas City, is at left. RIGHT: Mr. and Mrs. A. J. Collins (l.) and Mr. and Mrs. Carl A. Bowman (r.) flank Fred Bowman, 84, former KBA executive secretary. Fred Bowman is the father of Carl A. Bowman, current KBA executive vice president.

seem to think about all they can do is wring their hands," Dr. Kenneth McFarland, the nationally known speaker, said in addressing the convention.

"What we desparately need is perspective. We need to back off occasionally and assess our situation objectively, and then we begin to see there is indeed a lot we can do about it. Most of our so-called 'national' problems are essentially local in their solutions. You solve your part of the national problem where you live and I'll solve my part of it where I live, and pretty soon we are making real progress.

"I could illustrate this from a variety of fields. Let us take as an example the problem that the polls show is still No. 1 of what the news media and public officials frequently refer to as the 'gut issues.' That is the ever-soaring crime statistics; the breakdown of law and order. This is the one 'national' problem that strikes stark fear into the minds and hearts of our people. Last year one family out of every two in America was a victim of some crime; at least some member of half of our families was victimized by law violators.

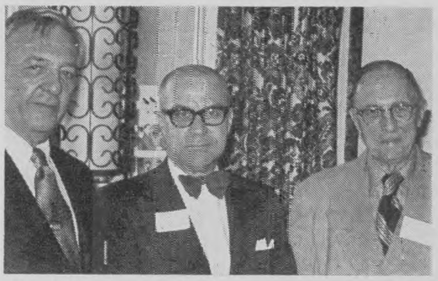
"A good many communities in America are making solid progress in solving their part of our 'national' problems because their leaders possess perspective and have sold the people on the fact that *they can do something about it*. The crime situation is but one illustration. The same thing prevails in a wide variety of other areas. We need to stop wringing our hands and start ringing the bell. We can blow the whistle on these senseless trends that torment our times.

"In America we have been standing by while birdbrain radicals blast away at the very foundations of the greatest nation the world has ever known since the beginning of time. We have 13 trumps in this game and we have been losing round after round. How can we lose when we are holding a hand like that? That's the way we lose—we *hold* our good cards when we should be *playing* them.

"The first step in insuring our nation's future, and insuring our individual freedom and happiness, is to decide *we can do something about it,*" Dr. McFarland concluded.

KBA 50-YEAR CLUB INDUCTEES: Shown here are seven of the new inductees to the KBA 50-Year Club. Seated (l. to r.) E. B. Staeber, Lorraine State; Riley Burcham, formerly of Lawrence Nat'l; J. W. Dickerson, Peoples Nat'l, Ottawa; Roy Ruth, Union State, Everest. Standing (l. to r.) C. A. McCullough, First Nat'l, Neodesha; O. H. Sanner, Security State, Wellington, and Vernon T. Brodine, First Nat'l, Salina. Not pictured were Mrs. Minnie Sells, Farmers & Merchants, Effingham; and Leon Herbin, Jamestown State.

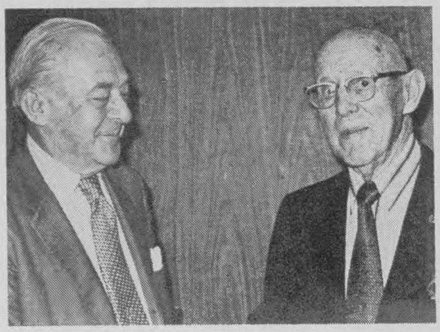
SURPRISE FOR NEW KBA PRES. Two women officers of Farmers State, Lucas, representing all officers and employees of the bank, surprised Rex Duwe with a gift of giant-sized gavel at the time he was installed as KBA pres. A. J. Collins, retiring KBA pres., is in foreground.



VISITING during the convention were these officers of Security Nat'l, Kansas City. Left to right are Gray Breidenthal, pres.; Bob Domer, exec. v.p.; and Bill Webber, chairman.

K. A. Randall, a member of the Hunt Commission and former chairman of the FDIC, addressed the convention's final business session. His speech is reported in full on page 29 of this issue.

