

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

SEPTEMBER, 1972

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ABA President**





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by W. K. Bonds
Executive Vice President
Trust Department

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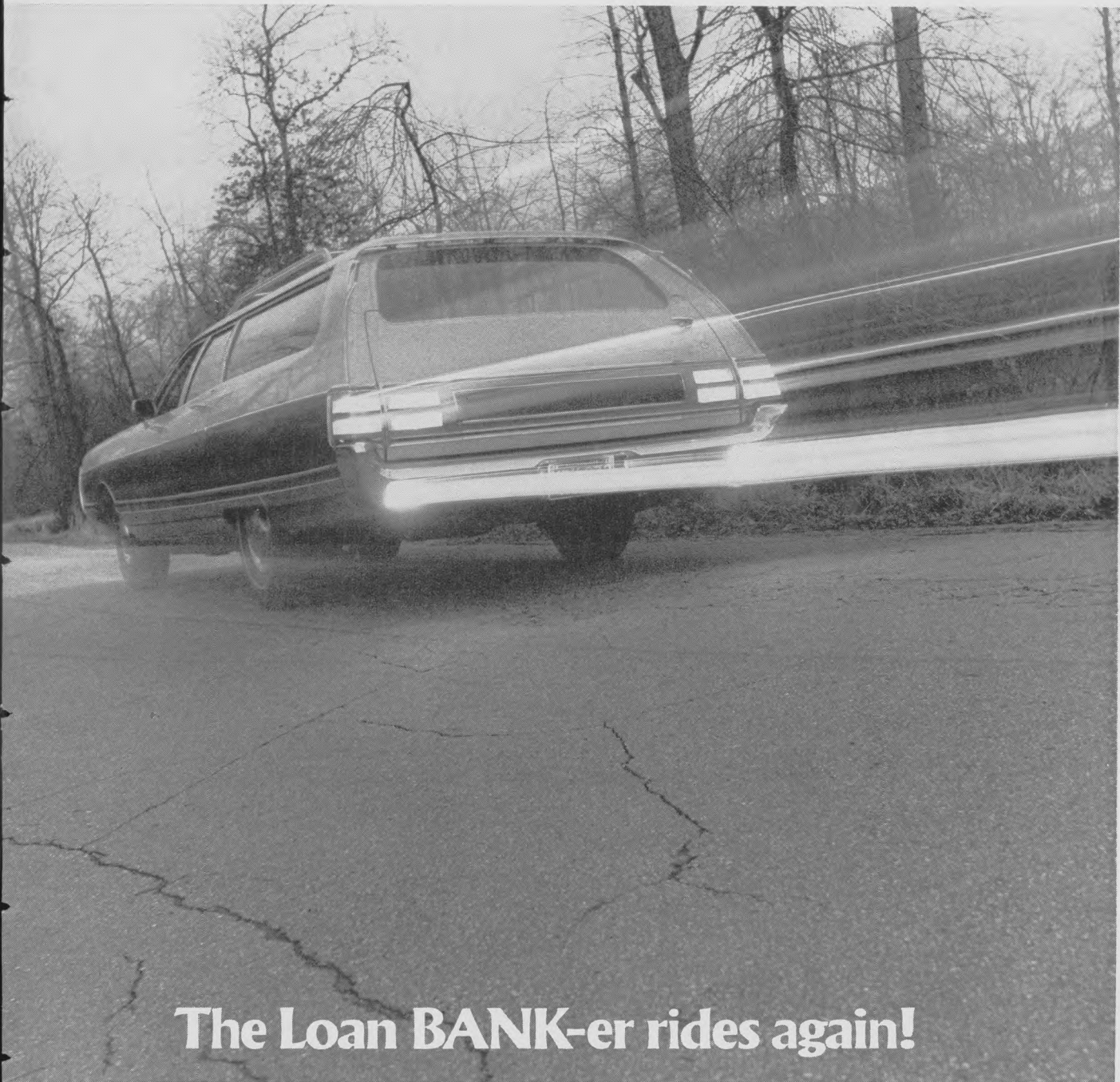
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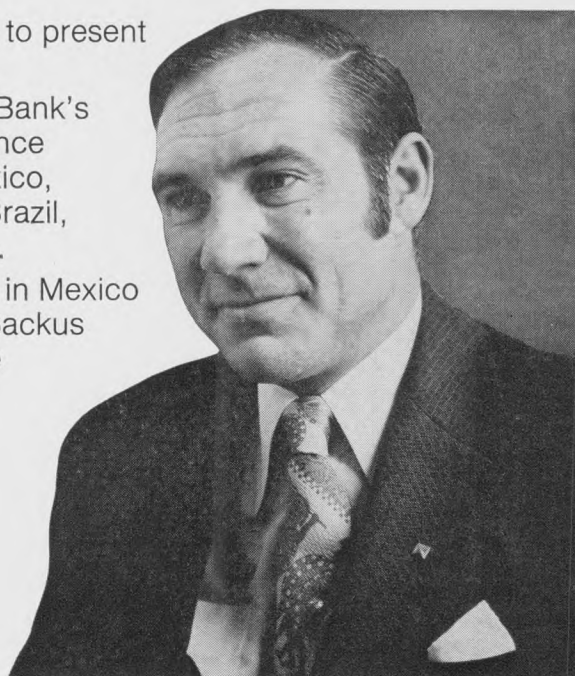
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A graduate *cum laude* of the University of the Americas in Mexico City, and of Georgetown University in Washington, Mr. Backus represents an International Division whose officers have amassed a total of 158 years in domestic banking assignments and 173 years in overseas posts, 331 years total.

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C. A. Hemminger Retires After 20-Year Career With First of St. Louis

ST. LOUIS—A 30-year career in bank marketing and public relations came to an end last month with the retirement of C. Arthur Hemminger, vice president and public relations director at First National here. Mr. Hemminger had been with First of St. Louis for 20 of his 30 years in banking.

Mr. Hemminger is credited with providing definition and direction to public relations and marketing as it has evolved for banks through the years.



C. Arthur Hemminger (l.) receives hand-carved Polynesian wood paddle from Bunn Winter, president, Bunn Winter Associates, Inc., St. Louis advertising agency, at party honoring Mr. Hemminger on his retirement as v.p. and director of public relations at First National, St. Louis, last month.

He was active as a lecturer at Stonier Graduate School of Banking, the New York State Bankers School of Public Relations and the Illinois Bankers School. He served on committees of the Bank Marketing Association and is co-author of BMA's "Public Relations for Bank Management."

Prior to joining First of St. Louis, Mr. Hemminger served with American National, Chicago, Bankers Trust, New York City, and the New York State Bankers Association. He also spent 10 years in newspaper work and public information activities prior to becoming a banker.

Mr. and Mrs. Hemminger plan a trip to the Orient this fall.

■ PHOENIX—Valley National of Arizona has promoted Grady M. Silverthorne from assistant cashier in consumer lending to assistant vice president. Mrs. Marian G. Haefeli has been named assistant vice president and director of special promotions in the corporate planning and marketing division. She joined the bank in 1970, coming from Prudential Savings Bank, New York City, where she was assistant vice president.

MID-CONTINENT BANKER for September, 1972

MID-CONTINENT BANKER

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THE BANKING SCENE



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

Capital Adequacy

BREATHES THERE a banker who has been in this profession for at least a decade who has not in that period questioned the capital adequacy of his bank? For the most part, however, these questions are raised by bank supervisors and only to a lesser extent by directors.

At almost every bank management conference the topic of capital adequacy is a prime source of heated discussion and conflicting opinions. As one views the topic of dual banking, capital adequacy appears to raise some real questions as to the competitive equality espoused by the Presidential Commission on Financial Structure and Regulation (the Hunt Commission).

In terms of dual banking, the basic approach is the allegation that nationally chartered banks are given the greatest freedom in capital adequacy decisions. In fact, the views on capital of the regional comptroller of the currency are somewhat more lenient than those of the supervisors of state-chartered banks, especially in regard to those state-chartered banks that are members of the Federal Reserve System.

An Interesting Study

An interesting study, made for the Federal Reserve Bank of Cleveland, has just been completed by Lucille S. Mayne, associate professor of banking and finance at Case Western Reserve University. Bankers whose institutions are not Fed members probably will say to themselves that the bias of the sponsor may be found in the study when some of the conclusions are viewed. Other critics may question the selection of the banks that were studied.

For what it is worth, my own feeling is that some Federal Reserve District banks appear to have a somewhat more stringent approach to such areas as examination and capital adequacy than others have. Similarly, the human element of the regional administrators of national banks may also have some bearing on the matter. Thus a sample

of banks in four states may not be representative of the conditions found throughout the nation.

Some cynics point out that serious problem banks have existed for years with impaired capital. This in turn raises the question: When does the impairment become critical?

Students of banking history who recall the Medici Bank in Italy and numerous continental merchant banks point out that some of these banks apparently existed for years without any "capital" and that perhaps the question of capital adequacy is academic. They might also point out that the Hunt Commission's approach to competitive equality should be that all banks—state-Federal Reserve- and FDIC-chartered—should be held to the same basic ground rules. Among those rules would be a formula for the determination of a minimum amount of capital.

An Appealing Approach

This approach appeals to many academicians, in theory at least. The fact is that one of the overriding problems in viewing capital adequacy is the attachment of numerical quantities or percentages for evaluating the adequacy of the different components in the banks' balance sheets.

Stated another way, we could have two identical bank statements as far as their distribution of assets and liabilities and the amount of capital are concerned, but if one had a loan portfolio of poor-grade debt-refunded and questionable home modernization loans while the other had a portfolio including loans to prime corporate accounts, there would, of course, be a difference in the risk involved.

By the same token, a loan portfolio of predominantly short-term self-liquidating loans in the commercial banking tradition would possibly be valued at a very different rate than, say, long-term loans of seven or more years.

The very nature of time being longer in one bank's portfolio poses a greater possibility of the risk of an adverse in-

terest rate affecting the value of a loan portfolio.

This type of reasoning could be applied to unit banks like those that have greater impact upon their earnings and profitability as a result of possible geographic conditions, such as floods or drought, as compared to branching banks that have operations over a wide geographic area and a greater diversification by product line of their loans.

And the same thing could be said in terms of investment portfolios in view of the different types of risk. Thus long-term municipal bonds of an unrated nature probably involve greater concern than an investment portfolio comprised of short-term Treasury bills.

Students of the subject will recall that in 1954 the American Bankers Association research council made what was up to then the definitive study of the adequacy of bank capital. In that study, the position was expressed that the responsibility for determining the adequacy of capital rests with bank management as opposed to the Hunt Commission's posture, which could be interpreted as a uniform approach—from a regulatory point of view—of maintaining competitive equality.

No Great Inconsistency

Perhaps there is not as great an inconsistency in these two positions as might first appear. Consider the regulatory approach as being a floor. Consider the commercial bankers' approach as one that recognizes the floor as required by law, but, in addition and within bank management's discretion, this approach includes providing additional funds beyond the minimum level. There is solid ground for this approach; i.e., many banks exceed the recommended levels for bankers' blanket bond coverage.

One other fact in considering capital adequacy that has become significant in the last decade is the tendency of larger banks to increase the mix of their capital to include preferred stock and capital notes and debentures. This

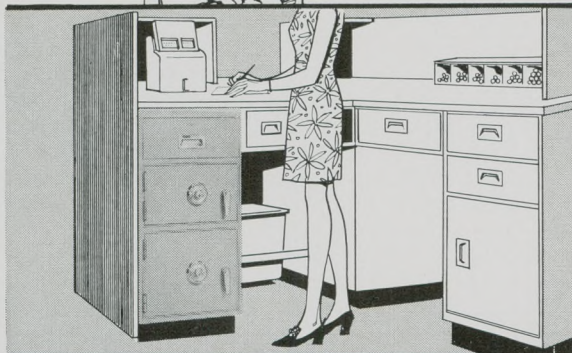
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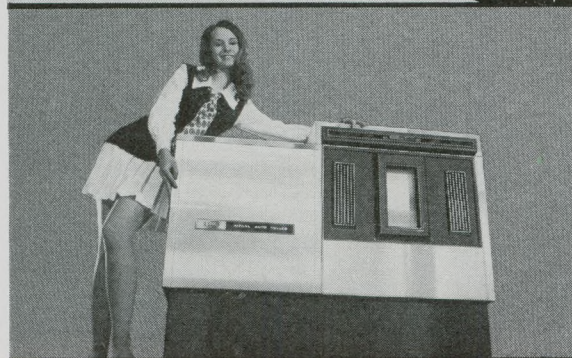
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is not withstanding the fact that approximately 80% of increases in bank capital over a period of time tend to be derived from retained earnings.

There are a number of bankers and men with high qualifications who believe that only generalizations can be made about the adequacy of bank capital.

Dr. Edward Reed, vice president and economist, U. S. National Bank of Oregon, Portland, has said, "It is impossible, from a practical standpoint, to determine capital adequacy of a particular bank or even of the commercial banking system. We do not know the future demand that will be made on capital."

It is Dr. Reed's position that, although regulatory standards, in terms of capital adequacy, have been established as a means of measurement, logic and past experience indicate that these standards are not perfect for an individual bank. He says there is considerable doubt that they really apply to the U. S. banking system. In this context it might be well to point out that during the 1920s and 1930s many of the banks that failed enjoyed greater capital in relationship to assets and deposits than many banks do today. This may well be due to the fact that the Federal Deposit Insurance Corp. has instilled in the general public a confidence that now provides a reduced need for capital in banks.

Professor Thomas R. Harter of the University of Colorado points out in a recent article appearing in the Magazine of Bank Administration that, among the more important factors to look at regarding capital adequacy are the following:

1. Earning powers under adverse conditions.
2. Liquidity under adverse conditions.
3. Quality and likely deterioration of quality in the assets held.
4. Alternative sources of new capital.
5. Owners' aversion to risk of failure.

This would appear to agree with Dr. Reed's position that it is the future that is the basic determinant of whether capital is adequate or not in terms of business fluctuation and the like.

The more lenient view of the Comptroller of the Currency's utilization debt in capital structure appears to put pressure on state-chartered banks. This is especially true of state-chartered banks that are members of the Fed to the extent that one chartering agency becomes significantly and materially more liberal than the other regulatory agencies. This is only one of the incremental pressures that appears to be motivating banks away from Fed membership.

As pointed out in the preceding paragraphs, there is considerable difference in opinion on the part of people as they

view the topic of bank capital. The Mayne article reports these findings: "Although the evidence is somewhat mixed, it does not appear to support the hypothesis that there exists a significant difference in the amount of capital funds held by national, state, Federal Reserve and non-Fed-member banks, when the influence of other factors is held constant. The differences that are evident are rarely of such magnitude as to be important either in a statistical or economic sense."

In the professors' conclusion, "It is conceivable that more standardized capital examination procedures might increase the degree of banker compliance with examiners' requests for additional capital . . . the best assurance of capital sufficiency would appear to be management competency."

Most banks have competent management. However, in this respect one may want to ponder Dr. Reed's position, "There is no law that forces a bank to increase its capital, but regulatory authorities have ways which sometimes accomplish their objective, such as special examinations, the classifications of loans, publication of the condition of the bank and the searching of some violation of banking law that could be used as leverage to an enforced compliance."

He points out that in order to employ such powers as cease-and-desist orders or the removal of officers and directors, the regulatory body of the Comptrollers office, for example, would have to prove that insufficient capital existed, which would be difficult.

When all is said and done, it is the responsibility of management, and only in a secondary sense that of the supervisory agency, to make sure that a bank has sufficient capital to provide enough ability for it to sustain losses in its assets and still be able to maintain its ability to pay depositors.

To do this, public confidence in the institution must be adequate under a situation of diversity.

Yet the sophistication of depositors, in terms of their knowledge of the capital structure of the bank, appears minimal. The public by and large is probably less informed than both the banks and the bank supervisors as to the adequacy of capital.

Who in the bank should try to stay on top of this thorny problem? The CEO? The cashier? The directors? The executive committee? Naturally, all have an interest and concern. While in theory the board has the obligation to establish policy that the bank must maintain adequate capital, in too many instances the board as a whole may not be the best body to dispassionately weigh the situation.

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(Continued on page 130)



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• **Bank Building Corp.** BBC Banc-Products' Marble Craft Division of Bank Building Corp., St. Louis, has appointed Giulio Biagini as sales representative for BBC's northern division. His primary responsibility will be the sale of marble, granite and other products in the Chicago sales district.

Before joining BBC, Mr. Biagini was agency director of Pennsylvania Life Insurance Co., Oakbrook, Ill. Before that, he was sales representative for Bendinelli Marble & Granite Co., Cicero, Ill.

Several Promotions Announced By First Chicago Corp.

CHICAGO—First Chicago Corp., parent company of First National, has announced promotions at two of its subsidiaries.

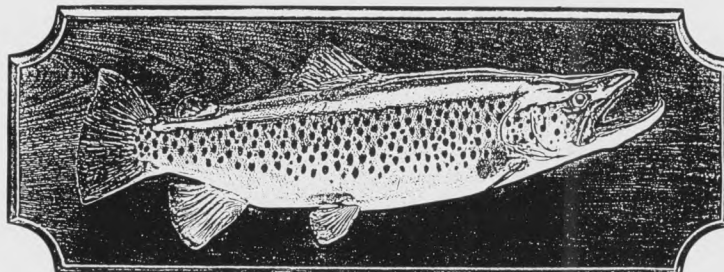
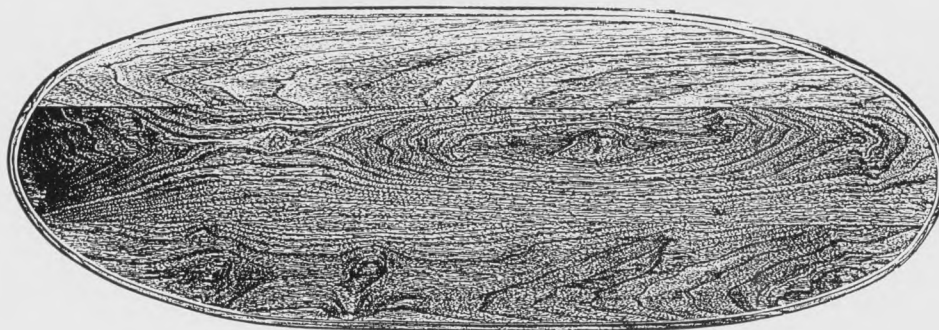
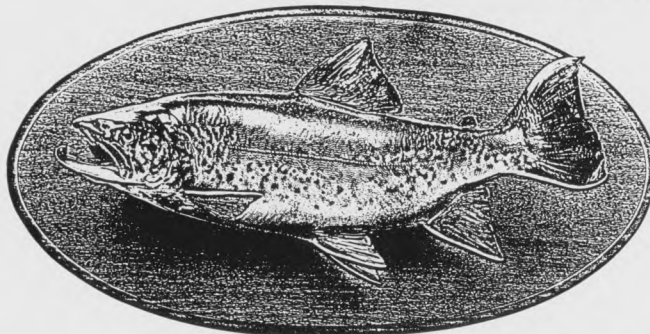
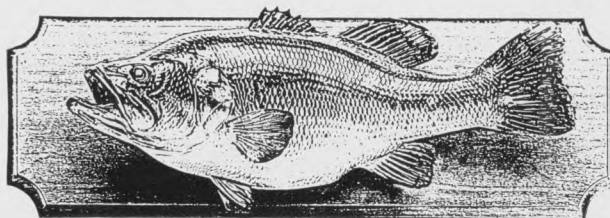
John H. Doede was named vice president of First Capital Corp. and First Chicago Investment Corp. and Duane H. Newton was elected vice president of First Chicago Realty Services Corp.

Promotions at First National included: Stephen C. Bieneman, loan officer; Jon Fell, assistant manager, international section, Geneva Branch; James B. Jirkow and Philip A. LaRiviere, corporate finance officers; and Clarence D. White, trust officer.

Don't let the big one get away.

What do you do about a loan that's a little too big for you to handle? Or one you prefer not to handle by yourself? Suggestion: cast a line in Citibank's direction. Through commercial lending officers who have the authority to make decisions, we can move *quickly* to provide the financing capacity you need to land the big ones. And remember, Citibank helps you keep your customer what you want him to be—your customer. We share the loan—you get the credit. To get specific, write our Correspondent Bank Department, 399 Park Avenue, New York, N.Y. 10022. Or call (212) 559-2411.

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MID-CONTINENT BANKER for September, 1972

Ten General Guidelines Can Help Banks Set Up Adequate Insurance Programs

By OSCAR W. JONES

Director
Loss Prevention Services
Scarborough & Co.
Chicago

BANKING ACTIVITY today is forever changing and expanding due to new data processing techniques, credit cards, holding companies, leasing, foreign operations, new methods of financing and many other new services banks are rendering to the community. It naturally follows that exposures to losses also change and enlarge.

It is extremely important that a banker use the very best judgment in setting up his bank's insurance program; otherwise, he may be in for a shock when the bank suffers a loss he belatedly discovers was not covered properly and adequately by insurance. The banking industry has undergone drastic changes in recent years, and the future holds even further changes. To keep pace, bank insurance also has had to change. As a result, each bank officer handling his bank's insurance program must continue to keep abreast of these changes so that he is equipped to provide the flexibility, innovation and imagination required to meet the changing insurance needs of the bank. Remember, each bank's insurance problems are like those of no other bank.

Below are 10 general guidelines to follow in setting up an insurance program in a bank:

1. Review your bank's present operations and risks. Check this review with risks currently insured. Present coverage may be inadequate. List the risks, large and small, frequent and infrequent, to which your bank is directly or indirectly exposed. Some risks can be listed by location—within the bank, such as cash and securities, at main bank, at branches, at correspondent banks, etc.

2. Inventory bank property held by others and property of others held by

the bank. You may be shocked by the amount presently not insured.

3. Carefully determine the risks to insure and the risks to self-insure. It makes sense to insure every risk that would hurt the bank if the loss occurred. Don't insure the "petty-cash" losses—correct them. These are a normal expense of doing business and should be minimized by tighter controls. For if you insure them, the insurer must allow himself his margin of safety and profit. The bank ends up paying more in premiums than its out-of-pocket losses. It's the big losses that cause the damage. "Raise your limits and your deductibles." That's a good axiom for any bank in these days of inflation and high activity.

4. Check to see that borrowers' collateral, chattels, etc., are insured to cover the bank as well as the owner.

5. Before and after buying insurance, keep in close touch with your bank's operating departments to see that the insurance coverage adjusts to your bank's changing risks and exposure.

6. Make sure your bank is insured by sound carriers.

7. Maintain a continuing record of losses under each class of insurance so that you are knowledgeable on potential weaknesses in your operation.

8. Be sure your policies are endorsed to give you the same protection as in the new forms.

9. Discuss with legal counsel the potential liability of your bank, your directors and officers.

10. Call in competent bank insurance specialists to help you and your directors analyze your risks and to plan the required protection against these risks. Many of these risks are relatively complicated and require a high degree of legal, technical and banking knowledge. By calling in competent bank insurance specialists, you may save your bank considerable time and delay and assure yourself of substantially better insurance coverage.

Here are 10 additional rules for buying bank insurance:

1. Consider purchase of the broadest policy form available. The greater protection and peace of mind are worth the possible extra cost.

2. Whenever there is a question

about the amount of insurance, experience indicates that it is more prudent to buy too much rather than too little.

3. Try to put all related policies on a common anniversary date.

4. It is best to keep related coverages with the same insurer. This avoids disputes as to where losses properly fall. Such disputes delay and often curtail claims settlement.

5. If you can save premium cost on policies written for more than a year, give it consideration.

6. Note where substantial fluctuations may occur in exposures and values at risk. Set up an alert to adjust insured amounts when these changes do occur.

7. Check the insuring clauses, limits and endorsements in your policy to make sure you get the coverage you understand you bought. This is not a question of the seller's integrity. It is more a question of communication and verification. Reliable insurers are always ready to answer questions regarding coverage of individual policy clauses.

8. Discuss with your insurer additional loss-control measures to reduce risk and minimize premium.

9. Don't forget to insure for risks relating to properties of others held by the bank and properties held by others away from the bank.

10. Check your borrower's insurance on collateral, security agreements, loans, etc., to see that the bank's interest is covered. ••

■ PHOENIX—William S. Randall has been promoted to vice president at First National of Arizona. He heads the corporate accounting department.

D&O Liability Insurance Program Has Premiums Starting at \$1,000

CHICAGO—A new low-premium directors and officers liability insurance program has been developed by Interstate National Corp., specialty insurance firm. Three-year premiums range from as low as \$1,000 for smaller financial institutions.

The firm designed the program exclusively for banks and S&Ls. Deposits must be less than \$15 million at last year-end and the institution must have been in business continuously for three years.

A standard deductible of \$5,000 applies. No participation is required in excess of the deductible, except in states which have legislated otherwise.

The new program is written through the companies of Interstate Insurance Group. The IIG also designed a lender's protective coverage, which is a comprehensive loan security insurance program for financial institutions.



JONES

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Personnel

Bank's Education-Incentive Plan Finances Staff's College Study

EDITOR'S NOTE: This article was written by Miss Marilyn Mathis, a student who is closely connected with Lakewood Bank, Dallas, by having received one of the bank's annual scholarships that are given to outstanding graduates of Woodrow Wilson High School.

“WELL BUILD the people. They will build the business!” So says Don Wright, president of Lakewood Bank, Dallas, when asked about the bank's generous education-incentive

plan that permits employees in all departments to study virtually any subject offered by a college, with the bank picking up all or most of the check.

Five years ago, Lakewood Bank formally announced its affirmative-action plan on employee development to officers and department heads at a dinner in the Southern Methodist University Student Center. The bank has maintained close ties with the university's School of Continuing Education, although its employees are taking courses and earning degrees at in-

stitutions of higher learning all over the Dallas metropolitan area and even outside Texas.

Himself hopelessly addicted to life-long learning, Mr. Wright whets his own mind by taking SMU's informal courses in subjects ranging from foreign policy to the environment. This fall he will study astronomy.

Better qualified employees get promoted. With a degree in accounting and a CPA rating, Newman Wolfe advanced to vice president and controller from a loan teller with two years of college. One young woman plans a career as a trust officer and has been accepted at SMU.

A long-distance-style master's degree will be completed by vice presidents Bob Burns (marketing) and Roy Gene Evans (real estate) from Pepperdine University in Los Angeles. Lakewood pays all expenses for graduate study if it is job related, and four employees are on their way to master's degrees.

The bank goes one step further in the case of American Institute of Banking courses: In addition to advance tuition, a \$35 bonus awaits those who complete the courses.

Education means personal enrichment as well as advancement on the Lakewood Bank plan. Although most are taking courses that are business or banking oriented, there are many employee-students exploring the arts and sciences. Education is considered valuable whether it comes in the form of undergraduate degrees, courses with no degree in view or credit-free courses. One teller decided to improve her ability to communicate and deal with the public and has taken psycho-cybernetics and public speaking courses. Another is studying art at Eastfield Junior College.

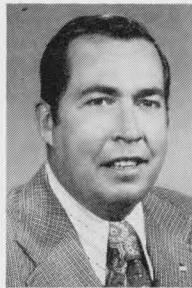
With the only limitations being an individual's goals and capabilities, the Lakewood educational plan sets no ceiling on productivity, combining the resources of bank personnel and the community. It has worked well—and the end is nowhere in sight. • •



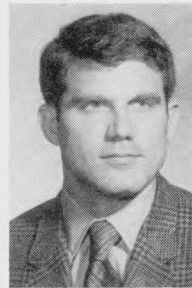
WRIGHT



WOLFE



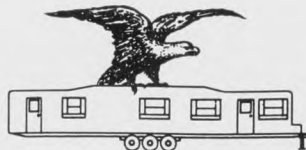
BURNS



EVANS

Don Wright, pres., Lakewood Bank, Dallas, is an "education addict" because he believes well-educated bank employees will help their institutions more than employees whose education stops when they get out of school. Mr. Wright backs up his belief with an education-incentive plan at his bank. Newman Wolfe, v.p. & controller, found a promotion waiting on the other side of an education financed by Lakewood Bank. Bob Burns, v.p.-marketing, and Roy Gene Evans, v.p.-real estate, are getting master's degrees "long distance."

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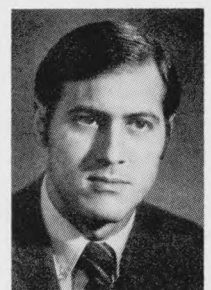
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St. Germain Moved to Atlanta By Lawrence Systems, Inc.

Kenneth St. Germain has been named operations officer of the Atlanta regional staff of Lawrence Systems, Inc., headquartered in San Francisco. He had been serving as a customer representative in the New Orleans office.



ST. GERMAIN

SOME OF OUR MIDWEST DEVELOPMENTS

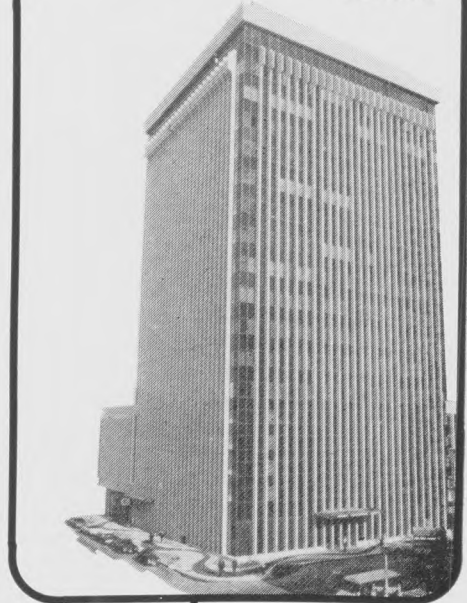
THE FINANCIAL CENTER
DES MOINES, IOWA
IOWA-DES MOINES NATIONAL BANK
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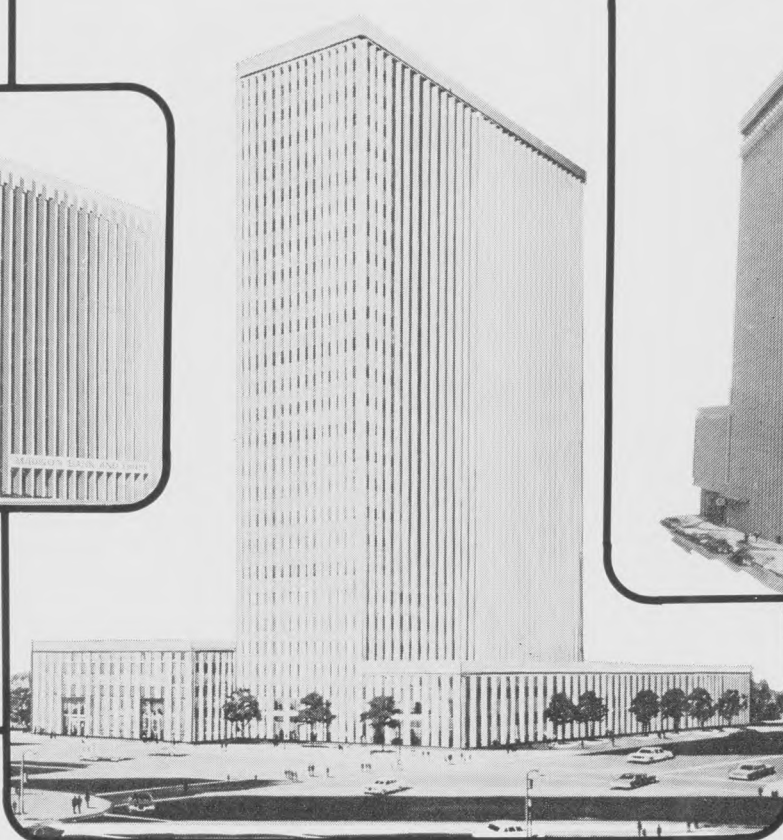
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NEWS OF THE BANKING WORLD

• **City National**, Baton Rouge, has announced three changes in top officers. Lewis Gottlieb, former chairman, is now chairman emeritus; Mack H. Hornbeak has advanced from president to chairman; and Hermann Moyse Jr., former executive vice president, was elected president.

Mr. Gottlieb, one of the organizers of City National in 1933, has served continuously as a director and officer. He was elected vice president in 1933, president in 1946 and has served as chairman since 1957. He is a past president of the Louisiana Bankers Association and has served on the board of the New Orleans Branch of the Federal Reserve Bank of Atlanta.

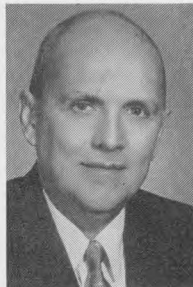
Mr. Hornbeak joined the bank in 1949 as vice president and was named president and chief executive officer in 1957. He continues as chief executive officer in his new title as chairman.

With the bank since 1946, Mr. Moyse was elected a director in 1962 and executive vice president in 1970. He is a former president of the Louisiana Bankers Association.

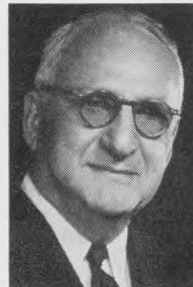
• **Larry E. Lumpe** has been selected to become president of Commerce Bank of St. Louis, prior to its contemplated opening late this year. He is immediate past president of the Missouri Bankers Association.

Mr. Lumpe, who is president of Commerce Bank of Poplar Bluff, Mo., will continue to hold that title, pending approval by the Federal Reserve Board of the application for the St. Louis bank's inclusion as part of Commerce Bancshares, state-wide registered bank holding company, which is based in Kansas City.

Mr. Lumpe joined the Poplar Bluff bank in 1965. He has been a banker since 1948.



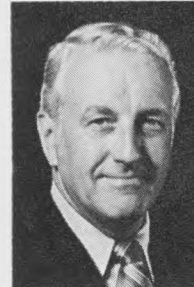
HORNBEAK



GOTTLIEB



MOYSE



LAWRENCE

• **Risley P. Lawrence**, who heads branch banking administration at Third National, Nashville, has been promoted to executive vice president. A former manager of the West End Office, he has been a senior vice president since August, 1971.

Mr. Lawrence joined the bank on a part-time basis in 1936. He returned to the bank after World War II, was promoted to assistant cashier in 1948, assistant vice president in 1952 and vice president in 1957.

• **Hamilton National**, Chattanooga, has formed a new investment management division to provide services to the trust division and to offer newly designed investment counseling services to individual clients.

W. A. Bryan Patten was named vice president and investment management officer to head the new division, along with James G. Tatum, who was named investment management officer. Both formerly were in the trust division.

In other action, the bank elected several new assistant cashiers. They are: Thomas E. Thompson Jr., manager, East Brainerd Branch; Edward F. Wheland II, manager, methods and standards department; and Eric Haralson and Miss Marinelle Kirkpatrick, real estate loan department.

• **First National, Memphis**, has named Joseph S. Sims executive vice president. He will head the bank's administrative group, as well as the trust division.

Mr. Sims joined the trust department in 1954 and was elected assistant trust officer in 1956. In 1958, he was promoted to trust officer and in 1963 to vice president and trust officer in charge of the administrative division of the trust department. Two years later, he became senior vice president and trust officer.

• **Stuart H. Smith**, chairman, Bank of Cahokia, Ill., died recently at the age of 60.

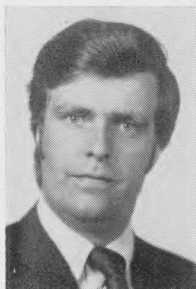
Mr. Smith was founding president of the bank, which opened in 1962, and was elected chairman in 1970. Previously, he had been an assistant vice president of First National, St. Louis, and president of Securities Investment Co.

• **Martin A. Simon** has joined Franklin National, New York City, as senior vice president in charge of the metropolitan banking department. He will supervise the bank's three branch divisions.

Formerly, Mr. Simon was with National Bank of North America, New York, where he was senior vice president in charge of commercial loan development on Long Island.

• **Richard C. Kennedy**, administrative vice president, American National, Denver, has been named a district director of Bank Administration Institute.

As one of 10 BAI directors across the U. S., Mr. Kennedy will work with state directors and local chapters in the administration of BAI education programs in district seven, which includes Missouri, Kansas, New Mexico, Colorado, Nebraska and Wyoming.



PATTEN



LUMPE



SIMS



KENNEDY

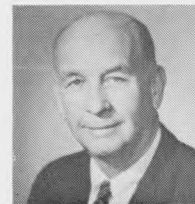
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31 Banks Statewide



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Florida National Bank
at St. Petersburg



R. Hugh Daniel,
Chairman, Treasurer and
Chief Executive Officer,
Daniel International
Corp.,
Birmingham, Ala.



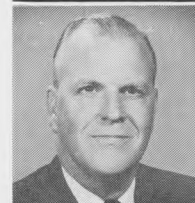
Harry A. deButts,
former Chairman
of the Board,
the Southern Railway,
Upperville, Va.



Charles H. Dolson,
Chairman of the
Executive Committee,
Delta Air Lines,
Atlanta, Ga.



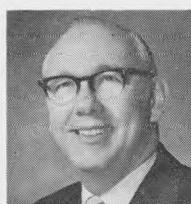
Richard E. Ehlis,
President,
Florida National Bank
at Lakeland



O. P. Hewitt, Jr.,
President,
Florida National Bank
at Orlando



Fred H. Kent,
Senior Partner,
Kent, Durden & Kent,
Attorneys. Chairman,
Kent Theatres, Inc.
Jacksonville, Fla.



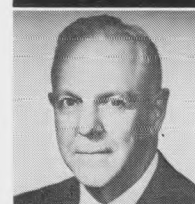
Chauncey W. Lever,
President,
Florida National Banks
of Florida, Inc.
President,
Florida First National
Bank of Jacksonville



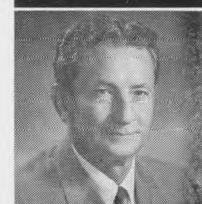
John H. Manry, Jr.,
President,
Florida National Bank
& Trust Company
at Miami. Vice President,
Florida National Banks
of Florida, Inc.



Allen H. Neuharth,
President,
Gannett Company, Inc.,
Rochester, N.Y.



Dr. Alton Ochsner,
founder
Ochsner Clinic and
Ochsner Foundation
Hospital,
New Orleans, La.



Dr. Stephen O'Connell,
President,
University of Florida,
Gainesville, Fla.



J. J. Parrish, Jr.,
President, J. J. Parrish
& Company, Inc.
Chairman of the Board,
Brevard National Bank,
Titusville, Florida



James A. Rhodes,
former Governor
of Ohio. President,
James A. Rhodes
& Assoc.,
Columbus, Ohio



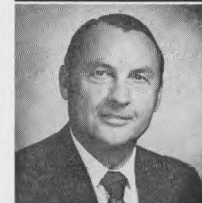
James C. Robinson, Jr.,
President,
Florida First National
Bank at Pensacola.
Vice President,
Florida National Banks
of Florida, Inc.



W. C. Smith,
former Chairman
of the Board,
Standard Oil Company
of Kentucky,
Louisville, Ky.



William C. Swain,
President,
Florida National Bank
at Coral Gables



Stanley A. Taylor,
President,
Florida Bank & Trust
Company at
Daytona Beach

Community Involvement

• **Republic National**, Dallas, recently presented its annual Dallas Police Scholarship Award to Sergeant Richard K. Abshire. The award is a \$2,100 check to cover his tuition for a nine-month course of study at the Traffic Institute of Northwestern University, Evanston, Ill.

The annual police scholarship award was instituted in 1955 by the late Fred F. Florence, then president of Republic National. Selection of the recipient is made by the police department. The recipient must be an outstanding supervisor, must have the ability and potential for further advancement and must



James W. Aston (l.), ch., Republic National, Dallas, presents the bank's annual police scholarship award to Sergeant Richard K. Abshire (second from r.). Looking on are Sergeant Abshire's wife and Dallas Police Chief Frank Dyson.

• **Hamilton National**, Chattanooga, recently entertained rock music fans in the area by sponsoring a free Sunday afternoon concert at Engel Stadium. The concert was one in a series held during the summer sponsored by area businesses and the Musicians Union.

The idea for the concerts, which averaged from 1,500 to 3,000 fans each

have at least 10 years' remaining service time before retirement.

• **First National**, Columbia, Mo., is offering assistance to downtown businessmen by making loans of up to \$10,000 available to them at the quoted Chemical Bank prime rate. The funds must be used to remodel and refurbish the borrower's downtown business location.

Marquis Landrum, vice president, said the loans will be made for projects which will "improve the aesthetics and environment of the downtown area." He said such projects could include remodeling of storefronts, landscaping or similar ventures.

• **American National**, Chattanooga, was commended for its environmental concern in a recent article in *Conservation News*, an educational service publication of the National Wildlife Federation.

The article cited the almost monthly environmental involvement of American National—its use of reclaimed paper, donation of 100 trees to the city, financing of a metal salvaging facility, its support of "Operation Sparkle," the mayor's city-wide clean-up campaign, and its granting of preferential commercial loan rates for anti-pollution purposes.

The article noted the bank's "demonstrated concern for the community and its interest in environmental quality by making environmental progress a monthly habit."

• **Trust Co. Bank of Atlanta** recently was selected by the local Occupational Information Center for Business-

week, was initiated by Dennis Haskins, senior drama major at the University of Tennessee at Chattanooga. With the backing of Chattanooga Mayor Robert K. Walker, the Musicians Union, Chattanooga Jaycees and radio station WDXB, Mr. Haskins was able to enlist the sponsors needed to present the concerts.



Cameraman shoots activities of Trust Co. Bank of Atlanta's proof transit department for documentary film to be presented to area high school students.

Industry to help prepare a documentary film on jobs available in banks to high school students upon graduation. The film will be televised on the metropolitan area's educational television station to all high school students in the greater Atlanta area late this fall.

The filming of the program at the bank started in the early morning, before business hours. The scenes showed the activities and operations of the main bank lobby, the proof transit department and the bookkeeping department.

Trust Co. personnel served as advisers to the set in order to give the production realism and authenticity.

• **Twenty-five Tulsa-area skin divers** have joined the "Litter Bugs Me" clean-up campaign, introduced early in the summer by First National and the city of Tulsa.

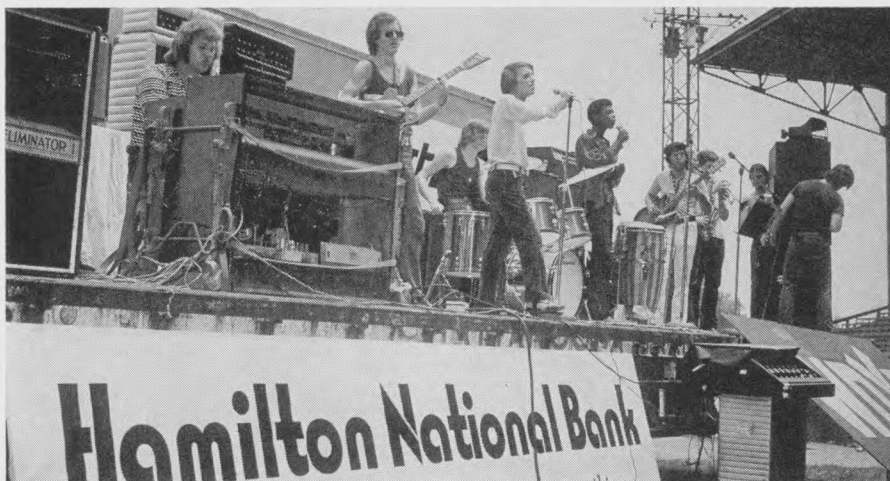
The divers, all members of the Tulsa Y Wetbacks, have adopted the anti-pollution effort as their official "cause." They dive in area lakes and rivers to pick up trash and litter.

One club member says, "It's almost unbelievable what we find at the bottom of our lakes. I guess people think cans and bottles are gone once they disappear from the surface of the water. But they are still there. And where we are—underwater—they are just as ugly and as much in the way as they are on shore."

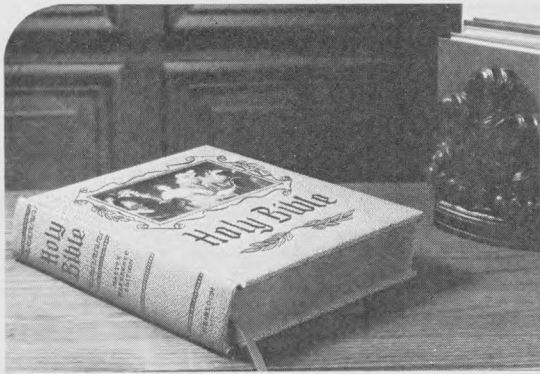
Since the bank introduced the "Litter Bugs Me" campaign, more than 180 volunteers have undertaken some kind of clean-up operation.