MBA Restructuring Plan Approved; Ad Program Unveiled at Convention



Two 50-Year Club members visit during group's annual meeting. At left is Walter Rehfeld, retired v.p., Mercantile Trust, St. Louis. With him is Lennie O. Whitworth, retired cash., New Era Bank, Fredericktown, who was honored during 50-Year Club luncheon for being oldest member present (he's 87).

By ROSEMARY McKELVEY
Managing Editor

ST. LOUIS—Approval of the restructuring of the Missouri Bankers Association, announcement of a state-wide, association-sponsored advertising program and principal speeches by nonbankers rather than bankers were the highlights of the MBA's 82nd annual convention at Stouffer's Riverfront Inn here May 14-16.

In addition, it was announced that Felix LeGrand had moved up from MBA executive manager to executive vice president and William H. Stephenson had been named administrative assistant.

The convention theme was "A Salute to Industry," and so speakers were representatives of such fields as tourism, agribusiness, autos, aerospace and air travel. They were: W. D. Nusbaum, vice president and treasurer, Ralston Purina Co., St. Louis; Paul Rodgers, senior vice president, Ozark Air Lines, St. Louis; Peter Herschend, president, Silver Dollar City, Branson, Mo.; Sanford N. McDonnell, president and CEO, McDonnell Douglas Corp., St. Louis; Forest L. Goetsch, president, Doane Agricultural Service, Inc., St. Louis; James F. Hughes, Midwest regional manager, General Motors public relations staff, Kansas City; and Karsten J. Vieg, manager, Regional Resource Center, Kansas City.

Restructuring. In voting for the first restructuring of the association since it began in 1891, MBA members approved extensive revision of the MBA constitution and bylaws. The changes were worked out by a special task force headed by James J. Lanning, president, Red Bridge Bank, Kansas City, as chairman and A. R. "Bo" Naunheim, chairman and president, North Side Bank, Jennings, as co-chairman.

Basically, under the restructuring, the association will be administered by a board of directors rather than by a council of administration. The association will be divided into eight regions based on counties rather than the present seven geographical groups. Officers of the regions will be called regional vice presidents and regional secretaries rather than chairmen and secretaries. In addition, one officer in each region must come from a national bank and the other from a state bank so as to achieve a good mix. The regional vice president in each region cannot come from the same bank classification (national or state) in successive years. Also, large and small banks must be equally represented by the officers of each region.

Other restructuring changes will affect standing committees, abolishing some, integrating others and creating some new ones. In addition, the MBA's fiscal year will be the calendar year instead of May 1-April 30 as formerly.

Advertising Program. Roy Schumacher, MBA's public relations director, described the state-wide, institutional ad program that had been approved by the public relations committee. He pointed out that the media were selected with due regard for both good demographics and potential local-level merchandising strength. The MBA's ad schedule includes the following: *Life*, late July and mid-October; *Better Homes & Gardens*, August and November; *Reader's Digest*, September; *Missouri Ruralist*, June, August, September and November; and *Missouri Press News*, July, August, September and October. Total circulation of these publications is 1,843,000. Only Missouri editions of the national publications will be used for the MBA program.

In addition to the print schedule, Mr. Schumacher said the MBA will prepare radio copy for local bank use and offer a jingle to tie in with the copy. Also, regular preprints and reprints of ads and other available in-bank, tie-in merchandising will be sent to MBA member banks. Ad themes will include education, civic improvements, agriculture, industry and general community development.

Mr. Schumacher announced that the association has engaged an ad agency, Batz-Hodgson-Neuwoehner, Inc., St. Louis, to help produce the materials for the program.