Cleaning up one of Oklahoma's lakes are members of the Tulsa Y Wetbacks. The divers have joined First of Tulsa's "Litter Bugs Me" clean-up campaign.



Rock band performs at free Sunday afternoon concert, sponsored by Hamilton National, Chattanooga.



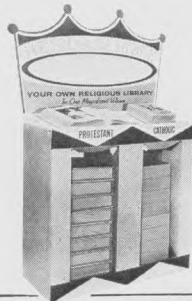
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COUNTER CARDS →

Full-color counter cards with easel-backs are provided free for use in your bank at tellers' windows.



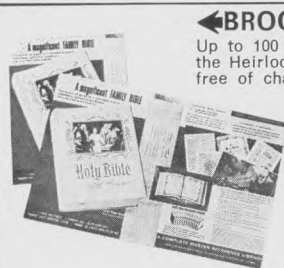
← STATEMENT STUFFERS

This full-color promotional item can be used as a stuffer or self-mailer. It features the Heirloom Bible in full-color with the remainder of the card blank so your printer may imprint your message and address. The cost is only \$17.50 per thousand.



NEWSPAPER ADS →

Mats and proofs of complete newspaper ads ready for your own bank identification are supplied at no charge. Also glossy photos of the Bible are included if you prefer to design your own ad.



← BROCHURES

Up to 100 full-color brochures promoting the Heirloom Bible are provided free of charge.

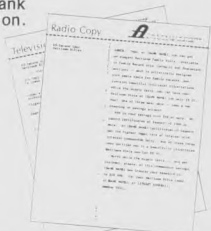
RADIO & TV COMMERCIALS →

Filmed television commercials and taped radio spots are also available at nominal charge. They're complete, ready for your own bank identification.



RADIO & TELEVISION SCRIPTS →

If you want to produce your own commercials, we'll send you scripts for two television spots and four radio commercials at no charge.



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(he will stay longer, only if you insist) to explain the most exciting premium offer ever devised . . . and at no cost to you.

This idea is sweeping the nation and your depositors will literally reach out for it. Merchants in your area will be happy to share in its cost through low-cost ads, while you distribute it to your depositors.

This practical, prestigious premium is the Household Advisor, the most extraordinary publication ever introduced to the banking industry, containing vital information on money management, credit buying, choosing a home, income tax, medicare, real estate, plus a place to keep personal records. Yes, all of the things usually found "somewhere around the house."

So be on the lookout for the Man from United. Let him prove, in just 60 seconds, how valuable the Household Advisor can be to your depositors.



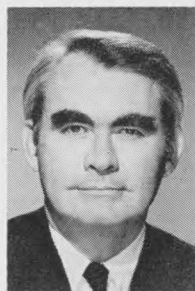
or call collect,
312-452-6200,
for immediate
information.

4242 NORTH HARLEM
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TEL. (312) 452 - 6200

New Customer Services

Leasing Subsidiary Formed By First American Nat'l

NASHVILLE—First American National has announced formation of First AmTenn Corp., a new leasing subsidiary, to be headed by John Lynch.



LYNCH

With facilities to operate state-wide, the corporation will lease commercial and industrial equipment of all major types, such as printing machines, recording equipment, computers, aircraft, machine tools, hospital equipment, material handling equipment and others.

A 15-year veteran in the leasing field, Mr. Lynch formerly was manager of the southeast and western market areas of U. S. Leasing Corp.'s bank lease division, working with banks throughout the country.

Commercial Nat'l Acquires Stock Of Little Rock Abstract Co.

LITTLE ROCK—Commercial National has acquired 100% of the stock of Little Rock Abstract Co. Richard C. Butler, chairman, said the bank is the first in the nation to complete the purchase of an abstract company.

The firm's primary services include preparation of abstracts of title to real property, as a closing agent and escrow agent in connection with the sale of real estate and real estate loans.

Mr. Butler said, "The services of our trust department in managing estates and in handling escrows are now greatly enhanced due to the addition of Little Rock Abstract."

Financial Planning Tool Unveiled By First National City Bank

NEW YORK—First National City Bank has introduced what it believes to be the largest and most comprehensive computer model ever developed for financial planning.

Called "Command II," the new system is designed primarily as a tool for financial management. It enables the manager to evaluate the effect of financial policy alternatives on future accounting statements, according to the bank.

The system allows a number of forecasting techniques to be used in projecting a diversified business. Up to 24 projection methods can be applied to as many as 400 individual components involved in a complicated forecast. The projected financial statements are tailored to the accounting nomenclature of the product line, division or profit center being analyzed and will print only the portions used of the total accounting framework.

Bank Installs Computer System With Automobile Dealers

OKLAHOMA CITY—Fidelity Bank has installed an IBM 2740 communication terminal and Xerox telecopier in its installment loan department, as well as tie-in equipment at several participating automobile dealers, providing 24-hour-a-day reception of credit applications.

This will permit prompt and around-the-clock assistance to dealers in processing applications in the financing of automobile contracts. It is said to be the first bank installation of this service in the state.

New Home Loan Program Offered By Worthen Bank, Little Rock

LITTLE ROCK—Worthen Bank has announced the Five 'n Buy home loan, a new program offering home loans with a 5% down payment. The 5% figure cuts the down payment normally required by one-half to one-third, according to the bank.

Edward M. Penick, president and chief executive officer, said, "The bank is offering the Five 'n Buy loan package to help people buy a home now, when a lot of experts are saying the time is right. This will let people get into a new home and start building an equity before they thought they could, considering normally higher down payments."

Single Statement Summary Planned by Bank of America

SAN FRANCISCO—Bank of America plans to introduce a new service designed to give customers a comprehensive view of all their deposit balances in a single monthly statement.

All deposit accounts, from checking to term savings to investors passbooks, can be listed on the "Timesaver" checking account statement.

The expanded statement would allow customers to review all their deposit accounts at a glance and provide a monthly summary of activity for each account and the current balance. Money transferred automatically from a checking to a savings account would be itemized in the checking account portion of the statement and reflected as a deposit in the new balance section.

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everything
beautiful.**

Even her checks. So she chose her favorite from our DeLuxe Expressive series. The Springtime package matched her mood and personality, just as Serenity and Heritage appeal to many others. That's the whole point of DeLuxe checks. They offer something for everyone. Check out the entire line with your DeLuxe representative. He'll help you improve your checking picture by working with you to display and promote beautiful checks to beautiful customers.

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STRATEGICALLY LOCATED PLANTS FROM COAST TO COAST



• **Bank Computer Network Corp.** Instaposit, a new and fully automated machine that accepts customer deposits and returns a validated receipt, has been developed by Bank Computer Network Corp., Chicago. It's designed to speed up customer transactions not requiring cash returns, can be located inside banks and allows customers to bypass long teller service lines that occur at certain peak periods.

The manufacturer pointed to a survey of retail banking transactions that showed up to 48% of all customers using a bank's facilities were making either deposits or loan payments not requiring cash returns. For this group, the Instaposit is offered as an effective alternative to waiting in line. After installation of Instaposit, one bank surveyed experienced instant customer



approval for the device, according to Bank Computer Network Corp., which added that 153 transactions were logged by the Instaposit's transaction counter the first day. As more customers became familiar with the Instaposit service, the percentage of such transactions ran as high as 15% on a heavy day and as high as 7% of total teller transactions on a less heavy business day. The survey showed further that the length of the lines also influenced increased Instaposit usage: no customers in line, 7%; one to three customers in line, 10%; and more than three customers in line, 13%.

Instaposit, according to its manufacturer, has eliminated error lights, buttons, credit cards and passwords required by similar banking equipment and has reduced the need for elaborate employee training and customer education programs. Bank Computer Network pointed out that no special electrical cable connections or elaborate mounting procedures are needed for installation.

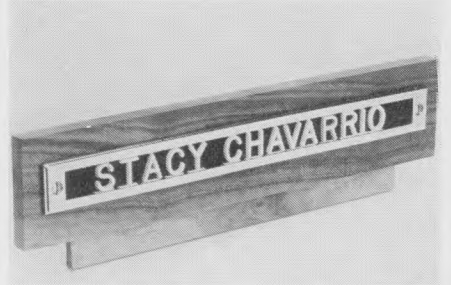
The Instaposit system may be leased or sold and has a 90-day trial-period offer. Offered with it is a complete marketing and promotion package designed to aid banks in attracting new

New Products and Services

customers to their Instaposit service.

Further information may be obtained from Don Alger or Stu Cole, Alger & Associates, 333 North Michigan Avenue, Chicago, Ill. 60601.

• **Colbert Industries.** Name plates with interchangeable metal letters are available from Colbert Industries, South Gate, Calif.



Since the letters can be changed easily and quickly, the Colbert name plate never has to be replaced or discarded, according to the firm. When there is a change in personnel, the old name plate is transformed into a new one simply by changing the letters.

The name plates come in a variety of styles. Shown above is the walnut desk block with pedestal support which is available with both brass and silver finish frames, and with either brass or white letters.

Colbert systems are available at most office supply stores or can be obtained by writing Colbert Industries, 10107 Adella Avenue, South Gate, Calif. 90280.

• **Brandmark Sales Co.** The "1st" American flag pin has been introduced by Brandmark Sales Co., Chicago. The gold-plated jewelry item is designed for use as a tie tac, lapel pin or women's

a totally new concept



From the Barrington collection.

Simulated diamonds, jade, pearls and star sapphires in beautiful rings, pendants, necklaces and earrings. All in heavy gold plate or sterling silver settings. See them now!

The Barrington Collection of jewelry includes simulated diamonds, star sapphires and jade. Available in sterling silver and Karatclad gold settings, for a totally new concept which is proving to be the most successful program to stimulate deposits. Complete advertising back-up available, including audio tapes, TV slides, newspaper ad layouts and mailing materials.



Barrington

VISIT US AT BOOTH 210

C-R Sales Corp., 1115 Harney St., Omaha, NB 68102



accessory pin. The item makes a popular giveaway item, especially during the election campaign.

For a free sample, send a request to Brandmark Sales Co., 6335 N. Central Park Avenue, Chicago, Ill. 60659.

■ **FIRST NATIONAL,** Little Rock, has promoted Paul T. Lovett to assistant vice president and Leon T. Jurgens to branch officer.



*"Don't worry,
I'll take care
of you, because I
have some people
who take care of me."*



"How can daddy buy things without money?"



*We like to see all our
customers have more fun.*

A "NEW CUSTOMER" BANK ADVERTISING CAMPAIGN FOR SMALL AND MEDIUM MARKETS

- Newspaper - Radio - Outdoor.
- Impact and Hard Sell through market research.
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- Establishes that you will aid customers in efforts to attain financial security.
- Theme is: "Choose A Bank That's on Your Side."
- Write or call for complete information.



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NEWS OF HOLDING COMPANIES

• **E. J. Robertson** has been elected a vice president of United Missouri Bancshares, Inc., Kansas City. He will work with the HC's member banks in the areas of credit and general administration.

Before joining the HC, Mr. Robertson was associated with a Kansas City bank for five years.



ROBERTSON



MALONEY

• **John P. Maloney** has been elected executive vice president of Deposit Guaranty Corp., parent company of Deposit Guaranty National, Jackson, Miss., and was named general counsel of the bank. He also serves as secretary

to the boards of both the holding company and bank.

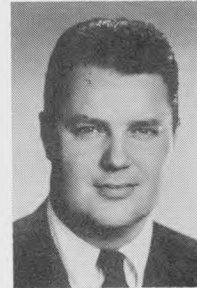
Mr. Maloney joined the bank in 1969 after an association with a Jackson law firm.

• **Fed approval** has been granted regarding the acquisition of First National, Clayton, Mo., by Central Banccompany, Jefferson City, Mo. The HC controls two Jefferson City banks—Central Trust and Jefferson Bank of Missouri.

First of Clayton is the city's second largest bank. No management changes are anticipated.

• **Ralph M. Killebrew** has been named vice president and chief implementation officer of American National Corp., holding company of American National, Chattanooga. His duties will include the investigation, recommendation and implementation programs of all activities to be pursued by the holding company.

Mr. Killebrew has been vice president and senior trust officer of American National since 1970.



AUSTIN



KILLEBREW

• **Charles V. Austin** has been appointed vice president of Manufacturers Hanover Corp., parent company of Manufacturers Hanover Trust, New York, and Joseph A. Connolly was named assistant secretary. Both formerly had similar titles in the bank's national administration department.

Mr. Austin was elected an assistant vice president in 1967 and joined the national division's operations and research department in 1969. Mr. Connolly joined the bank in 1969 and was elected assistant secretary earlier this year.

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Imagine the pleasure and appreciation of your clients upon receiving an authentic imported Hummel print wall plaque! Twice the impression when presented with a pair!! These charming wall plaques are solid walnut-finished beveled pine blocks with ornamental swivel ring hangers. Size is 7" x 5 5/8" x 3/4" — packed as a pair. 40 Hummel subjects available. Shipped assorted unless otherwise specified. Other subject series are CLIPPER SHIPS, WESTERNS, OLD MASTERS, COLONIALS, ANTIQUE AUTOS, SHIP MODELS, OR VINTAGE AIRPLANES. Also offered are miniature Hummels and Old Masters (4 1/2" x 3 1/2" x 3/4") on an easel (6 3/8" x 4" x 5/16"). Order any quantity of plaques or easel sets at \$2.35 per pair. Packed in sets of 4 on special request.

Phone Collect (617: 531-3832) or write for sample

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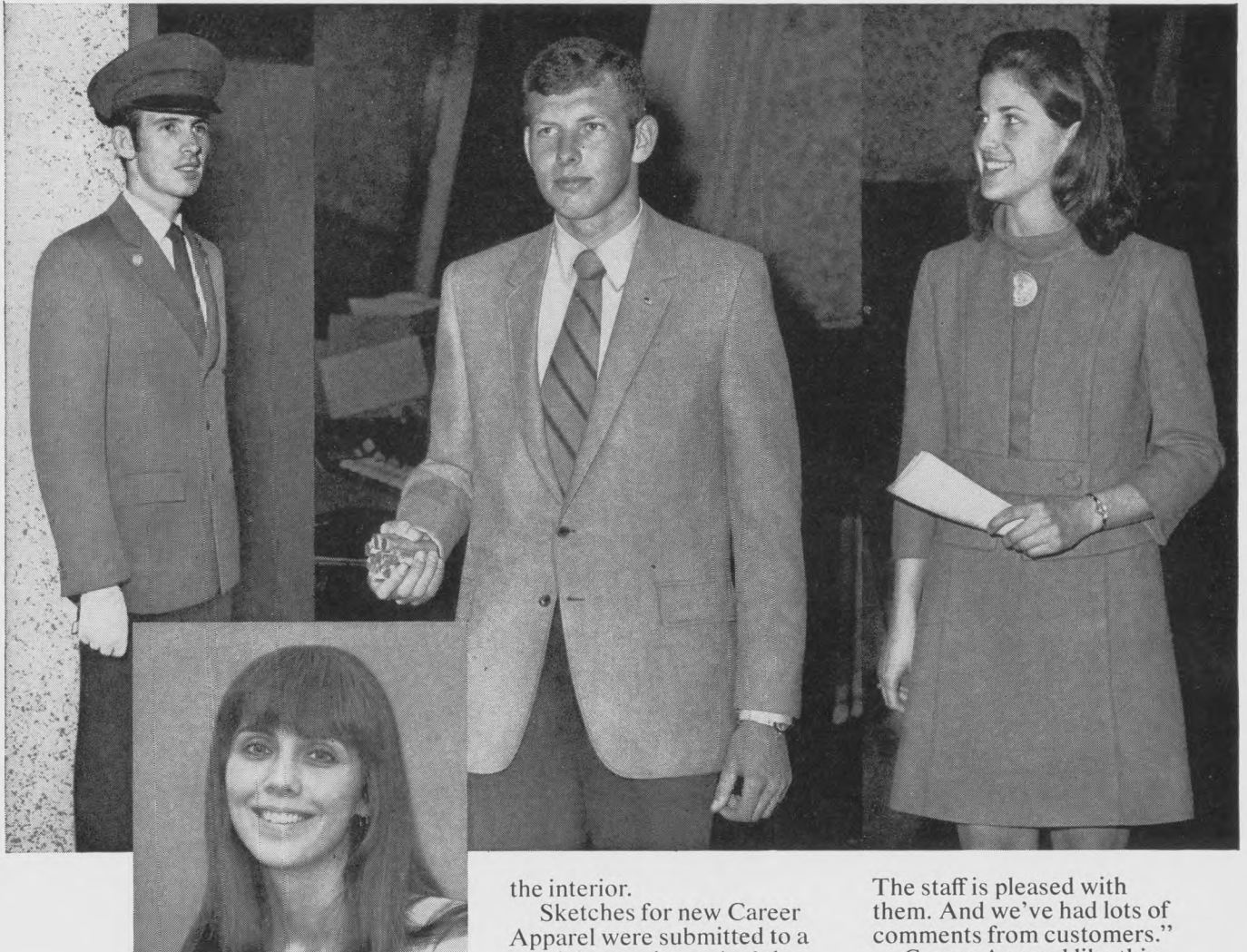
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First National Bank of Chicago switches to Career Apparel with Dacron®.



“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 showcase 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.



Better things for better living
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MID-CONTINENT BANKER NEWS ROUNDUP

News From Around the Nation

PEOPLE

• **FIRST NATIONAL** of Arizona, Phoenix, has elected President **ROBERT D. WILLIAMS** to the additional posts of CEO and executive committee chairman and elevated Executive Vice President **EDWARD M. CARSON** to the additional post of chief administrative officer, effective September 1.



WILLIAMS

SHERMAN HAZELTINE, formerly chairman and CEO, will continue as chairman, concentrating on commercial business development.



HAZELTINE



CARSON

Mr. Williams joined the bank in 1955, but has been in banking for 36 years, much of the time with Bank of America. He has served First of Arizona as president and chief administrative officer since 1965.

Mr. Carson has been with the bank since 1951 and was made executive vice president in 1969.

Mr. Hazeltine entered banking 43 years ago with Bank of Arizona, Prescott. A year following merger of that bank with First of Arizona in 1957, he was elected chairman and CEO.

• **BERNARD T. STOTT**, comptroller, First National City Bank, New York, has been elected treasurer of the Bank Administration Institute. Mr. Stott will complete the unexpired one-year term of **FRANK D. RADANO**, vice president and auditor, Chemical Bank, New York, who recently resigned.

MID-CONTINENT BANKER for September, 1972

Suit to Test Truth-in-Lending Act

A class-action suit accusing a St. Louis loan firm operating in 35 states of violating the Truth-in-Lending Act has been filed in U. S. District Court in Chicago.

The suit, filed by a Chicago attorney, accused Liberty Loan Corp. of improperly including premiums for credit life and disability insurance in loans without informing borrowers that they were not required to purchase the coverage.

The suit alleges that Liberty did not include the costs of the premiums in the interest rate quoted to borrowers. Damages of \$200 million are sought.

Class-action suits can be filed under the Truth-in-Lending Act. Therefore, banks should be extremely careful to follow the act to the letter.

Limited Facility Authority Given to S&Ls

Federal S&Ls have been granted limited facility branching authority by the FHLBB. New regulations permit an S&L to operate a limited facility where the requirements for a full branch office have been met but where a limited operation would be warranted.

Such proposed offices would be subject to one or more of the following limitations: number and type of personnel to be utilized, physical size and characteristic, amount of capital in the facility and the extent of functions or activities permitted at the facility.

Limited facilities would be established with the expectation that they would eventually become full branches.

Camp Asks for EDP Policy Comments

Comptroller William B. Camp has requested the banking and data processing industries to comment on the question of whether the permissible data processing activities of national banks should be more clearly defined.

The request was made in connection with a possible review of current policy, which has not been changed since 1966. This policy states that a national bank, incidental to its banking services, can make available its EDP equipment or perform EDP services for other banks and bank customers.

Persons interested in commenting should send written remarks by September 15 to Robert Bloom, chief counsel, Office of the Comptroller of the Currency, Treasury Building, Washington, D. C. 20220.

Mitchell Decries Merger Toughness, Customer Apathy

Fed Governor George Mitchell has charged that regulatory agencies have been too tough regarding a number of merger requests that would have strengthened competition if consummated.

He also said that the public appears to have little interest in the fact that some banks have gained as much as 100% control of deposits in an area. He said there is no "outcry of frustration" from bank customers in high-concentration states or any "groundswell of consumer satisfaction with the status quo in states with low-concentration ratios."

Clockwise from left, George C. Dudley, C. J. O'Connor, John E. O'Connor,
Larry T. Pitts, John T. Fowler, Eugene B. Foncannon



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First KC

First National Bank of Kansas City



Dallas to Be 'First Timer' City As ABA Convention Site

FOR THE first time in the association's history, ABA is meeting in Dallas for its annual convention, October 7-11. Dallas, known as "The Time of Your Life City," is expecting more than 10,000 delegates and spouses to take part in the five days of activities scheduled throughout the convention.

Heading the list of speakers will be Bruce MacLaury, president, Minneapolis Fed, whose topic will be "Economic Realities"; Jim Hayes, president, American Management Association, speaking on "Changing Life Styles—the Management Challenge"; and Earl Butz, Secretary of Agriculture in the Nixon Administration, whose topic will be "Outlook for Rural America."

Newsweek's Periscope Panel, a group of experts in the areas of finance, international news and national news will appear at the opening session. Panel members include George Aynsworth, Houston Bureau chief; Edward Kelin, senior editor of the international section; Edward Kosner, assistant managing editor; and Lawrence S. Martz, senior editor of the business and finance section.

Highlights of the convention will include the grand opening of the registration, activity center, exhibit hall and ladies hospitality centers at 10 a.m. on Saturday, October 7; the second annual prayer breakfast at 8 a.m. and a recep-

tion at 3:30 p.m. on Sunday, October 8; opening general session at 9 a.m. on Monday, October 9; the second and third general sessions at 9 a.m. and 2 p.m. on Tuesday, October 10; and the fourth general session at 9 a.m. on Wednesday, October 11.

The opening general session will feature the *Newsweek* Periscope Panel; the second session will include talks by Messrs. MacLaury, Hayes and Butz; the third session will consist of mini-sessions to focus on trends in customer services, the bank investment outlook, retail credit innovations and projections, economic round table and regulatory overview. Session number four will feature installation of new ABA officers for 1972-73.

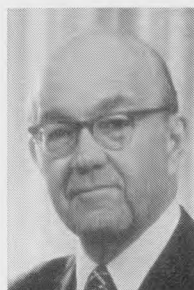
The new officers are expected to be Eugene H. Adams, president, First National, Denver, ABA president; Rex Morthland, chairman, Peoples Bank, Selma, Ala., ABA president-elect; and Joe H. Davis, executive vice president, First National, Memphis, who will be serving a second term as ABA treasurer. None of the candidates is opposed at this writing.

Presiding over the convention will be outgoing ABA President Allen P. Stults, chairman, American National, Chicago. Serving with Mr. Stults for the 1971-72 year were Mr. Adams, as president-elect; Mr. Davis, as treasurer; and Clifford Sommer, immediate past ABA president, and director, Security Bank, Owatonna, Minn., as chairman of the governing council.

ABA Officers—1971-72



STULTS



ADAMS



SOMMER



DAVIS

ABA CONVENTION CALENDAR

Saturday, October 7

- 7 a.m.—Information centers open
- 8 a.m.—Begin shuttle bus service
- 10 a.m.—Grand Opening (ribbon cutting ceremony by ABA officials) registration, activity center, exhibit hall, women's hospitality centers
- 12 noon—Education theater open
- 6 p.m.—First show, dinner theaters
- 6:30 p.m.—First show, musical theater
- 9:30 p.m.—Second show, musical theater
- 9:45 p.m.—Second show, dinner theaters

Sunday, October 8

- 7 a.m.—Information centers open
- 7:30 a.m.—Begin shuttle bus service
- 8 a.m.—Second annual prayer breakfast, registration open, activity center open, women's hospitality centers open
- 10 a.m.—Exhibit hall open, education theater open
- 1 p.m.—Dallas Cowboys football game
- 3:30 p.m.—Reception
- 6 p.m.—First show, dinner theaters
- 6:30 p.m.—First show, musical theater
- 9:30 p.m.—Second show, musical theater
- 9:45 p.m.—Second show, dinner theaters

Monday, October 9

- 7 a.m.—Begin shuttle bus service, information centers open
- 7:30 a.m.—Breakfast, activity center, registration open
- 8 a.m.—Education theater open
- 8:30 a.m.—Women's hospitality centers open
- 9 a.m.—Opening general session—*Newsweek's* Periscope Panel
- 11:30 a.m.—Exhibit hall open

- 6 p.m.—First show, dinner theaters
- 6:30 p.m.—First show, musical theater
- 9:30 p.m.—Second show, musical theater
- 9:45 p.m.—Second show, dinner theaters

Tuesday, October 10

- 7 a.m.—Begin shuttle bus service, information centers open
- 7:30 a.m.—Breakfast, activity center registration open
- 8 a.m.—Education theater open
- 8:30 a.m.—Women's hospitality centers open
- 9 a.m.—Second general session—will look at "Our Society in the Seventies." Messrs. MacLaury, Hayes and Butz to speak.
- 11:30 a.m.—Exhibit hall open
- 2 p.m.—Third general session—mini-sessions to focus on "Trends in Customer Services," "Bank Investment Outlook," "Retail Credit Innovations and Projections," "Economic Round Table" and "Regulatory Overview."
- 5:30 p.m.—Reception
- 6 p.m.—First show, dinner theaters
- 6:30 p.m.—First show, musical theater
- 9:30 p.m.—Second show, musical theater
- 9:45 p.m.—Second show, dinner theaters

Wednesday, October 11

- 7 a.m.—Begin shuttle bus service, information centers open
- 7:30 a.m.—Breakfast, activity center registration open
- 8 a.m.—Education theater open
- 8:30 a.m.—Women's hospitality centers open
- 9 a.m.—Fourth general session—installation of new officers
- 2:30 p.m.—Closing, information center, registration, exhibit hall, activity center, education theater
- 3 p.m.—Shuttle bus service ends

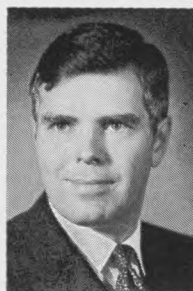
Mr. Stults began his banking career during the banking moratorium of 1933 as a messenger for the Chicago Fed. He joined American National on the day it opened in 1933 and worked in every department of the bank until he moved into the credit department in 1936. He was appointed assistant cashier in 1942, assistant vice president in 1946, vice president in 1949, executive vice president in 1956, president in 1963, CEO in 1968 and chairman in 1969. Mr. Stults is a past president of the Illinois Bankers Association.

Mr. Adams began his banking career with International Trust Co., Denver, in 1934. He served as assistant trust officer from 1939-44 and as trust officer and director from 1944-51. When the firm merged with First National in 1959, Mr. Adams became executive vice president. He was named president in 1959. He is a past president of the Colorado Bankers Association.

Convention Speakers



BUTZ



MACLAURY

Mr. Davis' biography appears on page 74.

Mr. Sommer began his career with State Bank, Rush City, Minn., an institution in which his father had spent 76 years. He left this bank to join Midland National, Minneapolis, as a messenger and rose to the vice president level before joining Security Bank, Owatonna, Minn., in 1955. He rose to

president of that bank before joining Northwest Bancorp., Minneapolis, as vice president in 1971. Mr. Sommer was ABA president in 1970-71.

Mr. Morthland was an educator prior to joining Peoples Bank, Selma, Ala., as vice president in 1946. He was named president in 1953 and chairman last year. He was a member of the Presidential Commission on Financial Structure and Regulation from 1970-71 and has served the ABA as chairman of the committee on charter conversions and the committee on federal bank regulatory structure. He is a past president of the Alabama Bankers Association. • •



MORTHLAND

ABA '72



Dallas convention center (lower left) is conveniently located near downtown, with ready access to freeways. Photo was taken before \$33-million complex was complete.

Dallas' New Convention Center Awaits ABA Conventioneers

ABA DELEGATES will find that the welcome mat will be out for them when the association holds its annual convention in the Texas city October 7-11.

The city's new \$33 million convention center will be ready to accommodate the crowd of 10,000 bankers and spouses expected to attend the meeting, according to Charles H. Pistor Jr., executive vice president, Republic National, who is chairman of a Dallas Clearing House committee that is working with the ABA on convention arrangements.

"Anyone who hasn't been to Dallas in recent years can't visualize the gracious facilities for handling convention visitors that have been added in the city," Mr. Pistor says.

Working with the local bankers and an aggressive convention and tourist bureau, the ABA staff has made many special arrangements to accommodate delegates, exhibitors and other participants, according to Mr. Pistor.

Some 6,300 of the city's 27,000 first-class hotel rooms have been set aside for the ABA in five hotel complexes

near the convention center. Each hotel will house various convention activities.

Six centrally-located information centers will provide the latest data on "what's going on where, and when." To insure easy access to the convention's myriad activities, more than 600 taxis will be available to ABA conventioneers on a 24-hour basis. Special air-conditioned shuttle buses have also been arranged for transport to and from hotels, the convention center and other centers of activity.

The convention center will be the hub of all activities. Its east hall will house the ABA's registration center, message center, women's activity center and a special educational theater.

The center's west hall houses four "nationality" restaurants—French New Orleans, Western Barbeque Ranch, Italian Villa and German Bierstube—as well as the exhibit hall, large central lounge and exhibitors' service center. In addition, the city has many restaurants with international flavor.

The center's 70 meeting rooms, which are capable of seating from 25 to 25,000 people, insure adequate

space for the convention's general session and the smaller working sessions.

Social events scheduled for bankers and their wives include three different Broadway musicals, a pro football game, a fellowship breakfast and two receptions.

There will be an early dinner performance and a late cocktail performance of each musical Saturday through Tuesday. Two of the shows will be performed in hotel theaters that offer a combined seating capacity of 1,250. The third show will be performed in the 1,700 seat Convention Center Arena. Attendance at two of the shows is covered by the registration fee. Titles of the shows, which were cast and produced in New York, are "The Fantasticks," "Dames at Sea" and "I Do, I Do."

Also on the entertainment calendar will be a performance by the "SWIGSBIE Singers," a chorus of bankers that has appeared on national TV.

Following Sunday's fellowship breakfast, conventioneers will have an opportunity to watch the world champion Dallas Cowboys play the Pittsburgh

(Continued on page 60)



Mr. and Mrs. Eugene H. Adams recently moved from a house to a high-rise apartment and find the new location more convenient than their former residence. Mr. Adams, ABA president-elect, is president, First National, Denver.

From the Rockies Comes—

EUGENE H. ADAMS TO HEAD ABA

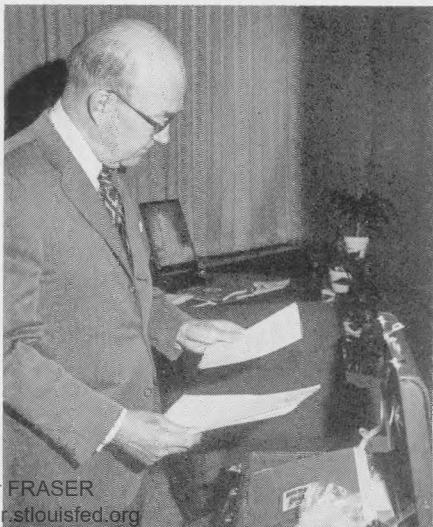


Mrs. Adams enjoys refreshing Mr. Adams with a cup of coffee following some late work at home.



The incoming ABA president enjoys a view of the spectacular Colorado Rockies and beautiful Cheesman Park from his high-rise apartment.

Mr. Adams packs his briefcase in preparation for another speaking engagement.

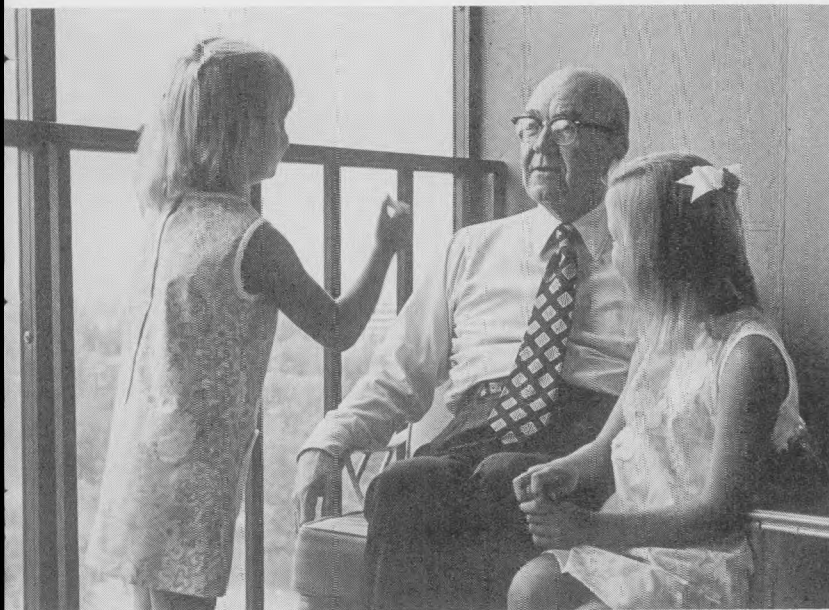


Standing beside one of his favorite Harvey Young paintings in his study, Gene Adams handles the business that follows him home.

MID-CONTINENT BANKER for September, 1972



When the Adams' grandchildren arrive, they naturally gravitate to "Granny" and "Gramps." The children are Chipper Adams in the rocker, Cortney Adams in the foreground and Whitney Adams in the background.



ABA presidents-elect have to be good listeners, too. Mr. Adams' granddaughter, Amy Bowes (l.), talks animatedly to him while another granddaughter, Karen Bowes, looks on.



Mr. Adams has a not-so-serious discussion with his serious grandson, Chipper (Allen Adams Jr.).

Mr. Adams cavorts with one of his five grandchildren, Amy Bowes. He swims every day in his apartment pool.



ABA Restructuring —A Year Later

THE ABA'S 1971 convention was unusually important because delegates to the meeting approved a complete restructuring of the association. Objective of the action was to make the organization more responsive to banking's needs. ABA members last year voted on the changes by ratifying constitutional amendments and changing bylaws. Their action completed a three-part overhaul of the ABA.

As the time (October 7-11 in Dallas) approaches for this year's ABA convention, the question arises: What has the ABA done during the past year since it was restructured? However, before answering, MID-CONTINENT BANKER editors believe they should refresh their readers' memories by giving the following capsule description of the restructuring:

The general convention remains "the supreme authority of the association."

The former 154-member executive council was replaced by a 150-member governing council.

The former 21-member administrative council was replaced by a 26-member board of directors.

The former seven-member management committee was replaced by a six-member executive committee.

Also, another elected officer—chairman of the governing council—was added to the three already in existence—president, president-elect (vice president before the restructuring) and treasurer. The executive vice president's post remains an administrative one.

Prior to the convention, the ABA's national office was moved from New York City to Washington, D. C., and the association's staff was realigned into six functional areas—Banking Professions, Government Relations, Communications, Education, Special Activities and Association Services.

During the past year, the ABA has engaged in the following activities and programs:

New Divisions. Two new ABA divisions, Bank Investment and Correspondent Banking, were created, bringing the total number of divisions in the new Banking Professions Group to 14.

Bank Investment includes committees on operations, portfolio and funds management and public finance. Its activities include cooperating with the Government Relations Council on issues and legislation related to bank investments.

The Correspondent Banking Division was created to represent the specialized interests of correspondent bankers. The first national correspondent banking seminar will be held in New Orleans October 29-31 and will cover a wide range of issues confronting correspondent bankers in the '70s. The division maintains a liaison with the ABA's Agricultural Credit Task Force on such questions as fund deployment to meet agriculture's growing credit needs.

Membership Committee. The ABA's board of directors voted to restructure the association's membership committee to more closely integrate its activi-

ties with those of the board. Under the new arrangement, the chairman of the Governing Council also will serve as chairman of the Membership Committee. Committee members under the new plan will be made up of bankers selected by the six ABA regions to represent those regions in the council.

The old and new Membership Committee systems will operate along parallel lines until the 1972 convention in Dallas.

Community Banker Survey. In July, the Agricultural and Community Banker Division (recently renamed from the Agricultural and Rural Affairs Division) sent questionnaires to 12,500 community bankers.

The survey aims to establish a profile of community banks by compiling such data as prime sources of community income, community problems, loan-to-deposit ratios and the number of services provided customers. The survey's purpose is to identify programs needed by community banks and to provide more access to all ABA services.

Minbanc. The Minbanc Capital Corp. has received applications from 10 minority banks for investments, requesting funds in excess of the \$4.5 million that had been raised as of this writing. The goal continues to be \$10 million. Minbanc is a closed-end investment firm established to invest funds in non-voting securities of minority-owned banks.

On-site field visits are being conduct-

(Continued on page 64)

ABA Chronolog—1971-72

A listing of the highlights of ABA activities during the term of office of Allen P. Stults, ABA president for 1971-72. Mr. Stults is chairman, American National, Chicago.

OCTOBER

Newly-elected President Allen P. Stults names 25 bankers to chair association councils and committees for the 1971-72 year.

The ABA convention votes to restructure the association along lines suggested by a task force that spent 18 months on the study. The plan calls for creation of six staff groups and 14 divisions representing the banking professions.

The bank card standardization task force announces that its objectives will include development of standards for an interchange authorization message and standardization of sales slips.

NOVEMBER

Three out of four leading bankers polled by the ABA favor severing the link between the dollar and gold. The poll is conducted among members of the association's Governing Council.

DECEMBER

Representative bankers from throughout the country are invited to a January meeting to review the report of the Hunt Commission.

Speaking on behalf of the ABA, Allen P. Stults expresses concern with recent decisions of President Nixon's Pay Board. In a telegram sent to the board, Mr. Stults advises that bankers are "particularly concerned" about achieving equity between union and non-union pay rulings.

The association announces publication of a survey of bank credit card operations.

JANUARY

Minbanc Capital Corp., the closed-end investment company designed by the ABA to supply capital to minority banks, reports it has sold \$3.9 million of its common stock. It has a capitalization of \$10 million.

A six-stop tour by ABA officers of the association's newly-formed regions is announced.

FEBRUARY

The association announces that more than one-in-five career bankers will return to school for additional study in 1972.

More than 2,200 trustmen from throughout the country meet in New York for the 53rd Midwinter Trust Conference.

MARCH

More than 1,200 lending officers and other bankers register in New York for the ABA Installment Credit Conference.

The ABA joins several other organizations in the formation of a Bank Data Communications Standards Coordinating Committee. The aim is to assure compatibility of systems presently under development.

APRIL

Appearing before the Senate Securities Subcommittee, representatives testify that ABA believes institutional memberships on stock exchanges are not necessary for banks, provided the break point between competitive brokerage fees and fixed minimum fees continues to move downward.

The ABA National Operations and Automation Conference is attended by more than 1,500 bank executives and automation specialists.

MAY

The ABA offers its support to a federal financing bank to coordinate federal borrowing. The legislation was recommended by the Secretary of the Treasury.

Speaking on behalf of 96% of the nation's banks, an ABA spokesman tells the House Ways and Means Committee that it would be in the public interest to "develop the private pension system on an orderly basis and to broaden coverage under private plans."

Some 200 of the world's leading financial authorities convene in Mon-

treau for the 19th Annual International Monetary Conference. The conference is staffed by the ABA.

JUNE

The ABA proposes extensive revision of the Federal Reserve Board guidelines to regulate the formation of one-bank holding companies. President-Elect Eugene H. Adams tells the Fed that proposed guidelines "effectively deny the use of the one-bank device to the majority of our nation's banks."

The second ABA Trade Mission to Europe takes 12 bank lending officers on a tour of three countries. The mission is sponsored by the U. S. Department of Commerce.

Three hundred and forty-one bankers are graduated from the Stonier Graduate School of Banking after completion of a three-year course.

The ABA opposes the proposed Foreign Trade and Investment Act of 1972, better known as the Hartke-Burke bill. President Allen P. Stults says the bill would "have an adverse impact on U. S. interests in international business."

The ABA forms a task force under the direction of former president Nat S. Rogers to solve the problems of cost and coverage in blanket bond protection.

JULY

Fed Governor John Sheehan, Senator Hugh Scott and Ralph Nader speak at the ABA Government Affairs Conference in Washington.

More than 12,500 community banks receive questionnaires designed to elicit information that will aid the ABA in better serving their needs. Community banks are defined as those with assets up to \$50 million.

AUGUST

The ABA volunteers to join the federal government in a campaign to prevent the fraudulent cashing of federal checks.

Dynamic Dallas Owes Prominence To Dedicated Early Bankers

By ALLEN HALL

A FAVORITE axiom of Dallas businessmen is that there is no geographical reason for the city's prominence. It is not a port, a crossroads or a gateway. Dallasites are convinced that the city has grown mainly because of the skill, daring and dedication of its leaders—and the banking industry is no exception to this conviction.

A Dallas banker is credited with the first decision to make loans based on proven oil reserves. "If you can lend money on cotton in a warehouse," he thought, "why not on oil in the ground?" The decision had a tremendous impact on the growth of the oil and gas industry.

Risk-taking was never a novelty for Dallas bankers. Almost all Texas bankers started out by making loans on cattle and cotton, since these items were at one time about the only assets in Texas. Brought up on such ventures, bankers soon learned to see the fine line between a risky (but acceptable) venture and a foolish gamble.

As the economy of the state matured, the banks matured also. They became more sophisticated, but never lost their streak of pioneering spirit. When a major league baseball team became interested in the Dallas area, a combination of Dallas and Fort Worth bankers provided the loan that made the team's move from Washington possible.

In every new project, civic or busi-

ness, Dallas bankers are to be found among the leaders.

Of all the bankers who have contributed to the building of the financial foundation of the Dallas area, none is more prominent than Fred F. Florence, former president of Republic National and a past president of ABA. Mr. Florence began his banking career at age 15 in 1907 by sweeping floors at First National, Rusk, Tex., for \$15 a month. By 1911, he had risen to assistant cashier of the small country bank and had accepted an offer to join American Exchange of Dallas.

After only a few months in Dallas, he returned to East Texas as cashier of First State at Ratliff. In 1912, he became vice president of Alto State and was elected president of that bank three years later.

After serving as an Army lieutenant in World War I, Mr. Florence joined the then-recently organized predecessor of Republic National—Guaranty Bank & Trust—as first vice president. In 1929 he was elected president of the bank.

When oil was discovered in East Texas, Mr. Florence was among the first bankers to develop a working relationship with the oil producers and provide money to get the mineral out of the ground.

In 1955-56 Mr. Florence served as ABA president. Charles E. Walker, who served as chief assistant during Mr. Florence's ABA presidency, and who is now deputy secretary of the Treasury, recalled his days with Mr. Florence:

"He was president of the ABA in a difficult year," said Mr. Walker. "They were getting rumblings of increasing competition from savings and loans.

"He presided at the time the ABA started shaking off its stodgy image in favor of a more progressive one in recognition of the fact that bankers in Washington were heavily regulated. I think he got the ABA going well in that direction.

"He had the reputation of being the most progressive banker in town in the mid-'50s. Many people believe the success of Dallas was due to the dynamism of its bankers. Fred Florence personified that dynamism."

In 1957, Mr. Florence relinquished the presidency of Republic National to James W. Aston, who was then executive vice president. Mr. Florence died in 1960.

About the time Fred Florence started sweeping bank floors in Rusk, another future Dallas banking leader, Ben H. Wooten, began to be attracted to the banking profession.

Born in 1894 on a small East Texas farm seven miles north of Timpson, Mr. Wooten made up his mind to become a banker while still in his teens.

"I had observed the bankers in Timpson and Center," he wrote, "and definitely came to the conclusion that I wanted to be a banker because I liked the way they dressed and thought I would like to handle the money. So I set that as a lifetime vocational objective and told my father about it.

"He informed me that I should go to college first but that since he had no money to send me, I could depend only on what I could earn. He was convinced, however, that I could

Mr. Hall is a reporter in the business news department of the Dallas Morning News.



EUGENE SWEARINGEN



MARVIN MILLARD



MARCUS TOWER



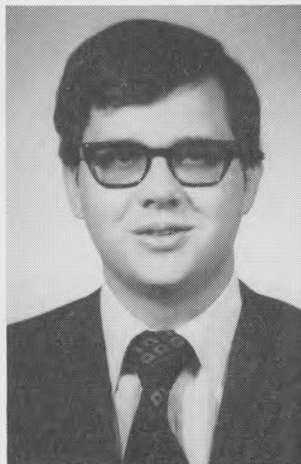
LEN EATON



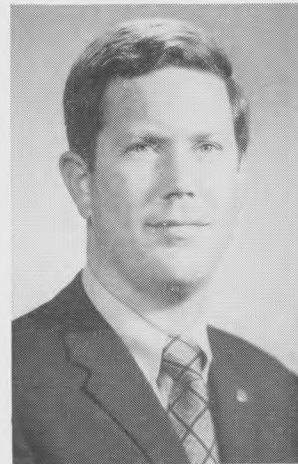
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ART TROLL



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financial institutions. Take our Bond Department, for example. We offer you a complete portfolio analysis service including appraisals, maturity scheduling, and suggested security swaps. This constant market awareness can mean important *additional profits* for you.