Mr. LeGrand's Report. In a short, concise report, Mr. LeGrand noted that there was not a single banker on the program, but instead seven distinguished representatives of Missouri industries. He reported that as of May 1, the MBA had 656 members out of a possible 673 banks. He then listed the 17 banks that don't belong and asked his audience to pick the non-member closest to each of them and bring that bank into the MBA family. He also said there are 21 associate members—18 out-of-state banks, the St. Louis and

NEW MBA OFFICERS: (L. to r.) President, Ben A. Parnell Jr., Branson; vice president, James E. Cline, Maryville; and treasurer, Charles W. "Bill" Risley, Excelsior Springs.

Kansas City AIB chapters and the Federal Land Bank of KC.

Turning to the MBA's new quarters opened this year in Jefferson City, Mr. LeGrand said that the association doesn't owe a dime on its new home and that practically all the cost was paid for with funds the association had in reserve. The last payment, he noted, came out of this year's dues, but he hopes to close out the year in the black. Then the MBA will switch to the calendar year, instead of April 30, for accounting purposes.

He asked for contributions (books on finance, economics or related subjects) to the MBA's fledgling library.

Mr. LeGrand warned his audience to be prepared for some legislative jolts next year, probably at the state level, but most assuredly at the federal level. He pointed out that Section 5219, that section of the federal statutes that sets up the four methods states may use to tax banks, will be repealed next January 1. He said the MBA has been working closely with the ABA on a bill that is to be introduced shortly in Congress. If this bill is passed, it will be fine, he continued; if not, "Look out! Pandora's box will have been opened and anything can happen." He asked MBA members to be willing to help with legislation when called on.

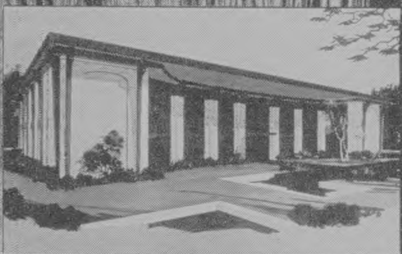
New members and officers of MBA's 50-Year Club visit with honored guest at their luncheon, Mrs. Margaret Parman of Columbia, recently retired MBA staff member. With her are (l. to r.): club's president, Oscar J. O'Bryant, retired from Bank of Table Rock Lake, Reeds Springs; Elmer C. Gleis, a.c., First Nat'l, St. Louis; club's secretary, Harold Kuhlman, v.p., First Nat'l, St. Louis; Edgar Crecelius, ch. & pres., Lemay Bank; Wallace Farley, pres., Farley State; Leo C. Dittrich, a.c., Mercantile-Commerce Trust, St. Louis; Earl J. Kilian, retired from First Nat'l, St. Louis; Peter W. Schmidt, v.p. & cash., Mecantile-Commerce Trust, St. Louis; and Roman Beuc, retired from First Nat'l, St. Louis.

GOETSCH RODGERS McDONNELL

Still on legislation, Mr. LeGrand predicted that, while the consumer era may be on the wane, more legislation of that kind is sure to come, and so bankers should remain alert.

President's Report. Outgoing President Larry E. Lumpe, president, Commerce Bank, Poplar Bluff, was so proud of the association's accomplishments during the past year that he "broke precedent," he explained, and had the men responsible occupy the dais with him so they could be recognized. He introduced Messrs. LeGrand, Stephenson and Schumacher, as well as the association's legal counsel, Dick Dale. He then paid tribute to each man individually.

Mr. Lumpe told his listeners he would be remiss if he did not tell them what



he sees for banking in the future. After working with the MBA for three years and visiting with many bankers from other parts of the country, he continued, he sees greater competition for customers' deposits and loans.

"The banker who is willing to adopt new ideas, who is willing to get out in his community and contribute his know-how and to carefully use his position in his community and who wants to do a 'bang-up' service for his customers will prosper and grow and be a more viable force in his community, state and nation," said Mr. Lumpe.

Turning to the Hunt Commission report, he said that the greatest among the many changes in the financial world recommended by the report is increased competition with other financial institutions. He also listed several other recommended changes, including checking accounts for S&Ls, state-wide branching in every state, mandatory membership for banks and S&Ls in the Fed and reserve requirements to be the same for banks and S&Ls. He pointed out that the recommendation on branching is controlled by state laws and will not be enacted unless state law allows it.