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MID-CONTINENT BANKER for September, 1972

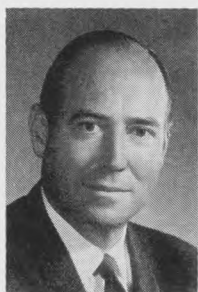
Prominent Dallas Bankers



THORNTON JR.



FRANCIS



BERRY



COLDWELL



LYNE



LINDEMANN



YOUNG



GRAY



PRESLEY



KEAY



ASTON



STEWART

make it all right."

Although Mr. Wooten had not graduated from high school, he passed an examination that gained his admission to North Texas State College, from which he graduated just before enlisting in the Army during World War I.

After his discharge from the service in 1919, Mr. Wooten found a job as principal and mathematics teacher in Alba, Tex. He soon began his banking career as a part-time teller in a state bank and entered banking full-time as assistant cashier at Alba National.

Later, Mr. Wooten was offered the position of cashier and acting head of Farmers & Merchants National, Farmersville. He held that job until 1926 when he received an appointment as a state bank examiner.

When legislation was passed in

1932 setting up the Federal Home Loan Banking System on a national basis, Mr. Wooten went to Washington as chief examiner. He was instrumental in establishing the system. He later became head of the Federal Home Loan Bank of Little Rock, operating in five southwestern states.

Mr. Wooten re-entered commercial banking in 1944 when he became vice president of Republic National, and a member of the bank's executive committee. He remained with Republic until 1950, when he became president of First National, Dallas.

In 1960 Mr. Wooten was elected chairman of First National, and, three years later, chairman of Dallas Federal Savings & Loan.

Active in many civic affairs and recipient of many honors, Mr. Wooten was noted for his interest and exper-

tise in housing. In 1953 he served on President Eisenhower's 21-man advisory committee on housing and in 1954 was a member of the task force on real property for the Commission on Organization of the Executive Branch of the government.

In an interview in 1970, a year before his death, Mr. Wooten summed up his belief in the importance of banking to the Southwest:

"It takes money to build anything," he said, "and it takes credit to complete most projects. We never could have developed our area on an individual or a cash basis. I think Dallas has been most fortunate in the type of banking it has had."

Nathan Adams, first president of First National, came to Dallas from Pulaski, Tenn., in 1887. First a clerk in the auditor's office of the Texas & Pacific Railroad, he began his banking career two years later as relief and general utility clerk in the old National Exchange Bank. He eventually became president of American Exchange Bank.

In 1929, American Exchange absorbed City National to become First National, with Mr. Adams as its president. In 1944 he was named chairman.

Well-known locally for his leadership in support of the Scottish Rite Hospital for Crippled Children and other charitable institutions, Mr. Adams was known in the banking industry as the man who first decided

(Continued on page 70)

They Helped Make Dallas Great



FLORENCE



THORNTON SR.

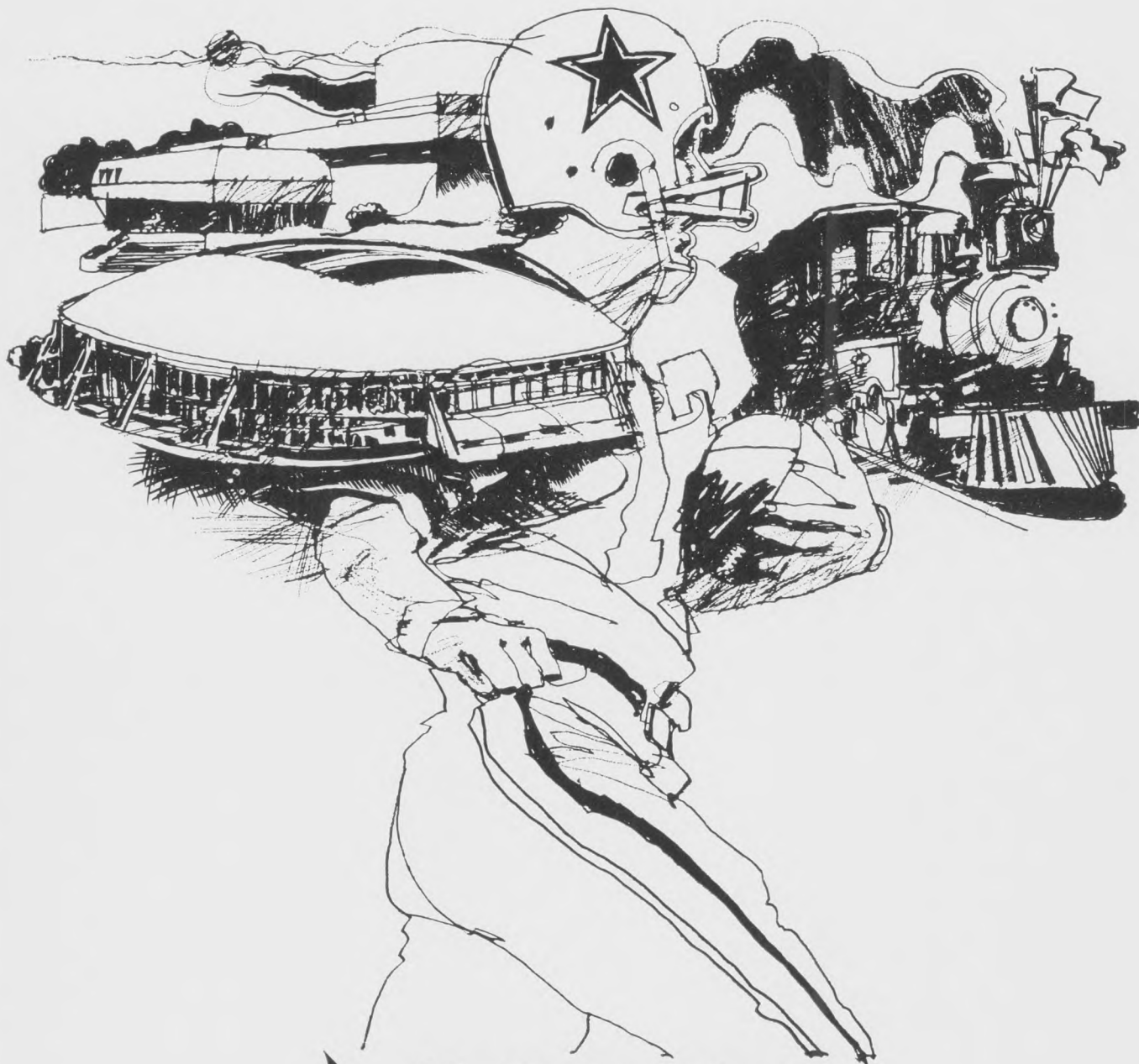


WOOTEN

Dallas, here we come.

Where else but Dallas would you find Neiman-Marcus, the Dallas Cowboys, Six Flags, Lover's Lane, Frank Lloyd Wright's Dallas Theater Center, the Cotton Bowl, Fair Park, and City National Bank during the A.B.A. convention. The men from the City — Crosby Kemper, Jr.,

Jerry Scott, John Kramer, Don Thomason, Roy Thompson, Bud Cox, Charles Koester, E. L. Burch, Jerry Crutsinger, George Sherman and Frank Meissner — look forward to greeting their colleagues from over a thousand correspondent banks the City serves.



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MID-CONTINENT BANKER for September, 1972

In 11th Federal Reserve District (Dallas):

Rapid and Unprecedented Change Apparent In Commercial Banking Structure

EDITOR'S NOTE: Statistics contained in the following article and the three charts that accompany the article were obtained from the Federal Reserve Bank of Dallas.

COMMERCIAL BANKING in the 11th Federal Reserve District has undergone remarkable changes in recent years. The transition reflects not only the impact on the region of nationwide financial currents and trends, but also the response of regional banks to greatly increased demands for credit and customer services and the desire for structural change sufficient to meet these needs. Indeed, the structure of commercial banking in the region currently is undergoing rapid and unprecedented change, particularly through creation and expansion of multi-bank holding companies.

As in the nation as a whole, commercial banks in the 11th District have turned their attention increasingly in recent years to "liability management." That is, banks have placed relatively greater emphasis on sources of funds and relatively less emphasis on uses of

these funds. Under pressures of tight money and rising interest rates in the last half of the 1960s, district banks sharply increased their reliance on time and savings deposits (including large negotiable CDs), the federal funds market and even the Eurocurrency market as relatively permanent sources of funds. With businesses and other customers striving to economize in their holdings of cash balances—in response to rising interest rates—banks were confronted with marked changes in the mix of their total deposits. As the proportion of demand deposits declined sharply, the proportion of time and savings deposits rose dramatically. Although the moderate economic slowdown of 1970-71 somewhat eased the strong bank demand for time and savings deposits and non-bank sources of funds, the changes of the 1960s in the structure of commercial banks' liabilities appear to be a permanent part of the current and foreseeable financial mechanism.

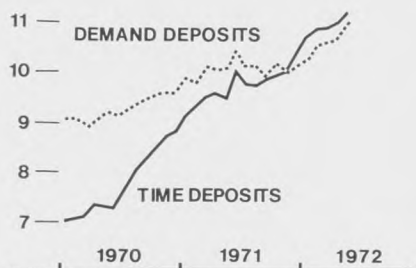
As might be expected, rising interest rates and the sharply increased attention to liability management had important cost consequences for commercial banks in the district and nationwide. Partly as a result of cost considerations, banks were encouraged to hasten their use of electronic computers—an application that not only permitted effective handling of a greatly increased volume of transactions, but also encouraged continuing analyses of costs and earnings, function by function and even account by account. The expanded use of computers by commercial banks has found its most generalized use perhaps in the handling of a greatly expanded volume of checks and collection items. Indeed, recent

activation of a major regional check-processing center in the Dallas-Fort Worth area and plans for other centers in the district are dependent on the availability of automated methods of processing these items.

Perhaps the most significant structural change that has affected commercial banking in the district currently is underway. The move toward multi-bank holding companies is accelerating, especially in Texas, and promises dramatic alterations in the pre-existing structure. A unit banking state, Texas offers the greatest potential in the district for multi-bank holding company expansion. The larger banking units created through this method of expansion should give the region a better competitive position *vis-a-vis* the larger banking units outside the district. As the district and the nation as a whole resume more rapid economic growth in 1972 and beyond, the expanded demand for credit and other banking services in the region will require larger and more flexible financial institutions. The states of the 11th District have experienced rapid economic growth and

MEMBER BANK DEPOSITS

Eleventh Federal Reserve District
(As of Last Wednesday of Month, Seasonally Adjusted)
Billion Dollars



MEMBER BANK LOANS

Eleventh Federal Reserve District
(As of Last Wednesday of Month, Seasonally Adjusted)
Billion Dollars



"It takes more than money to construct a great bank building."

Anthony J. Peters
President

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THE ABA
CONVENTION
BOOTH 250



There are any number of good reasons why America's leading commercial banks have chosen Cushman & Wakefield to serve as project consultant when expanding or building new banking facilities.

But we believe the statement quoted above plumbs the heart of the matter: Merely knowing one or two specialties of bank building construction is not enough. It takes a deep and total understanding of every facet of real estate, construction and, to a degree, of banking itself to qualify a firm as a successful bank building consultant.

In fact, it's been our experience that the more ambitious your bank's plans, the more you will benefit from our knowledge, experience, creativity and contacts. This certainly proved true for the Bank of America when they chose Cushman & Wakefield to act as project consultant, renting and managing agent for their world headquarters building in San Francisco. And why we were selected as project consultants to the

Manufacturers Hanover Trust Company for development of their operational headquarters in New York City; to the Chase Manhattan Bank for construction of its Caribbean Headquarters complex in San Juan, and to the Valley National Bank of Phoenix, Ariz. for development of Valley Center, the largest, tallest and most dynamic bank building in the Southwest.

We can name other equally distinguished examples of Cushman & Wakefield's service to America's bankers, but this partial list serves to demonstrate our wide-ranging experience and nationwide leadership as bank project consultants. So if our special kind of firm and our talented staff can solve a building project or other real estate problem for your bank, see the men who know. The men at Cushman & Wakefield.

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development in the past, including achievement of a sharply improved balance among major sources of employment and income. As these growth trends continue, financial institutions—including commercial banks—are expected to grow further and to adapt as necessary to the changing environment.

Regional Economic and Financial Situation. The pace of economic expansion quickened in the five states of the 11th District (Arizona, Louisiana, New Mexico, Oklahoma and Texas) in the first half of 1972. Consumer spending, construction and industrial production increased faster than in 1971, when the economy turned upward again. As a result, the unemployment rate declined significantly.

The strength of consumer demand was evident in retail trade. Department store sales in the district were about 10% higher than in the first half of 1971, and stores in Dallas and Houston did slightly better than the regional average. Auto sales also were buoyant. Bolstered by removal of the excise tax on new cars and higher levels of family income, auto registrations in the major metropolitan areas of Texas for January through June were up about 7% from the same period a year earlier.

Residential construction also showed the strength of consumer demand. After a similarly strong advance in 1971, residential construction in these five states rose to a total more than 30% higher than in the first half of 1971. Nonresidential building maintained only its year-earlier pace, however, apparently as a result of continued hesitancy in adopting aggressive expansion plans, but possibly also as a result of concern in some areas about a temporary over-

MEMBER BANK INVESTMENTS

Eleventh Federal Reserve District
(As of Last Wednesday of Month, Seasonally Adjusted)
Billion Dollars



supply of office space. Non-building construction such as work on roads, sewers and pipelines was running at nearly twice the 1971 pace.

With demand expanding, production increased substantially. In April, the Texas industrial production index (computed by the Federal Reserve Bank of Dallas) reached a level more than 9% higher than a year earlier. Manufacturing, mining and utilities shared in the advance. Production of electricity paced the advance in utilities. In manufacturing, paper and allied products, lumber and wood products, furniture and fixtures and petroleum refining were particularly strong.

After slacking in 1971, the regionally important oil industry picked up again in 1972. To meet rising national demand, regulatory commissions in Texas and Louisiana set allowables at the highest rates considered consistent with proper conservation. Producers responded with increased output of crude oil,

which in turn led to increased production from refineries.

Agricultural conditions looked generally promising the first half of the year, although severe shortages of moisture in the spring lowered pasture and range conditions in Arizona, New Mexico and West Texas. Through the first quarter, cash receipts from farm marketings were up more than 20% from the 1971 level. The increase was due primarily to heavier marketings of cotton and sharply higher prices, especially for cotton, cattle and hogs. Although meat production lagged behind 1971, cattle on feed in Arizona and Texas were well above the year-earlier level and, as of June 1, Texas again replaced Iowa as the nation's No. 1 cattle-feeding state.

As economic activity increased, demand for labor strengthened in states of the 11th District. Where total employment (including agricultural and self-employed workers) showed no net gain in 1970 or the first half of 1971, a sustained rise after mid-1971 pushed total employment in these states to new record levels in the first half of 1972. The labor force also grew as employment opportunities expanded, holding the unemployment rate close to 5% in the second half of 1971. In the first half of 1972, however, the unemployment rate turned downward and in April—for the first time since the summer of 1970—dropped below 4.5%.

With the nation's unemployment rate still near 6%, the southwestern states compared favorably. Although the drop in unemployment could be seen in all states of the district, there were sizable differences in the rates of unemployment. Rates in Arizona and Texas edged under the 4% level while rates in Louisiana and New Mexico dropped below 6%. In Oklahoma, the rate moved slightly under the 5% mark.

Stimulated by a generally more expansive monetary policy, deposits at member banks in the 11th Federal Reserve District grew rapidly in the first five months of 1972. Loan demand also expanded sharply. However, these banks slightly reduced their holdings of securities.

Demand deposits, after declining in the last half of 1971, rose at a seasonally adjusted annual rate of 19.7% in the first five months of 1972. Time and savings deposits also showed renewed strength, rising to a seasonally adjusted annual rate of 17.4%.

Reflected in the rise in time deposits were increased inflows of both large CDs and consumer-type time and savings deposits. Flows of consumer-type time deposits were especially heavy in the early part of the year. They later slowed, however, as money market rates firmed, making rates on

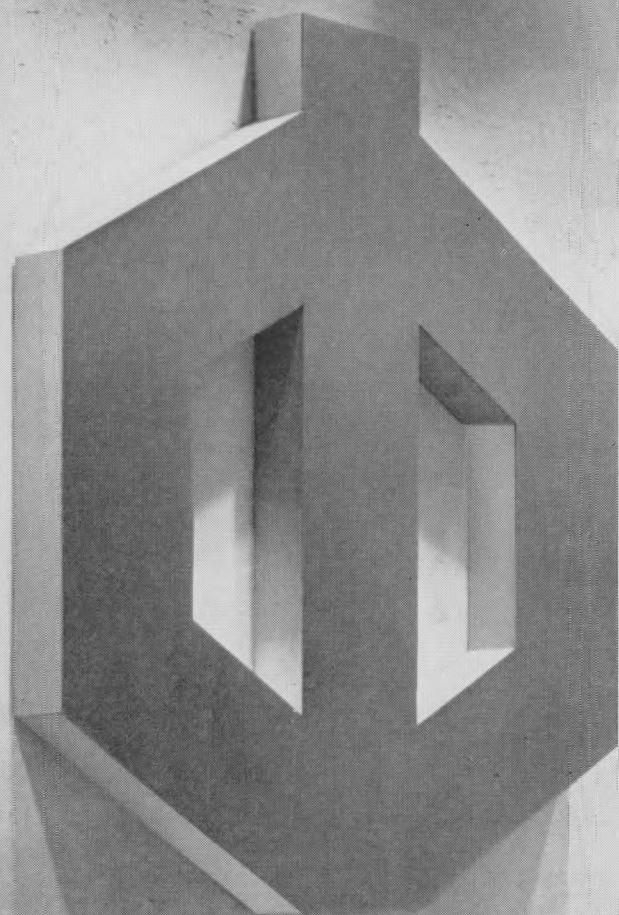
WELCOME TO DALLAS

The Southwestern Graduate School of Banking at Southern Methodist University welcomes faculty, alumni, students and members of the ABA to the ABA Convention.

Be sure to hear the SWGSB Chorus sing at the Prayer Breakfast at the International Ballroom at the Fairmont Hotel October 8 under the direction of Dr. Travis Shelton.



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bank deposits less attractive. The firming in money market rates resulted mainly from the increased credit demands associated with the expanding economy. As inflows of consumer-type time and savings deposits moderated, banks became increasingly more aggressive in seeking funds through issuance of large negotiable CDs.

Bolstered by the rapid increase in deposits, total loans through May rose at a seasonally adjusted annual rate of about 16%. This increase, which contrasted sharply with the 10.7% advance in the same period a year earlier, was widespread, reaching throughout most loan categories.

Demand for business loans at weekly reporting banks—which had been especially weak throughout 1971—strengthened in 1972, rising to a seasonally adjusted annual rate of 22%. Demand for real estate loans at these banks, having tapered off in the last quarter of 1971 after several months of substantial growth, showed renewed strength in the first five months of 1972. Consumer loans also gained considerable strength, rising at a seasonally adjusted rate of about 17%.

Member banks reduced their holdings of securities slightly. But even with a reduction in such assets, the banks remained very liquid, maintaining ratios of liquid assets to liabilities near the highs for recent years.

With deposits growing rapidly, banks reduced the amount of funds raised from other sources. Fewer funds were obtained through borrowing in the Eurodollar market and issuance of commercial paper by affiliates. Although daily borrowings from the Federal Reserve Bank were still higher than the \$360,000 average a year earlier, at \$1.4 million, they were considerably less than the \$6.1 million averaged in the fourth quarter of 1971.

Bank Holding Company Developments. There were 117 bank holding companies in the 11th Federal Reserve District at the end of 1971. Of these, 14 were multi-bank HCs and 103 were one-bank HCs.

Change in Structure

These numbers reflect a rather recent and basic change in the structure of banking in the Southwest. Holding company development was fairly quiet in the district until 1969, when the first two significant applications were approved. Only three applications were approved in 1970. But in 1971, the number of approvals increased to 12, and through June, 17 applications had been approved in 1972 and 16 more were pending action by the Board of Governors of the Federal Reserve System.

Multi-bank HCs were first required to register with the Board of Governors in 1956. The Bank Holding Company Act passed that year required immediate registration of all existing multi-bank HCs and prior approval of the board for any new companies to be formed. Existing companies also had to obtain the board's consent to acquire as much as 5% of a nonaffiliated bank's voting shares.

Amendments to the act 10 years later brought several more bank holding companies under supervision of the Board of Governors. But the biggest change came in 1970, when the act was amended to bring one-bank holding companies under board supervision.

By 1968, it had become evident that although one-bank holding companies were prevented from acquiring other banks, their non-banking powers far exceeded those the Board of Governors approved for multi-bank holding companies. Awareness of this situation led not only to the board's supervision of one-bank holding companies, but also to extension of activities approved for bank HCs in general.

Amendments passed in 1970 specified that bank holding companies could engage in non-bank activities that the Board of Governors found to be "so closely related to banking or managing or controlling banks, as to be a proper incident thereto." Such activities include providing data processing services, acting as insurance agents for the holding company or its subsidiaries, leasing personal property and operating mortgage, finance or factoring companies. These amendments also redefined "company" to include partnerships and similar noncorporate organizations.

The 14 multi-bank HCs operating in the 11th District have 54 banking subsidiaries. Together, these subsidiaries held \$4.5 billion in deposits at the end of 1971. This figure represents 13.8% of all deposits in the district.

Most of the holding company activity in the 11th District has centered in Texas. All but one of the district's multi-bank holding companies is headquartered in Texas. At the end of 1971, their 47 banking subsidiaries held 14.7% of the deposits in the state.

The district's remaining multi-bank holding company is headquartered in New Mexico. With seven banking subsidiaries—more than a tenth of the banking institutions in the state—this company accounted for 6.6% of New Mexico's deposits at the end of last year. Louisiana and Oklahoma have state laws forbidding formation of multi-bank holding companies. No holding company action has yet been taken by banks in the Arizona portion of the 11th District, but these banks are permitted state-wide branching.

Concentration of Resources

While most of the activity has centered in Texas, the greatest concentration of banking resources has been in New Mexico. Where bank holding company subsidiaries in the district portion of New Mexico held only 6.6% of that state's deposits, this company and the three New Mexico multi-bank holding companies headquartered outside the district held 46.4% of the deposits in New Mexico. In fact, the five largest banking organizations in that state held 61.3% of the deposits.

One-bank HCs also are highly concentrated in Texas. All but 11 of the 103 one-bank HCs in the district are

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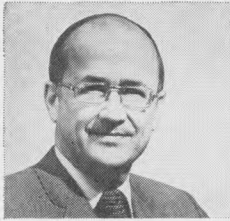
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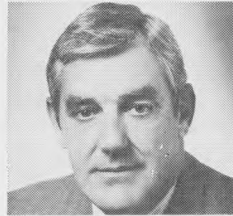
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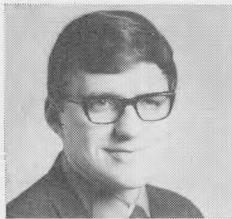


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Elmer Erisman
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Meanwhile, back at the bank...



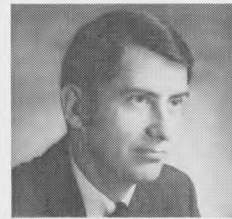
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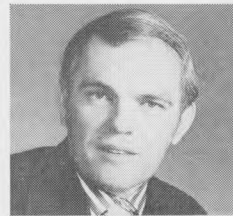
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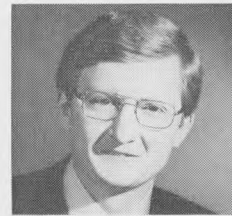
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headquartered in Texas, where they account for 7.6% of the state's banking institutions and 28% of the state's deposits.

The first of the new post-1970 multi-bank holding companies in Texas was formed in Houston. Operations initially were limited to the Houston area, but several HCs have since acquired—or announced plans to acquire—banks in other areas, including Fort Worth, the Beaumont-Port Arthur-Orange market, Dallas, El Paso, Corpus Christi, Brownsville, Midland, Odessa, Longview, San Angelo and Lubbock.

Multi-bank activity has been slower starting in the Dallas-Fort Worth area, but multi-bank holding companies in these cities, and companies soon to be formed, have announced plans to expand into other areas of the state. Proposals have been made for acquisitions in Houston and in Amarillo, and a Fort Worth company plans to acquire a bank in Dallas.

Other HC formations center on banks in Beaumont, San Antonio and El Paso. Smaller holding companies—including several new one-bank holding companies—have been formed in Galveston, Georgetown, Corsicana, El Paso and Fort Worth. One proposal pending approval by the Board of Governors would unite major banks in San An-

tonio, Austin and Corpus Christi into a three-bank holding company.

The multi-bank holding company in New Mexico is headquartered in Alamogordo. Its subsidiaries—in Albuquerque, Alamogordo, Carlsbad, Portales, Rio Rancho Estates, Ruidoso and Vaughn—held total deposits of \$120.6 million at the end of 1971. In addition, the company has made application to acquire banks in Clovis, Roswell, Santa Fe and Silver City.

The giant steps bank HCs have made in Texas and New Mexico since passage of the amendments of 1970 could be leading to still more changes in banking. In addition to the spread of holding companies themselves, there is a growing potential for their expansion into activities closely related to banking. In fact, there is a widely held view that as state-wide systems of bank holding companies develop in these states, the companies are very likely to turn their attention to other profitable enterprises in the approved non-banking sectors.

Regional Check Processing Center. The North Texas regional check processing center that went into operation August 1 represents the first such center to be created in the 11th Federal Reserve District. Established to serve the nine counties surrounding Dallas and

Fort Worth, the center is designed to improve the handling of checks and to speed the payments mechanism in this area.

Preliminary reviews of check patterns in the district outside the Dallas-Fort Worth area show that material progress toward faster collection might be attained by creating new centers in probably four other areas—the Upper Gulf Coast of Texas, the Lubbock-Amarillo area, the Austin-San Antonio area and northern Louisiana.

The new North Texas facility and its future counterparts in other areas of the district are part of a planned nationwide net of regional centers. The Board of Governors of the Federal Reserve System expects this network to facilitate other steps toward a fully automated payments system.

The North Texas center currently serves 116 banks in Dallas and Tarrant counties. But service will be extended to 75 more banks in adjoining counties by the end of the year. Ultimately, the center is designed to encompass about 300 participating banks within 110 miles of Dallas.

Participation in the center is open to all banks in the service region. Such banks and other Federal Reserve offices have until 12:01 a.m. to make their deposits. Member banks outside the area also may participate, but they must make their deposits by 4 p.m. This earlier cutoff time for out-of-region member banks is expected to be removed at the end of the year. A 4 p.m. deadline for deposit of nonmachinable or reject items will be maintained.

Processing of items at the center usually is complete by 6 a.m. Couriers deliver the items to the drawee banks between 8 a.m. and 9 a.m. Monday through Friday. Settlement for the clearings is made on the books of the Federal Reserve Bank on the day of presentment, and daily statements are delivered to participating banks.

A special agreement among the commercial banks in Dallas and Fort Worth allows for the exchange of items between the banks up to 11 a.m. with settlement made daily on the books of the Federal Reserve Bank of Dallas. This arrangement is outside the normal clearing operation.

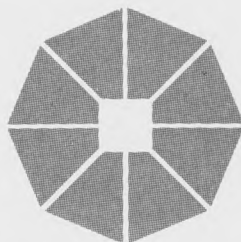
The North Texas center is expected to process 65 million items and handle more than 1 million return items by the end of the year. In 1973, the center's first full year of operation, the volume of items processed will probably reach 171 million.

The next check-processing center in the 11th District is expected to open in the near future, serving the Gulf Coast region from facilities at the Houston Branch of the Dallas Federal Reserve Bank. At its opening, this cen-

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Correspondent Banking Division.



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ter will serve at least the 78 banks in Houston and 87 more banks within 50 miles of Houston. Services eventually will extend to the more than 300 banks within 120 miles of Houston.

Operations here will follow the general pattern set by the North Texas center, except that there will be no initial restrictions on out-of-region member banks. Settlement for items cleared through the Gulf Coast center will be made on the books of the Houston Branch.

Studies are being made of the needs of the Austin-San Antonio region. Studies also will be made of the Lubbock-Amarillo and North Louisiana regions. If satellite regional centers prove justifiable in these three areas, they could also be set into operation sometime in the not-too-distant future. However, until some direct action can be taken, the Federal Reserve Bank is encouraging increased participation in the immediate clearings of the local clearing house associations.

The volume of items handled by check-processing facilities in the nation is expected to double by 1980. In spite of considerable progress in mechanization and automation, this processing still requires a substantial amount of manual work. The virtually round-the-clock service offered by regional check-processing centers is a necessity if check clearing is to be accelerated. • •

Two Join ABA Staff

WASHINGTON—Two new staff appointments have been announced by the ABA. Arthur L. Johnson Jr. has been named director of convention and meeting services and Thomas O. Cordy has been named program associate in

the urban and community affairs division.

Mr. Johnson, who was previously director of program plans and evaluation for Printing Industries of America, Inc., will manage the department responsible for providing all logistical support for the ABA's approximately 200 annual conferences, workshops and meetings, including the ABA convention.

Mr. Cordy was named vice president for investments of Minbanc Capital Corp., closed-end investment firm created by the ABA last year to invest funds in non-voting securities of minority-owned banks. His primary responsibility will be evaluating Minbanc's investments.

■ SAN FRANCISCO—Wells Fargo Bank and its parent firm, Wells Fargo & Co., has a new director, George S. Ishiyama, president, Ishiyama Corp. of San Francisco.

Valley Nat'l Opens Parking Garage



Valley National, Phoenix, recently opened to the public its new 1,700-car parking garage in the downtown area. Built as part of Valley Center, which includes the bank's new 40-story headquarters building, the eight-level garage is fully landscaped. Upon completion of the center later this year, garage access to the office tower will be by an underground walkway.

First ABA National Banks Investment Conference Set for St. Louis in Feb.

The American Bankers Association has announced plans for its first national bank investments conference, to be held at Stouffers Riverfront Inn, St. Louis, February 28-March 2.

George W. McKinney Jr., chairman of the new division, and senior vice president, Irving Trust, New York, said the three-day conference will mix nationally known speakers with a variety of specialized workshops. The program will be tailored to meet the needs of senior officers who handle investments for member banks of the ABA.

Mr. McKinney said that a principal concern of the division will be the management of commercial bank funds, with emphasis on investment portfolios. In addition, the division will concern itself with such banking and community problems as municipal financing, pledging and tax treatment.

Committees have been established for government relations, communications, education, operations, portfolio and funds management and public finance. L. A. Capaldini, director of the ABA's marketing and deposits divisions, has also been named director of the new division.

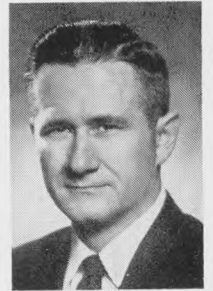
Committee chairmen are T. Scott Fillebrown, president, First American National, Nashville (communications); Donald E. Lasater, chairman, Mercantile Trust, St. Louis (government relations); George Lewis, senior vice president, First National, Memphis (ad hoc steering).

Also Leland S. Prussia Jr., senior vice president, Bank of America, San Francisco (portfolio and funds management); Edward M. Roob, vice president, First National, Chicago (public finance); and Jack C. Rothwell Jr., vice president, New England Merchants National, Boston (education).

ABA Marketing Meeting Planned For Jan. 14 in New Orleans

The American Bankers Association will hold its 1973 marketing conference January 14-17 at the Fairmont Roosevelt Hotel in New Orleans.

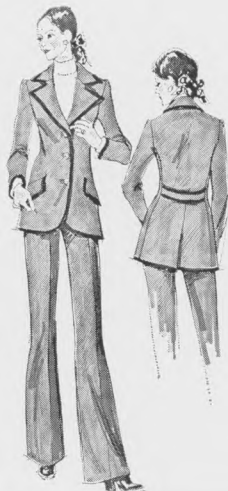
The theme of the conference is "Marketing in the Age of Consumerism," according to C. Gordon Jelliffe, chairman-elect of the ABA marketing division. Conference chairman is Clarence C. Barksdale, president, First National, St. Louis.



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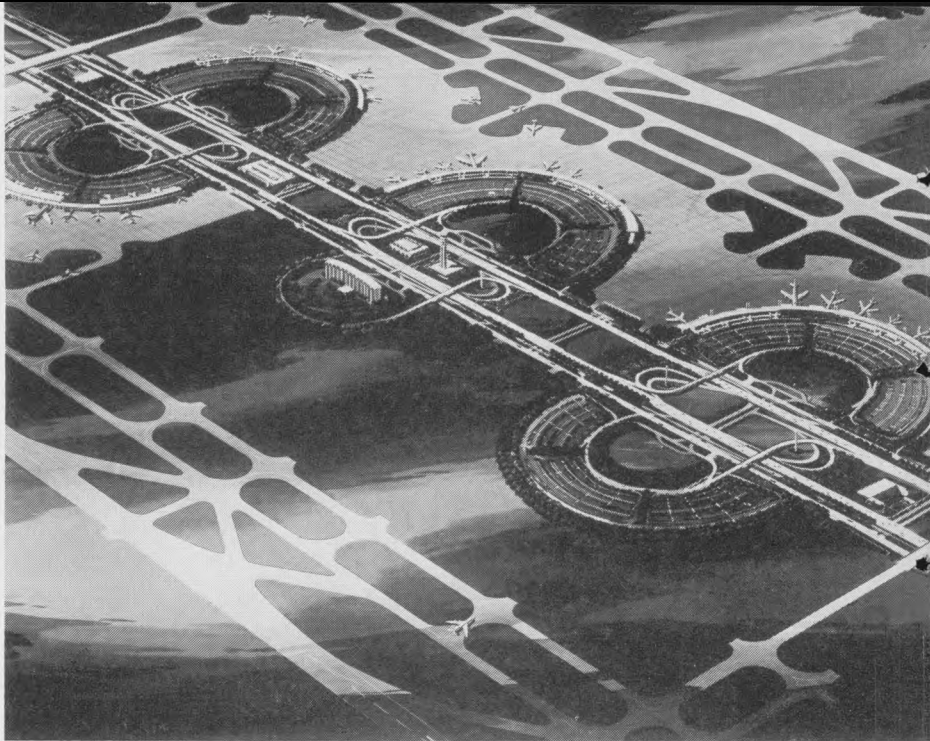
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This artist's rendering shows what Dallas/Fort Worth Airport will look like when finished in 1973. Initially, there will be four half loops in operation, housing eight major airlines. Foundation for fifth terminal loop has been set, and 13 half loops will be in use when airport reaches peak, probably around year 2000. Spine highway will run length of airport.

Completion of Dallas / Fort Worth Airport in 1973 Will Mean \$600-Million Boost for Area's Economy

THE Dallas/Fort Worth Airport will cover some 17,000 acres of land between the two sponsoring cities when it opens in mid-1973, but its influence will be felt far beyond those boundaries.

DFW will not be just another airport where people and planes come and go. It will be a city unto itself, providing jobs and generating growth throughout North Texas. It will inject over \$600 million into the area economy, through goods and services purchased.

The airport is laid out in a series of loops, with each half loop representing a terminal building on its own. Terminals are of modular construction, with the modules precast off site. When the need arises, terminal buildings can be quickly expanded.

Initially, there will be four half loops in operation, housing eight major airlines. Foundation for a fifth terminal loop has been set, and construction can be completed quickly once the need has been determined. Thirteen half

loops will be in use when the airport reaches its peak—probably around the year 2000.

A spine highway, running the length of the airport, will provide easy access for each passenger to drive right to the terminal gate of his departure. The distance from the front door to the airplane is only 120 feet, meaning the walk on board some planes could be longer than that through the terminal building.

The decentralized design of DFW created a need for a transportation system within the airport. AIRTRANS, making use of individual vehicles, will connect all points of the airport, moving passengers, baggage, mail and refuse. The average riding time will be about eight to 12 minutes.

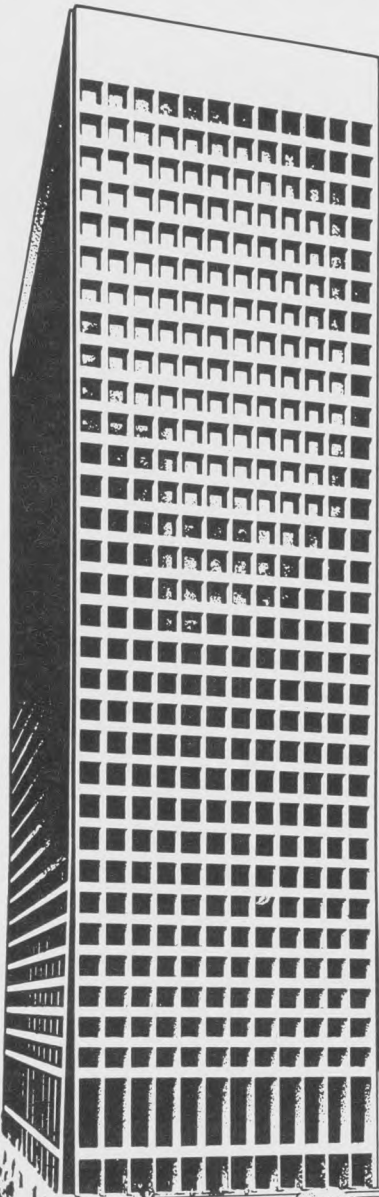
Some 23,000 persons will be employed at DFW Airport to serve the 10,500,000 persons who will board planes there by 1975. Enplanements are forecast to increase to 15,100,000 by 1980, at which time airport employees will number 35,000.

Passengers, of course, are important, but planners have great expectations from air cargo. Cargo operations presently account for only 1% of the passenger market. However, the potential is tremendous. More than 1,900 manufacturing firms that produce materials easily shipped by air are within three



Construction of Dallas/Ft. Worth Airport has reached this stage. Outline of terminal half loops can be distinguished.

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Air-cargo tonnage is expected to increase from 90,000 tons in 1975 to 410,000 tons in 1985. Estimates are that Dallas/Fort Worth Airport, with tonnage developed to meet the capacity of the 747 and use of a planned 200 cargo gates, could eventually handle more freight than any seaport in the world now handles.

Time and weather have been kind to construction of the mammoth facility. All work is on time and in some cases ahead of schedule. Plans are for building to be completed by July, 1973, with the airport becoming fully operational within 90 days thereafter.

A "Texas-style" grand opening is being planned; in the words of Executive Director Thomas Sullivan, "The biggest you've ever seen!" • •

Convention Center

(Continued from page 39)

Steelers at the Cotton Bowl Stadium. Transportation to and from hotels, the convention center and the stadium have been arranged.

Special programs are planned for spouses. Crafts centers and beauty boutiques will be among the activities designed for them.

Dallas is readily accessible from all

parts of the nation. The city's Love Field Airport handles 800 flights daily and is served by eight major airlines and five commuter airlines.

In addition to convention activities, ABA members can also visit such local attractions as Six Flags Over Texas, World of Animals and Seven Seas amusement park. • •

Convention Activity Center

The activity center at the ABA convention is designed to be the hub of continuing educational, entertainment, meal and social functions as well as special program events. It will be open to all registrants.

Conventioneers can gather in the activity center to meet friends and participate in program activities. A schedule of activity center events, including educational films, speakers, entertainment and women's program sessions, will be posted in the convention center.

The activity center includes the registration center, an educational theater seating 300, a Japanese tea garden with eating and lounge facilities and a women's hospitality center.

Activity center hours will be from 7:30 a.m. to 5 p.m. each full day of the convention.

Ed Picha Retires as Second VP Of Continental Bank, Chicago

CHICAGO—When Ed Picha recently retired as second vice president of Continental Bank he set something of a record. In all his 46 years with the bank, he was never late and never used any of his 92 weeks' sick leave, accumulated during the years.

Mr. Picha said his secret for getting to work on time was an early start—he was at his desk in the bank every day by 7:15. He attributed his lack of illness to "a healthy supply of good luck."

He was elected assistant secretary, trust personal, in 1952 and trust officer in the trust pension department in 1960. In 1967, he was named second vice president.



Upon his retirement as second v.p., Continental Bank, Chicago, Ed Picha set a record by never being late or missing one day's work in his 46-year banking career.

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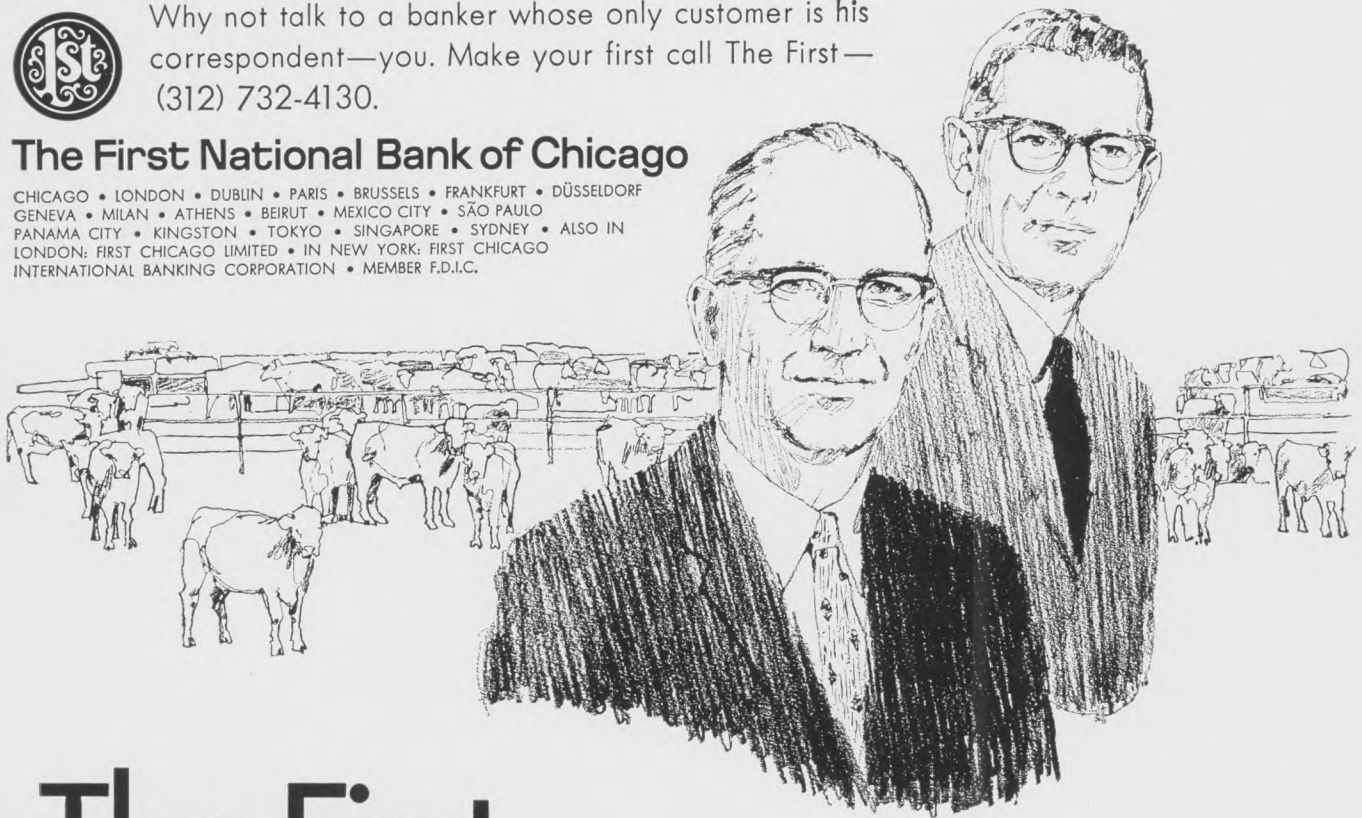
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First Annual Correspondent Banking Seminar Scheduled for New Orleans

THE ABA'S Correspondent Banking Division, whose formation was approved at last year's convention, will hold its first national seminar October 29-31 at the Fairmont-Roosevelt Hotel in New Orleans. The seminar will focus on the future of "A Profession in Transition" by exploring "What Is Ahead for Correspondent Banking?"