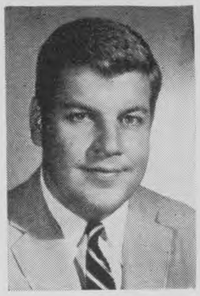
"I don't know if the recommendations will be enacted," he continued on the subject of the Hunt Commission report. "This is federal legislation, and I do know that if Congress is convinced that these changes will provide a better service to the consumer then they will be seriously considered. The report asks that these recommendations not be piecemealed but that the report be considered in its entirety. I know that if changes do come, then it must be on a fair and equal basis with taxation and regulations the same for all."

The MBA president closed his report by asking his listeners whether they were ready for all the changes that are coming in banking—maybe big changes or just the plain, old, ordinary kind, "the kind brought about by bankers' ingenuity and competitive spirit and one that has turned the direction of banking a full 90 degrees in the past 10 years."

New MBA Officers. Ben A. Parnell Jr., chairman and president, Peoples Bank, Branson, succeeded Mr. Lumpe as president of the association. Mr. Parnell moved up from vice president. James E. Cline, president, Citizens Bank, Maryville, advanced from treasurer to vice president. Elected treasurer was Charles W. "Bill" Risley, president, Excelsior Trust, Excelsior Springs.

ABA Election. At a meeting of ABA members of the MBA, Evans McReynolds, president, Union National, Springfield, was elected a member of the nominating committee to serve at the ABA convention next fall. Paul M. Ross, vice president, First National, St. Louis, was chosen as alternate member. Two representatives from Missouri were elected to serve on the ABA governing council for two years: James F. Martin, executive vice president, Bank of Lee's Summit, and Richard J. Pfleging, president, Bank of St. Ann. • •

Dennig Named President, CEO At Bank in Clayton, Mo.



DENNIG

RUCH

CLAYTON, MO.—Louis S. Dennig Jr. is joining First National June 15 as president and chief executive officer. He will succeed Al J. Ruch, president the past 14 years, who will become honorary chairman.

Mr. Dennig is senior vice president and chief lending officer of St. Louis' Mercantile Trust. He entered banking in 1948 with Mercantile-Commerce Bank & Trust Co., a predecessor of Merchantile Trust.

Mr. Ruch joined First of Clayton 35 years ago. During his 14 years as its president, total resources grew from $20 million to $109 million as of last December 31.

• Index to Advertisers •

WHEELS

All of the hard-driving, traveling officers of Stock Yards bank, like Bob De Rousse, have to roll up some 25,000 miles a year to keep abreast of varying local conditions and individual bankers' needs.

They, too, have to be knowledgeable in every phase of banking as well as specialists in the broad range of correspondent services.

Because of their talents and experience, they are the wheels that keep S.Y.B's record as the number 1 banker's bank year-after-year, (with due-to-bank deposits in relation to total deposits well over 85%). They are the wheels big enough to retain their authority to make decisions.

Mighty good reasons, aren't they, to wheel that dial around to 618-271-6633?

"YOUR BANKER'S BANK"...