"A Profession in Transition" will be the topic of Eugene Swearingen, seminar chairman and president, National Bank of Tulsa. Other speakers and their topics will be "Future Focus: Challenges Facing Correspondent Banking," Dr. Paul S. Nadler, professor of business administration, Rutgers University, New Brunswick, N. J.; and "Holding Companies and Correspondent Banks—Allies or Competitors?," E. A. Jesser Jr., chairman and president, Peoples Trust of New Jersey, Hackensack.

On the morning of October 30, there will be concurrent workshops (series I) on:

"Aspects of Profitability"—account-analysis procedures and alternative methods of calculating costs and utilizing advanced cash-management techniques to maximize the profitability of correspondent relationships.

"Federal Reserve Payments-System Activities"—Federal Reserve Regula-

tions D and J; regional clearing centers; expanding zones of immediate credit and Fed wire usage.

"Service Innovations and Trends"—techniques for increasing fund availability in the check-collection process and the realities of pricing correspondent EDP services.

Concurrent workshops (series II) that afternoon will spotlight:

"Financing Bank and Holding Company Capital Needs"—techniques in providing supplemental capital to correspondent banks and financing HC formations.

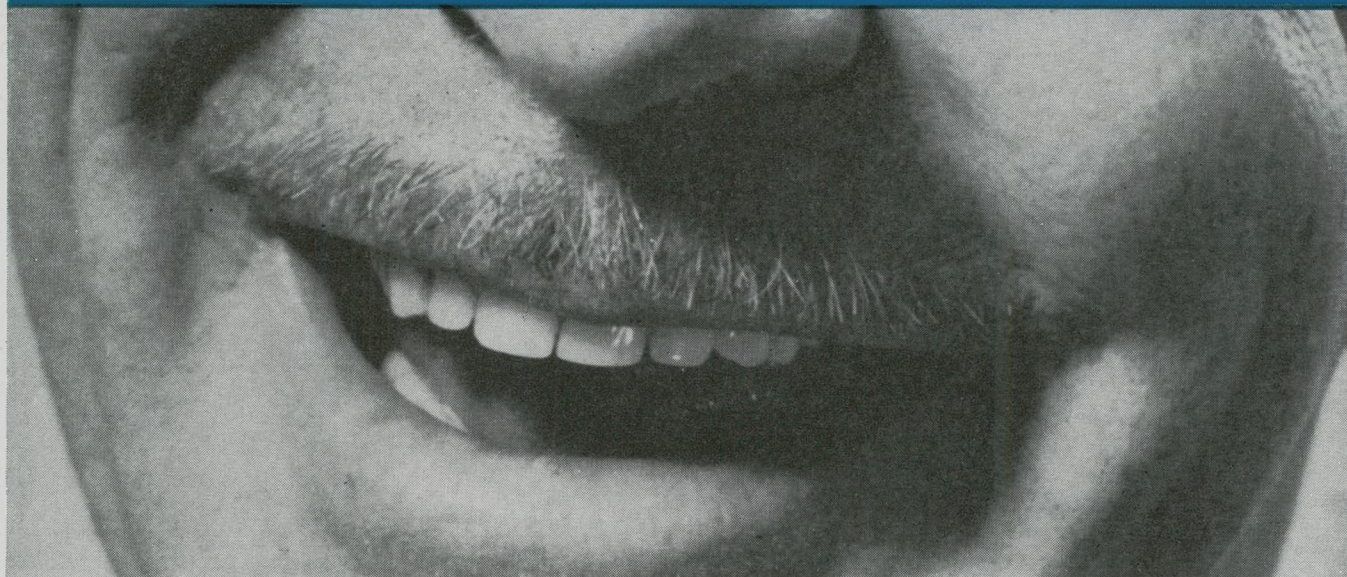
"Service Innovations and Trends"—a small bank's unique arrangement with its correspondent and what organizers of a new bank really look for in a correspondent.

"Implications of Current Payments-System Developments"—what's happening with automated clearinghouses,

Brochure describing ABA's first national Correspondent Banking Division seminar gets final approval from key division banking officials: (seated, l. to r.) Victor H. Winfrey, division vice chairman; John F. McGillicuddy, division chairman; James E. Brown, Government Relations chairman; and Charles T. Fisher III, Communications chairman. (Standing, l. to r.) Hugh L. McColl Jr., Research chairman; Eugene Swearingen, Education chairman and chairman of seminar; Willis Alexander, ABA executive vice president; and John S. Clark, ABA Correspondent Banking Division director.



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Following these workshops, delegates will be able to "table hop" and ask questions of the experts of their choice.

The next morning, concurrent workshops (series III) will have these topics:

"Bank Holding Companies"—a current perspective on HC developments and competitive implications as viewed by the Justice Department.

"Service Innovations and Trends"—participation and other lending opportunities and providing trust/investment advisory services through the correspondent system.

"Governmental Relations"—Hunt Commission's recommendations: potentials and current realities; a thrift industry perspective; a commercial banker's viewpoint and potential implications for correspondent banking.

A general session will follow and will feature a panel discussion of "Correspondent Banking—the Regulators' Viewpoints."

Registration will be held from 3-8 p.m. October 29, with a welcome reception from 6 to 7 o'clock that evening. Luncheons will be held October 30 and 31, and a "New Orleans style"

reception is planned for 6-7:30 p.m. October 30.

John F. McGillicuddy, president, Manufacturers Hanover Trust, New York City, is chairman of the Correspondent Banking Division's executive committee. Vice chairman is Victor H. Winfrey, vice chairman, United California Bank, Los Angeles.

In addition to Mr. Swearingen, members are: Donald N. Baxter, vice president, Marshall & Ilsley Bank, Milwaukee; James E. Brown, senior vice president, Mercantile Trust, St. Louis; J. Grant Byus, senior vice president, Texas Commerce Bank, Houston; Philip L. Cornell, executive vice president, Seattle-First National; Charles T. Fisher III, president, National Bank of Detroit; F. Phillips Giltner, president, First National, Omaha; John F. Goodwin, vice president, Fort Worth National; Joe L. Hamilton, executive vice president, Citizens Fidelity, Louisville; C. Paul Lindholm, vice president, Northwestern National, Minneapolis;

Roger A. Lyon, executive vice president, Chase Manhattan, New York City; Hugh L. McColl Jr., executive vice president, North Carolina National, Charlotte; James C. Merkle, president, Union Planters National, Memphis; Marvin F. Owens, senior vice

president, Central Bank, Denver; D. Raymond Riddle, senior vice president, First National, Atlanta; Dale C. Smith, executive vice president, Central National, Des Moines, Ia.; Robert C. Suhr, executive vice president, Continental Illinois National, Chicago; Robert F. Wheeler, senior vice president, New England Merchants National, Boston; and John S. Clark, director of the division, Washington, D. C. • •

Restructuring

(Continued from page 42)

ed in several of the banks to gain a preliminary analysis of the investment potential of each bank. Initial decisions probably will be made early this fall.

National Economic Policies. ABA President Allen P. Stults wrote a letter July 27 warning against renewal of inflationary pressures in the economy due to soaring federal spending and borrowing. He sent the letter to senior Administration officials and chairmen of key Senate and House committees. Mr. Stults proposed a three-point plan to cope with the out-of-control budget and spending situation:

- Adoption of five-year budget projections in both aggregate terms and in program detail.

- Assignment of definite termination dates to all new expenditure programs, as well as existing programs that are outdated or of questionable value.

- Designation of an effective congressional committee charged with the responsibility of evaluating the budget as a whole, rather than piecemeal as is now the custom.

Government Relations. Through its Government Relations Council, the ABA keeps in touch with Capitol Hill, the Federal Reserve Board, FDIC, Treasury, Commerce and Labor departments, Federal Trade Commission and many other agencies whose activities and decisions affect banking.

The ABA closely watches all legislation related to banking that is in the congressional hopper. At any one time, the association may be monitoring 50 to 60 bills affecting the banking industry that are in various stages of advancement. Twenty to 30 get extensive action from Government Relations. The ABA prepares and presents testimony at hearings and keeps ABA members informed about proposed regulations and what they mean to bankers in their day-to-day operations.

In the past year, the ABA has devoted attention to bills on such topics as state taxation of banks, 100% insurance of deposits of public funds, the

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Fair Credit Billing act, consumer-product warranties, Federal Financing Bank, Rural Development Act, student loans and legislation on housing, pensions and securities (see page 158).

Regulations D and J. Last June, the Federal Reserve Board approved new rules regarding reserves and check clearing, these rules becoming effective this September and October. They will impose the same reserve requirements on all member banks of like size, regardless of where they are located, and will require all banks served by the Fed's check-collection system to pay—in immediately collectable funds—for checks drawn on them on the same day the Fed presents the checks for payment.

The Fed modified its initially proposed changes in Regulations D and J on the basis of comments it received. These include suggestions from the ABA that reserve requirements for small and medium-sized banks should be lowered, that some provision for phasing in the new requirements be made for banks outside reserve cities and not served by regional check-processing centers and that the number of such centers be increased.

Research and Planning. In June, the first ABA symposium for bank planning officers was held in Chicago under sponsorship of the Research and Planning Committee. Purpose of the meeting was to bring together a large number of senior bank planning officers to identify and discuss the most significant long-range planning issues facing banking.

Topics covered included issues and assumptions about banking's future environment, goal setting, holding company issues and thoughts on the future economic environment. Thirty-seven planning officers from banks throughout the country took part.

Secondary Student Loan Market. President Richard Nixon signed the Higher Education Act of 1972 into law in June. The act includes a revision of the guaranteed student loan program. The ABA currently is awaiting the establishment of "Sally Mae," a second-

'Speak Up' Theme

Theme of the 1972 ABA convention is "Speak Up." Every one of the expected 11,000 conventiongoers will be given an opportunity to air his problems, gripes, ideas and opinions during the five-day meeting.

Special question cards will be distributed in the registration kits, during general sessions and at three "Speak Up" stations on the main floor of the Dallas Convention Center. The stations will be equipped with tape recorders to take questions and commentary from bankers.

Some of the questions will be answered during the convention, others will be answered by mail by the appropriate ABA division following the convention.

ary market for these loans, a concept it has long encouraged. The ABA is working with the Department of Health, Education and Welfare and the Administration in smoothing out some of the misinterpretations and procedural difficulties in the student loan program itself.

Consolidated School Program. A task force to consider the advisability of and recommendations concerning the consolidation of the ABA schools program on one campus year-round was scheduled to be held last month in Chicago. No decisions have been announced.

Cash-Management Seminar Held at Third National For Executives of Firms

NASHVILLE—Third National held a cash-management seminar August 17-18 and invited financial executives of major corporations across the country to attend.

Topics discussed included: "Executive Emphasis on Cash Management," "Lock-Box Techniques and a Case Study," "The Computer and Cash Management," "A New Thought on Dispersing," "National Data Corp.:

What It's All About," "The Banking Industry's Response to Postal Service Cash-Management Needs," "The Singer System: How It Was Built and Built Quickly," "Cash Management: Past, Present and Future" and "An Insurance Company Looks at Cash Management."

In addition, there were panel discussions on "Determining Your Cash-Management Needs," "The Bank's Role in Cash Management" and "Building an Effective Cash-Management System."

The bank believes it is the first bank in the Southeast to undertake a seminar of this magnitude and indicated that response to invitations to attend the seminar was outstanding.

■ NEW YORK—Chemical Bank has elected Peter R. Genereaux, James W. Wolff, Theodore C. Bothmann, Philip J. Trabulsky Jr., Allen M. Cohen, Miss Ellen Bowers and Donald H. Weisbecker vice presidents. All were assistant vice presidents.

Work Standards?

Interested in "work measurements and standards?" Then you'll be interested in an approaching convention of the MTM (Methods and Time Measurement) Association for Standards and Research.

This organization will meet in Atlanta at the Royal Coach Inn, October 16-18. Write to James P. O'Brien, executive director, 9-10 Saddle River Road, Fair Lawn, N. J. 07410 for full details.

You'll find bankers in attendance. Specific subjects for banks: Account and Relationship Profitability Analysis and Market and Cost Planning.

This organization and its programs deal with methods improvement, work simplification and work-measurement tools. Banks, although not heavily represented in these meetings, are beginning to show an appreciation of the subject as a means of controlling the size of their work forces. Worth looking into.—

Editors

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At the request of President Nixon, the National Law Enforcement Assistance Administration (LEAA), working with the Department of the Army, has established a concentrated, three-week "Hazardous Devices Course" to train local and state law enforcement personnel who must deal with the growing threat and use of explosives.

Army Explosive Ordnance Disposal (EOD) specialists from throughout the Free World have been assembled to serve as instructional personnel.

Mississippi's Division of Law Enforcement Assistance has been selected as national coordinator of the elite program. Training will be limited initially to selected individuals from the police departments of the nation's 75 largest Standard Metropolitan Areas.

Aggressive leadership on the part of Mississippi's Division of the LEAA during the infancy of the project demonstrated to the nation and the world that Mississippi not only has an interest in the affairs of the nation, but also the expertise to play a fundamental role in attacking problems in unique ways.

Yes, innovative action is taking place in Mississippi to seek a better tomorrow for all people.

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First National Bank, McComb;
The Bank of Greenwood, Greenwood;
Tylertown Bank, Tylertown

Three Texans Were Presidents of ABA: One From Dallas, Two From Houston

THREE MEN from Texas have held the office of ABA president. One of them, the late Fred F. Florence, was a banker in Dallas, this year's host city to the ABA convention. The two others were from Houston—Francis Marion Law, who died in 1970, and Nat S. Rogers, who is president, First City National.

Mr. Florence, who died on Christmas Day, 1960, at the age of 69, headed the ABA in 1955-56. Although born in New York City, Mr. Florence was brought to Rusk, Tex., when he was only six months old. He was 15 when he took his bank job at First National, Rusk, moved to American Exchange Bank, Dallas, in 1911 and then to First State, Ratchiff, Tex., before joining Alto State, also in Texas, as vice president in 1912. He became its president in 1915. During World War I, he served in the U. S. Army's Aviation Corps and, after the war, returned to bank in Alto, where he also was mayor. In 1920, Mr. Florence became first vice president and a director of Guaranty Bank, Dallas, a forerunner of Republic National, was elected president of Republic in 1929 and chairman of the executive committee in 1957. He was in the latter post at the time of his death.

Mr. Florence headed the Texas Bankers Association in 1936.

His long career including serving in 1956 as chairman of the banking committee in President Dwight Eisen-



FLORENCE



ROGERS

hower's "People to People" program to promote international understanding and friendship and receiving the Benemerenti Medal in 1959 from Pope John XXIII. He also held honorary doctor of law degrees from Westminster College, Fulton, Mo., Oklahoma City University and Texas Technological College, Lubbock.

Mr. Law (no photo available) died at the age of 93, June 2, 1970. His term as ABA president was in 1933-34. He was a native of Bryan, Tex., and received a law degree from the University of Texas in 1897. The following year, he joined First National, Bryan, left there in 1908 to become cashier at Commercial National, Beaumont, Tex., and joined First National, Houston, predecessor of First City National, in 1915. He started there as senior vice president, became president in 1930 and chairman in 1945. Mr. Law was named inactive chairman in 1952 and retired in 1955, when he was retained

in the especially created post of consultation chairman. Until he died, he continued in that post following the 1956 merger of First National and City National into First City National.

As ABA president, Mr. Law helped revise the National Banking Act during the depression in 1933 and—according to the Houston *Chronicle*—drafted the FDIC charter for President Franklin Roosevelt's "New Deal" Administration.

Like Mr. Florence, Mr. Law was president of the Texas Bankers Association.

Mr. Rogers, the most recent ABA president from Texas (serving 1969-70), is a Mississippian by birth and spent the first 22 years of his banking career in Mississippi. He received a B.A. degree from Millsaps College, Jackson, Miss., in 1941 and an M.B.A. from Harvard Business School in 1947. In between, he was a lieutenant with the U. S. Navy Supply Corps Reserve during World War II.

In 1947, Mr. Rogers joined Deposit Guaranty National, Jackson, Miss., as a credit department employee. He advanced through several posts until being elected a director and president in 1958. He was given the additional title of chief executive officer in 1966. He left Deposit Guaranty in February, 1969 (while serving as ABA vice president) to join Houston's First City National as president. He also is president of First City Bancorp. of Texas, Inc., whose principal affiliate is the bank.

Mr. Rogers is a former president of the Mississippi Bankers Association and of its Junior Bankers Section and also headed the Southeastern Chapter of Robert Morris Associates. He is on the Texas Bankers Association's legislative committee. In the ABA, Mr. Rogers is on the board and has served as president of the savings division, chairman of the committee on credit unions and as a member of the executive council.

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Dynamic Dallas

(Continued from page 46)

that proven oil reserves were bankable assets. This historic move made possible the independent gas and oil industry of the Southwest and was largely responsible for giving Dallas its place in financing the industry.

Mr. Adams is also credited with instituting a system of payments by drafts for cotton, a system which is said to have saved Texas cotton producers from disaster. In 1931 he saved West Texas wool and mohair growers by persuading the Reconstruction Finance Corp. to advance a marketing loan over the opposition of its chairman.

In 1950, while in his 61st year with First National, Mr. Adams was named honorary chairman. He died in 1966.

Robert L. Thornton, another pillar in Dallas banking, shared the humble beginnings of Messrs. Florence, Wooten and Adams. Born in 1880 in a half dug-out house on the banks of the Brazos River in Hamilton County, Tex., he was the son of a tenant farmer.

When Robert was seven, his family moved to Ellis County, where the youngster became a champion cotton picker. Young Mr. Thornton complet-

ed school at Bristol and went to work as a clerk in a general store at \$18 a month.

Two years later he borrowed money from his boss to attend business school in Dallas. He remained in the city and worked as a candy salesman. Later he was co-owner of a bookstore until the state passed a free textbook law, forcing the business to close.

In 1916, Mr. Thornton founded what is now Mercantile National with \$6,000 of borrowed money. He served as president from the inception of the organization—which was known then as Stiles, Thornton & Lund—until he was elected chairman in 1947.

At the time of Mr. Thornton's death in 1964, Mercantile had grown from that original \$6,000 to one of the nation's 100-largest banks with total resources of \$600 million—without benefit of a merger or consolidation.

Drafted for Mayor

Mr. Thornton, known to many as "Uncle Bob," was drafted to run for mayor of Dallas in 1953 on the Citizens Charter Association ticket. He served four terms, "keeping the dirt flying," as he put it. During this time Dallas was the recipient of \$130 million in public improvements.

One of Mr. Thornton's greatest interests was the Texas State Fair, of

which he was president for 19 terms. He played a key role in the construction of the Cotton Bowl on the fairgrounds.

"We got greener grass, taller trees and bluer skies than any other fair in the world," he once told the fair directors. "We got more ducks on the lagoon and more birds under the trees. And, gentlemen, we got a cash register under every bush, and we're planting more bushes!"

In 1969, the office of chairman at Mercantile was assumed by Mr. Thornton's son, R. L. Thornton Jr., who began his career at the age of 10 as a bank messenger. After attending Southern Methodist University and Harvard Business School, young Mr. Thornton joined the investment firm of Rauscher Pierce in 1934.

After seeing combat duty in the Pacific with the Air Force in World War II, Mr. Thornton left the service to accept the position of vice president of Mercantile. He was promoted to senior vice president in 1957, executive vice president in 1961, director in 1964, president in 1966 and chairman in 1969.

Mr. Thornton Jr. shares the reins at Mercantile with Lewis F. Lyne, president and director, and J. D. Francis, chairman of the executive committee and CEO.

A graduate of Vanderbilt University, Mr. Lyne served as a Navy pilot in World War II before starting his career in the securities field in 1945 as a salesman for Equitable Securities Corp. He later served as southwest regional manager of the municipal bond department for Merrill Lynch, Pierce, Fenner & Smith.

He came to Mercantile in 1952 as vice president in charge of the bond department. He was promoted in 1963 to senior vice president and to executive vice president in 1965. He was elected president and director in 1969.

J. D. Francis began working for Mercantile in 1925 as a runner to the clearing house. Shortly afterward he started in the mortgage loan department as a bookkeeper.

He was elected assistant cashier in 1927 and was made manager of the mortgage loan department in 1928. He became a vice president in 1939, senior vice president in 1951, a director in 1956 and executive vice president in 1957.

In 1961 Mr. Francis was elected president of the bank. He served as chairman of the board and CEO from 1966 until 1969, when he became chairman of the executive committee and CEO.

The present regime at Republic National includes James W. Aston as chairman and CEO; James W. Keay

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TE-345

as president; and James D. Berry as vice chairman.

Mr. Aston, born in Farmersville, Tex., in 1911, attended Texas A&M College, where he was fullback and captain of the football team in 1932.

After serving as chief of staff in the Air Transport Command in World War II, Mr. Aston joined Republic as a vice president in 1945. He rose to executive vice president in 1955, president and director in 1957, president and CEO in 1961 and chairman and CEO in 1965.

James W. Keay, born in Manley, Ia., in 1921, received his BA degree in economics in 1947 from Rutgers University after serving as a master sergeant in the Army in World War II.

He went on to earn a master of business administration degree from Northwestern University in 1948 and later attended the Graduate School of Banking at Rutgers for three years and was a member of the graduating class of the 46th advanced management program at the Harvard University Graduate School of Business Administration.

Beginning in Republic's credit department, Mr. Keay advanced to the mortgage loan department and was made an assistant cashier in 1953 and an assistant vice president later that same year. After serving as executive vice president, he was made president in 1965.

James D. Berry, a native of Sapulpa, Okla., graduated from the University of Oklahoma in 1943 and served as a captain in the Army in World War II.

He later returned to Sapulpa to accept a position as assistant cashier at American National, where he had previously worked as a bookkeeper and teller. In 1948 he was made an assistant vice president and two years later accepted the same position with Republic of Dallas.

Mr. Berry rose to vice president in 1951, senior vice president in 1961 and member of the executive committee in 1962. The following year he became executive vice president in charge of business development and was elected vice chairman in 1967.

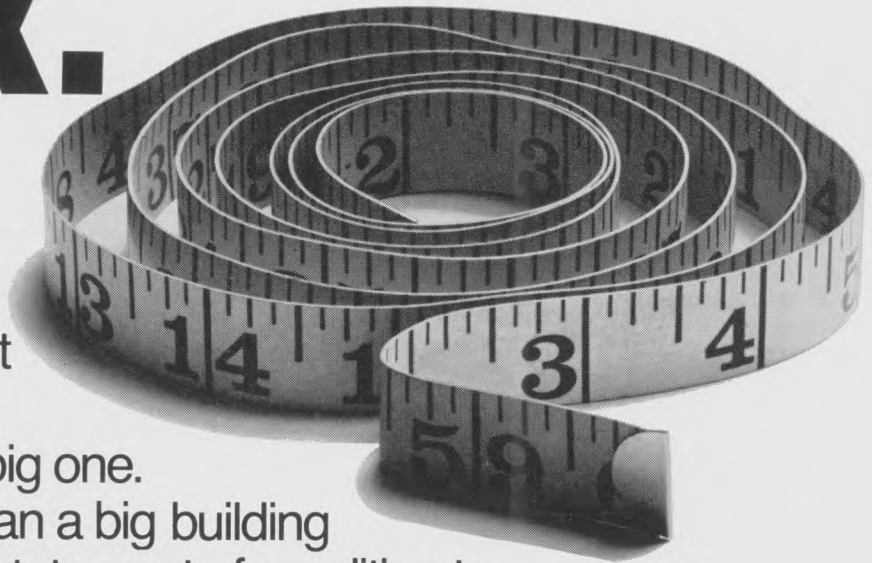
First National, now running a close second to Republic in amount of deposits among Dallas banks, is under the direction of Robert H. Stewart III as chairman and CEO and W. Dewey Presley as president.

Born in 1925 in Dallas, Mr. Stewart served as an infantry lieutenant in World War II and later in Korea. In 1949 he received his BBA in banking from Southern Methodist University.

Mr. Stewart began his banking career as a runner for Empire State in Dallas in 1949 and was promoted to

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assistant cashier in 1950. In 1951 he came to First National as an assistant cashier in the business development department.

He was promoted to assistant vice president in 1953 and to senior vice president in 1959. In 1960 he became one of the youngest men in the nation to head a bank of First National's size and importance when he was made president and CEO.

In 1965 Mr. Stewart was elected chairman and CEO, assuming the leadership of the bank that had earlier been led by his grandfather, R. H. Stewart Sr., one of the founders of Trinity National, Dallas, and the first vice chairman of First National.

Mr. Stewart III gained national recognition in 1970 when he served as chairman of Ling-Temco-Vought, Inc., during its period of reorganization. He also received national recognition among bankers when he served as a member of the Hunt Commission last year.

W. Dewey Presley, a native of Gilmer, Tex., graduated from Baylor University in 1939 and went to work as an accountant for the Magnolia Petroleum & Pipeline Co. He served as a special agent for the FBI from 1942-52, when he began service with First National as an assistant trust officer.

He was promoted to assistant vice president and controller in 1953; vice president, commercial loans, in 1954; and senior vice president in 1960. He was elected chairman of the executive committee and director in 1963 and president in 1965.

Texas Bank & Trust of Dallas is now guided by Oscar C. Lindemann as chairman and Charles G. Young Jr. as president.

Mr. Lindemann, a native of Bartlett, Tex., received his BBA from the University of Texas in 1947 and his MBA in 1948. He taught banking and finance there from 1947-51 and later taught at Southern Methodist and Louisiana State universities.

He served as president of the Dallas Clearing House Association from 1969-70 and as president of the Texas Bankers Association from 1971-72.

Charles G. Young Jr. was born in Kirksville, Mo. After receiving his AB from Northeast Missouri State Teachers College in 1939 and his JD from the University of Missouri School of Law in 1940, he served as special assistant to the technical advisor to a committee appointed by the Missouri Supreme Court to draft a civil code of pleading and procedure.

In 1940 Mr. Young went to work for the law firm of Warrick, Koontz & Hazard. He returned there after World War II and remained until 1947, when he was appointed assistant

Davis Seeks Second Term



Joe H. Davis, executive vice president, First National, Memphis, is a candidate for a second term as ABA treasurer. He was elected to the post in October, 1971. He joined his bank in 1928 as a messenger, spent nine years in operations and 10 years in the bond department, eventually being named manager. He has served as chairman of the public relations department, head of the local business development program, liaison officer for branches and as senior vice president in charge of the correspondent bank division. He was named to his present post in 1969. He was president of the ABA marketing/savings division from 1968-69.

general counsel for the St. Louis Fed. He became general counsel in 1949 and also served as secretary to the Conference of Presidents of Federal Reserve Banks.

In 1947 Mr. Young was elected chairman of City National, Kansas City, where he served until 1971 when he became president of Texas Bank, Dallas.

Holding the position of president and CEO at National Bank of Commerce in Dallas is John M. Gray, a native of Lamesa, Tex.

Mr. Gray began his banking career with First National in Dallas in 1950. In 1966, having attained the position of senior vice president, he moved to Exchange Bank, Dallas, where he remained until 1967. While there he rose to executive vice president and director.

Mr. Gray came to NBC in 1967 as chairman of the executive committee and CEO. He was later promoted to president and CEO.

Under Mr. Gray's leadership, the bank has more than quadrupled in size, rising from seventh to fourth locally, and from an unranked position nationally to 274th.

No list of banking personalities in Dallas would be complete without the name of the president of the Dallas Fed. Dr. Philip E. Coldwell, a native of Champaign, Ill., and a former professor of economics at universities in Montana, Illinois, Wisconsin and Louisiana, joined the Dallas Fed in 1952. He served as research officer and first vice president and became president

in 1968, succeeding the late Watrous H. Irons.

Dr. Coldwell has been an outspoken proponent of banking reform, calling for a stronger state regulatory agency and suggesting the creation of a federal supervisory examination authority.

Dallas bankers today are different from their forerunners who established and built the banks of the city. They are less likely to have been born in a cabin and probably spent more of their early years in classrooms than in cotton patches.

But the new bankers are marked by the same pioneering spirit as were their predecessors. They have a tradition to uphold—a tradition of being the kind of banker a person goes to when he wants to get things done. These new bankers are upholding the traditions established by the early Dallas bankers—and giving them new meaning every day. • •

■ NEW YORK—Lauren L. Suter and Franklyn Adler have been promoted to vice presidents in the financial controls group at Chase Manhattan, and Ernest F. Gustavson has been named vice president in the institutional banking department.

Officer Promotions Announced By Texas Bank of Dallas

DALLAS—Texas Bank has announced several new promotions, including that of C. Robert Forsyth to senior vice president in the commercial loan division.



FORSYTH

Before joining the bank last year, Mr. Forsyth was a commercial loan officer for Republic National, Dallas, and served as vice president, general manager and investment committee chairman of the bank's subsidiary, Republic Small Business Investment Co.

Daniel A. Flynn was elected a vice president in the correspondent bank department. He had been with the Texas banking department since 1965 and became a senior bank examiner in 1969.

Also named vice presidents were George L. Stockwell, real estate department of the commercial loan division, and Kenneth R. Spreen, trust division. Mr. Spreen also was named trust investment officer and head of the trust investment department.

Named assistant vice presidents were Bobby J. Burris, trust officer, and Michael J. Gray, BankAmericard division.

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Bankers Urge Government Spending Clampdown

THE BANKING industry has urged adoption of a program to attack inflation by curbing unwarranted growth in federal spending and borrowing.

In a personal letter addressed to senior administration officials and chairmen of key Senate and House committees, Allen P. Stults, ABA president, warned against the renewal of inflationary pressures and their adverse impact upon the American people.

The ABA president proposed a three point plan to cope with soaring federal spending and borrowing:

- Adoption of five-year budget projections in both aggregate terms and in program detail.

- Assignment of definite termination dates to all new expenditure programs as well as existing programs that are outdated or of questionable value.

- Designation of an effective congressional committee charged with the responsibility of evaluating the budget as a whole, rather than in individual pieces as is now the custom.

Mr. Stults noted that five-year projections would provide formal recognition of the ultimate costs of programs

and lead to better decision making. In conjunction with termination dates for new spending programs, he advocated the development of new incentive systems to motivate top government executives to identify and terminate wasteful activities in their areas of responsibility.

Mr. Stults also cautioned against the burgeoning role of federal government borrowing in the nation's credit markets.

"We estimate that combined Treasury and federally-assisted borrowing from the public will amount to approximately \$60 billion in 1972. This would represent roughly 50% of expected total credit demands in the economy, compared with 42% in 1971; 31% in 1970; and only 18% in 1969," Mr. Stults said in his letter.

He also pointed out that federal spending is now 38% above the 1968 level.

He called for early termination of the wage-price control program, but stressed that improved control over federal spending must be achieved first to be certain that decontrolling wages

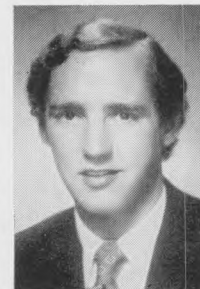
and prices does not undermine efforts to reach full employment with relative price stability.

"We feel that major emphasis must now be placed on implementing appropriate monetary and fiscal policies, rather than wage-price controls," said Mr. Stults. • •

Albert Promoted in Nat'l Division Of Manufacturers Hanover

Manufacturers Hanover Trust, New York, has elected Conrad P. Albert an assistant secretary in the national division. He represents the bank in New Mexico, Oklahoma and Texas.

Mr. Albert joined the bank's management program in 1969. He was named a division analyst for the credit department in 1970, a loan analyst for the national division in 1971 and an area representative (national-southwestern) earlier this year.



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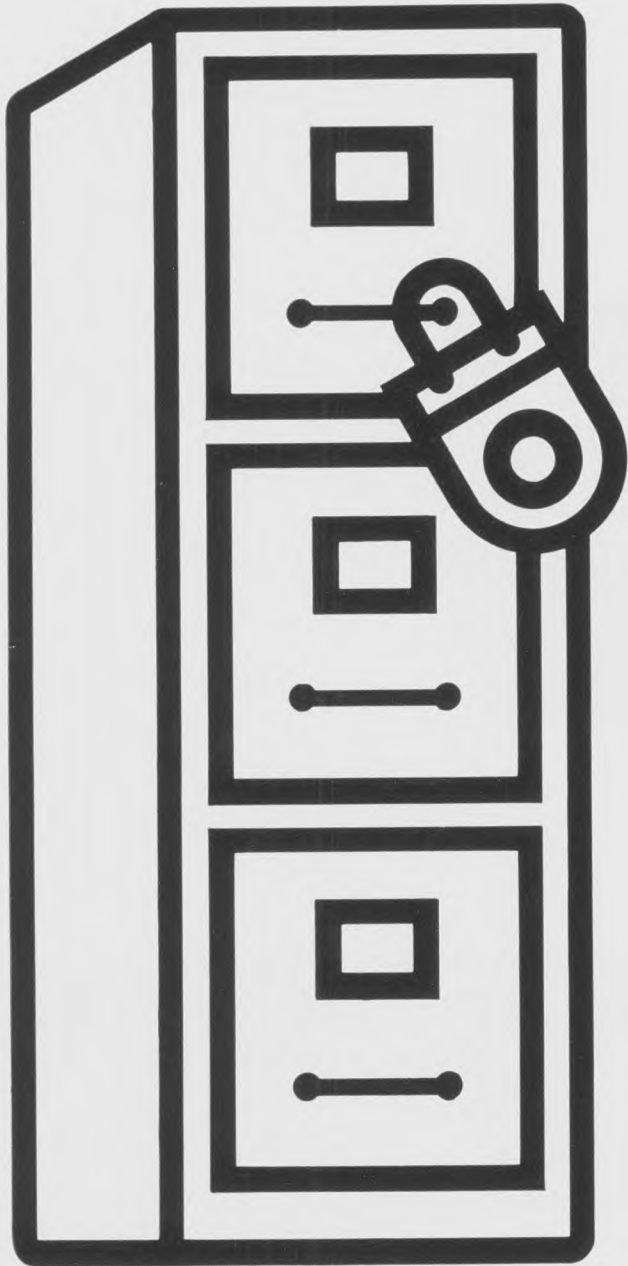
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HOW DO you tie in community beautification with the opening of a new drive-up facility? Bank of Lisle, Ill., did it by having officers and directors saw through a board that supported a row of ten-inch spruce seedlings, which the bank then gave away to mark the occasion. Actually, the bank gave away some 5,000 Colorado blue spruce seedlings in connection with its opening. That many up-and-coming trees can pack a terrific wallop when it comes to beautification. Lisle is known as the Arboretum Village because it is the home of a well-known arboretum for living woody plants. Thus the seedling give-away was considered to be a most appropriate one!

idea
page



'HAWAII CALLS' DECOR ENHANCES TRAVEL DEPARTMENT

ONE WAY to attract attention to a new travel department is to dress shapely bank personnel in muumuus and order fresh Hawaiian orchids for the occasion. That's what Southwest Bank, Irving, Tex., did when it initiated its travel department. Decor in the form of posters added to the "let's-get-away-from-it-all" appeal of the area.

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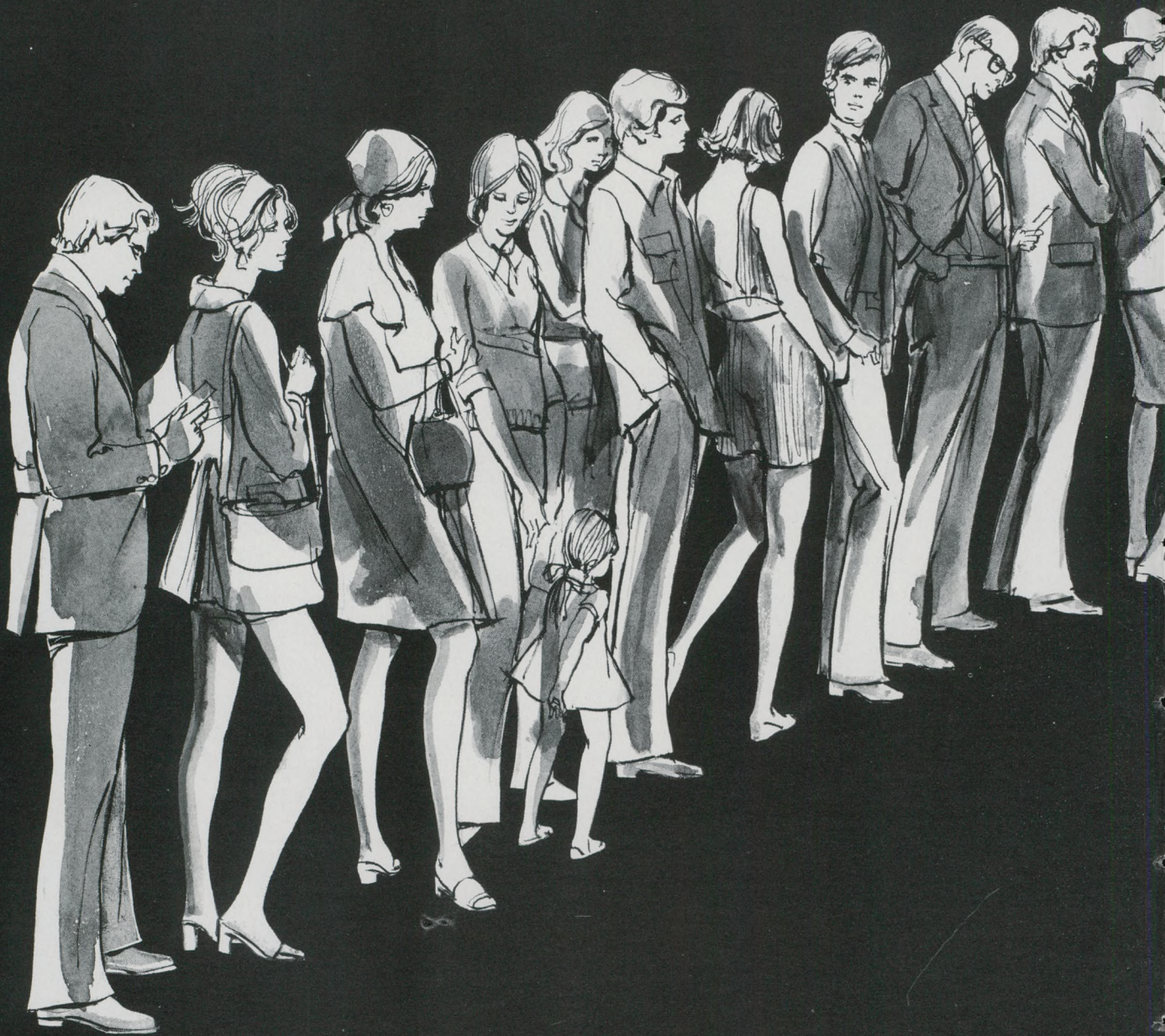
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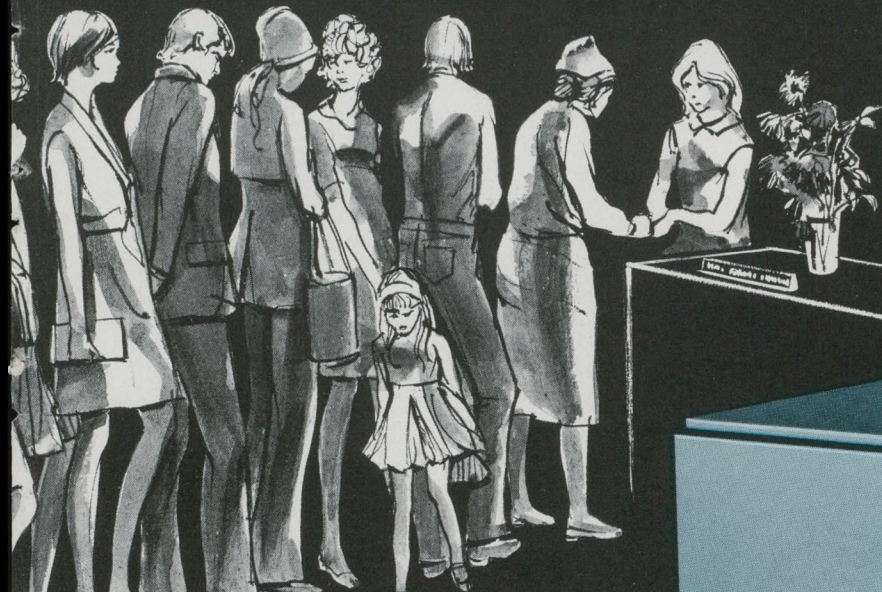
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Nearly completed Louisville Trust building (left) still bears crane on roof. Spectators watched as helicopter removed crane and deposited it in street below.



Structural Completion of New Building Observed by Louisville Trust

HIGHLIGHT of the observance of structural completion of the 23-story office tower of Louisville Trust was the removal of the giant steel crane from the roof of the building by helicopter. City officials were invited to witness the event.

The helicopter operation was considered to be a "first" in the Louisville area. A large crowd of observers watched as the 4,300-pound boom of the crane was attached to the heli-

copter. The pilot then flew the boom out over the nearby Ohio River, made a sweeping turn and deposited the boom on the street adjacent to the bank building.

The building is located in the center of Louisville's new \$100-million Riverfront Development, on the site of a building said to be the first skyscraper to be built south of the Ohio River.

Constructed of white Alabama marble, bronze-finished aluminum and solar

tinted glass panels, the building is the first in the development to be completed. Adjacent areas are occupied by the 710-room Galt House Hotel and an 11-acre Riverfront Park.

The bank plans to occupy 75,000 square feet of the 300,000-square-foot structure, and has options to move into additional portions of the building when more space is needed. Target date for moving into the building is late summer. ••



Louisville Trust Chairman John H. Hardwick (r.) talks with Al J. Schneider, developer, during recent ceremonies marking structural completion of bank's building.

Whyel, Bickmore Nominated For ABA's 1973-74 Term

Two candidates for ABA officer posts for the 1973-74 term have been nominated. They are George L. Whyel, vice chairman, Genesee Merchants Bank, Flint, Mich.—candidate for president-elect; and J. Grant Bickmore, president and CEO, Idaho Bank, Pocatello—candidate for treasurer.

Mr. Whyel, who has been endorsed by the Michigan Bankers Association, began his banking career in 1931 with First National, Miami, Fla., and Coral Gables (Fla.) First National. From 1937-41 he served as vice president and director of Coral Gables First National and as a director of First of Miami. From 1941-57 he served as treasurer of a firm in Flint, Mich. He joined Genesee Bank in 1957 as senior vice president and was elected president in 1958.

Mr. Bickmore has been endorsed by the Idaho Bankers Association. He became a banker in 1934 as bookkeeper-teller at Downey (Idaho) State. He was named manager in 1941. In 1946 he joined Security First National, Los Angeles, and later became an examiner



WHYEL



BICKMORE

for the San Francisco Fed and the Department of Finance in Idaho. He joined his present bank in 1950 as cashier and was made president in 1963.

Medium Bank Profit Survey Published by ABA

WASHINGTON, D. C.—The most successful medium-size commercial banks are those that maintain lower than average cash positions and higher than average loan-to-deposit ratios, according to a new study published by ABA.

Medium-size banks are defined as

those with deposits ranging from \$10 million to \$25 million.

The study was prepared by William R. Bryan, professor of finance at the University of Illinois. It is entitled "The Determinants of Bank Profits," and it statistically analyzes the characteristics and practices common in successful banks but lacking in less-successful banks. The survey forming the basis of the study was conducted among 1,600 medium-sized banks over a five-year period.

Among the conclusions drawn from the study are the following: successful medium-sized banks hold markedly smaller cash positions, have a minimal percentage of low-yield loans, maintain substantially higher loan portfolios and achieve higher yields on the loans they make.

The study, the eighth in a series prepared on banking and finance for the ABA's research and planning department, is available for \$3 from the Order Processing Department, American Bankers Association, 1120 Connecticut Avenue, N. W., Washington, D. C. 20036. When ordering, refer to catalog #1837, Determinants of Banking Profitability, 1971.

CABA and ABA Formulate Merger Plans

THE CHARGE Account Bankers Association (CABA) will dissolve its organization and merge with the ABA next month. The action was authorized at the CABA's 19th annual conference in July.

United, the organizations are expected to provide more effective support to government relation activities as well as reducing duplication of dues and efforts in producing conferences, newsletters, schools, standards, etc. A consolidated organization is expected to provide an association structure which, through new vitality, can produce significant results in support and service to this banking activity.

The executive committee of the ABA bank card division has unanimously approved the concept of merger and the adoption of bylaws jointly prepared by an ABA-CABA working organizational committee.

A full report of reorganization plans, jointly prepared by the ABA-CABA organization committee, will be presented to the industry at the ABA Credit Card Conference, September 11, in Denver.

The CABA, organized in 1953, has a nationwide membership of 315 major banks. Under the merger, the professional interests of credit and bank card bankers will be served by a reorganized

Two Cards for Worthen

LITTLE ROCK—The U. S. District Court has permanently enjoined National BankAmericard Inc. from enforcing its bylaw which prohibits banks issuing BankAmericard charge cards from participating in other charge card systems. The court previously concluded that the bylaw was in violation of antitrust laws.

Worthen Bank, Little Rock, an issuer of BankAmericards, had challenged the bylaw that was adopted by National BankAmericard after Worthen had made arrangements to issue Master Charge cards in addition to BankAmericards.

The court opinion, handed down in late July, stated that "ability to handle both cards as a full or Class A member in each system gives a bank a greatly enhanced competitive position. In light of these circumstances, the court finds that bylaw 2.16 constitutes a restraint of trade and commerce."

National BankAmericard has announced its intention to appeal the decision to the Court of Appeals for the Eighth District, St. Louis.

charge account bankers division of ABA. The executive committee will be

formed by 22 members; half have been named by CABA, and the other 11 will be elected by the executive committee of the current ABA bank card division.

Selected to serve from the CABA will be the newly-elected officers, who during the interim period will preside over the group's final organizational affairs. They are: president—Jack L. McSwain, vice president, First National, Birmingham; vice president—D. Dale Browning, vice president, Colorado National, Denver; assistant vice president—Charles R. Smith, vice president, Harris Trust, Chicago; secretary—Evan Housworth, vice president, Citizens & Southern National, Atlanta; assistant secretary—Hugh H. Black, assistant vice president, Bank of A. Levy, Oxnard, Calif.; and treasurer—Thomas O. Bemmion, vice president, Southeast Services, Inc., Miami.

The other five named to the ABA committee include the CABA board chairman, Terry Van Gilder, vice president, First National, Mobile; directors, Phil H. Donavan, vice president, United California Bank, Sherman Oaks; Samuel M. Annenberg, vice president, First New Haven (Conn.) National; John T. Borman, vice president, First National of Chicago; and Frank R. Lewis, senior vice president, Birmingham Trust National. • •

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Ralph Nader Turns His Guns on Banking; Charges It Needs 'Reforming'

THE BANKING SYSTEM in this country needs "reforming," according to consumer advocate Ralph Nader. And he proceeded to tell the 1972 ABA's government affairs conference in Washington how to go about it.

Mr. Nader urged that all service charges on checking accounts be eliminated and that banks impose the costs on the users, namely, large corporate borrowers from banks, rather than the suppliers of the funds, that is, individual demand depositors. He noted that some banks across the country already have cut back on service charges and "the interest rates to large business borrowers can be increased to compensate."

According to Mr. Nader, banks should try improving their "record of performance in the interests of social justice" if they want to improve their business over the long run, by bringing more people into the actual production of the national economy.

He listed five guidelines for judging the social value of banking and gave the industry a negative mark for each of them.

First, Mr. Nader charged that banks often don't put money collected from a community back into it for development, but—notably in poorer areas—"siphon it off" to provide financing for large corporate customers.

Next, he accused banks of, so far, only establishing "token programs" to provide funds for what he termed such socially desirable goals as large-scale housing projects.

Third, said Mr. Nader, banks have not been a force for humane lending practices. On the contrary, he charged they have consistently lobbied against them. He compared the "well-negotiated" loan agreement between a bank and an established business concern with a loan to a small borrower. For the latter, he continued, a "one-sided" exchange goes on to decide whether he is "to be permitted to sign away all his rights and thus get the loan or whether he will be denied the loan."

Mr. Nader contended that the "dead-beat argument" against relatively easy granting of consumer loans is "phony" because the default ratio is "infinitesimal."

Another point on which Mr. Nader faulted banks is that they have been doing little to improve the quality of goods in the marketplace. He told the ABA conference that what's needed is for banks to help consumers in withholding payments when they receive shoddy products. He urged bankers to join with consumers "to fight for longer warranty periods and greater warranty coverage" and suggested that banks deny loans to manufacturers and re-

tailors if they have a bad "track record" on consumer complaints.

Finally, he said banks have been delinquent in working to improve the country's legal system, through which consumer complaints are handled. He believes the small claims courts have been turned into mere collection agencies for creditors, rather than functioning as people's courts.

The consumer advocate summed up

Social Agenda in Prospect?

When Ralph Nader, consumer advocate, spoke before the ABA's 1972 government affairs conference (see this page), he charged that banks don't use their resources for the public good, that the social value of banking is negative rather than positive. The same area was touched on—but not in a condemnatory manner—at the annual baseball party given by St. Louis' Mercantile Trust earlier this summer.

In a talk given at a business session preceding the baseball game, Danile H. Gray, senior staff consultant, Arthur D. Little, Inc., Boston, believes that before this decade is over, there will be a social agenda for solving problems of traffic, crime, education, housing, urban decay, pollution and conservation. Mr. Gray went on to say that such an agenda will have an impact on banking in that if people wish to invest, they will have to do more than pay the appropriate rate of interest to gather the capital. He predicted that they also will need a license to invest and will be given a place in line. In other words, if their investment plans don't square with the social agenda, the investments will have to be postponed, downgraded or moved closer to the bottom of the list.

Banks will discover, said Mr. Gray, that they probably will be used as part of an apparatus to secure compliance with licensed and "queue-ed-up" investments. He foresees banks—under guidelines from various federal agencies—acting as enforcers and monitors of this kind of licensed investments in response to those unsolved public-investment questions. Probably going along with this, he said, will be some form of social audit that businesses will have to comply with and banks may find themselves in the social auditing business, providing they can invent a way to do it.

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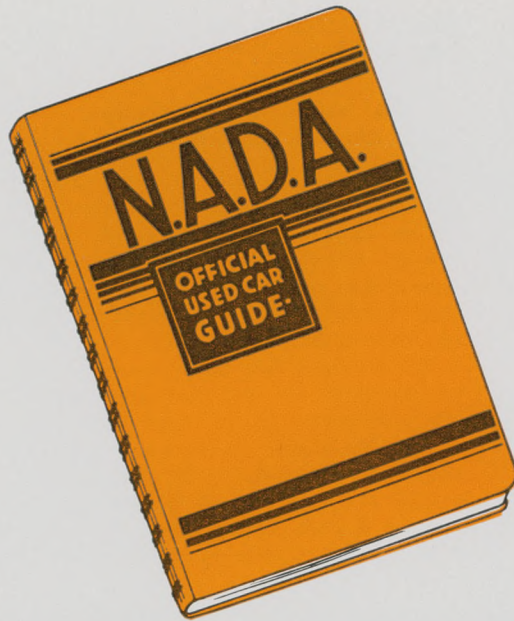
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his attack on banking by saying that consumers at least have the right to expect there will be no collusion between "active defrauders" in the marketplace and banks acting as "silent condoners."

A panel of three bankers commented on Mr. Nader's remarks. They were Dee Hock, president, National BankAmericard, Inc., San Francisco; W. Lid-don McPeters, president, Security Bank, Corinth, Miss.; and T. H. Roberts, executive vice president and secretary, Harris Trust, Chicago.

Mr. Hock, after characterizing Mr. Nader as a valuable asset to banking, said that banking always has accepted more than its share of social responsibility and, no doubt, it can rise to the challenge presented by Mr. Nader.

Mr. McPeters said bankers can best serve their own interests by taking a flexible stance on the consumer movement.

The sharpest rebuttal to Mr. Nader's charges came from Mr. Roberts, who said that critics like him often "decide the democratic process is not working because they cannot influence it to their own ends."

Abuse in the form of exceptions to general practice doesn't justify general restrictions, continued Mr. Roberts, and putting restrictions on credit might dry up the granting of credit.

The Chicagoan pointed out that the safety of deposits is a critical function banks perform and providing a return on stockholders' equity is the reason for all bankers being in business. He said bankers don't have to wear hair shirts and they should subject themselves to self analysis, but in the knowl-

edge that their system is one of the best ever designed. • •

BAI Issues New Publication On Lock Box Standards

"Lock Box Communications Standards for Banks," a new Bank Administration Institute research report comprising recommendations for coding, record size and developing the format and control of lock box transmissions, has been published by BAI.

The result of BAI follow-up research on standards for lock box application and a sequel to BAI's "Data Communications Standards for Banks" (1970), the new work continues the task of providing a reasonable set of data transmission specifications that will fit the objectives of an industry standards program.

ICB Corp. Stock on Amex



Eads Poitevent (r.), chairman, president and CEO of ICB Corp., New Orleans, is shown with John R. Stern, senior floor official of the American Stock Exchange, who is recording data concerning the opening transaction for ICB Corp. on the exchange in New York City recently. Principal subsidiary of the HC is International City Bank, New Orleans.

The report was developed from regional meetings held earlier this year by bankers in Atlanta, Philadelphia, San Francisco and Park Ridge, Ill., who met to discuss and mold the standards ultimately comprising the new publication.

"Lock Box Communications Standards for Banks" incorporates detailed suggestions made by the Bank Communications Coordinating Committee, a group formed earlier this year by representatives of the banking industry to help ensure that data communications under development within the industry utilize compatible transmissions for effective service to the public.

The committee is composed of representatives of Bank Administration Institute, the American Bankers Association, the Federal Reserve, the Bank Wire, Interbank, National BankAmericard, Inc., and the Banking and Securities Industry Committee (BASIC).

Copies of the book have been mailed without charge to all voting representatives in BAI member banks and operations officers in banks with resources in excess of \$100 million. Copies may be obtained from the BAI Publications Division, P. O. Box 500, Park Ridge, Ill. 60068, for \$6 (member discount: \$3).

Armstrong Appointed Senior VP At Northern Trust, Chicago

CHICAGO—Northern Trust has promoted W. James Armstrong to senior vice president in charge of the national group in the banking department.

Mr. Armstrong recently returned to Chicago after serving for three years as vice president and manager of the bank's branch in London.

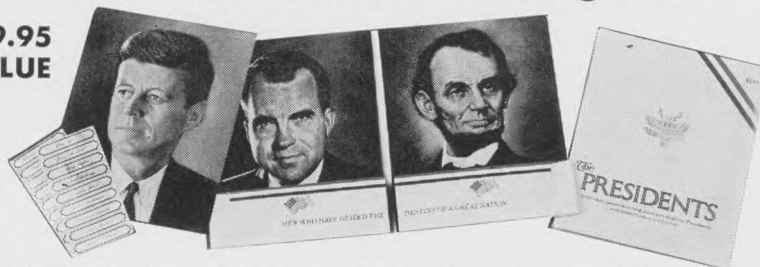
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Bank Secrecy Act Curbs Debated

ABA Testifies for Clarification of Restraints

THE QUESTION of whether certain provisions of the Bank Secrecy Act of 1970 should be curbed to protect individual bank records from scrutiny by law enforcement agencies was being discussed at congressional hearings as this issue of MID-CONTINENT BANKER went to press.

The Act, which was to take effect last July 1, has not been put into effect due to a temporary restraining order granted in June by the U. S. District Court in San Francisco.

The Bank Secrecy Act would require banks and other financial institutions to retain, among other financial records, copies of all customer checks and checks deposited to any account. Its purpose is to prevent use of bank facilities for illegal transactions.

The court's ruling blocks all access to records required to be kept under the act. It does not eliminate the requirements for record-keeping, and it does not protect the records from disclosure by subpoena obtainable under previous existing law.

The restraining order was issued as the result of suits filed by the American Civil Liberties Union Foundation of Northern California and the California Bankers Association. The suits seek to enjoin the Treasury Department and eight other federal agencies from enforcing the act and attendant regulations. The ACLU brought suit on behalf of Security National, Walnut Creek, Calif., its chairman and president and two other plaintiffs. The suits contend that invasion of privacy—a violation of the Fourth Amendment to the Constitution—would occur under the act.

The ABA, on learning of the suit, said that a court test of the act is appropriate. ABA President Allen P. Stults (ch., American National, Chicago) pointed out that the association had raised the question of possible invasion of privacy many times during the legislation's two-year course through Congress. Although safeguards are included in the act, he continued, the privacy

issue still is a matter of major concern to bank customers, and so it's proper and wise for the courts to consider it.

One point on which there is full agreement, said Mr. Stults, is that the banking industry unqualifiedly supports the concept of having legal means to combat tax evasion, underworld financial transactions and illegal transportation of currency.

As was to be expected, the Justice Department asked the District Court in San Francisco to deny the motions and dismiss the complaints filed against the government by the ACLU Foundation and the CBA. Justice, in its briefs, maintained the plaintiffs have no standing to maintain these suits. Justice is representing the Secretary of the Treasury and the eight other federal agency defendants in the suits.

The congressional hearings deal with legislation to curb some of the Treasury Department's power regarding implementation of the Bank Secrecy Act. The legislation was introduced by senators John V. Tunney (D., Calif.) and Charles McC. Mathias (R., Md.) in two separate bills.

The intent of the legislation is to void the Treasury's requirement that banks maintain financial records relating to customers, except for the following: records normally required for use by supervisory agencies, records that relate solely to international financial transactions and records that are required under a provision of the Internal Revenue Code of 1954. The legislation also provides that banks could disclose customer information only with the customer's consent or on presentation of a court order.

Rex J. Morthland, of the ABA's research and planning committee, testified before the Senate subcommittee on financial institutions. Mr. Morthland is chairman, Peoples Bank, Selma, Ala.

"The very existence of detailed financial records creates a temptation to look at them," Mr. Morthland said. "The present rules raise the threat that

the mere desire for information will become the equivalent of the legitimate need to know," he said.

Mr. Morthland pointed out that the safeguards of an administrative summons or judicial subpoena being issued before individual financial records can be examined are not expressly stated in the act, except for foreign transactions. He continued that the ABA supported the goal of banks assisting law enforcement agencies by keeping records that are useful in criminal, tax and regulatory investigations. But, he said, the ABA has also consistently called for guarantees to preserve the individual's right of privacy.

"Bank records contain detailed financial information on most of the adults in this country, and they should be held in confidence," he said.

During the hearings, a Justice Department official disclosed that the FBI has examined individuals' bank accounts without their knowledge or a court order. Testimony by columnist Jack Anderson revealed that at least four banks had turned over such information to law enforcement agencies without subpoenas being issued.

Subcommittee sources say approval of legislation limiting access to bank records is likely during this congressional session.

Before the suits were filed and the temporary restraining order was issued, the ABA prepared and distributed to its members several questions and answers relating to the Bank Secrecy Act. In the hope they will help enlighten MID-CONTINENT BANKER readers on this subject, the editors reprint them here.

Q. Where may Forms 4789 and 4790 be obtained?

A. From your local IRS Office.

Q. Ours is a small bank, and we do not own microfilming equipment. Is it mandatory that we purchase it?

A. Yes, it will be necessary for your bank to have microfilming equipment.

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Unless a bank retains checks and does not include them in the customer's statement, there seems to be no other way of fulfilling the requirement.

Q. On joint personal accounts, must the number of each individual on the account be obtained?

A. No. The number of either one will do.

Q. Is a bank required to obtain a taxpayer-identification number for an individual before opening a new account, or may it be opened and the number submitted at a later date?

A. The Treasury indicates that a bank can open an account for an individual without a social security number and give him some reasonable amount of time, such as 30 to 60 days in which to obtain one. At the end of that time, if the individual has not supplied a social security number, it seems advisable to close the account. Otherwise, a bank runs the risk of incurring any civil or criminal penalties that could accrue.

Q. Is it necessary to obtain taxpayer-identification numbers on accounts for service clubs, PTA groups, Boy Scouts, Girl Scouts, bowling teams, etc.?

A. The officials at the Treasury are well aware that nonprofit clubs and groups, such as Boy Scouts, bowling teams and church groups will not have any taxpayer-identification number. It also is highly unlikely that any such group would ever come under criminal or tax-evasion investigation. For that reason, banks may waive the taxpayer-identification-number requirement when opening such accounts. As far as is known, this is the only exception to the requirement.

Q. We have a number of large weekly depositors covering transactions of more than \$10,000. Our question is this: For the purpose of having this information available to the Secretary of the Treasury, is it necessary to keep a day-to-day listing of these depositors?

A. The wording of the regulation does not require that a bank continuously maintain a list of customers who normally conduct business in currency transaction amounts greater than \$10,000. It states only that the bank must make the list available to the Secretary or his designee if called for. That gives the bank some leeway in determining when it wants to create such a list and how frequently it is to be updated. Such a list may be needed by someone in the bank connected with the teller operation who makes a determination of whether or not a particular transaction would require the filing of Form 4789. The bank is free to determine who are its established

customers and whether they should be exempt from reporting on transactions on Form 4789. It seems likely that the Secretary of the Treasury would have no reason to ask for such a list, unless it was felt that the bank was indiscriminately exempting unqualified depositors.

Q. How detailed must the explanation be when identifying "the nature or purpose of credit extensions" greater than \$5,000?

A. It depends on how well you know the customer. If it is a customer who frequently borrows from you and you know him quite well, a brief explanation is all that is necessary. If it is a customer with whom you are not familiar, a more detailed explanation would be necessary. • •

**Banks Lead in Consumer Credit,
According to ABA Report**

Commercial banks had more than \$47 billion in consumer credit outstanding as of May 1, making them the nation's installment lending leaders, according to James L. Smith, chairman of the ABA's installment lending division, and senior vice president, Security Pacific Bank, Los Angeles.

Mr. Smith said total consumer credit outstanding among the nation's other installment lenders, such as finance companies and credit unions, amounted to less than \$63 billion.

He continued that direct and indirect auto loans accounted for the biggest part of commercial bank installment lending dollars, totaling more than \$22 billion, while personal loans, including check-credit, were second, approaching the \$12-billion mark.

Bank Has 'Express' Teller Window



A colorful "express" teller window recently was set up in the lobby of the Washington Square Office of Old National, Evansville, Ind., during installation of new drive-in windows. According to Dick Keerl, v.p. and branch mgr., the express window was a tremendous help in handling the increased amount of lobby traffic generated by the closed drive-in windows.

HOWDY



WELCOME TO THE ABA

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Dick Mason

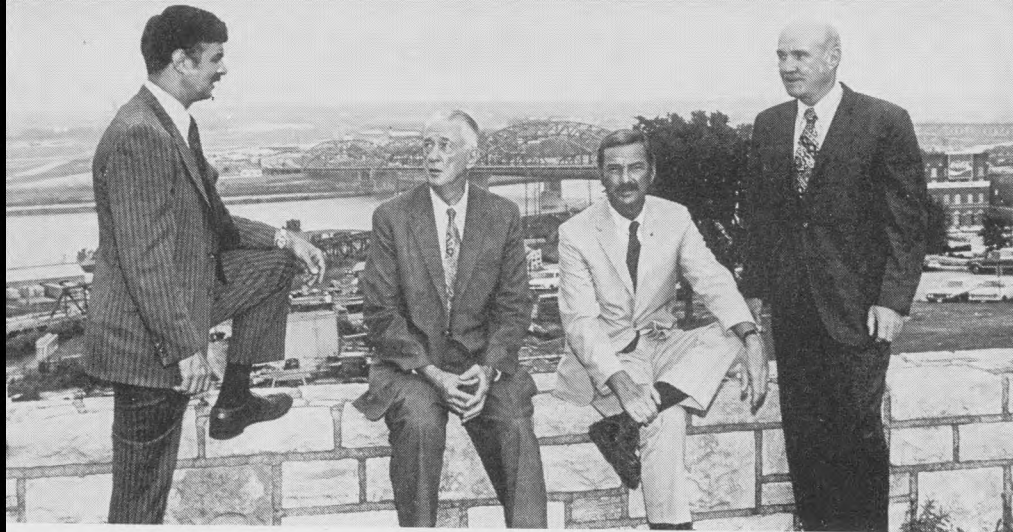
John Goodwin

Reed Sass

Jim Whitworth

Jay Sandelin





With Missouri River and Kansas City Airport as background, chairmen of BAI's 48th national convention relax on bluffs during planning session. L. to r. are: David N. Weber, vice chairman of convention and v.p. and controller, Mercantile Bank; Edward F. Lyle, honorary general chairman and past national BAI president; and James L. Rieger, general chairman of convention and pres., Mercantile Bank, all of Kansas City; and John J. Sullivan Jr., vice chairman of convention and pres., Roeland Park (Kan.) State. Mr. Lyle retired in 1969 as sr. v.p. and comptroller, City National, Kansas City.

BAI Completes Plans for Convention In Kansas City September 24-27

CONCURRENT SESSIONS on the technical aspects of bank audit, operations and control and again on the general subjects of audit, operations and control will be highlights of the Bank Administration Institute's 48th annual convention at the Municipal Auditorium in Kansas City September 24-27. James L. Rieger, president of the host city's Mercantile Bank, is general convention chairman. Assisting as vice general chairmen are David N. Weber, vice president and controller, Mercantile Bank; and John J. Sullivan Jr., president, Roeland Park (Kan.) State. Edward F. Lyle, who headed BAI in 1949-50, is honorary general chairman. He is a retired senior vice president and controller of City National, Kansas City.

The convention will consist of two general sessions, a technical program featuring more than 40 banking experts on current financial topics and an extensive program for women, planned by the Kansas City BAI chapter, convention host.

The concurrent sessions on technical aspects of bank audit, operations and control will be held September 25. The audit segment will feature a discussion of auditor education and training needs in today's changing banking environment, the need for auditor autonomy in banking and the changing internal audit organization. During the operations session, there will be reports on regional clearing centers and the electronic payment system. The control session will deal with approaches and

objectives in bank cost accounting.

The next morning, during the concurrent sessions on the general subjects of bank audit, operations and control, one speaker will describe new techniques in auditing and data processing; another will explore bank management views of internal auditing objectives, and a third will speak on how auditors view their roles in bank management. The operations meeting will spotlight check handling and float control, labor relations and banks and an outline of data processing operations management and procedures. At the control session, delegates will be told about profit planning through asset and liability management, present and future bank accounting rules and computer software.

That afternoon (September 26), the audit portion will consist of an evaluation of internal auditors, a description of the role of external auditors and a discussion of internal crimes against banks. Delegates at the operations session will hear about managing bank operations, social problems affecting today's banking personnel and bank security programs. At the control session on bank holding companies, the legal aspects of the HC as seen by a supervisory body will be examined, while another speaker will discuss the practical side of HC operations.

Keynote speaker for the convention will be H. Ross Perot, chairman, Electronic Data Systems, Dallas, who will appear at the opening session September 25. Mr. Perot acquired the invest-

ment banking and brokerage firm, DuPont Gloré Forgan, Inc., in 1971, becoming the largest investor in Wall Street. In 1969, he gained widespread attention for his campaign to obtain humane treatment for U. S. prisoners of war in Southeast Asia.

Mr. Perot will be followed by Raymond C. Kolb, immediate past BAI president and senior vice president and cashier, Mellon Bank, Pittsburgh. Dr. Michael Mescon, chairman, Georgia State University department of management, Atlanta, will deliver the convention's featured address, and Philip H. Nason, president, First National, St. Paul, also will be on the first morning's program.

On the morning of September 27, BAI will hold its annual business meeting, to be followed by a report on the President's Commission on Financial Structure and Regulation. A question-and-answer period will follow this report. The institute's traditional "ask the experts" sessions will be held that afternoon, during which delegates will be able to ask their own questions of the chairmen and members of BAI's nine technical commissions.

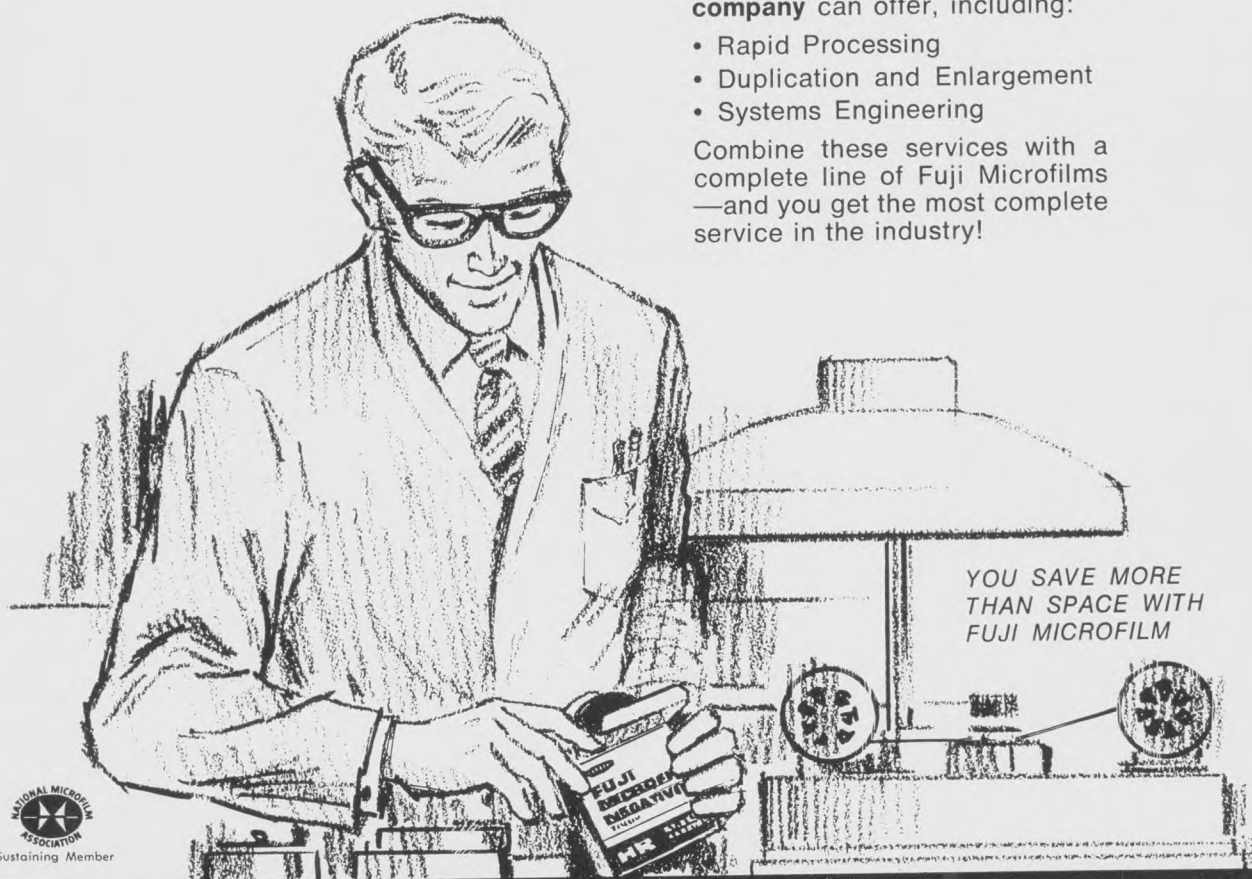
The convention will open with registration, review of educational displays and an evening reception for early arrivals on Sunday, September 24. It will conclude with a banquet and entertainment Wednesday evening, September 27. The meeting will be called to order by Charles E. Arner, BAI president and senior vice president, First National, St. Paul. • •

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Twin Cities' Consumer Service Center Gives Answers to Financial Queries

“WHAT’S BUGGING YOU about money problems?” This is the question foremost in the minds of many residents of the Twin Cities since the introduction of a financially oriented consumerism program by National City Bank, Minneapolis, this summer.

The program assists consumers, both customers of the bank and non-customers alike, with *any* kind of money problems that concern them.

Answers to questions such as, “How can I get my money back on the five dollar bill that just went through the wash in my husband’s pants pocket?” or “How many pesos can I get for an American dollar while I’m on vacation in Mexico?” are available along with answers to the more ordinary questions about savings accounts, loans, etc.

Theme of the National City consumerism campaign and the bank’s new Consumer Service Center is “Tell us what’s bugging you about your money problems, so we can serve you better.” As of this writing, the bank is processing about 10 consumer inquiries per day.

The Consumer Service Center is staffed by specially-trained “ladybugs,” young ladies who answer questions, listen to inquiries and accept ideas from

consumers on all subjects that concern money. Many inquiries are answered immediately, but on the more technical questions the “ladybugs” gather the required information from sources inside and outside the bank and reply to consumers within 48 hours.

In describing National City’s in-



“Ladybug” bank personnel staffing Consumer Service Center at National City Bank, Minneapolis, help consumers eliminate “bugs” in their finances.

volvement in the consumerism movement, C. B. Jacobs, chairman, said, “The depth of our commitment to serving the present and future needs of Twin City area consumers is indicated by the fact that all of our people have recently completed a nine-week course aimed at improving our customer service. We have also set up and staffed an entire department that is devoted exclusively to consumer service and we are devoting our entire advertising and promotion budget to a campaign designed to get consumers to ask us for information about their money problems.”

According to Mr. Jacobs, the bank expects that, as the campaign continues, ideas suggested by some of the consumer inquiries might be used to develop new and better banking services to be offered in the future by National City.

The bank, established just eight years ago and already the state’s sixth largest bank in terms of capitalization, established a reputation for innovation in banking services from its inception. It was the first Twin Cities bank to offer free checking and also scored firsts for offering daily interest on savings,

(Continued on page 98)

Ombudsman Listening Service Offered by First of Memphis

THE PRACTICE of banks serving the public regarding solutions to financial problems is growing (see adjoining article). However, not all banks are limiting their services to dealing with financial problems.

Take First National of Memphis’ new service, which it calls its Ombudsman, instituted last April. The bank wanted consumers to know that at least one large corporation was willing to listen. The bank reasoned that the public seems to feel comfort in having someone to turn to when it has problems.

Charles XII of Sweden established the institution of ombudsman in the early 1700s. Originally, he was an official empowered to stand up for the interests of ordinary citizens in their dealings with the government. By the middle of the twentieth century, om-

budsmen were aiding citizens throughout Scandinavia.

Since First National instituted its office of the ombudsman letters and calls have been coming in at the rate of two a day. Not many. First officials did not expect a deluge, but they have been impressed by the variety of subjects and the sincerity of those who seek the help of their ombudsman.

A full-page Sunday morning newspaper ad introduced Memphis’ first ombudsman, announcing: “Now we’ve created the post of ombudsman. He’s your man at First National. Listening is his specialty. He can go right to the top and get results.”

Response was immediate. A cynic asked at the outset, “What magic do you have that your bank officers seem to be lacking?”

The special magic that First’s ombudsman does seem to possess is a reassurance that someone is listening. But First National’s ombudsman is not one man; he is three. Preston A. Ford Jr., director of marketing communications, is coordinator. The ombudsman team shares the load of taking calls and answering letters. Speed is of the essence. Contacts must be answered not later than the day after they are received. If the proper response has not been worked out by then, the ombudsman must commit a definite date upon which a satisfactory conclusion will be forthcoming.

Writing is encouraged. Envelopes and stationery, pre-addressed to the ombudsman, are available in special racks at all of the bank’s public offices. Each rack carries a paragraph explain-



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Ombudsman

(Continued from page 96)

ing the ombudsman concept. It has worked. Over 90% of First's ombudsman contacts are by letter.

First's ombudsman program has had an invigorating effect. "It's been tremendous in stimulating action and imagination," says William W. Mitchell, bank chairman. "We're constantly seeking new ways to handle situations—and we must act quickly, with positive results. The program keeps us out of ruts and on our toes."

In setting up its program, First National has gathered an expanding file of material about the ombudsman concept. The bank provides information about the ombudsman to area businesses and schools. Also, it corresponds actively with the growing number of banks who are appointing ombudsmen. Said to be first in Memphis with the concept, First National plans to protect its franchise by building an even stronger identity as the ombudsman bank. • •

Twin Cities

(Continued from page 96)

full-service tellers, TV drive-up tellers and other innovative services.

Another development tied in with National City's "What's bugging you" campaign was the bank's sponsorship of the first Minneapolis Aquatennial Bug Hunt, held as part of the Aquatennial's observance of Children's Day last July.

A \$100 savings certificate was



National City Bank Ch. C. B. Jacobs rewards a winner of "Bug Hunt" contest with \$100 savings certificate. Event was held to promote Consumer Service Center.

awarded to each of the finders of five prize-winning, silver ladybugs following the "Bug Hunt." Awards were made to the five lucky winners, all 11 years of age and under, at a ceremony held during the Aquatennial Torchlight Pre-Parade Show.

An estimated 1,500 enthusiastic kids literally swarmed over Nicollet Mall in downtown Minneapolis as they searched for five jeweled, silver ladybugs which were hidden along a seven-block stretch in downtown Minneapolis.

In addition to hundreds of kids and their parents, groups from day care centers and schools for the handicapped were on hand for the festivities. Also present were Aqua Jester clowns and Aqua Teens who assisted by passing out balloons and clues to the locations of the five silver ladybugs, each about the size of a dime.

Kids left no stones unturned as they worked their way through heavy crowds finding bugs in such unlikely locations as a decorative fountain, a self-service postal center and at the base of an outdoor weather station.

Three Advisory Directors Named By Liberty Nat'l, Oklahoma City



SEMROD



BONDS

OKLAHOMA CITY—Three senior executives have been named advisory directors of Liberty National and of Liberty National Corp., the bank's holding company. Appointed were: W. Kenneth Bonds and T. Joseph Semrod, executive vice presidents; and William M. Bell, president of Liberty Financial Corp.

Mr. Bonds, who also is senior trust officer, joined the bank in 1951 and Mr. Semrod in 1963. Both were elected executive vice presidents last December. Mr. Bell has been with the bank since 1965.

■ SAN FRANCISCO—Bank of America has promoted Richard K. Hoffman, Walter W. Minger and Richard W. Goggin to group vice presidents in the national division and Hugh Dougherty to vice president in charge of marketing research. Thomas Taggart Jr., vice president, has succeeded Mr. Dougherty as head of the management sciences department.

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Or Visit our information booth #345 at the American Bankers Association Convention in Dallas, October 7-11, 1972.



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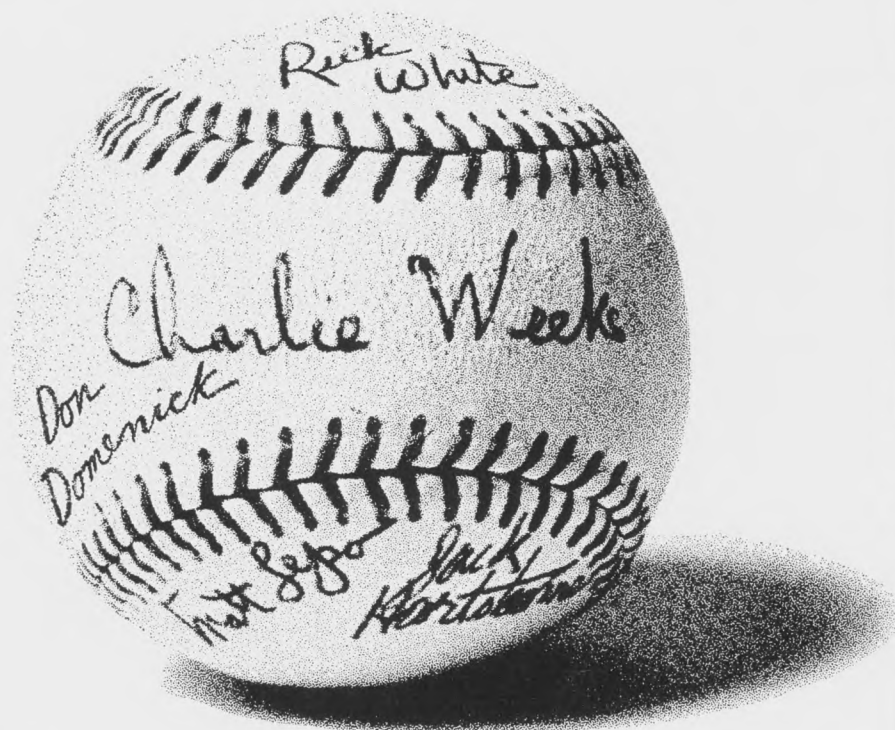
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Barbara Pendleton of K.C.

To Head NABW for 1972-73;

Jean Wofford to Be V.P.

Miss Barbara Pendleton, vice president, Grand Avenue Bank, Kansas City, will take office as president of the National Association of Bank-Women Inc. at the association's 50th-anniversary convention September 17-21 at Chicago's Palmer House. Miss Pendleton will succeed Mrs. Ruth Harrison, assistant vice president, Irwin Union Bank, Columbus, Ind.

Succeeding Miss Pendleton as NABW vice president will be Mrs.



WOFFORD



PENDLETON

Jean G. Wofford, assistant vice president, First National of South Carolina, Spartanburg. Other new officers will be: recording secretary, Mrs. Rose A. Ellerman, executive vice president, North Kansas City State; corresponding secretary, Miss Kay Moorman, cashier, National Bank of Tulsa; and treasurer, Mrs. Anne L. Gormer, director, vice president and secretary, Liberty Trust of Maryland, Cumberland.

Among the 15 incoming regional vice presidents are the following from the Mid-Continent area: Miss Greta M. Grafton, vice president, Central National, Mattoon, Ill., Lake Region; Mrs. Ruth I. Smith, vice president and cashier, Tower State, Kansas City, Kan., Midwest Region; Mrs. Ruth L. Harris, trust officer, Farmers & Merchants Bank, Las Cruces, N. M., Rocky Mountain Region; Mrs. Ida Boudreaux, assistant cashier, First National of Jefferson Parish, Gretna, La., South Central Region; Mrs. Jean G. Karrick, assistant cashier, Central Bank, Lexington, Ky., Southern Region; and Mrs. Geraldine R. Eidson, vice president, Ridglea State, Fort Worth, Southwestern Region.

Miss Pendleton joined her bank in 1947 as a discount teller and held several positions before being named vice president in 1962. In addition to other responsibilities, she most recently had charge of coordinating all aspects of her bank's now-completed new building program. She was the 1950

winner of NABW's Jean Arnot Reid Award, given annually to an outstanding AIB student who is not a member of NABW. After joining NABW, she served as chairman of the Jean Arnot Reid Award committee. In the association, she also has been editor of its official publication, then known as *Woman Banker* and now called *The NABW Journal*, national recording secretary and Midwest regional vice president. She was the first woman to be elected president of the Kansas City AIB Chapter.

■ NEW YORK—Bank of New York has promoted John S. Hunter and John E. Otis Jr. to assistant vice presidents and named William H. Adams, Robert A. Edmands, Frederic J. Hutchinson, Robert D. McCabe, Frederick B. Pickering and John E. Schmeltzer III assistant treasurers.

No HC Guideline Decision

WASHINGTON, D. C.—As this issue of MID-CONTINENT BANKER went to press, the Federal Reserve Board had not yet announced any decision on whether to let its proposed guidelines on forming one-bank holding companies stand. The guidelines actually were issued in September, 1971, but did not receive much publicity until the FRB announced a June 28th hearing, at which the ABA and other interested parties could make known their views on the guidelines.

At the June hearing, ABA President-Elect Eugene H. Adams presented lengthy testimony in which he discussed the ABA's proposed revisions to the guidelines, which are said to be somewhat restrictive in the formation of one-bank HCs.

After the hearing, the Fed's Board of Governors made public a letter to presidents of Federal Reserve banks. The letter, according to the Fed, was designed to clear up misunderstandings as to use of the guidelines, such misunderstandings becoming evident at the June 28th hearing. The letter made clear that the Reserve banks should:

1. Continue to use the guidelines as they stand, delineating the extent to which Federal Reserve banks can approve one-bank HC applications under delegated authority.
2. Forward to the board for action any applications that do not meet those guidelines or which, for any other reason, the Reserve bank recommends denial.
3. Make it clear that, in its deliberations, the board will consider and decide each case on its merits.

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'Got an Idea' Program Prompts Employees To Make Suggestions to Bank Management

"IF I WERE running this bank, I'd do such and so." How often do you think bank employees think or say something similar to this? And perhaps some of them really have some good suggestions, but don't know how to or are afraid to submit them to top management.

Citizens & Southern National of Atlanta—realizing that there must be hundreds of useful ideas hidden among their employees—is conducting a "Got an Idea" program. Its objective is to encourage staff participation in innovating ideas. How well it has worked can be shown by the fact that since it was started in September, 1969, the bank has received more than half a million dollars worth of acceptable suggestions. A bank spokesman pointed out that for purposes of evaluation, the ideas are assigned a lifetime of one year, and so the real figure may be much higher.

C&S initiated the program by sending letters to all staff members inviting them to submit their ideas about any and all areas of operations they thought could be improved, changed, done away with or, if need be, created.

Ideas are submitted to Executive Vice President Gene Rackley by letter or by phone (a special "hot line" was installed). Mr. Rackley acknowledges all suggestions and sends them to officers in charge of the areas into which the ideas fall. Those officers, in turn, study the feasibility of the suggestions and either reject them, explaining to the individual staff members the reasons for the rejections, or accept them and, in due course, implement them.

The "Got an Idea" administration at C&S receives copies of all correspondence dealing with these suggestions. After an idea has been accepted, it goes to the methods and costs department, which places an estimated dollar value on each suggestion and thereby provides a yardstick for the awards committee. The latter, made up at present of five top executive officers, determines the stock award that each innovator should receive, a prize that, so far, has been ranging from one to 20 shares of C&S stock.

Awards are made quarterly. Each executive vice president receives the stock certificates for all innovators under his supervision. He entertains winners at lunch in one of the bank's private dining rooms, where he makes the award presentations.

In addition, all acceptable suggestions

—classified in three pools according to dollar values assigned to them by the methods and costs department—are entered in an annual drawing for cash prizes that is held in conjunction with the bank's annual stockholders' meeting.

Copies of participants' suggestions, whether acceptable or not, are sent to the individual innovators' supervisors and to their personnel files.

The bank's house organ, *The Southern Citizen*, covers the various luncheons and gives news about innovators, awards, accepted ideas, recurring ideas, etc.

What started as a simple experiment has mushroomed into a profitable, even if modestly so, business in itself. As stated previously, the monetary value of suggestions made so far has passed the half-million-dollar mark. On the whole, though, the program's value lies not so much in the savings or income to the bank, but in having 5,600 pairs of eyes genuinely interested in "keeping house" for C&S, in increased communication between staff members and the officer group and in the sense of participation the program has developed among staff members who know their ideas, however small, will be heeded and acted on if they have any merit.

Every staff member and officer is eligible to take part and to receive a prize. The only limitation for officers is that they are not eligible to receive prizes for suggestions that deal with their particular areas of responsibility. This limitation does not apply to other staff members.

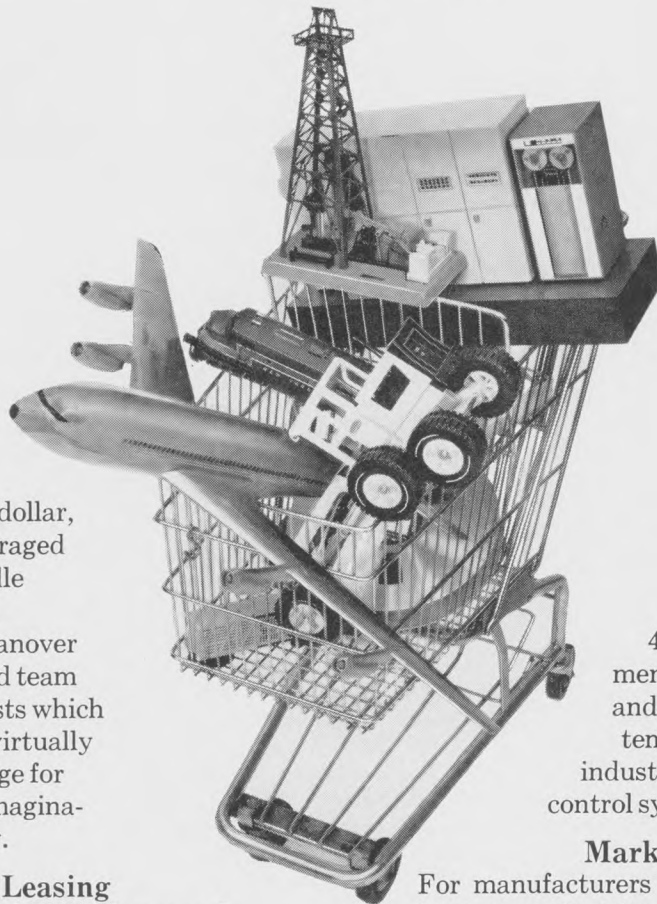
C&S promotes its "Got an Idea" program in various ways. For instance, last March the bank offered President Richard Kattel's office for one day to the person who came up with the best idea during a specific two-week period. In addition to occupying Mr. Kattel's chair for one day, the winner received 10 shares of C&S stock and a specially engraved gavel as a memento of his day as "C&S president." ••

Crocker Bank Seeks Permission To Open Chicago Subsidiary

CHICAGO—Crocker Bank, San Francisco, has applied to the Federal Reserve Board for permission to establish an Edge Act banking subsidiary here.