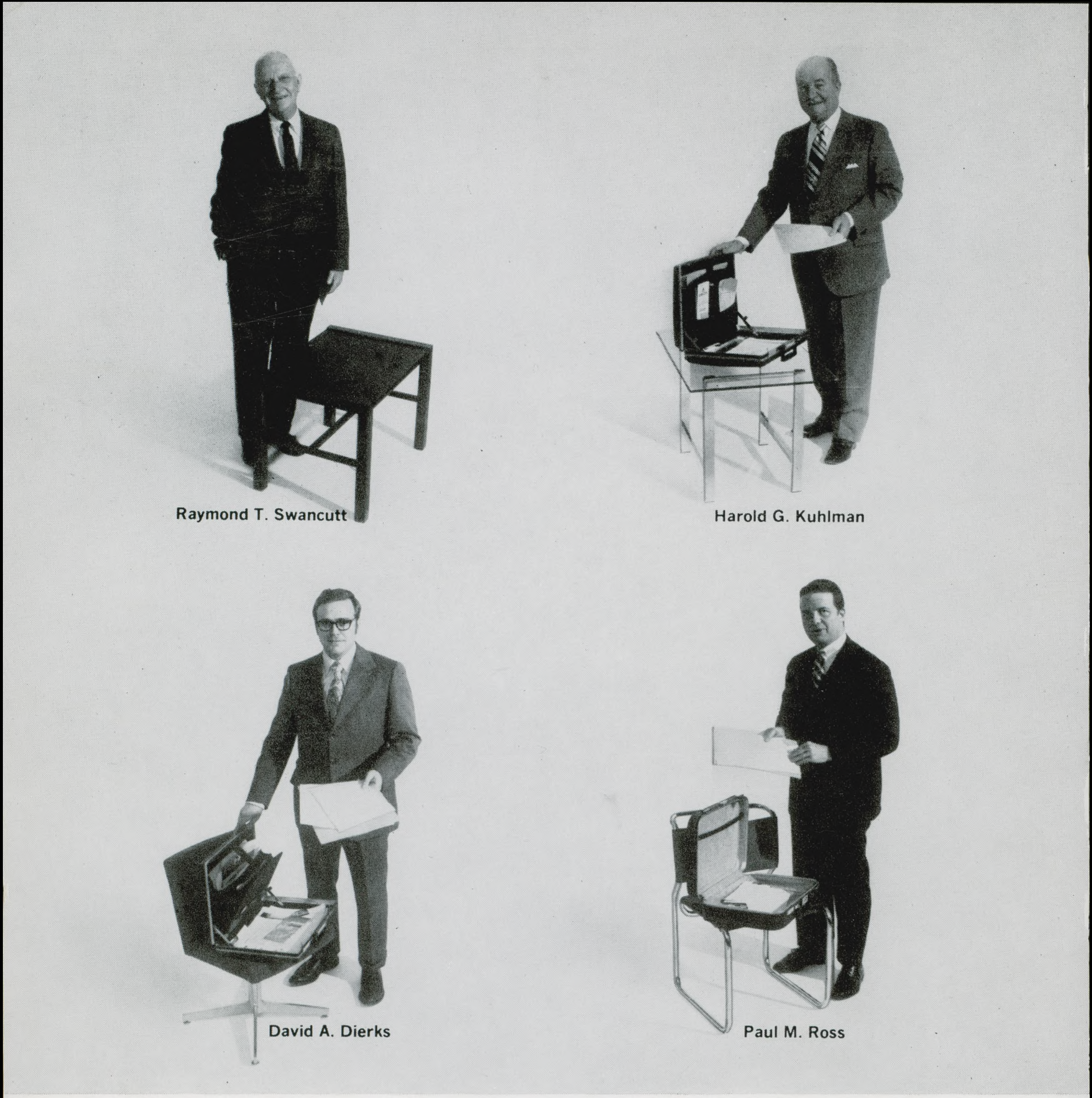
Just across the river from St. Louis

NSYNB

THE NATIONAL STOCK YARDS NATIONAL BANK
OF NATIONAL CITY

Member Federal Deposit Insurance Corp.

NATIONAL STOCK YARDS, ILL.
A Reserve City



They can help.
We can help.

#2211

These are some of First National's correspondent men. They spend their working days helping other banks. And making sure we're helping properly back here at First National.

Together, there's no end to the help we can give.

International banking services, real estate or commercial loans, credit information, check collection, government and municipal bond trading, investment portfolio analysis, business development and marketing, or maybe some advertising and public relations assistance.

You see, we'll help you with it all, because your business is big business to us.

So big, in fact, that last year our deposits from correspondent banks accounted for 32% of our total demand deposits.

Call your Correspondent Representative in St. Louis at 421-2000, Area Code 314. Give him and First National the opportunity to be of help.

First National Bank in St.Louis
314/421 2000 St. Louis, MO 63101 Member FDIC

First Union Group