The subsidiary, to be called Crocker Mid-America International Bank, would provide financial services to midwestern firms engaged in international activities.

Manufacturers Hanover. The leasing supermarket.



For multi-million dollar, tax-sheltered leveraged leasing . . . or middle market leasing . . . Manufacturers Hanover has an experienced team of leasing specialists which can put together virtually any leasing package for your company—imaginatively and quickly.

Leveraged Leasing

MHT is doing big things in leveraged leasing, a financing vehicle now widely accepted as a highly attractive and frequently less expensive alternative to direct debt.

Recently, for example, Manufacturers Hanover leased a fleet of 747's to one major airline and several 1011 Tri Stars to another. For offshore oil well drilling equipment we have committed nearly \$60 million.

Middle Market Leasing

But, unlike many other major banks, MHT also offers "middle-market" leasing.

Through our new affiliate, Manufacturers Hanover Leasing Corporation, businessmen in

all 50 states can obtain straight lease financing—ranging from \$500,000 to \$5 million, over periods of 4 to 10 years. On such equipment as business aircraft, small and medium size computer systems, machine tools and heavy industrial equipment, and process control systems.

Marketing Lease

For manufacturers who deal with companies having small dollar equipment requirements, Manufacturers Hanover offers the "marketing lease," through which several pieces of relatively inexpensive equipment are consolidated into a single master lease.

Lease Management Service

And, for our correspondent banks nationwide, we also have a lease management service.

Whatever your leasing needs, talk to Manufacturers Hanover—where leasing isn't just another bank service—it's an entire corporation, staffed by leasing experts who work at nothing else. Call them at (212) 350-4567.

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The editorial goal of these publications is to aid people in resolving their financial needs by directing them to you for assistance.

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Merchant Loyalty to Charge Card Plan Cemented by Annual Foreign Jaunt

MANAGEMENT at Preston State, Dallas, appreciates the loyalty of merchants who honor the bank's Presto/Master Charge card. And the bank has a unique plan to keep that loyalty.

Each year, the bank holds a competition among its merchants to determine which can post the greatest percentage of volume gains over the previous year's figures. Winning merchants and their wives are offered the opportunity to take part in a week-long international holiday at greatly reduced rates.

Three years ago the tour visited Mexico City and last year the trip was to Nassau. This year the 180-person tour flew to Switzerland for a week of fun in Geneva, Bern, Montreaux and the Alps.

And there's little doubt that those who went on the trip will soon forget their spring holiday. And they won't forget to push Presto/Master Charge, either!

Typical comments from merchants is this one—"The trip far exceeded our expectations, and we certainly intend to have our stores put forth an extra effort for Presto Charge in the hopes that there will be a fourth international tour." Another participant wrote, "We shall continue to say 'thanks' in the only way we know—putting forth our best efforts toward greater volume in Presto/Master Charge sales. We might even be successful in encouraging some of our merchant-friends to sign up with Presto/Master Charge."

Winners of this year's trip were chosen from the more than 4,000 merchants utilizing the charge card in the Dallas and North Texas areas. Winners were chosen from categories ranging from large department stores to small shops. Merchants were judged winners on the basis of their increases of Presto/Master Charge sales during 1971 over prior years. Percentage of income of business over the past year is the factor that gives small shops and large an equal opportunity to win. Approximately 50 merchants had also been winners in connection with the two previous trips.

Bank President Weldon U. Howell said that "these trips always give our merchants a chance to know each other better and to share ideas. New merchants in the community have an opportunity to meet established Dallas retailers. And at the same time, we at Preston State can show our thanks to



Hank Erickson and his wife are shown before fireplace at medieval castle in Switzerland. Mr. Erickson is Preston State's officer in charge of merchant development.

the people who help make the Master Charge services of our bank the largest and finest in Dallas."

Mr. and Mrs. Howell, along with other bank officials, served as tour hosts. The tour was arranged by Preston Travel Agency and Pan American World Airways. • •

HC Acquisitions Approved

BIRMINGHAM—Alabama Bancorp. has received Fed approval to acquire American National, Mobile, and First National, Decatur. Alabama Bancorp. is the holding company of First of Birmingham.

ABA Meeting Calendar

46th Western Trust Conference, Del Monte Hyatt House, Monterey, Calif., September 6-9.

6th National Credit Card Conference, The Brown Palace, Denver, September 10-13.

National Personnel Conference, Sheraton-Dallas Hotel, Dallas, September 17-20.

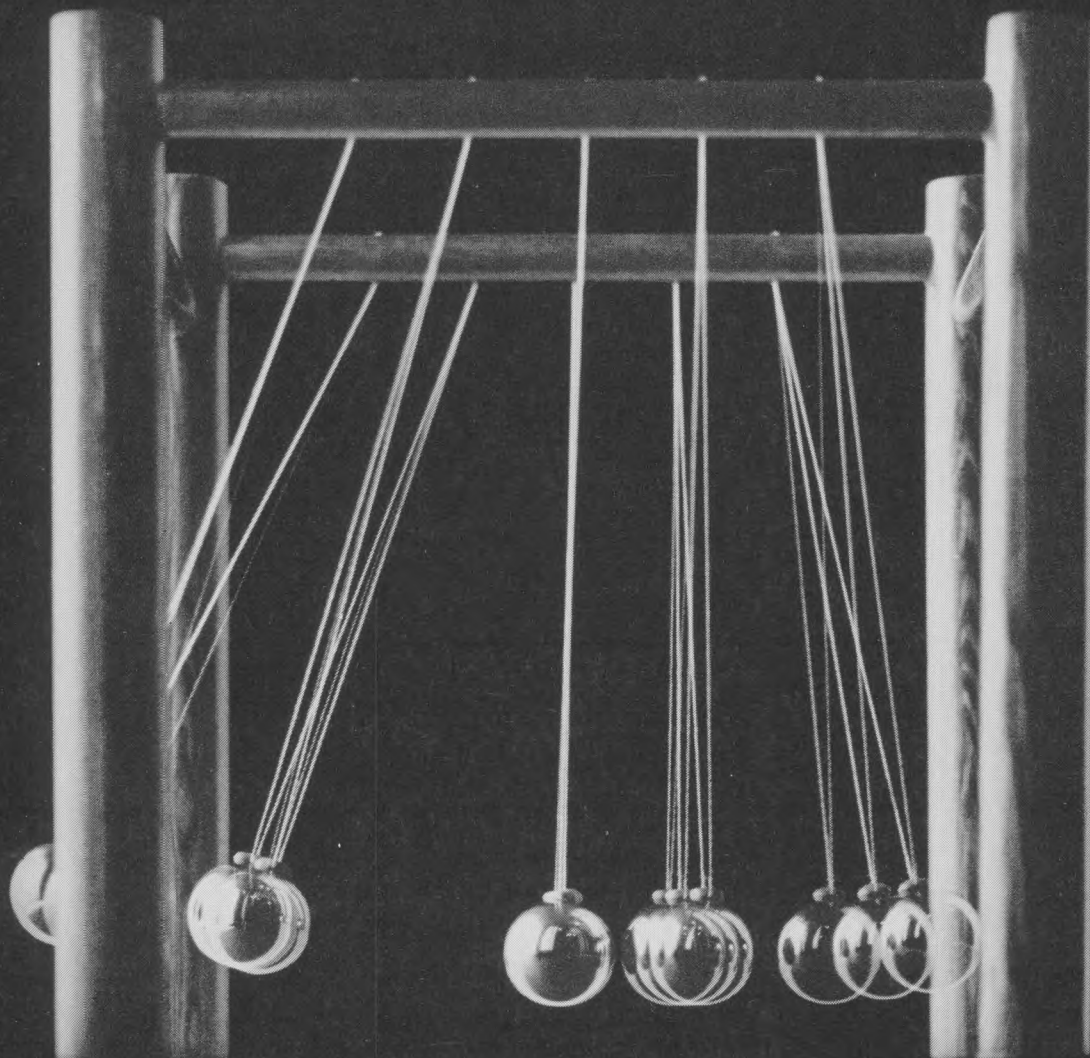
98th Annual ABA Convention, Dallas Convention Center, October 7-11.

First National Correspondent Banking Seminar, Roosevelt Hotel, New Orleans, October 29-31.

21st National Agricultural Conference, Denver Hilton, November 12-15.

41st Annual Mid-Continent Trust Conference, Drake Hotel, Chicago, November 16-17.

Marketing Conference, Fairmont Roosevelt Hotel, New Orleans, January 14-17.



Steve Meagher starts things moving.

Steve Meagher, Assistant Vice President
Correspondent Banking Department

AMERICAN  NATIONAL

Chattanooga, Tennessee

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Then think about joining us as a sales representative. We are a nationally-known marketing research organization specializing in all types of bank marketing studies. We're the best. If you are, too, we have a lot to gain by working together. To start a dialogue, please write and tell us about yourself—age, education, experience, capabilities, desires, ambition and so on. We'll respond with more detail. Address us as "Dear Opportunity," c/o MID-CONTINENT BANKER, 408 Olive St., St. Louis, Mo. 63102.

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**RMA Fall Conference
Set for Bal Harbour;
Patman Among Speakers**

A two-and-a-half day business session will be featured at the 58th annual fall conference of Robert Morris Associates, to be held October 15-18 at the Americana Hotel, Bal Harbour, Fla. Conference host is the Southeastern Chapter of RMA.

Sessions to be held on Monday, October 16, include a panel composed of young bank presidents discussing the major problem areas of banking and a series of concurrent discussions covering the Hunt Commission, the effectiveness of lead banks, conglomerates and think tanks. Monday's session will also feature four major addresses, to be given by Frank Wille, chairman, FDIC; Henry Kearns, chairman and president, Export-Import Bank; Maurice Mann, executive vice president, Western Pennsylvania National, Pittsburgh; and Ezra Solomon, member of the President's Council of Economic Advisers. RMA President Dow Ostlund, executive vice president, Valley National of Arizona, Phoenix, will open the conference.

Tuesday's program includes a panel on international loans and a series of concurrent workshops with the following titles: "Inventory and Receivables Lending—A Specialist's Approach," "An Amateur's Guide to Real Estate Appraisal," "Construction Lending for Non-Professionals," "Growing Pains Encountered When Banks Move From Small to Medium Size" and "Lending Problems in Smaller Banks." Other sessions will cover lending to road contractors, the ideal credit file, marketing commercial services and developing lending personnel. One address is slated for Tuesday—by Dr. Harry Guenther, president of Carter Golembe Associates.

Wednesday's half-day program includes a panel entitled "If I Were a Banker," a discussion of the complaints that accountants might have about the way in which they and their clients are handled by commercial loan officers; an address by Thomas Storrs, president, North Carolina National, Charlotte; and an address by the 1972-73 RMA president, John Fawley, president, United Virginia Bank/First & Citizens National, Alexandria.

Principal speaker on Wednesday will be Rep. Wright Patman (D., Tex.) chairman of the House Banking and Currency Committee.

Mid-Continent-area bankers participating on the program include Rex Morthland, chairman, Peoples Bank, Selma, Ala.; Dennis O'Neal, vice president, American National, Chicago;

T. Scott Fillebrown, president, First American National, Nashville; James Jones, president, First National Bank of Commerce, New Orleans; Robert L. Beck, vice president, First National, Memphis; James F. Gaskell, president, First National, Montgomery, Ala.; Earl Triplett, chairman and president, Memphis Bank; Richard F. Cree, executive vice president, Lake Air National, Waco, Tex.; Philip Pitkin, vice president, Irwin Union Bank, Columbus, Ind.; and Harry Long, senior vice president, First Security National, Beaumont, Tex.

**Duff Advanced to Vice President
At Central National, Chicago**



DUFF

CHICAGO—Bruce N. Duff recently was elected vice president in the personal trust division of Central National. He joined the bank last year as a second vice president.

Mr. Duff began his banking career with Continental

Illinois National in 1963 as a new business representative in the trust department. He later was with Nichols-Homeshield, Inc., as director of administrative services.

**Six Promotions Announced
At Exchange Security**

BIRMINGHAM—Jack B. Gillum has been promoted from assistant cashier to assistant vice president of Exchange Security Bank. He joined the bank in 1967 as a loan officer.

Advanced to assistant cashiers were: Gary W. Glenn, assistant manager, Green Springs Office; Bob D. Milstead, assistant manager, Master Charge department; and Mrs. Betty Naler and Mrs. Jean Gay, commercial loan department.

Michael R. Riley was named assistant comptroller and accounting department manager.

■ **INTERNATIONAL CITY BANK**, New Orleans, opened its seventh branch office August 9 amidst a gay circus atmosphere. The new Prytania Street Branch's opening featured live animals, clowns, pony rides, popcorn, cotton candy and pink lemonade under the "big top." There were prizes and souvenirs for everyone who attended. To boost the Audubon Park Zoo, the bank gave \$5 to the zoo in the name of each person who opened a new savings account of \$100 or more between August 9 and 12.

5 ways Integon makes your credit insurance more profitable and less problem.

1 YOU'RE NOT ORPHANED.
You don't get signed up, then left out. Even after your program is set and running smoothly, your Integon representative comes to see you about every six weeks. To see that everything keeps running smoothly. Of course, if anything comes up between his regular visits, he's at your call.

2 YOU GET THE TOOLS.
You can't sell from an empty barrow; so we make sure you always have all the supplies you need. Your Integon representative will check and replenish them on his regular calls. And if you ever need anything, you can just call him, or call the home office, or send one of the stamped, addressed order cards we provide.

And since rates vary from state to state and loan to loan, we double check every shipment you get. (We can't afford mistakes, either.) The supplies are free, and so are the complete Monthly Payment Charts that Integon provides, to save you time and work.

You get this total field and home office support on every Integon service; Security Protector Plan, Single and Joint Credit Life, Credit Accident and Health, Monthly Outstanding Balance programs, and our \$10,000-Ten Year Term plan.

3 YOU GET THE TRAINING.
At the outset, and whenever you have a new Loan Officer come aboard, your Integon representative provides a complete training presentation. This unique audio-visual indoctrination helps your staff to sell better and earn more for the bank.

As part of the training, you receive a thorough Reference Manual detailing the whole Integon program of Life and Health coverage, contract limits, maximum terms, samples of all charts, forms and certificates, procedures for claims, refunds and reports, and how to sell.

4 YOU KNOW WHERE YOU STAND.
You handle credit insurance to protect your loans, to protect your customers, and to make some money. Each month, if you wish, you receive a computerized status report showing your commissions, claims, premium income by branch and by month, plus year-to-date totals and aggregate totals since your contract began. Meanwhile, your Integon representative works with you to improve market penetration, cut the loss ratio, and make the whole operation as easy and profitable as possible.

5 YOU'RE NOT IN OUR BUSINESS.
You're in banking; and we keep that in mind. All the paperwork is designed for ease, speed, and completion by Loan Officers, not Underwriters.

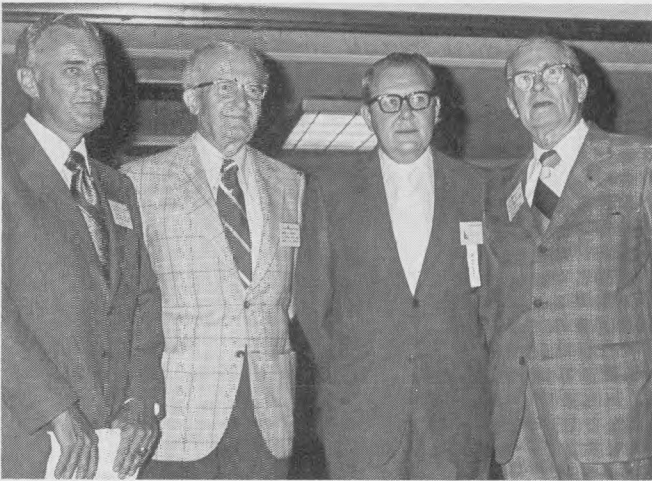
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These are just the highlights of Integon's professional approach to complete credit insurance for you. Get all the details with a collect call to M. DeLeon Britt, Vice President, Credit Insurance, at (919) 725-7261, to arrange a convenient appointment, without obligation.





TV COMEDIAN Norm Crosby (c.) makes a "point" with host bankers R. Crosby Kemper Jr. (l.) and Jerome H. Scott Jr., chairman and president, respectively, of City Nat'l Bank.



HOST BANKER John J. Kramer (2nd from r.) is flanked by conference guests; Bill Risley, pres., Excelsior (Mo.) Trust; Wayne P. Randall, ch., Citizens State, Osage City, Kan.; John R. Kirk Jr., pres., United Missouri Bank of Kirkwood, Mo. Mr. Kramer is president of United Missouri Bancshares, holding company for City Nat'l.



CORRESPONDENT DIVISION HEAD Don V. Thomason (l.) is pictured here with Mrs. Burch; Roy A. Thompson, sr. v.p., City Nat'l; and Ewart L. Burch, exec. v.p., Nodaway Valley Bank, Maryville, Mo. Mr. Thomason is a senior vice president with the host bank.

Building Plans Are Announced at City Nat'l Conference

BUILDING plans for the future main office of City National Bank were revealed in Kansas City last month by R. Crosby Kemper Jr., chairman of the bank. The announcement was made by Mr. Kemper before a gathering of some 1,200 bankers, corporate treasurers (and their wives), who were attending a two-day, weekend conference sponsored by the bank.

The bank's new home office will occupy the major portion of the block bounded by 10th, 11th, Walnut and Grand, just one block south of the bank's present location. Demolition of the building now occupying the area (the well-known Emery-Bird-Thayer department store building) has begun, said Mr. Kemper, and the new facilities should be ready for occupancy by mid-1975.

A bold new concept is visualized for the new structure, which will have twin triangular towers and which will feature plaza-style walk-through areas. Slides of the new site and proposed structure were shown to the assembled audience. Complete details on the bank's building plans are scheduled to be released in 60 to 90 days.

Mr. Kemper's announcement was made at a Saturday afternoon business session and was followed by a talk by Edwin Newman, NBC television news correspondent, as well as by a panel discussion by City National executives. The two-day event was concluded with a Saturday evening dinner, entertainment featuring TV comedian Norm



GUEST SPEAKER Edwin Newman (r.), NBC news correspondent, visits with host banker R. Crosby Kemper Jr. and Mrs. Kemper.

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Promotions

Crosby, and a Sunday brunch and baseball game between the Kansas City Royals and the Milwaukee Brewers.

Mr. Newman, who has been seen in recent weeks making commentaries about both the Democratic and Republican conventions, gave bankers a bird's eye view both of the problems and the responsibilities that the press has in handling major news events. He acknowledged that the press has a responsibility to check out its facts and then to weigh the manner and the frequency with which a particular news story is featured. He deplored, however, any intimidation of the press or possibilities of censorship.

The general expansion for agriculture, too, has pushed up the demand for money with many more term loans being made today than were made a few years ago.

Optimism, too, prevails throughout the economy today, thus causing potential borrowers to seek more money for equipment purchases and the build-up of inventories.

Interest Rates. Many national borrowers have taken advantage of low money rates in recent months to go to the public market for long-term financing and thus have reduced their bank borrowings. This procedure has con-

Should banks make the more risky loans today?

The panel agreed that more risk was being taken today. The fact is that around the country fewer loans are available and the rates are lower. Thus banks, in order to maintain earnings, do reach out. For example, a year ago few banks would reach out seven years on an 8% loan; but under the same set of circumstances, those same banks today are willing to reach out six years for loans at 5½%!

The most painful thing that a loan officer does, said the panel, is to charge off a loan. Yet, the pressures for earnings do come from directors and stockholders. Competitive situations often lead one bank to seek business by granting a loan that, under ordinary circumstances, would have been turned down by the borrower's "regular" bank.

Thus, the panel agreed, the search for earnings can create more than normal loan losses. Yet, this simply means that the loan officer is trying to do his job.

Recruiting. What qualities do you look for in recruiting potential bank officers? The panel agreed: (1) educational background; (2) experience; and (3) attitude—attitude toward being of service to the customer and attitude of wanting to advance in the corporate structure of the bank.

Trust Departments. Are trust departments too conservative in their investments was one of the final questions. Return versus risk are always the criteria of trust investments, according to the panel, and while it is true that some eastern trust departments have shown greater percentage gains in their trust investments, as compared with midwestern banks, some of their investments (Penn Central, for example) are beginning to vindicate the conservative approach.

Management of investments funds cannot be judged over the short range, either, said the panel. If, for example, a great deal of risk had been taken during the 1969 market (a declining one), then most trust departments would have shown poor results. The trust department must always invest its funds for the long pull as compared with goals for the individual, which might be short range. • •

■ **RAYMOND E. HORAN**, president, Jacuzzi Brothers, Inc., has been elected a director of Commercial National, Little Rock.

■ **CHARLES KANE**, president, Citizens Fidelity, Louisville, has been selected to serve on the banking, monetary and fiscal affairs committee of the U. S. Chamber of Commerce.



LEFT—Robert S. Blonsky, v.p., Wornall Bank, Kansas City; Mrs. Blonsky; Mrs. Robert P. Corbett, whose husband is president of Wornall Bank; and William L. Hayse, a.v.p. of host bank. RIGHT—Wilfrid Johnson (r.), pres., 1st Nat'l, Ponca City, Okla., presents to Frank H. Meissner, a.v.p. of host bank, a draft drawn on the Ponca City bank. It was Mr. Johnson's way of saying "thanks" to City Nat'l for its invitation to a "weekend in Kansas City."

The conference then turned to banking topics, with a panel of City National officers "fielding" a series of questions tossed to them by Ben Schiffman, financial writer for the Kansas City *Star*. Completely unrehearsed, the panel was expected to voice individual opinions, as well as express City National policies on various banking and economic problems.

The panel's opinions on a variety of topics follows:

Inflation. The pace of inflation is slowing and will continue to slow into the early part of 1973. This can be accomplished in spite of the fact that corporate profits are rising and that loan rates are inching upward.

Loan Demand. Although loan demand on both the East and West Coasts is down considerably, demand for loans in the Midwest is rising, with borrowings in the Kansas City area up as much as 14%. One of the contributing factors in the high demand for money in the Midwest is the high price of cattle, which calls for more money to carry inventories at every level. Some cattle loans, for example, are up as much as 22% over the same period a year ago.

tributed to weakening of loan rates, particularly on the East and West coasts.

The prime rate still remains a puzzle to the general public. It has become a status symbol among potential borrowers, each of whom seeks to achieve the status of being accepted as a prime borrower. While buyers of other products and services—insurance, for example—expect to pay different prices because of a difference in quality of the product or service, the buyers of money appear to believe that a uniform price schedule can be maintained.

The panel pointed out that banks have many hidden costs in their lending processes. Consider, for example, bank representatives being present during various negotiations for a merger or acquisition. The "meter is ticking" and yet no charges are made until a loan is actually granted. The pricing of loans and the requirements of compensating balances thus are based on a wide range of costs and other considerations.

Loan Losses. Losses at some of the country's larger banks have been extremely high, according to reports from the Robert Morris Associates. The panel was asked to comment on loan risk.

Not to change the subject but how about PROFIT?



A lot is said about yield. We even say some of it ourselves. In passing. But our attention invariably moves way on down past the acquisition costs, expenses and losses. In other words, bottom line.

That's where the true worth of your loan portfolio is measured. The part of the yield you get to keep.

That's also where our people are measured. And with 122 years of experience in the mobile home financing field among our key executives, we have to use a long ruler.

We provide direct and immediate attention to your loans through 11 offices serving 21 states. Let experienced UMS personnel give you something new to talk about at the next board of directors meeting, such as profit.

Change the subject. It's surprising how intently people will listen.



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MID-CONTINENT BANKER for September, 1972

111

Checks Bearing Customer's Photo Are Hot New Marketing Items

WITHOUT A DOUBT, personal checks carrying photos of account holders are popular items that are enabling banks to gain new accounts and enhance their standings in the public eye.

Numerous firms, including some banks, are getting into the act of supplying these "ultra-personalized" checks. Most of these operators supply complete programs, including advertising aids, technical advice and the printing of the checks.

MID-CONTINENT BANKER has contacted numerous banks offering some type of illustrated checks. None of these banks has used the checks more than 12 months, but almost all are extremely enthusiastic about the benefits (or potential benefits) these checks can bring to a participating financial institution.

The check plans bear various names, including "Photo Checks," "Picture Checks," "Pic Chek" and "Mirro Cheq." Some plans limit photos to head-and-shoulder size, positioned in the upper left corner of checks, while other plans permit photos to be larger, placed almost anywhere on the check, as long as legibility is not compromised.

Banks report the most popular means of calling attention to the availability of illustrated checks is by newspaper advertisements and lobby displays. Other means being utilized to let the public know about the checks include statement stuffers, radio/TV advertising and billboards.

The lone bank that has been issuing

By **JIM FABIAN**
Associate Editor

illustrated checks for a year reports that 2,000 new accounts have resulted from its promotion. Many banks were reluctant to give figures regarding new accounts generated by the checks because the programs were so new.

Banks were asked what percentage of their checking account holders are

using illustrated checks. Thirty-three percent replied that between 1% and 5% of account holders are currently using the checks; 8% reported that between 6% and 10% of customers were using the checks; and 2% said that between 11% and 20% of their customers were using the checks.

Forty-eight percent of the surveyed banks offer some type of free check to customers. One of the primary aims of illustrated checks is to cut down on the number of customers requesting free checks, banks report.

Eighty-nine percent of the banks said their illustrated checks cost more than regular imprinted checks. Prices charged for the illustrated checks vary widely, from a low of \$2.50 to a high of \$5.50 per 200 checks. The average cost for 200 checks is \$3.50.

Only 8% of the banks reported that their competition was offering some type of illustrated check. Most check suppliers offer exclusive territories to participating banks, but a competitor-bank that doesn't want to be left out in the cold can usually sign up with another supplier.

When asked to evaluate the illustrated check concept, 48% of responding bankers replied that the checks were "great," 37% said they were "OK" and only 6% thought the checks were "a waste of time."

The majority of banks (73%) consider the greatest benefit of illustrated checks to be easy identification. Other benefits cited by bankers include greater

Where's the Camera?



As part of its complete picture check system, Mirro Cheq, Inc., Cincinnati, offers this unique camera for taking photos to appear on checks. The camera is disguised as a mirror-clock that adds a touch of decor to any bank office. Customers merely look into mirror while a bank employee takes their photos. Mirror enables customers to see how their photos will look before they are taken.

Why should you want Picture Checks for your bank?

Picture Checks' positive identification appeals to merchants and customers. It's an exciting program that attracts new checking account customers.

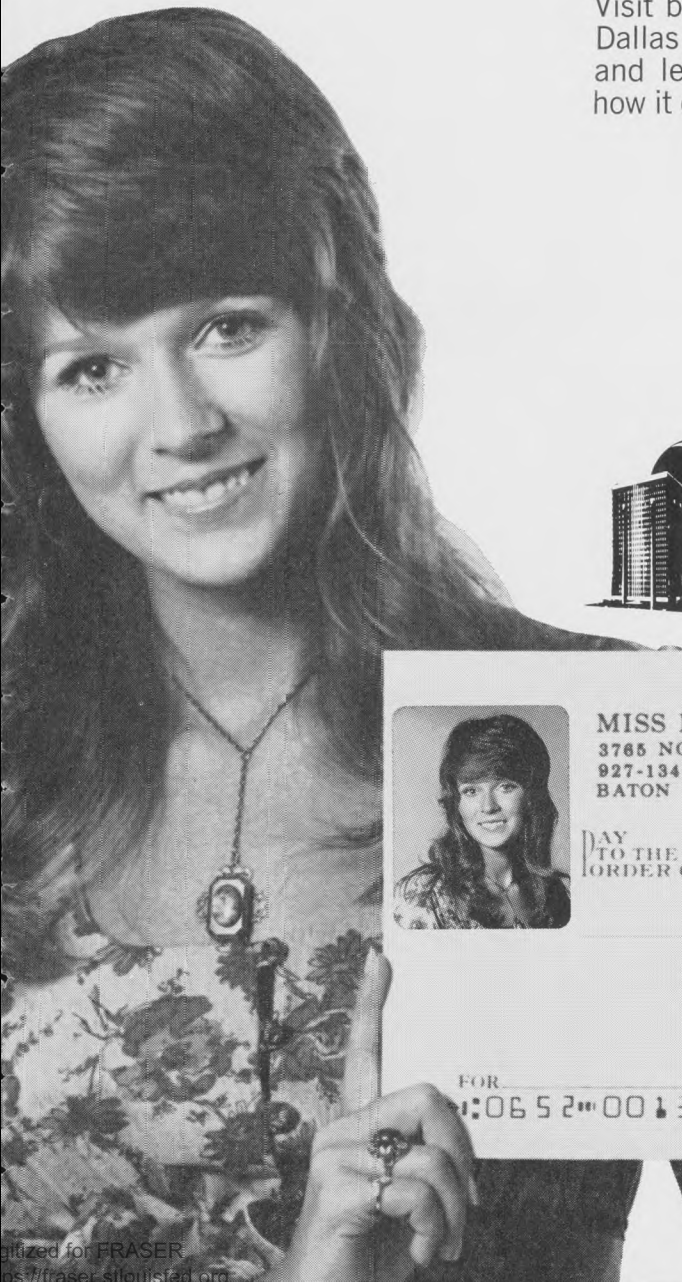
For more information on how your bank can get rolling on the Picture Checks program write to Melvin Rambin or Herman Wright. Or call (504) 389-4246 or (504) 389-4257. We'll get in touch with you immediately.

Visit booth # G-2 at the ABA convention in Dallas at the Convention Center October 7-11 and learn more about Picture Checks and how it can help you and your bank.




LOUISIANA NATIONAL BANK

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0319

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_____ DOLLARS

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BATON ROUGE LOUISIANA

FOR _____

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Customer Photo Checks Popular

safety against forgery (39%), ease in cashing the checks (14%), ego appeal (8%), positive advertising value for banks (8%) and check individuality (6%).

The following comments were typical of those reported on survey forms:

- These checks constitute the best image builder I have ever used in banking!

- I think photos of customers on personal checks are great! All banks should consider getting into this type of program.

- Since offering these checks, we have increased our sale of personalized checks to 98% of new accounts. All of this increase does not represent illustrated checks, but these checks have brought about the desire on the part of customers for personalized checks (thus reducing the demand for free checks).

- Students going away to college favor these checks 3-to-1.

- Many customers have told us they will order illustrated checks when their present supplies of checks are exhausted. ••

A New Frost Bank Service

Picture Checks
Because nobody looks like you.

Checks. Every bank has them. But only one bank in San Antonio offers you Picture Checks. And that's the Frost National Bank.

We make a picture of you. For you. It's a special identification that makes cash checks easy on the money where you do a good job. It's a picture of you that's not just a picture. It's the way you look and the way you feel. It's the way you look and the way you feel.

Just a few cents more than one-way personalized checks.

Get your picture checks at the Frost National Bank.

Picture Checks. Because nobody looks exactly like you.

Look To The Leader.

FROST NATIONAL BANK
SAN ANTONIO, TEXAS 78204

This ad announced the availability of illustrated checks in San Antonio, Tex.

RMA Publishes Data Study On Com'l Loan Charge-Offs

ROBERT Morris Associates—the national association of bank loan and credit officers—has just released what appears to be the first nationwide data ever compiled on U. S. commercial bank charge-offs of business loans.

The RMA statistics are a result of a survey of its member banks, which represent 80% of all U. S. commercial bank resources. The 20-page study, entitled "Commercial Loan Charge-Offs," gives information for the year ending December 31, 1971. The data is presented both by bank size and by Federal Reserve District.

Included in the RMA study are: Basic charge-off information in numbers of loans and dollars involved, loan losses compared to year-end outstanding and the percentage of charge-offs to new customers.

Also presented are a retrospective analysis of how many of the charged off loans would be made again under similar circumstances, an identification of past (1971) and future (1972) high-loss industries and an analysis of causes (outside the bank) that contributed to the charge-offs.

Among the conclusions reached are that the smaller commercial loans remain the most troublesome to banks. In numbers, nine out of 10 loan losses were in amounts of less than \$25,000. On the other hand, three-quarters of all dollars (gross) charged off during 1971 were in loans of over \$100,000.

It appears that some banks are still taking on new loan customers without assessing the credit risk well enough. The principal area of difficulty seems to be evaluating management character and ability.

A retrospective examination of the loans charged off by RMA survey respondents indicates that a number of them probably should not have been made under any circumstances in the first place.

Contractors, small retailers and small service companies were major loan loss areas in 1971. Aerospace, aviation and machine shop industries were added to these as potentially difficult loan areas for this year (1972).

The RMA national survey is an outgrowth of one conducted for several years by the association's Northern California Chapter among its West Coast bank members.

Copies of the study are available from the Order Department, Robert Morris Associates, 1432 Philadelphia National Bank Bldg., Philadelphia, Pa. 19107. The price is \$3 each to RMA member banks; \$5 to non-members.

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Agricultural News

Use of Projected Cash Flow Charts Solves Farm Financing Problems

By Dr. ALAN R. TUBBS

Extension Economist
Cooperative Extension Service
Oklahoma State University
Stillwater

TODAY'S AGRICULTURE requires larger investments than ever before. This article discusses methods of evaluating the financial commitment associated with intermediate- and long-term capital investments. The discussion is oriented toward investments in machinery and equipment, but the concepts outlined also are applicable to investments in real estate.

Perhaps the most common reason for additional investment in farm and ranch businesses is profitability. Therefore, it's important that profitability be examined before an investment is undertaken.

Budgeting is the farm manager's basic tool to evaluate profitability.¹ Cost and return budgets provide a framework of analysis to economically

¹ More advanced and accurate methods of investment analysis are available to decision makers, but all methods rely upon accurate budgeting.

evaluate the profitability of enterprises or specific investments.² Through the use of realistically constructed budgets, the producer can make decisions based upon profit maximization goals.

Constructing a budget involves estimating future changes in returns and costs associated with the proposed investment. Costs usually are fixed or variable. When additional returns exceed added fixed and variable costs, including a charge for the operator's labor and interest on the additional capital required, the investment is considered profitable. That is, it will increase returns to the operator's labor and contributed resources.

Budgeting should be the first step in examining investment proposals. Traditionally, however, investment analysis has stopped at this point.

A second question that also should be examined is how to evaluate the financial commitments associated with financing the investment. This question will be examined in detail in this ar-

² Crop and livestock budgets prepared by the Agricultural Economics faculty are available through published extension fact sheets and through area extension farm management specialists.

ticle.

Farm and ranch investments today involve large outlays of capital. Commonly, a large percentage or perhaps all of the capital outlay is financed through the use of debt. When debt financing is used, consideration must be given to the financing plan in relation to the producer's increased ability to service debt. The financing question becomes more important when extremely short financing terms are required for repayment. That is, it is rare when financing terms can be stretched over the expected life of the investment. The additional equipment generally must be paid for over a period of time much shorter than its useful life. Such short-term financing can create problems, since large amounts of principal and interest must be paid out in the early years of the investment.

When large proportions of debt financing are used, the increase in cash availability resulting from increased cash revenues or savings in cash costs may not be adequate to satisfy a large debt requirement. Assuming a producer will require heavy amounts of financing to purchase additional equipment, he must ask himself if the equipment will generate enough cash to meet the repayment obligation on the loan. A cash-flow analysis can be used to answer this question.

Cash-flow analysis differs from the economic arguments outlined earlier in several important respects.

First, cash flows do not measure profitability. That is, a cash-flow projection does not answer the question, "Is the investment going to be profitable?" This question can be answered only by examining all fixed and variable (operating) costs, both cash and noncash, as is done in the budgeting procedure. Cash-flow analysis *does* attempt to answer the financing question, "Does the investment generate adequate cash to service the debt required for the investment?"

Second, cash-flow analysis should consider only cash incomes and expenses. This is an important deviation from the profitability question. Since depreciation is a noncash cost, it is not considered in examining the cash flows. This is because depreciation does not represent a drain on cash. It is merely an accounting technique to allocate the original outlay (purchase price) over the expected useful life of the asset. Since for the purposes of financing we are interested in allocating the purchase price as principal payments, the principal payments are considered as the cash outflow and not depreciation.

Although interest (when debt capital is used) is a cash expense, it

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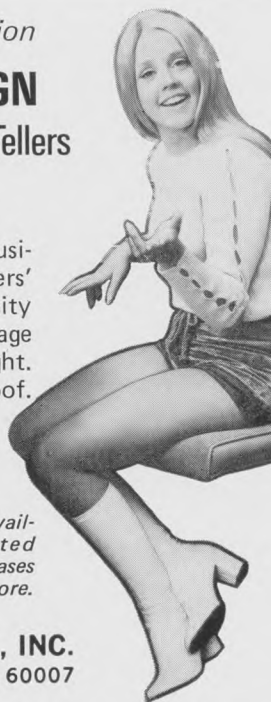
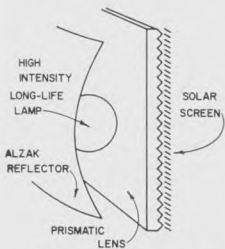


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should not be included in other fixed cash expenses. Rather, it is treated along with principal payments as a financial obligation that must be met through increased cash inflows (greater cash revenues or cash savings of other fixed and variable costs).

In other words, the cash-flow analysis of an investment should compare the increased sources of cash resulting from the investment with the increased financial commitments. The calculation of the increased sources of cash should exclude depreciation and interest as expenses.

Increased sources of cash used to meet principal and interest payments can result from additional cash income or savings of cash expenses. For example, an investment to expand enterprises would result in increased cash sales over increased cash expenses, while investment in machinery or labor-saving equipment would result only in cash savings over machines or methods that were replaced. In either case, the increase in cash is available to meet the financial obligations on the added equipment debt. Other sources of increased cash availability might include increased cash sales, labor saved, lower repair bills or less operating expense due to increased efficiency of the new equipment.

Tax effects should not be ignored when making sizable capital investments. This is particularly true as the tax effects relate to changes in actual cash flows.

Reduced cash expenses resulting from added investments will increase taxable income and result in greater income tax. On the other hand, depreciation on new equipment increases expenses and reduces income tax.³ For this reason, faster methods of depreciation often are used to reduce income tax in the early years. When financing is squeezed to a short-term basis, the tax savings resulting from fast depreciation methods can be used to help meet the loan-repayment obligation. Faster depreciation methods generate greater tax savings to operations in higher income tax brackets (higher marginal tax rates) than those in lower brackets. In other words, tax savings resulting from depreciation are greater for operations in higher brackets. However, the overall tax effects resulting from an investment favor operations in the lower brackets as long as increased taxable income exceeds increased deductible expense.

In addition to a fast method of depreciation, 20% additional first-year de-

³ Although depreciation was not included in the calculation of cash flows, the tax effects of depreciation must be considered since they result in actual reductions in cash outflows due to taxes.

preciation also may be taken if the qualifying asset has a six-year life. This will further reduce taxable income, reducing taxes and increasing first-year cash availability.

Tax deductibility of interest is another important tax factor that should be considered. Like depreciation, interest costs reduce taxable income and decrease cash outflow for taxes. The fact that interest is deductible reduces the effective rate of interest that is paid on borrowed money.

Another important consideration is the 7% investment credit allowance.⁴ This essentially reduces the total tax in the first year by an amount equal to 7% of the eligible capital investment.⁵ This can have a significant impact on the first year's cash flows.

A number of tax considerations have been mentioned, each with different impacts on cash flows. In order to obtain the total cash-flow consequences, including taxes, the form in Table I (see page 120) may be useful.

Comparison of the increased cash availability and the increase in debt obligations will show whether the added investment will generate adequate cash to meet the repayment terms. If a positive cash position results when the principal and interest payments required to finance the new equipment are subtracted from the expected increases in cash, additional cash will be available to other areas of the operation. If a negative cash position results, this can serve as a red flag to the operator that a cash shortage may result in the years ahead if the investment is undertaken. This does not necessarily say that the added equipment should be purchased. It merely indicates that the cash generated from the investment will not service the increased financial obligations. Even though the investment appears profitable, cash deficits in early years may occur. Therefore, the financing program may require cash subsidies from other areas of the farm operation or from off-farm sources of cash.

Another solution to financing problems involving cash shortages is to seek longer-term financing. If this is not available on the investment in question, it may be possible to refinance some of the existing debt to a longer-term basis, thereby freeing some repayment capacity that is presently committed. In some cases, consolidation of old and new loans may make repayment ability stretch further than servicing two or more separate loans.

(Continued on page 120)

⁴ Job Development Tax Credit.
⁵ See "Farmers Tax Guide," IRS Publication 225, for regulations pertaining to rapid depreciation and investment tax credit.

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Knowledge that cash shortages may result from additional farm investment can be of unlimited value when planning the financing of the whole farm operation. In many cases, it will eliminate unexpected cash deficits. Most commonly, only profitability is examined before expansion takes place. The suggestion here is that the cash-flow effects of financing the investment, particularly short-term financing, also should be examined.

TABLE I—TOTAL CASH-FLOW CONSEQUENCES

	Year 1	Year 2	Year 3
1. Increased Cash Income or <i>Reduced Cash Expenses</i>			
2. <i>Increased Cash Expenses</i> or Reduced Cash Income			
3. Increased Net Cash Income			
4. Depreciation ^a			
5. 20% 1st Year		—	—
6. Interest Paid on Debt			
7. Total Change in Taxable Income (line 3-4-5)			
8. Marginal Tax Rate (tax bracket)			
9. Change in Income Tax Resulting from Investment (line 8x7)			
10. Investment Credit (eligible investment x .07)		—	—
11. Total Change in Income Tax Resulting from Investment (line 9-10) ^b			
12. Total Cash Savings, After Taxes, Resulting from Investment (line 3-11)			

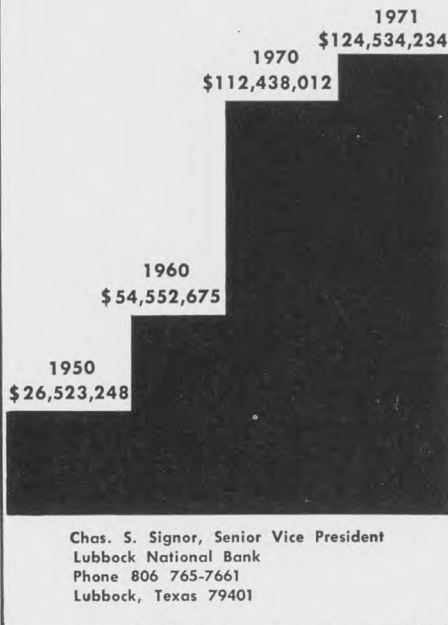
^a Rapid methods of depreciation will result in less taxes in the first few years and leave more cash available for repayment of debt. Over the life of the investment, however, rapid methods do not result in total tax savings.

^b Line 11 shows the total change in income tax while line 12 shows total cash savings, after taxes, resulting from the investment. It is this line which must be compared with the repayment obligation to determine financing feasibility.

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One of the major determinants of whether cash will stretch to meet the increased debt is the term of repayment. The repayment obligation will depend on the amount borrowed, interest rate, repayment period and method of repayment.

The amount borrowed can be expressed as a percentage of the cost of the investment. Higher percentages or larger dollar amounts (lower down payments) that are financed mean larger repayment commitments in the future. Most commonly, lenders do not loan 100% on machinery and equipment investments. However, 100% financing may be obtained where previously existing collateral is available for additional security. In some cases, the repayment obligation that should be considered is the sum of the individual loan payments and interest.

Probably the most common method of repayment for short or intermediate credit is to make equal annual principal payments and pay interest on the unpaid balance. For example, assume a

loan of \$10,000 @ 8% to be repaid in four annual payments. Each year, \$2,500 in principal would be due. Interest the first year would be 8% of \$10,000, or \$800, making a total first-year payment of \$3,300. Interest the second year would be 8% of \$7,500, or \$600, etc. These are customary calculations for simple-interest loans. In some cases, with machinery in particular, this type of repayment plan is set up on a semiannual basis. This means equal semiannual principal payments are made with interest again calculated on the unpaid balance. Machinery loans often are amortized in this manner to allow the lender to recover principal earlier in an attempt to keep pace with the rapid depreciation that occurs in the first years of ownership. Whether repayment is annual or semiannual, the lender may require the first payment due in six months. One year after purchase is often considered too far down the road to begin recovery of principal.

On long-term loans, equal annual

TABLE II—AMORTIZATION TABLE FOR EQUAL PAYMENTS
Annual Payment Necessary to Amortize a Loan of \$1,000

Rate Years	6%	7%	8%	9%	10%	12%
3	374.11	381.06	388.04	395.06	402.12	416.35
4	288.60	295.23	301.93	308.67	315.48	329.24
5	237.40	243.90	250.46	257.10	263.80	277.41
10	135.87	142.38	149.03	155.83	162.75	176.99
15	102.97	109.80	116.83	124.06	131.48	146.83
20	87.19	94.40	101.86	109.55	117.46	133.88
25	78.23	85.82	93.68	101.81	110.17	127.50
30	72.65	80.59	88.83	97.34	106.08	124.15
35	68.98	77.24	85.81	94.64	103.69	122.32

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payments—including both principal and interest—are commonly used. The amounts of the equal payments may be obtained from an amortization schedule. An abbreviated equal annual payment amortization schedule appears in Table II. With this method, total payments in the early years are less than in the method described above. For example, the figure from the table for a \$10,000, 8% loan for four years is \$3,019.30. This method is not used often on short-term loans since smaller amounts of principal are repaid in early years. Simple interest is paid in this method as well, and payments can be set up semiannually, quarterly or monthly.

At times when equipment dealers or other lenders feel it necessary to charge higher rates of interest, add-on interest and repayment terms may be used. In this instance, total interest over the life of the loan is added on to the principal and the total amount divided by the number of payments. For example, the \$10,000, four-year loan at 8% would be calculated as follows: 8% of \$10,000 multiplied by four years results in \$3,200 in interest. The \$10,000 principal plus \$3,200 interest divided by the number of payments (four) equals \$3,300 payments. Thus, repayment of this loan requires four annual payments of \$3,300 each. With

this method it is not difficult to see that interest is no longer calculated on a simple-interest basis. Annual percentage interest rates are considerably higher in this case. True rates can be approximated through use of simple formulas.^{6, 7} When the annual percentage rate is known, the repayment obligation for this type loan can be estimated using Table II. (See page 120.)

The methods of repayment described above are most common. Variations of these methods may be in practice by a number of lenders. It is important that the borrower understand and anticipate the repayment obligations before undertaking sizable loan commitments that could lead to cash-flow problems.

As discussed earlier, the first step in analyzing investments is to determine whether the proposal is expected to be profitable. This is commonly done through use of a cost and returns budget. In addition to this, a break-even analysis is sometimes carried out. For example, when investing in harvesting equipment, how many acres of a crop are required to make the investment profitable? The answer to this would be called the break-even acreage for the harvesting equipment.

The second step in decision making must be to determine whether the proposed investment will generate sufficient cash to meet the repayment obligation of the required debt. A break-even can also be done in this step. The cash-flow break-even answers the question of how many units (acres, tons, etc.) of production are required to generate the cash to pay for the investment under the specified repayment terms. The cash-flow break-even can be determined by dividing the annual repayment obligation by the net cash earnings per unit of production.

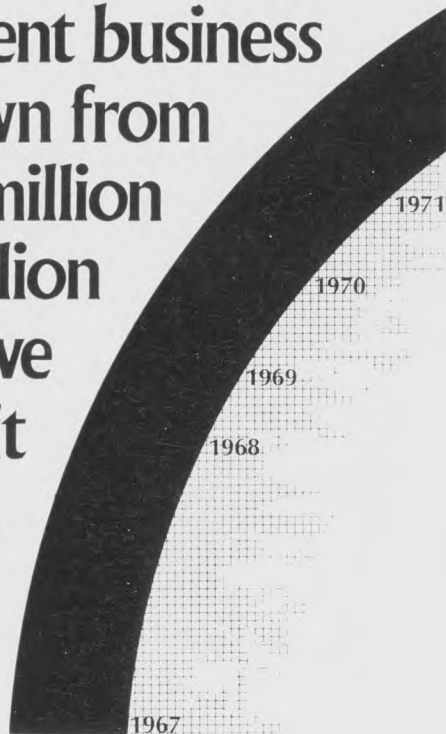
$$\text{Cash Flow Break-even} = \frac{\text{Annual Repayment Obligation}}{\text{Net Cash Earnings per Unit of Production}}$$

Remember, in considering the cash-flow break-even volumes, the net cash earnings occur over the life of the investment. The consideration here is simply whether the proposed investment will generate sufficient cash savings through its own operation to repay the loan on a short-term basis and ensure that cash deficits will not occur.

⁶ Ted R. Nelson and Cecil D. Maynard, OSU Extension Fact No. 702, *Credit Cost Computation*, Cooperative Extension Service, Oklahoma State University, Stillwater, Okla.

⁷ The Truth in Lending Law (Title I of the Consumer Credit Protection Act) signed into law May 29, 1968, requires that the dollar-finance charge and the annual percentage rate (APR) be disclosed in extending consumer credit. Under the law, consumer credit includes loans for agricultural purposes. Oklahoma laws afford similar protection under the Oklahoma Uniform Consumer Credit Code.

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Banker Tells How to Monitor Growth Of Small- and Medium-Sized Institutions

By **WILLIAM A. PECORA**
Market Research Officer
Beverly Bancorp., Inc.
Chicago

PLANNING is becoming an increasingly important function in banking and specifically in bank marketing. However, in order to make market plans and overall bank plans, manage-

ment needs information in an action-oriented form about the growth of the bank (or branch office) in its trading area.

In addition, management in small- and medium-sized banks requires a relatively inexpensive procedure.

This article initially discusses why some of the commonly employed methods for evaluating the growth of a bank

are not useful for continuous monitoring of the retail side. Then it describes a procedure that has proved useful to the marketing staff of Beverly Bancorp.

One of the most common approaches to monitoring bank growth is to compare the published statements of condition of all other banks considered to be in the bank's trading area. This procedure is useful in providing an overall picture of the bank's competitive situation, but does not allow further breakdowns. In particular, because IPC (individual, partnership and corporation) deposits are not subdivided into individual deposits and commercial deposits, and because loans are not divided into consumer, real estate and commercial loans, changes in the bank's competitive position in the retail and commercial markets will not be clear from this type of analysis.

Unless a bank's market has well-defined physical boundaries, such as a bank in a small town, it is not always obvious which banks are providing strong competition for retail or commercial business. Because of these difficulties, the use of only a comparison of statements of condition to monitor bank growth misses important trends.

Another approach is to interview, on a periodic basis, a sample of area residents about their banking habits. For a small or medium-sized bank, this approach could put a sizable dent into the yearly marketing budget. Instead, survey research is better used to explore fully the problems indicated by a less-expensive monitoring system.

A third common approach—the customer profile—utilizes a demographic description of each customer. A composite demographic profile representing the bank's customer base is developed for comparison with the composite demographic profile of the total population in the bank's trading area. The idea behind this approach is to determine whether the bank is getting approximately the same share of customers from each demographic segment of the population. If the bank is getting a smaller share of a certain demographic type than of other types, then marketing programs are devised to appeal particularly to that one kind of individual.

Besides the theoretical problem—Why should a bank have the same share of each demographic segment?—this approach has several practical limitations.

First, there is the cost in terms of staff time for a continual update of the customer profile and the problem of getting detailed demographic information on area residents between census years.

Second, it is questionable—especial-

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ly for small and medium-sized banks—if the strategy of continually devising and running major marketing programs designed to appeal to one demographic group would be more profitable than a strategy of using programs that appeal to all segments of the population. As with survey research, the customer profile study (for small and medium-sized banks) is better utilized as an aid in diagnosing problems defined by a less-expensive monitoring system.

Instead of analyzing a bank's customer base in terms of demographic segments, one could utilize geographic segments. The basic idea is to divide a bank's trading area into geographic areas, estimate the total business (deposits, installment loans, etc.) available from all the people living in each area, determine how much business the bank has from each area and divide the two figures to find the bank's share of total business for each geographic unit in its trading area. A procedure for estimating total business was developed by Dr. Lewis Mandell of the University of Michigan's Survey Research Center and is described in the ABA's "A Guide to Selecting Bank Locations."

Since population information is most widely available from the Bureau of the Census in terms of census tracts, it has often been suggested to use census tracts as the geographic unit. However, this requires entering in the files the number of the census tract of each customer. Although there are computer programs available to match each customer address with the appropriate census tract number, for many reasons a sizable number of customer addresses often can't be coded by the program and must be coded manually. This can make the initial coding quite expensive, not to mention the expense of coding the new customers each year.

The approach that we have found useful at Beverly Bancorp. is to use zip codes as the geographic unit. Since the zip code is already in the customer's file as a part of his address, there is no need to code customer files. In addition, the fifth count of the 1970 census will give population counts by zip codes as well as the few demographics needed to make estimates of total business available from each zip code. The estimate of total business available from each zip code can usually be updated between census years utilizing population projections made by local urban planning groups. Once total business available from each zip code has been estimated for various points in time, one has only to run a computer program at that time to determine the amount of business the bank currently has from each zip code and divide to determine the bank's share of market

for each zip code at that time. In practice, reviewing the share of market figures by zip codes every six months has given management a clear insight into the growth of the bank in its area.

Unlike using demographics, this type of information can be extremely actionable. First, it gives management a sense of where the bank is going. Just knowing whether the bank's trading area is geographically static or expanding can strongly affect the long-run plans management is making for the bank. Second, in choosing sites for second facilities or branches, it would be helpful to know which parts of a bank's trading area offer the greatest potential.

Finally, this information is useful in improving the effectiveness of the year-

ly marketing budget. Knowledge of the bank's strengths and weaknesses in each geographic part of its trading area can be helpful in planning the yearly community relations program, in allocating the yearly media budget for advertising among various newspapers and in selecting zip codes for direct mailing. Linear programming is a quantitative technique that can utilize share of market by zip code information to allocate the yearly media budget among newspapers.

In addition, as the bank staff becomes accustomed to thinking in terms of share of market by zip code, this information probably will be helpful in shaping other kinds of decisions. • •

The Face Of Change.



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Illinois News

Bank of Montgomery Opens



Bank of Montgomery opened for business last month. The bank building, shown above in the final stage of construction, has 6,600 square feet on two levels, drive-up windows and two vaults. Contractor for the building was Commercial Design, Inc., St. Louis bank building specialists.

■ ROBERT E. FABRY was promoted to vice president in the commercial loan division of Commercial National, Peoria. He came to the bank in 1950, was elected an assistant cashier in 1963 and assistant vice president in 1967.

■ FIRST NATIONAL, Pekin, advanced Larry C. Nelson to assistant cashier. He has been with the bank since 1970.

■ SUBURBAN NATIONAL, Palatine, has elected Mrs. Carole Halpaus assistant vice president. She joined the bank four years ago and was appointed assistant cashier in 1969.

■ JOHN P. KILROY has been named cashier of Merchandise National, Chicago. He also serves as administrative officer of the operations department.

■ TERRY W. SCHAEFER was promoted to assistant cashier in the installment loan department of Bank of Belleville.

■ CITY NATIONAL, Rockford, recently made the following appointments: Jack R. Joyce, assistant vice president in charge of the mortgage department; Richard L. Johannsen, trust operations officer; and William M. Flaherty, trust officer.

■ BANK & TRUST CO., Arlington Heights, has advanced: Tyce S. Clark, to assistant cashier; Richard M. Jung, to assistant trust officer; Milton G. Dowden, to loan officer; and Mrs. Jeanne C. McGeehan, to public relations officer.

■ NORRIS CITY STATE has elected four new directors. They are: Miss Carolyn Bruce, vice president and cashier; Jerry Hill, co-owner of a supermarket; Dr. Denton Ferrell, Eldorado physician; and Weldon Birch, tax, accounting and management consultant.

First Security Bank Opens



William Kirchoff (second from r.), Glendale Heights village manager, cuts ribbon of souvenir checks to officially open the new First Security Bank of Glendale Heights. Taking part in the ceremony are: (from l.) Melvin R. Hinterlong, a.c.; David L. Brewer, v.p. and cash.; Mr. Kirchoff; and Jeffrey Napier, dir.

Harris Trust, Chicago, Appoints Five Seniors VPs



FLETCHER

SMITH

STEPHENS

LYNCH

BANKER

Newly elected sr. v.p.s at Harris Trust, Chicago, are: Edward K. Banker, head of the U. S. group, banking dept.; Stanley Fletcher, officer-in-charge of the banking operations group, operations dept.; Thomas G. Lynch, director of the information systems group, operations dept.; Philip T. Smith Jr., head of the investment dept.'s municipal bond div.; and John L. Stephens, head of personnel administration.

Marengo State Has New Building

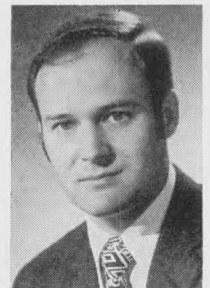


Marengo State recently opened new quarters in a colonial-style building with redfaced brick. The building has a walk-in lobby with two tellers and four drive-up lanes. Bank Building Corp., St. Louis, was consultant and construction manager for the project.

Campbell, Robinson Promoted At American National, Chicago



CAMPBELL



ROBINSON

CHICAGO—Gordon W. Campbell has been elected an executive vice president of American National. He had been administrative vice president, managing the divisions of the trust department since May, 1971. He joined the bank in 1970, after serving for eight years as senior vice president and a director of State National, Evanston.

In other action, Thomas L. Robinson was elected a correspondent banking officer. He joined the bank in 1968 and earlier this year was named an administrative assistant, servicing the bank's accounts in Kansas, Missouri, Iowa, Nebraska and Colorado.

Other promotions included: Donald C. Fogel, William T. McBride and Dennis L. Oldorf, second vice presidents; and Andrew B. Albert and James R. Anderson, international banking officers.

■ LEWIS T. STEIN has joined Amalgamated Trust & Savings, Chicago, as vice president for commercial business development. He formerly was a vice president with Exchange National, Chicago.

■ STOCKHOLDERS of Gallatin County State, Ridgway, recently approved a 200% stock dividend. Directors also authorized transfer of \$100,000 to surplus, bringing capital and surplus to \$600,000. Total capital of the bank is \$933,090.

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Indiana News

New Appointments Announced By St. Joseph Valley Bank

ELKHART—St. Joseph Valley Bank has announced a change in managerial responsibilities for two of its officers. R. Douglas Grant, senior vice president, has assumed responsibility for coordination of the bank's investment portfolio and loan position.

John W. Gabbert, vice president, succeeds Mr. Grant as officer in charge of commercial loan activities.

Promoted at the bank were: Richard D. Troyer, loan officer, installment loan division; Jerry L. Zellmer, branch manager, Valley View Hills Branch; and Harold E. Smurr, director of computer operations, data processing division.

■ **FIRST BANK**, Whiting, recently broke ground for its new Dyer Office, to be in operation by the end of the year.

■ **LINDEN STATE** recently opened a new drive-up window and night depository.

■ **AMERICAN TRUST**, Whiting, has begun expansion and remodeling of its building. Included in the program will be expansion of the loan, travel and insurance departments. Bank Building Corp., St. Louis, is handling the project.

■ **INDIANA NATIONAL**, Indianapolis, promoted Carl A. Reichwein, investment division, and Gary W. Ware,

information services division, from assistant cashiers to assistant vice presidents. Also advanced were: James W. Magee, trust officer; Lante K. Earnest, Martin T. Russell and David E. Walsh, assistant trust officers; Maurice J. DeSwert, travel officer; and Miss Nancy M. Ruff, economic research officer.

Regional Meetings Planned By Indiana Bankers Assn.

The Indiana Bankers Association has announced the schedule for its 1972 regional meetings.

The schedule is as follows:

REGION ONE: September 13, Elcona Country Club, Elkhart.

REGION TWO: September 13, Holiday Inn, Gary.

REGION THREE: September 14, Holiday Inn, Marion.

REGION FOUR: September 18, Tippecanoe Country Club, Monticello.

REGION FIVE: September 26, Trolley Tavern, Cincinnati.

REGION SIX: September 20, Terre Haute Country Club.

REGION SEVEN: September 27, Marriott Inn, Jeffersonville.

REGION EIGHT: September 28, Executive Inn, Evansville.

REGION NINE: September 21, Indianapolis Athletic Club.

■ **GEORGE A. NELSON** has retired as vice president of Northern Indiana Bank, Valparaiso. He had been an industrial development and public relations officer since joining the bank in 1962.

Flag Display at American Nat'l



American National, South Bend, recently displayed a wood inlay set of the flags and seals of the U. S. The series of 28 successive U. S. flags was on loan to the bank following nine months at the Smithsonian Institute, Washington, D. C. The set was created by Wayne Roth (I.), South Bend. With Mr. Roth are Meredith Nicholson III, pres. of the bank, and Mrs. Louise Feferman, Mr. Roth's agent.

■ **LAFAYETTE NATIONAL** has promoted Mrs. Mary Lou Williams from loan operations officer to assistant vice president and Mrs. Lelia B. Preston from trust operations officer to assistant trust officer. Mrs. Williams joined the bank in 1949 and Mrs. Preston in 1959.

■ **FIRST BANK**, South Bend, is constructing a new building for its Maple Lane Office. The structure will feature eight teller stations, 24-hour depository service and a three-lane drive-in.

■ **LINCOLN NATIONAL**, Fort Wayne, recently elected Herman L. Friedrich Jr. vice president. He is manager of the business development division. Named assistant cashiers were: John A. Deal, assistant manager, Clinton-Rudisill Office; Richard A. Rutkowski, assistant manager, State and Sherman Office; Steven R. Bulmahn, manager, account inquiry department; and John Landry, manager, proof department. Paul Deem was named assistant auditor and James E. Stump was elected assistant trust officer.

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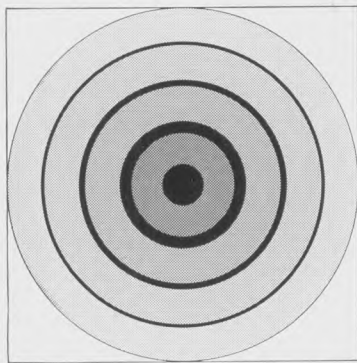
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Kentucky News

KBA Opens 78th Annual Convention At French Lick (Ind.) Sheraton

THE 78th ANNUAL CONVENTION of the Kentucky Bankers Association is being held September 10, 11 and 12 at the French Lick-Sheraton, French Lick, Ind. The convention was beginning as MID-CONTINENT BANKER was coming off the press.

Speakers scheduled for the Monday morning session of the convention included: George W. McKinney, senior vice president, Irving Trust, New York; Mrs. Mary George Waite, immediate past president of the Alabama Bankers Association and chairman and president, Farmers & Merchants Bank, Centre, Ala.; and Gerald T. Dunne, vice president, Federal Reserve Bank of St. Louis. Luncheon speaker will be Mort Crim, news commentator for WHAS, Louisville.

The Tuesday morning session will begin with a program of remembrance conducted by Dr. W. W. Slider, minister, Christ United Methodist Church, Louisville. Appearing at the morning business session will be Kentucky Governor Wendell H. Ford and Allen P. Stults, president, American Bankers Association, and chairman, American National, Chicago.

The convention will end with a banquet on Tuesday evening.

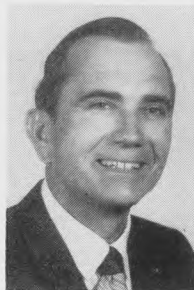
KBA Officers. Howard Gosney, KBA president, is president of West Side Savings, Newport, a position he has held since 1960. He joined the bank in 1925 and was advanced to assistant cashier in 1932 and first assistant cashier and a director in 1936. Mr. Gosney later was elected cashier in 1943 and executive vice president in 1946.



GOSNEY

KBA president-elect is John L. Williams Jr., president, Farmers Bank, Princeton. He served as the bank's executive vice president from 1956 until 1960, when he was named president. Previously, he had been cashier of Citizens Bank, New Castle.

Mrs. Jane E. Caudill, KBA treasurer, and executive vice president, Peoples Bank, Sandy Hook, has been in banking



WILLIAMS

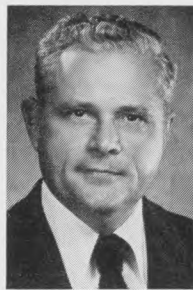


CAUDILL

since 1939. She was elected cashier of her bank in 1941 and executive vice president last December. Before entering banking, Mrs. Caudill was a dental assistant and bookkeeper in Louisville. • •

Folsom Joins Citizens Fidelity As Senior Vice President

LOUISVILLE—Robert P. Folsom has joined Citizens Fidelity as senior vice president in the bond department. He had been vice president and manager of the investment division, Fourth National, Wichita. Before joining that bank, he was a municipal finance consultant, bond portfolio analyst and municipal bond underwriter.



FOLSOM

In other action, Citizens Fidelity has proposed a 100% stock dividend, subject to stockholder approval. The bank intends to transfer \$10 million from undivided profits to capital, increasing capital to \$20 million.

■ PRIME F. OSBORN III has been elected a director of First National, Kentucky Trust and First Kentucky Co., all of Louisville. He is president and chief executive officer of Louisville and Nashville Railroad Co.

■ GRANT SATTERLY has joined Farmers Deposit, Eminence, in the officer training program. He is a June graduate of Centre College, Danville.

KBA Drive Raises \$50,000

KBA members have raised \$50,000 in the fund drive for "Trooper Island," a camp for underprivileged boys of Kentucky founded by the Kentucky State Police.

At last year's convention, the bankers agreed to sell prints of a painting created especially for the fund drive by the well-known wildlife artist, Ray Harm. The painting is titled "The Great Horned Owl." Bankers sold the prints in their respective communities at \$100 apiece.

Frame House Galleries of Louisville donated 1,000 reproductions of the painting, which carry special seals signifying that the prints were made available through the KBA for the special purpose of providing funds for improvements on Trooper Island.

Capital Adequacy

(Continued from page 16)

often are directors and additional capital tends to result in a lower rate of return. As far as the CEO is concerned, inside management frequently is reimbursed in direct relationship to the profits rate earned after taxes. Thus the CEO would tend to favor undercapitalization.

Do not the supervisory agencies have a bias toward overcapitalization? Yes, they do!

Is there a mix or combination that may better resolve the problem? The following is a possibility: A subcommittee of the board—composed of highly qualified outside directors who in a "de minimus" sense hold only qualifying or such small proportions of the bank's stock that their judgment is not influenced toward undercapitalization or overcapitalization—should be charged with weighing the requests or demands by bank supervisors, with keeping abreast with the statistics and literature on the subject and with seeking the advice and counsel of experts in the field, such as their bank's outside CPA.

In fact, in the selection of a candidate for a board vacancy, one should keep in mind the balance and expertise called for to make a meaningful contribution to such a subcommittee.

The subcommittee's report, which would be entered into the board minutes, would be weighed by the entire board and the CEO and voted upon by the entire board.

Such a procedure would have considerable balancing influence on the supervisors and on large-stockholder directors.

It would also provide an objective approach to your own bank's capital structure situation. • •

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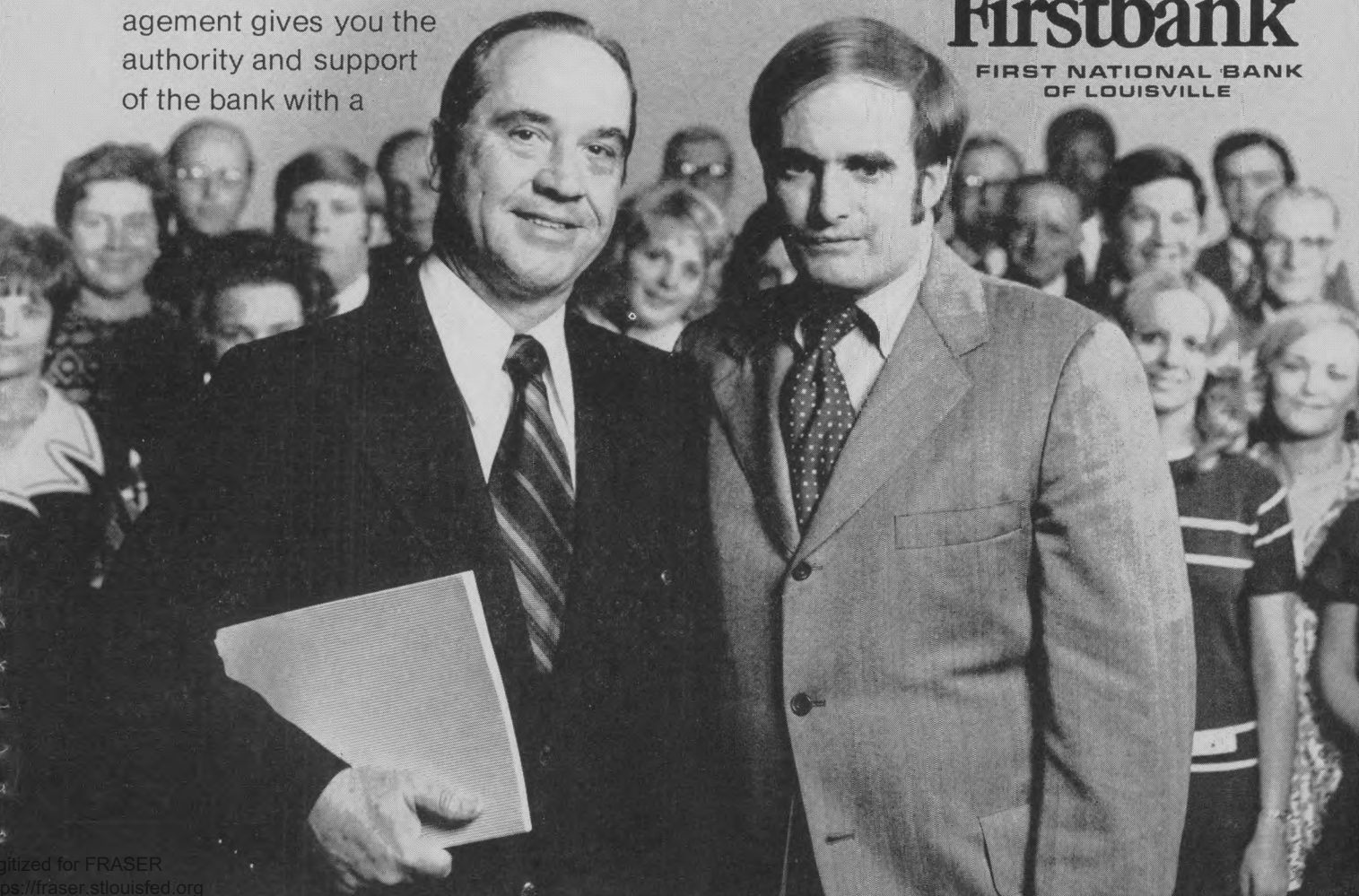
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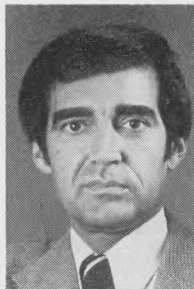
The BANK BOARD Letter

408 Olive St. (Room 505)
St. Louis, Mo. 63102

Tennessee News

Hodges Appointed Senior VP At First National, Memphis

MEMPHIS—Glenn Hodges, manager of the retail credit division, First National, has been promoted from vice president to senior vice president.



HODGES

Mr. Hodges joined the bank in 1954 and supervised lending for the entire branch system before being appointed administrative head of branches in 1969. He was elected a vice president in 1966.

Elected assistant vice presidents were Miss Nancy A. Sherrard and Lloyd W. Warren. Miss Sherrard joined the bank in 1962 and has served as a customer service representative and as a business development representative in the branch system. Mr. Warren, manager of the Holiday City Branch, was elected a branch officer in 1969.

Newly appointed officers are Jim B. Robison, operations officer, and Charles B. Walker, area development officer.

Nicholson and Stone Retire From First American Nat'l

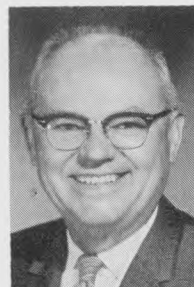
NASHVILLE—Murray M. Nicholson, vice president and senior loan officer, and Floyd C. Stone, vice president and manager of the Centennial Park Branch, recently retired from First American National.

In banking more than 45 years, Mr. Nicholson was elected an assistant vice president of First American in 1956, vice president in 1959 and senior loan officer last year.

Mr. Stone came to the bank in 1926 and has served as manager of the Centennial Park Branch since 1952. He



NICHOLSON



STONE

was named assistant vice president in 1957 and vice president in 1961.

Succeeding Mr. Stone as manager of the branch is James A. Jackson, assistant vice president. Mr. Jackson joined the bank in 1956 and was appointed assistant branch manager in 1961. He became assistant vice president in 1967.

In other action, First American has announced acquisition of Guaranty Mortgage Co. The firm will be operated as a wholly owned subsidiary of the bank, with Herschel Greer remaining as chairman and chief executive officer.

Duane Named Memphis Sales Rep. By Lawrence Systems, Inc.

MEMPHIS—Anthony S. Duane has been appointed a sales representative in the Memphis area by Lawrence Systems, Inc., headquartered in San Francisco.

Mr. Duane received his degree in business administration and marketing at the University of Tennessee and Memphis State University.



DUANE

■ BANK OF CAMDEN has promoted J. W. Ward from cashier to executive vice president and cashier; J. S. Davidson, from vice president to senior vice president; and D. A. Hughes, to vice president. Elected directors of the bank were Joe Whitworth and Herschel Abbott.

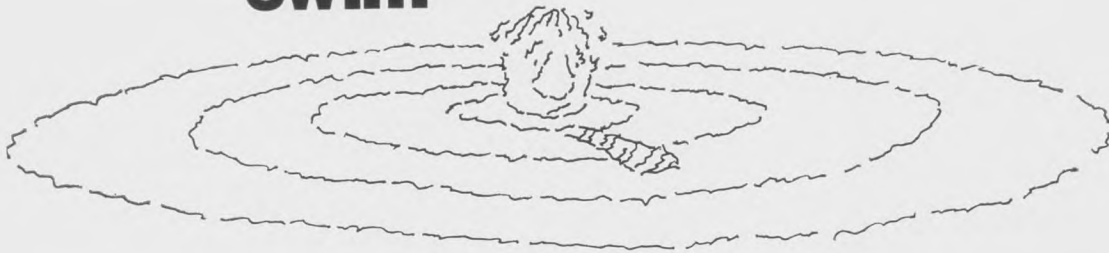
American Nat'l Appoints Chapin To Serve on Exec. Committee

CHATTANOOGA—E. Y. Chapin III, president of Rock City Gardens, Inc., has been elected to the executive committee of American National. He also is a director of the bank.

Mr. Chapin's late grandfather, E. Y. Chapin, was a founder of the bank and was serving as honorary chairman at the time of his death. His father, E. Y. Chapin Jr., formerly president and chairman of the executive committee, presently is a director and member of the trust committee.

American National also elected Mrs. Ann S. Emmert assistant trust investment officer and Mrs. Sarah H. Newman securities operations officer.

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Alabama News

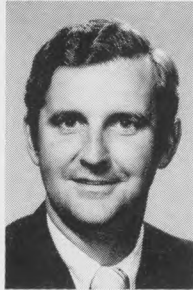
Murray Named Senior Vice Pres. At First National of Mobile

MOBILE—First National has promoted Richard Murray III, head of the marketing division, from vice president to senior vice president.

Mr. Murray joined the bank in 1964 as an assistant cashier in the international department and was advanced to vice president in 1967.

Elected an assistant vice president was Earl M. McDonald, former loan officer. He came to the bank in 1970 and was named a loan officer in 1971.

Newly elected officers of First National are: Jack F. Busby, collection officer; David C. DeLaney, investment officer; Thomas H. Gause, forester, natural resources department; L. Paul Schultz, credit card officer; and Charles L. Waller, loan officer.



MURRAY

■ HENDERSON NATIONAL, Huntsville, has named Walter L. Jackson president and chief executive officer. He had been vice president at First National, Canton, O.

Officer Elections Announced By BAI Tri-State Chapter

James H. Eason, vice president and cashier, City National, Dothan, recently was elected president of the Tri-State Chapter of Bank Administration Institute. H. Austin Landers, executive vice president, Commercial Bank, Ozark, was elected vice president of the chapter.

Mrs. Frances King, assistant vice president, First National, Opp, and Ben Oakley, president, Bank of Columbia, were elected to serve as treasurer and secretary for the coming year.

Newly elected directors are: J. Harold Duke, executive vice president, Samson Banking Co.; John A. Hughes Jr., president, First National, Hartford; Richard D. Griffin, cashier, Dothan Bank; and James A. Hughes, executive vice president, Bank of Cottonwood.

Holding Co. Acquires Two Banks

Central & State National Corp. of Alabama has received approval from the Federal Reserve Board of Governors to acquire Peoples Bank, Montgomery, and Citizens Bank, Eufaula.

The \$570-million HC now is composed of Central Bank, Birmingham, and State National of Alabama, based in Decatur.

First Nat'l Honors Director

Directors and officers of First National, Mobile, recently met at the home of J. L. Bedsole, to honor him on his 50th anniversary as a director of the bank and to celebrate his 91st birthday.

To show their appreciation for his continued support over the past 50 years and as a birthday remembrance, the bank officials presented Mr. Bedsole with an inscribed sterling silver tray and coffee pot.

Mrs. Waite Named to Committee Of U. S. Chamber of Commerce

CENTRE—Mrs. Mary George Jordan Waite, chairman and president, Farmers & Merchants Bank, has been elected a member of the community and urban affairs committee of the U. S. Chamber of Commerce.

Mrs. Waite also recently was honored with a plaque from the Alabama Future Farmers of America at their state convention.

Jack Fortenberry, senior vice president, has been re-elected to the Centre city council for a four-year term. He also serves as mayor pro tem. Thomas S. Graves, senior vice president, was named a director of the Centre Chamber of Commerce for 1972-73.

■ CENTRAL BANK, Birmingham, has promoted Ralph H. Cassell to manager, retail marketing. Mr. Cassell joined the bank in 1969 as a market research analyst and became director of market research in 1970.

Alabama Death

MATLOCK D. HAYS, director, Farmers & Merchants Bank, Centre.

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It just may take an electronic miracle someday for you to meet the man face to face (if you can call it that).

And the odds are if you ever do need to get together, you can bet that it'll be in his office and not in yours.

At First National it's a lot different. We visit every single correspondent regularly.

And we look forward to seeing him. Because it really gives us the opportunity to sit and talk things over, man to man.

We make an honest effort to try and help him solve his



problems. (Besides, no one minds being taken out to lunch now and then.)

It may seem that First National is old-fashioned in this day and age, but we're just trying to maintain some human contact in correspondent banking. We think it matters.

Yes indeed, the telephone is a great invention. And the picturephone[®], even greater. But they'll never be as great as people in person.

So, we'll see you all soon. In person.

First National Bank of Mobile

Mississippi News

Powell Appointed Vice President At Deposit Guaranty National

JACKSON—Billy R. Powell has been named vice president and manager of the petroleum department at Deposit Guaranty National.

With the bank since 1969, Mr. Powell was elected an assistant vice president in 1970 and manager of the petroleum department last year.

Named an investment officer at the bank was Tally D. Riddell Jr. He joined the bank in 1969 as a management trainee and later was assigned to the investment department.

Kevin D. Smith was appointed branch officer at City Bank, Natchez, branch of Deposit Guaranty. He has been with the bank since 1968.

■ W. A. SHURTLEFF JR. has been elected president of Bank of Commerce, Greenwood, succeeding the late C. F. Allen. Mr. Shurtleff, with the bank since 1937, had been serving as vice president and cashier. W. D. Shewmake, former vice president and trust officer, is now vice president and cashier.

■ J. MILTON TAYLOR has resigned as senior vice president and head of the installment loan department of First



POWELL

National, Greenville. He had been with the bank since 1957. Promotions announced at First National included: Robert Farmigoni, senior vice president and loan officer; Ford Edmonds, vice president and manager of the installment loan department; Dovard Mitchell Jr., cashier and assistant vice president; Glenn Smith, assistant vice president; Richard H. Callicutt, assistant cashier and loan officer; and Mrs. Helen Yee Hong, assistant cashier.

Gulf National Bank, Gulfport, Announces Four Promotions

GULFPORT—Gulf National recently announced four promotions.

William E. Barrett Jr., former cashier, has been named vice president and manager of the Edgewater Branch. He had been cashier since 1970.

W. Dale Stogner was elected vice president and cashier. Formerly, he was assistant vice president and manager of the computer center.

Advanced to data processing officer and manager of the computer center was Robert L. Seitzinger. He joined the bank in 1965 and was named an assistant vice president in 1968.

Leonard Morgan, with the bank since 1970, was elected data processing officer.

■ HAROLD G. LEWIS has been appointed vice president and manager of the Philadelphia Branch of Peoples Bank of Mississippi, Union. He had served as assistant vice president and assistant manager since the branch opened early in 1971.

Bank Opens New Quarters



Bank of New Albany recently opened a new traditional-style building. The structure has a pink brick exterior with four columns and cornice, as well as pilasters spanning each side of the building. White wood shutters are combined with solar bronze glass panels at the front entrance. The project was handled by Bank Building Corp., St. Louis.

■ FIRST NATIONAL, Greenwood, has elected Robert T. Gaston Jr. cashier. Mr. Gaston, who is in charge of the bank's internal operations, formerly was with Deposit Guaranty National, Jackson, and Union Planters National, Memphis.

■ BANK OF McCOMB recently opened its new Southwest Mall Branch.

Mississippi Deaths

C. F. ALLEN, president, Bank of Commerce, Greenwood. He had been with the bank since 1917 and served as president since 1965.

WADE C. BARTON, 53, president, First Citizens National, Tupelo.

JOSEPH C. PUGH, 75, chairman, Guaranty Bank, Belzoni.

EDWARD C. TONSMEIRE JR., 61, director, First Mississippi National, Hattiesburg.



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MEMBER F.D.I.C.

Louisiana News

Allende Joins International Dept. Of Whitney Nat'l, New Orleans

NEW ORLEANS—Octavio Allende Jr. has joined Whitney National as a vice president in the international banking department.

Mr. Allende has been active in international banking for the past 15 years. He has managed banks in Panama for a mid-western bank, been responsible for large geographic territories and traveled extensively throughout Latin America and the U. S. He is a graduate of the Law School of Loyola University of the South.



ALLENDE

■ J. B. TUBRE has been elected an assistant cashier of Calcasieu-Marine National, Lake Charles. He serves as BankAmericard coordinator at the Main Office.

■ DR. LEONARD K. KNAPP was elected a director of Gulf National, Lake Charles.

■ VERNON BANK, Leesville, advanced Warren D. Sandel from assistant cashier to cashier. He has been in banking since 1958.

■ FIRST NATIONAL, Arabi, elected Jack R. Illg an assistant cashier. He is a former national bank examiner.

■ JOSEPH D. HUTCHISON has been elected a loan officer of Guaranty Bank, Alexandria. Before joining the bank, he was manager of a national financial firm.

■ MACK OWENS has resigned as senior vice president and chairman of the executive committee of Central Bank, Monroe. He had been with the bank since 1954.

■ MRS. SUNSHINE FLEMING has retired as cashier of Gibsland Bank. She joined the bank in 1948 and was elected cashier in 1967.

Two Promoted to Senior VPs At Hibernia National Bank

NEW ORLEANS—Hibernia National has promoted Donald J. Nalty and Harold L. Cromiller from vice presidents to senior vice presidents.

Mr. Nalty is manager of both the correspondent banking and bond de-



CROMILLER



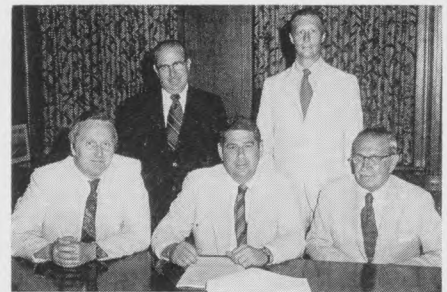
NALTY

partments. He joined the bank in 1958 and was elected a vice president in 1964.

Mr. Cromiller came to Hibernia National in 1938 and has served as vice president and comptroller since 1966. He retains the title of comptroller with his new promotion.

■ PERRY H. SMITH has joined Planters Bank, Haynesville, as a vice president. He had been executive vice president and cashier of Winn State, Winnfield.

Bank Finances Shopping Center



Closing of a \$16-million loan to finance construction of Lake Forest Regional Shopping Center took place recently at First National Bank of Commerce, New Orleans, the lending institution. The center is scheduled to open in February, 1974. Shown above are: (seated, from l.) William Durick, Lake Forest; (Norman Zucker, pres., National Equities, Inc., which is developing Lake Forest; Gervais Favrot, contractor; (standing, from l.) Joseph Lier, v.p., First National Bank of Commerce; and Edgar Bright Jr., Standard Mortgage Corp., representing Connecticut General Life Insurance Co., which will handle permanent financing.

LBA Group Meetings Announced

The schedule of Louisiana Bankers Association group meetings has been announced as follows: Northeast, Monroe, September 19; Central, Alexandria, September 20; South Central, Morgan City, September 21; Southwestern, Opelousas, September 26; and South-eastern, Baton Rouge, September 27.

■ BURL D. HOBSON has resigned as vice president and trust officer of First National, Lake Charles, to become executive vice president of First National, Crockett, Tex. Roy M. Raftery was named vice president and cashier of First of Lake Charles, while Robert Fairchild was appointed trust officer.

■ CENTRAL BANK, Monroe, promoted Dix Johnston and Paul Wiggins from assistant vice presidents to vice presidents and Bernard Hefflin and Wendell Shelton from assistant cashiers to assistant vice presidents.

New Motor Bank at Century Nat'l



Driving the first piling on the construction site for Century National of New Orleans' new motor bank is Joseph M. Connolly, ch. With him are: (from l.) John J. Seghers, a.c.; Jim McKigney, v.p.; Clarence J. Brauner Jr., a.v.p.; and Adrien E. Dupuis, pres. The new facility, located across the street from the Main Office, has three drive-up units.

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NATIONAL BANK OF NEW ORLEANS

Arkansas News

Three Companies Chosen to Work On New First National Building

LITTLE ROCK—Three Arkansas companies have been selected as the design-construction-leasing team for the new First National building, according to Edwin C. Kane, president.

Mr. Kane announced that Wittenberg, Delony & Davidson, Inc., was selected as the architect, that Pickens-

Bond Construction, Inc., will serve as general contractor and that Barnes, Quinn, Flake & Anderson, Inc., was chosen as the leasing agent.

In mid-April, the bank announced it would construct the new 33-story building in the downtown area. The new structure will have more than 525,000 square feet with complete banking services on the ground floor. First National and Connecticut Mutual Life Insurance Co. have entered into a co-venture agreement to finance the building, which is estimated to cost up to \$20 million.

The building is scheduled for completion in late 1974.

■ SIMMONS FIRST NATIONAL, Pine Bluff, has elected three new directors. They are: John E. Fox, vice president, W. S. Fox & Sons, Inc.; Charles B. Rouse, president, Central Moloney Transformer Division of Colt Industries, Inc.; and Richard D. Quina, manager, International Paper Co.'s Pine Bluff mill.

■ JOHN J. FLAKE has been appointed credit officer and manager of the credit department at Commercial National, Little Rock. Before joining the bank the first of the year, Mr. Flake was associated with a Little Rock realty firm.

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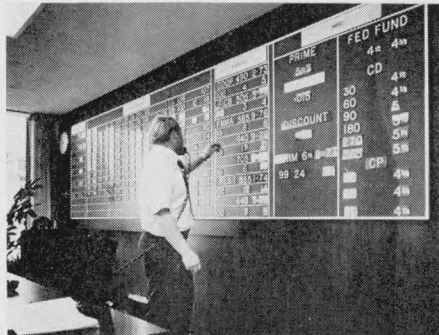
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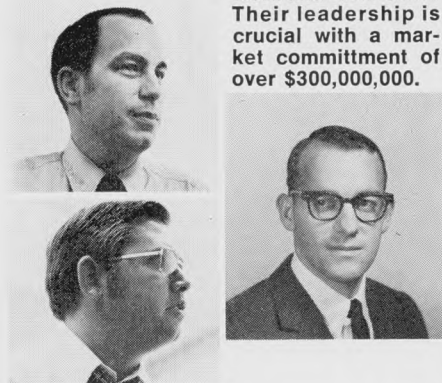


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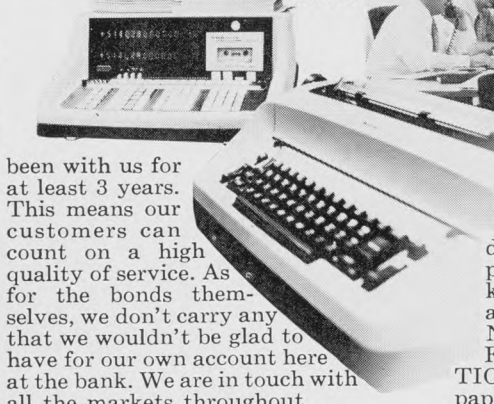
George Lewis, Ralph Horn and John Gwin. Their leadership is crucial with a market commitment of over \$300,000,000.



Municipal Bonds

At First National, municipal bonds are much more than a sideline. We make our own markets in these bonds, often underwriting issues that stand to help cities and towns here in our part of the world. We're proud of the heavy experience our people have in the business. Even the average bond salesman has

With the help of a secretary, this computer-typewriter figures dollars prices on municipal bonds, accrued interest, portfolio organization and even types out contracts.



Municipal bond trading desk has three wholesale bond experts who are constantly in touch with markets all over the country.

been with us for at least 3 years. This means our customers can count on a high quality of service. As for the bonds themselves, we don't carry any that we wouldn't be glad to have for our own account here at the bank. We are in touch with all the markets throughout the country and are aware of what's happening there. But we are genuinely committed to considering first the needs of our local communities, the ones here in our own trade area.

Government Bonds

Three years ago, this department was comprised of only 5 people. First National was determined to make a bigger commitment to this business feeling that many



She keeps track of millions of dollars in federal funds, keeping markets open for money from our correspondent banks.



The three men shown here head the municipal bond sales force. They have an average of 14 years service with First National.

customers, particularly correspondent banks, could benefit from our effort. Today the department has 18 people and is still growing. With over \$200 million dollars traded in an average day our

REPURCHASE AGREEMENTS, FOREIGN C. D.'S. We offer full free security safe-keeping to facilitate immediate transfer of securities in this fast moving market. The men in our government bond department have an expertise that embraces all of the money markets; but their main aim is to focus that expertise on your local situation. Most of our men were born and raised around here. They understand the problems of our correspondent banks and other neighboring customers.

This system is for you.

The whole idea behind the bond system here at First National is to help you in the most thorough way possible.

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For Government Bonds call (901) 523-4301 or for Municipal Bonds call (901) 523-4321, or write in care of First National Bank of Memphis, P. O. Box 84, Memphis, Tenn. 38101.

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MEMPHIS, TENNESSEE / MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Texas News

Three Promoted to Senior VPs At Republic National, Dallas

DALLAS—Three vice presidents in the international banking division of Republic National have been elected senior vice presidents and members of the bank's executive committee.

They are: David P. Anderson, in charge of Western Hemisphere operations; Ronald Brown, general manager of the London Branch; and Clifford S. Cooper Jr., in charge of Eastern Hemisphere operations and representative in charge of the Tokyo Office.



COOPER

ANDERSON

BROWN

Mr. Anderson joined the bank as a vice president in 1971, following 15 years' international banking experience with Chase Manhattan Bank and Morgan Guaranty Trust, both of New York.

Mr. Brown has been with the bank since 1959. Before being assigned to the London Branch in 1969, he served in the metropolitan and national divisions.

Mr. Cooper, who joined Republic National last year, formerly was with First National City Bank, New York. He was named vice president and Far East representative in charge of Republic's Tokyo Office when it opened in 1971.

Other promotions at Republic National included: Michael A. Stone, vice president, and executive vice president, Republic Small Business Investment Co.; John R. Meneghetti, vice president and trust officer; Ralph O. Laubler, assistant vice president and trust officer;

Thomas V. Lovvorn Jr. and A. Lee Kjelleren, assistant vice presidents; W. Humphrey Bogart and William D. Summerville, trust officers; V. Odell Mimms, managing officer, programing; and Harold B. Satterwhite, administrative officer.

Texas Death

FRED C. SCHIEGE, 71, retired president of Yoakum National.

Howard F. Hambleton Dies at 66; Former Chairman of 1st of Waco

WACO—Howard F. Hambleton, 66, chairman of First Southwest Bancorp., and former chairman of First National here, died recently.

Mr. Hambleton became president of First National in 1948 and served as chairman from 1965 until his retirement in 1971. Formerly, he had been executive vice president of Citizens National, Waxahachie. Mr. Hambleton was a past president of the Texas Bankers Association.

Owen Akers Receives Promotion At Bank of the Southwest

HOUSTON—Owen M. Akers, assistant vice president in Bank of the Southwest's investment department, has been promoted to vice president. In 1970 he joined the bank as a bond sales representative.

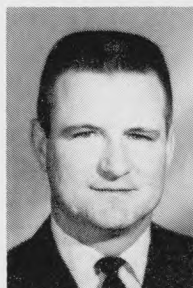
J. Michael Griffin, assistant auditor since 1969, was promoted to auditor and manager of the auditing department. He came to the bank in 1968 as senior audit specialist.

Two New Officers Appointed By First United Bancorp.

FORT WORTH—First United Bancorp., Inc., has elected Charles L. Worrell vice president and O. Douglas Vaughan vice president and treasurer. Mr. Worrell is vice president and comptroller and Mr. Vaughan is a vice president of First National, a subsidiary of First United.

Mr. Worrell joined First National in 1959, was named assistant comptroller in 1962 and comptroller in 1968. He became vice president and comptroller in 1969.

Mr. Vaughan came to the bank in 1963 and in 1969 was appointed vice president and assistant manager of the financial planning and control department.



VAUGHAN



WORRELL

First of Conroe in New Building



First National, Conroe, recently opened its new \$2.5-million, six-floor bank and office building. The structure's exterior is textured beige concrete with large smoked glass areas.

Willard Paine Named President Of New Bank of the West

LUBBOCK—Willard Paine has been elected president of the newly chartered Bank of the West, scheduled to open here this winter. The bank has capital of \$200,000, surplus of \$200,000 and reserves of \$100,000.

Mr. Paine recently resigned as chairman of Citizens National and formerly was president of First State, Monahans.

Nine Promotions Announced At First of Port Arthur

PORT ARTHUR—First National recently announced nine promotions including those of T. J. Romero to senior vice president and comptroller and H. J. Dionne and V. B. Miller to senior vice presidents.

Mr. Romero joined the bank in 1937 and was named vice president and comptroller in 1966. Mr. Dionne, head of the installment loan department, and Mr. Miller, head of the commercial loan department, both were promoted from vice presidents. Mr. Dionne came to the bank in 1947 and Mr. Miller in 1943.

M. D. Myers and R. H. VanCleave were advanced from assistant vice presidents to vice presidents. Promoted from assistant cashiers to assistant vice presidents were A. B. Hornaday, A. D. Judice and D. L. Parsley.

Mrs. Clara Moore, installment loan department, was elected an assistant cashier.

Two Vice Presidents Appointed At First National of Dallas

DALLAS—Robert A. Gregory has joined First National as a vice president in the correspondent banking division.

He formerly was an officer at Liberty National, Oklahoma City, and at City National, Fort Smith, Ark.

Robert C. Cochran also recently joined the bank as a vice president in the national accounts division. He has served as chief executive officer for banks in Denton and Houston.

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**Kansas City Fed to Hold Forum
In Santa Fe September 16**



HARSHBARGER DAVIS MILLER

SANTA FE—The Federal Reserve Bank of Kansas City, in cooperation with the New Mexico Bankers Association, will hold an economic forum here September 16. The forum will cover business, agricultural and financial developments and economic policy.

Three economists from the Federal Reserve Bank will discuss regional, national and international situations at the session. The speakers will be: Thomas E. Davis, vice president; Glenn H. Miller Jr., research officer; and C. Edward Harshbarger, agricultural economist.

George C. Rankin, vice president in charge of the Kansas City Fed's Denver Branch, will be forum chairman.

■ **COMMERCE BANK**, Carlsbad, recently opened a new drive-in window facility.

New Mexico News

■ **ALBUQUERQUE NATIONAL** has promoted three assistant vice presidents to vice presidents. Advanced were: Douglas B. Barfield, manager, North Fourth Street Office; John K. White, head of the Master Charge department; and Thomas D. Taylor, assistant manager, East Central Office.

■ **CLOVIS NATIONAL** has announced the following new appointments: Lawrence Maberry, senior vice president and trust officer; John Krattiger, senior vice president and cashier; C. L. Moody, senior vice president; Wilbur Cogdill, vice president and manager, Hill-top Plaza Branch; Jon Pressley, vice president; Mrs. Bertha Dorough, assistant vice president; and Mrs. Pauline Horton, assistant cashier.

■ **BRUCE GRIFFITH** has retired as senior vice president of Ruidoso State. He will remain a director. Promoted at the bank were: Mrs. James L. Hine, assistant vice president; Mrs. Everette Prewitt, assistant cashier; and Mrs. Neal Biewington, manager, Ruidoso Downs Branch.

■ **FIRST NATIONAL**, Raton, has elected four new advisory directors. They are: Cecil Jones, electrical contractor; Tony Pesavento, pharmacist and rancher; Richard Segotta, motel operator; and Nickie Yaksich, Kaiser Steel.

■ **GERALD R. PARKER** has been elected vice president in charge of administration at Citizens Bank, Albuquerque. Formerly, he was assistant vice president of operations at Union National, Bartlesville, Okla.

■ **DONALD C. FUCHS** has been promoted to assistant vice president of Fidelity National, Albuquerque. He has been in banking since 1954.

■ **STANSELL D. BRAUN**, executive vice president, First National, Farmington, has been elected a director of the bank. He fills a vacancy on the board created by the death of I. J. Coury. Mr. Braun has been with the bank five years.

New Mexico Death

MIKE C. SALAZAR, 33, assistant vice president and manager, Five Points Branch, Bank of New Mexico, Albuquerque. He had been with the bank since 1962.

**Liberty National, Oklahoma City,
Elects Three Vice Presidents**

OKLAHOMA CITY—Liberty National has promoted three assistant vice presidents to vice presidents. They are: Ron G. Leavell, correspondent banking department; Harry E. DeBee, international division; and Robert M. Hoffman, municipal finance department.



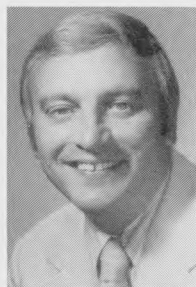
LEAVELL

Mr. Leavell joined the bank in 1963, while Mr. DeBee and Mr. Hoffman came to the bank in 1966.

Advanced to assistant vice presidents



DeBEE



HOFFMAN

Oklahoma News

were Miss Alvene Bonner, personnel department, and Rodney F. Saunders, loan administration department.

Miss Bonner has been with the bank since 1955 and was named a personnel officer in 1969. Mr. Saunders was employed by Liberty National from 1966 to 1970 and recently returned to the bank after being with First State for two years.

McNamara Promoted at NBT

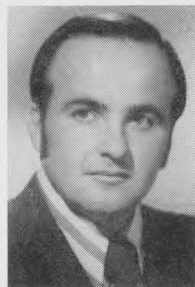
TULSA—Charles A. McNamara III has been promoted to assistant cashier in the correspondent bank department of National Bank of Tulsa.

Mr. McNamara joined the correspondent department in March this year as a correspondent representative. He joined NBT as a management trainee in July, 1970, and was honored by being named president of NBT's 21-30 Pacesetter Club a year later.

Mr. McNamara holds bachelor of business administration and master of business administration degrees from Southern Methodist University.

**Brigham Promoted to Vice Pres.
At Fidelity Bank, Oklahoma City**

OKLAHOMA CITY—Louis Brigham has been advanced from assistant vice president to vice president in the commercial loan department of Fidelity Bank.



BRIGHAM

He joined Fidelity in 1968 in the management training program and was elected assistant cashier in March, 1971, and assistant vice president last January.

Other promotions at the bank included: Arlin Carroll, assistant vice president and assistant security officer; Curtis Hale, auditor; and Mrs. Betty Yeagain, Joe Jeter, Jerry Hayes and James Self, assistant cashiers in the support division.

■ **WILLIAM O. JOHNSTONE** and James T. Hunter have been promoted to assistant vice presidents in the commercial loan division of Fidelity Bank, Oklahoma City. Both men joined the bank in 1970 and were elected officers last January.



Now what do you do?

Ninth inning. Two out. Score's tied, and the winning run is caught between first and second. What do you do? Try to fake out the second baseman and steal? Cut back to first? Slide?

Business creates the same type of situation, too—unexpected tight spots when you'll need fast, competent action from your correspondent. It's the kind you'll get from the **Action Bank** of Tulsa . . . Fourth National.

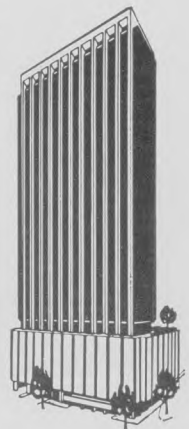
Fourth specializes in providing the expertise and the drive to keep your team moving ahead. That's one reason Fourth National correspondents now total over 160 in a four-state area.

If you're looking for the type of correspondent that provides both resources and "will to win", call Glenn "Red" Ward or Wilbur Waters. They're ready to get things moving—whenever and wherever you are.

Remember: When you need an **Action** correspondent, recruit Fourth National . . . the Action Bank of Tulsa. It's the way to the top.

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Kansas News

Woman Bank Examiner Begins Her Career At East Side Nat'l Bank, Wichita

MISS KATHY HILL, Kansas' first woman bank examiner, recently initiated her duties with the Wichita-based team at East Side National. She is said to be one of only two women bank examiners in the country.

Miss Hill said her male peers treat her "just like one of the fellows." "I've been treated very well," she added. "There hasn't been any discrimination and they've all been very helpful."

Sympathetic to the women's rights movement, Miss Hill thinks banking and examining are good fields for women. "It's an interesting field and there are a lot of areas where women can fit in," she said. "There have always been women doing clerical jobs in banking

but now other bank positions are opening up all the time for women."

Although still a novice bank examiner, Miss Hill has been exposed to the banking profession for a long time. Her father is president of Kansas State, Ottawa, and she started as a check filer for him when she was 12.

After graduation from the University of Kansas in 1970, she applied for an examining job but didn't have the requisite educational or training background. She spent the next two years teaching at Paola, then last summer worked in a Kansas City bank for more experience, which qualified her for an examiner position that became available this spring. • •

Leasing Firm Opens in Hutchinson; Subsidiary of One-Bank HC

HUTCHINSON—United Financial Corp., the one-bank holding company that owns Hutchinson National, has formed a new subsidiary, Polaris Leasing Corp. Dwight Buck Jr. has been elected president of the new firm, which began operations July 31.

Polaris Leasing will engage in commercial leasing activities throughout Kansas and the central United States. The first non-banking subsidiary of United Financial, it operates out of Hutchinson National's quarters at One Polaris Plaza.

Mr. Buck went to Hutchinson from the Dallas office of General Electric

Credit Corp. He has been with several banks and commercial finance companies during the past 20 years.

McQuade Named VP at Newton For Insurance Enterprises

NEWTON—Walter McQuade has been named resident vice president here for Insurance Enterprises, Inc., St. Louis.

Mr. McQuade will service credit insurance accounts and call on prospective clients throughout Kansas. He has been in the credit insurance business for more than 10 years.

■ **PATRICK H. THIESSEN** has been elected a director of First National, Wichita. He is vice president of Ross Industries, Inc.

Three Acquire Majority Interest In Kansas State Bank, Wichita

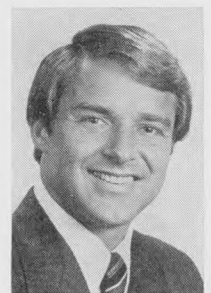
WICHITA—Preston H. Reynolds Jr.'s interest in Kansas State has been purchased by Kenneth E. Johnson, chairman and president; Walter W. Ahlschlager Jr. of Dallas, investor and real estate developer; and K. S. Adams, chairman emeritus, Phillips Petroleum Co., Bartlesville, Okla., and advisory director of the bank.

Acquisition of the Reynolds estate stock by the three men makes them major stockholders, giving them controlling interest in the bank.

Mr. Reynolds and Mr. Ahlschlager originally acquired controlling interest in the bank in 1963, when they built the 19-story downtown structure that presently houses the bank.

In other action, D. Linn Wiley has joined Kansas State as senior vice president and a director. He will be loan administrative officer of the commercial, real estate and installment loan departments.

Before joining the bank, Mr. Wiley was vice president and regional manager of the Santa Ana offices of First Western Bank, Los Angeles.



WILEY

■ **CHARLES G. BUFFUM III** was elected vice president of Johnson County National, Prairie Village. He had been with First National City Bank, New York, for nine years, where he served as a commercial lending officer and assistant vice president.

■ **TWIN LAKES STATE**, Wichita, has elected Joe Roland and Oscar Martinez vice presidents. Mr. Roland had been vice president of Stockyards National, Wichita, and Mr. Martinez was with Central Bank, Farmers Branch, Tex.

■ **ANDERSON CHANDLER**, president and chairman of Fidelity State, Topeka, has been appointed general chairman of the 1973 Topeka United Fund campaign.



BUCK



McQUADE

CNB

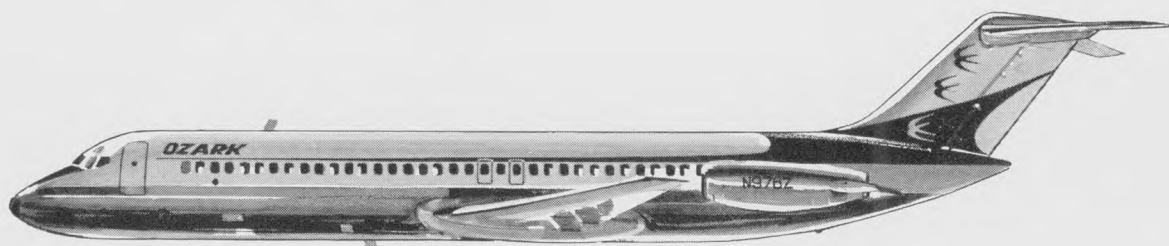
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FRED DUNMIRE BOB NILL

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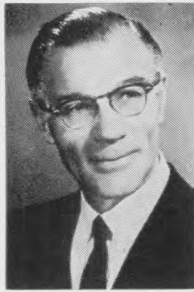
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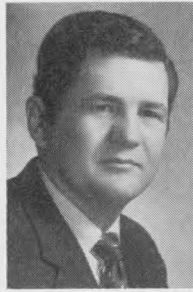
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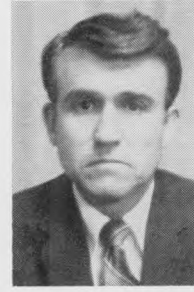
WINTERS



MEEKER



SPILLMAN



HULL



HARMON

Hunt Report Discussions Slated for Programs Of Missouri Regionals

Regional Meeting Calendar

Sept. 25	Region 1	Hannibal
Sept. 26	Region 2	Chillicothe
Sept. 27	Region 3	St. Joseph
Sept. 28	Region 4	Kansas City
Oct. 24	Region 6	Cape Girardeau
Oct. 25	Region 7	Springfield
Oct. 26	Region 5	Jefferson City
Oct. 26	Region 8	Jefferson City

IMPLICATIONS of the Hunt Commission report will be discussed at the regional meetings of the Missouri Bankers Association, beginning late this month.

A series of notices, each featuring different recommendations of the Hunt Report, will be mailed to Missouri bankers preceding the regional meetings (formerly called group meetings). The notices are designed to encourage bankers to give thought to the various Hunt Commission recommendations so they will be prepared to enter into the discussions at the regionals.

Special speaker at all meetings will be Dr. Carl Winters, philosopher, lecturer and humorist from Oak Park, Ill.

Dr. Winters, a member of the General Motors Speakers Bureau, was a minister until 1959, when he decided to devote full time to writing, lecturing and travel. He is interested in problems of crime prevention and rehabilitation and has served as chairman of the Skid Row Commission in Chicago. He has circled the globe several times on special assignments in crime, government and world missions.

The regional meetings get underway on September 25, when Region One meets at the Holiday Inn in Hannibal.

Alvin D. Meeker is chairman of Region One. He is president and director, Commerce Bank, Kirksville. Mr. Meeker joined Commerce Trust of Kansas City in 1955 and his present bank in 1957. He is a graduate of Northeast Missouri State College and of the School of Banking of the South at Louisiana State University. He is a former secretary of Group One.

Region Two will meet September 26 at the Hotel Strand in Chillicothe.

Grimes Spillman, president, Home Exchange Bank, Jamesport, is chairman of Region Two. He joined his bank in 1958 and was elected CEO in 1963. He purchased controlling interest in the bank in 1969. He has served on the MBA agriculture committee and is a past president of the local BAI chapter. His hobby is flying and he has a private landing strip on his farm near Jamesport.

Region Three plans to meet September 27 at the Hotel Robidoux in St. Joseph.

James Wells Hull, executive vice president, Wells Bank, Platte City, is chairman of Region Three. He joined his bank in 1959 as a clerk and has advanced through the positions of assistant cashier and vice president. In addition to serving as executive vice president, he holds the position of board secretary. He is a graduate of the School of Banking of the South at Louisiana State University.

Region Four will convene at the Hotel Muehlebach, Kansas City, on September 28.

Adrian Harmon, president, Citizens



Map shows boundaries of new MBA regions. Seven former groups have been designated as eight regions.

At press time, Ben A. Parnell Jr., president of the Missouri Bankers Association, announced that the following bankers will be on hand at the regional meetings to discuss and answer questions on the Hunt Report:

James E. Brown, senior vice president, Mercantile Trust, St. Louis; Gerald T. Dunne, vice president, Federal Reserve Bank of St. Louis; and William W. Quigg, vice president and trust officer, Central Trust, Jefferson City.



BROWN



QUIGG



DUNNE

Bank, Warrensburg, is chairman of the region. In banking for 20 years, Mr. Harmon is associated with the following banks: Barton County State, Lamar; Citizens Bank of Liberal; Jackson County State, Kansas City; Farmers Bank, Stover; Bank of Knob Noster. He is president of Central Mortgage Co., Inc., Springfield, and chairman of First Missouri Development Finance

Corp.

Information on Regions Five through Eight will be published in the October issue of MID-CONTINENT BANKER.

Schott Appointed President Of St. Louis AIB Chapter

ST. LOUIS—Edward R. Schott, manager of the research department, Federal Reserve Bank of St. Louis, has been elected president of the St. Louis chapter of the American Institute of Banking.

Other officers are: first vice president, Edmund L. Vorhes, assistant treasurer, Manufacturers Bank; second vice president, George T. Guernsey III, senior vice president, Manchester Bank; associate vice president, Miss Juanita R. Willer, Big Bend Bank; treasurer, Richard L. Johannesman, vice president, Mercantile Trust; and executive director and secretary, Joseph G. Steel.

■ FRAMPTON T. ROWLAND JR. has been elected vice president and head of the installment loan department, Columbia National. Rex E. Johnson was named an assistant cashier.

Region 8 to Meet

The first meeting of recently organized Region Eight is scheduled for Jefferson City on October 26. The meeting will be held in conjunction with Region Five. Both regions will elect officers.

Region Eight's formation was approved at the MBA convention last May. Most of the area covered by the region was formerly in Region Five.

At press time it had not been determined whether Region Eight officers would serve extended terms from the time of election until the 1974 MBA convention or abbreviated terms, lasting only until the 1973 convention.

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Organizers Seek Charter For New Commerce Bank

KANSAS CITY—Robert W. Reed and associates, all of whom are affiliated with Commerce Bancshares, Inc., have filed an application with the Comptroller of the Currency to organize Commerce Bank of Martin City here. Proposed initial capitalization of the bank is \$750,000.

If approved, Commerce Bancshares would own all outstanding capital stock of the new bank, except for directors' qualifying shares. The proposed bank is expected to open in one year.

Van Pelt Named Asst. Vice Pres. Of Commerce Bank, Kansas City



VAN PELT

KANSAS CITY—Roger Van Pelt has been elected an assistant vice president of Commerce Bank. He is in charge of budgeting and cost accounting.

Mr. Van Pelt joined Commerce Bancshares, the bank's holding company, in 1970 as assistant controller. Previously, he was controller for American Salt Corp.

MBA Ad Program Begins

Your money is building a better community

The strength of your community depends on you and your Missouri home town bank.

When you save in your savings, check a checking account, pay interest on a loan or use one of the other many services of a bank, you are also investing in your community. Banks not only help individuals, but they are the financial backbone for the building of roads, schools, community centers and improvements, and for financial development.

The active personal involvement in community activities provides the leadership and direction that provide the means to make your community grow.

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This is one of a series of advertisements sponsored by the Missouri Bankers Association currently running in national publications, such as *Life*, *Better Homes & Gardens* and *Reader's Digest*. The ads are also being run in *Missouri Ruralist* and *Missouri Press News*. Total circulation of these publications is 1.8 million. The ads, prepared by Batz-Hodgson-Neuwoehner, Inc., St. Louis, for the MBA public relations committee, are designed to tell banking's story to the public.

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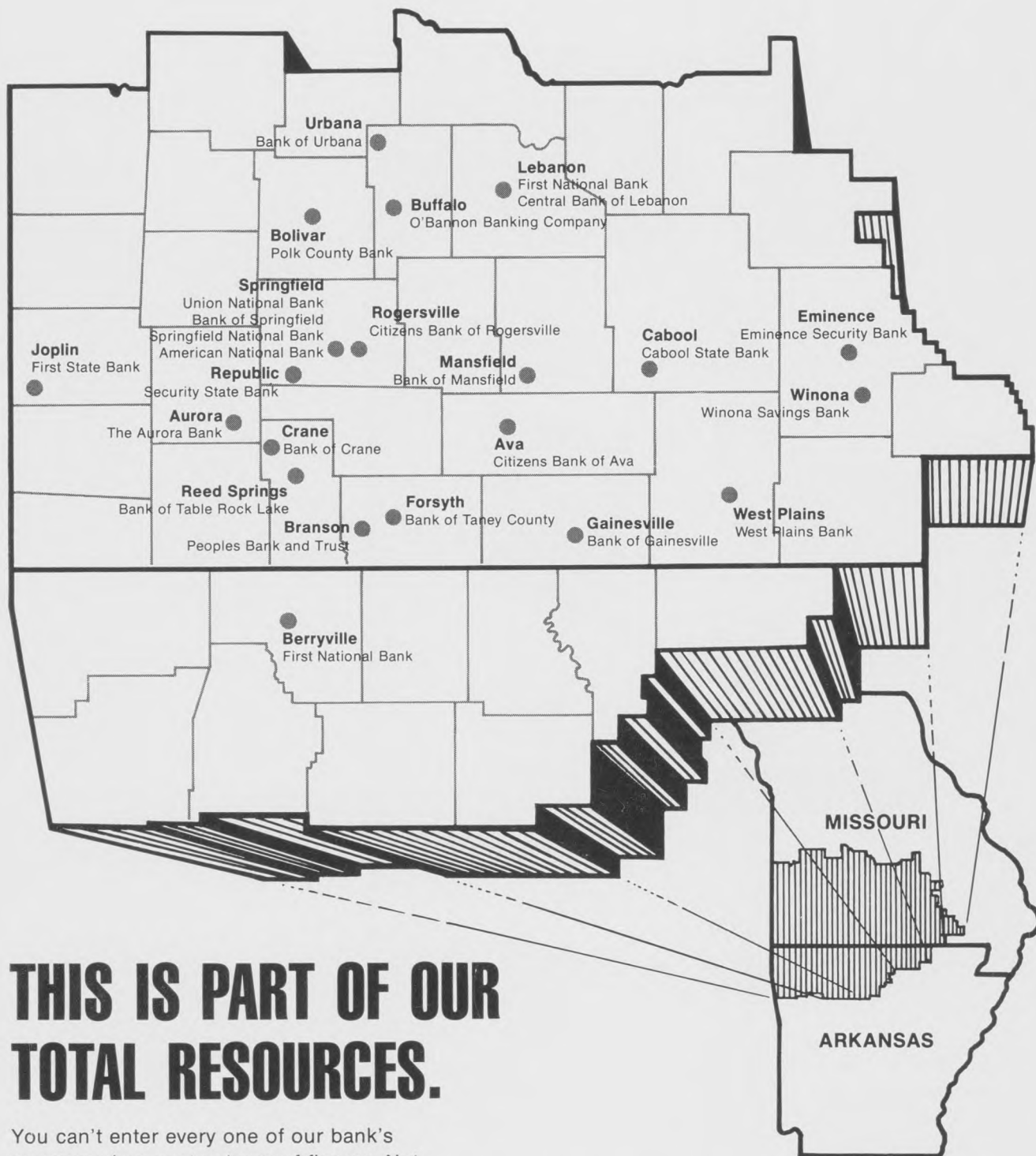
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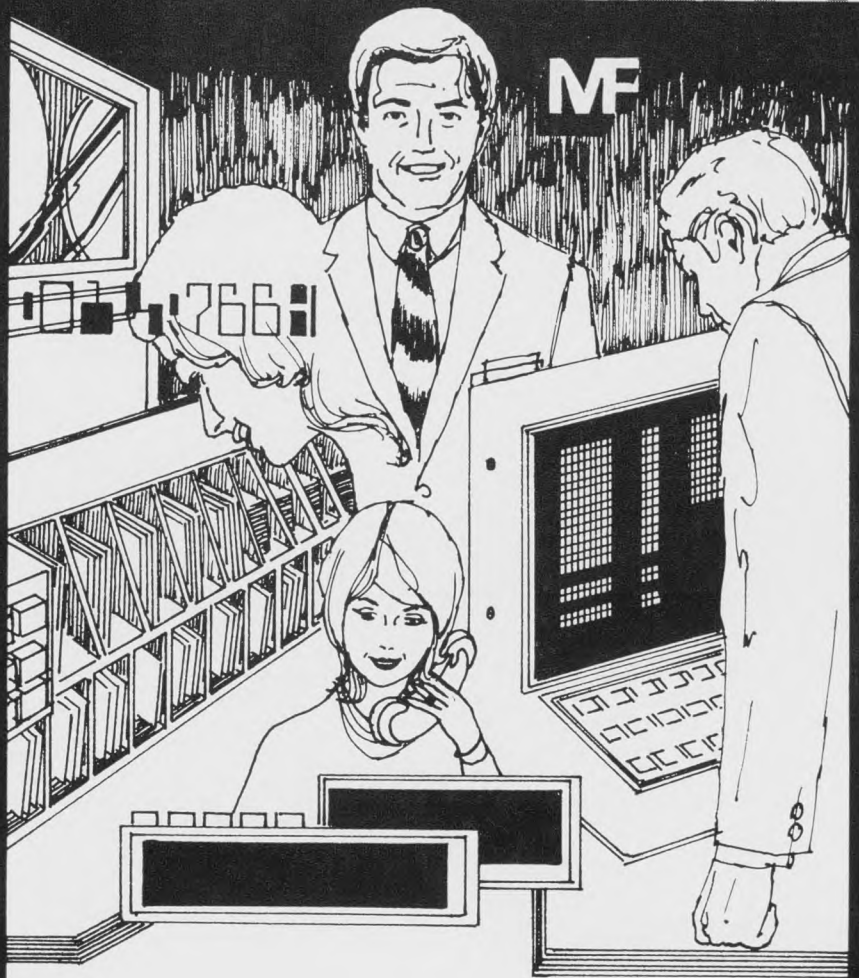
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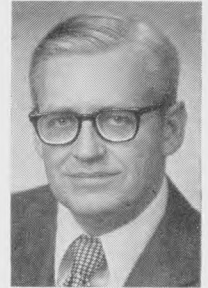
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FDIC

National Bank of Affton Opens; Richard Reilly Is President

AFFTON—National Bank of Affton recently opened for business in temporary quarters in a remodeled office. Construction is scheduled to begin shortly on the bank's permanent building, to be located in a shopping center.



REILLY

Richard M. Reilly is president and cashier of the new bank, which has capital of \$500,000, surplus of \$300,000 and undivided profits of \$200,000. C. James Spinale is vice president and secretary.

Mr. Reilly, who has been in banking 20 years, formerly was vice president in the correspondent department of Manchester Bank, St. Louis.

Harvester Nat'l Bank Proposed For St. Charles County

ST. CHARLES—Paul H. Knoblauch, president, First National, and associates have filed an application for permission to establish a national bank in an unincorporated area of St. Charles county. The proposed Harvester National Bank would have capital of \$1 million.

The bank would be an affiliate of First National. Shareholders of the bank will be given pre-emptive rights to buy shares in the proposed bank in the same proportion of ownership. Unsubscribed shares will be offered to the public.

Bank Marks Anniversary

KANSAS CITY—Wornall Bank recently celebrated its 15th anniversary.

The bank gave a free adult ticket to Six Flags Over Mid-America, a park near St. Louis, or one of 12 other gifts to persons opening a new savings account in the amount of \$500 or more, adding \$500 to a current savings account or opening a new checking account with a minimum deposit of \$250 or more.

A free movie matinee also was presented at a local theater, compliments of the bank.

In addition, the bank offered no-charge checking accounts and free safe deposit boxes for the next 15 years to the first 15 couples who applied. The couples had to be celebrating their 15th anniversary this year.

Bank Marks 80th Anniversary



Michael J. Ross (second from l.), pres., Jefferson Bank, St. Louis, serves the first slice of the bank's 80th anniversary cake to Joseph H. McConnell, v. ch. At l. is Denis M. Bahlinger, v.p. and cash., and at far r. is Harry J. Lunt, v.p. and sec. The bank celebrated its anniversary with a reception for its staff.

Two Banks Change Names

North Side Bank of Jennings and Bank of Overland have changed their names to Charter Bank of Jennings and Charter Bank of Overland. The changes were made to more closely identify the banks as members of First National Charter Corp., Kansas City.

■ DONALD E. HAMM, formerly vice president and cashier of Commerce Bank of Poplar Bluff, has been elected executive vice president. He has been with the bank since 1950.

■ JULIAN I. EDISON, executive vice president and director of Edison Brothers Stores, Inc., has been elected a director of Boatmen's National, St. Louis.

■ HENRY G. RIVER JR. has been named vice president of the correspondent bank department of Bank of St. Louis. He came to the bank last year as vice president, commercial loans. In other action, Thomas L. Palmer was named a representative in the correspondent department.

Citizens Bank Remodels Building



Citizens Bank, Pacific, recently completed remodeling of its quarters. Contemporary walnut furniture is used throughout the building. Bank Building Corp., St. Louis, was the consultant and construction manager for the project.

MID-CONTINENT BANKER for September, 1972

A good bank in a good community . . .

That's a slogan we're using in a local advertising campaign. At St. Johns, we stress "community" because we feel one of the goals of a bank should be to build the community in which it is located. In fact, we stress it so much that "community" is our middle name—St. Johns Community Bank!

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MEMBER F.D.I.C.

Baur Advanced to Vice President At Mercantile Trust, St. Louis

ST. LOUIS—Mercantile Trust has elected Andrew N. Baur a vice president. Mr. Baur, who has been an assistant vice president in the commercial lending division since last year, came to the bank from First National of Atlanta.

Also promoted were: Mrs. Janice B. Rennie, assistant vice president, commercial lending division; Robert W. Bloemker, data processing officer; and Michael D. Rosenfeld, assistant investment officer.

HC Acquires Trenton Nat'l

ST. LOUIS—Affiliation of Trenton National has been completed with Mercantile Bancorp., Inc., multi-bank holding company.

Other affiliates are Mercantile Trust and Mercantile-Commerce Trust.

■ **FIRST CITY BANK**, Springfield, has named Mike Greene a vice president. He will work in both the commercial and installment loan departments. In other action, the bank elected D. R. Young a director. He is executive vice president of Strout Realty, Inc.

■ **DAVID C. LEWIS** has been appointed vice president in the commercial real estate loan department of Southern Missouri Trust, Springfield. Formerly, he was a state bank examiner.

■ **E. MORTON WEAVER**, former executive vice president and trust officer, Hannibal National, has been promoted to president. He succeeds the late W. N. Pettibone.

HC Announces Acquisition

KANSAS CITY—First National Charter Corp. has completed acquisition of Livestock National and has received Fed approval to acquire Butler State.

First National Charter Corp. is the parent company of First of Kansas City.

■ **DOUGLAS F. NEWMAN** has been elected a director of Crystal City State. He is a newscaster for KMOX radio, St. Louis.

■ **UNION NATIONAL**, Springfield, has elected William D. Raine trust officer in charge of business development for the trust department and Paul Kirk trust attorney. John W. Calhoun was named an installment loan officer.

■ **MERLE GRAY** has resigned as cashier of Brookfield Banking Co. He is the new owner-operator of a bedding company in Laclede.

■ **JONESBURG STATE** is constructing a new 3,500-square-foot building that will feature a night depository and drive-up window. Completion is expected in early October.

■ **PLANS** for a new facility in the Central City Shopping Center have been announced by United Missouri Bank of Ferguson. If approved, the facility will have four drive-in windows, four lobby teller stations and a safe deposit vault.

■ **APPROVAL** has been granted for Commerce Bank of University City's new "mini-bank" facility. The facility will be open for extended banking hours.

Fowler Named Asst. Vice Pres. Of Commerce Bancshares, Inc.

KANSAS CITY—James R. Fowler has been elected an assistant vice president of Commerce Bancshares, Inc., state-wide holding company. He will serve on the real estate staff, assisting affiliate banks in maintenance and development of their real estate.

Mr. Fowler joined Commerce Bank of Kansas City in 1970 as personnel services manager. He was named assistant vice president last year and became director of personnel services.

In other action, the holding company announced it has signed an affiliation contract with Citizens National, Harrisonville. The contract is subject to Fed approval.

■ **MEREDITH LEE** resigned as senior vice president of Bank of Sikeston to become president and chief executive officer of State Bank of Morehouse. He succeeds Pat Lea.

■ **CHILLICOTHE STATE** has elected Robert K. Popple president. He formerly was vice president of Illinois National, Rockford.

■ **COLUMBIA NATIONAL** has begun construction on its new drive-in facility, to be located in the new Biscayne Mall shopping center. The 900-square-foot, one-story building will have two teller stations inside and three drive-up units. Completion is expected in November.

■ **FIRST BANK OF COMMERCE**, Columbia, has elected two new directors. They are Robert E. Draffen, cashier, and Mrs. Genie Banks Rogers, who was elected to fill the unexpired term of her late father, H. G. Banks, president.

■ **CONSTRUCTION** has begun on Commerce Bank of Excelsior Springs' new facility. The structure will have both walk-in and drive-in service, as well as an after-hour night depository. Completion of the building is expected in December.

■ **TRADERS NATIONAL**, Kansas City, is seeking permission to establish a new facility.

■ **FIRST NATIONAL**, Cape Girardeau, has named Paul L. Ebaugh executive vice president. His responsibilities will be in business development and marketing. Mr. Ebaugh has been a director of the bank since 1970.

■ **DANIEL L. SCOTTEN** has joined Commerce Bancshares, Kansas City-based registered bank holding company, as controller. He had been controller and assistant treasurer of Carey Salt Co., Hutchinson, Kan.

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FIRST MISSOURI DEVELOPMENT FINANCE CORPORATION

302 Adams P. O. Box 252

Jefferson City, Missouri 65101

JERRY STEGALL, Executive Vice President

Telephone AC (314) 635-0138



■ **CECIL E. SANDERS** has been elected an assistant cashier of First National, Kansas City. A member of the discount department, he has been with the bank since 1958.

■ **WALTER W. PINNELL** has been named assistant to the president of Mark Twain South County Bank, St. Louis County. Mr. Pinnell has been associated with Southeast State, Kansas City, and Citizens Trust, Providence, R. I.

■ **WAYNE CARLTON** was elected president and a director of Commerce Bank of Fenton. He succeeds Richard Dalton, who was named chairman. Mr. Carlton had been executive vice president of Columbia National.

■ **MARK TWAIN BANCSHARES**, St. Louis-based multi-bank holding company, has named Bruce R. Carl director of business development. Before joining the holding company, Mr. Carl was manager, computerized engineering, Monsanto Enviro-Chem.

Octave de Juniac Promoted At LaSalle Nat'l, Chicago

CHICAGO—LaSalle National has promoted Octave de Juniac to senior vice president and European representative in the international banking group. He joined LaSalle National last year and is the bank's official representative for the United Kingdom and the European continent.

Edward L. Fleming was named assistant vice president in the personal trust division. He came to the bank in 1966 and worked in the land trust division before transferring to the personal trust administration division.

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Banking Legislation Before Congress Covers Wide Variety of Subjects

AS THE 1972 ABA convention approaches, there is an abundance of legislation—either just enacted or in various stages in Congress—that affects banking.

State taxation of banks, which was part of an omnibus bill (H.R. 15656), was killed in the Senate Banking Committee August 8. This section would have prohibited states from taxing intangible property owned by banks or from imposing discriminatory taxes and would have permitted states to impose certain enumerated taxes on a nondiscriminatory basis on "out-of-state" banks doing business within a state. It was supported by the ABA.

Another portion of H.R. 15656 would authorize 100% insurance of deposits of public funds in all insured institutions except credit unions. It would empower the FDIC and FSLIC, as the case may be, to limit aggregate amounts deposited in any one institution on the basis of size in terms of its assets. It would not, as the FDIC recommended, provide that the interest-rate ceiling on all such deposits for all depositories be the same. The ABA strongly opposes this section and urges its entire deletion. However, if such insurance is authorized, the association believes it is absolutely essential that there be no differential in ceilings on rates permitted to be paid on public funds.

The other portion of H.R. 15656

would require all insured banks and S&Ls to cash any federal government check when presented by a payee with proper identification. (Provisions relating to credit unions and "state checks" have been dropped.) The ABA believes there should be a provision in the bill requiring that banks not be held liable for payment of such checks if the banks follow the identification procedures and other regulations of the Treasury Department covering such transactions without negligence.

Two pieces of legislation were completed this year—Federal Election Campaign Act of 1971 and Education Amendments of 1972. The former was proposed and enacted as a result of a number of law suits that arose during the past two years over banks' making loans to political candidates and/or political parties. According to the ABA, the obvious intent of these amendments was to permit banks to make loans to political candidates and parties as they would make any normal business loan.

The Education Amendments bill: 1. Extends the Guaranteed Student Loan Act. 2. Increases the loan limitation to \$2,500. 3. Increases the insurance liability to be paid by the commissioner to 100% of the unpaid balance of the principal amount plus interest. 4. Continues the special interest subsidy to July 1, 1974. 5. Creates a secondary market for three guaranteed student loans to be known as the Student Loan

Marketing Association. The ABA said the Administration anticipates that the SLMA will be in operation six months after the President appoints an interim board of directors.

With the exception of item 5, above, the education bill's effective date has been changed from last July 1 to next March 1.

The Fair Credit Billing Act (S. 652) has passed the Senate. As amended by that body, its full caption is the Truth-in-Lending Act Amendments of 1972. Among its provisions is establishment of a system for resolving customer dissatisfaction that prevents creditor legal action until the obligor has met the bill's requirements, but not necessarily the customer's dissatisfaction with the statement or the goods involved. Another section would limit class-action suits based on Truth-in-Lending violations to \$100,000. S. 652, as passed by the Senate, is generally satisfactory to the ABA.

Senate and House conferees have agreed on a conference report on Rural Development Legislation (H.R. 12931), but as of this writing, the report had not been adopted by either the House or Senate. Expanded authority for financing rural development would be provided through the Farmers Home Administration as recommended by the ABA. The provision for establishing a massive new Federal Credit System for rural development purposes was eliminated on the Senate floor with the assistance of contact bankers.

Congress adopted a program for the Farmers Home Administration to guarantee loans made by private lenders as suggested by the ABA. The guarantee would be on a 90% basis (similar to SBA). These loans would be made at a market rate except that the rate on housing loans could not exceed the rate fixed by HUD for Federal Housing Administration programs. Loans guaranteed could include farm-ownership, farm-operating and nonfarm rural-housing loans, together with new programs made up of small business and industrial loans.

Senate Bill 3001, which would create a Federal Financing Bank, was reported to the Senate June 12 and passed June 22. As of this writing, it was before the House Ways and Means Committee. The bill would create a Federal Financing Bank to assure coordination of federal and federally assisted borrowing programs with the overall economic and fiscal policies of the government, to reduce the cost of federal and federally assisted borrowings from the public and to assure that such borrowings are financed in a manner least disruptive of private financial markets and institutions. • •

Bank and Charter Depositor Grow Together



When Kansas City's Wornall Bank celebrated its 15th birthday last month, the guest of honor also was the center of attention at the bank's opening 15 years ago. She is Miss Vicki Dolance, also 15. She is shown at left at the age of four months, when she became the youngest charter depositor at the bank. President Robert P. Corbett (r.) presents the opening account to Vicki, who is being held by her mother, Mrs. Harry F. Dolance. In left background is the late John Wornall, who was oldest charter depositor of Wornall Bank. In the photo at right, Miss Dolance, now a high school sophomore, and Mr. Corbett, still president of the bank, decorate the bank's birthday cake during the 15th-anniversary celebration. The event was concluded with the awarding of VIP vacations at Six Flags Over Mid-America near St. Louis to five winners and presentation of the cake with \$75 cash for candles to a woman visitor. Fifteen smaller cakes were given to customers and friends.



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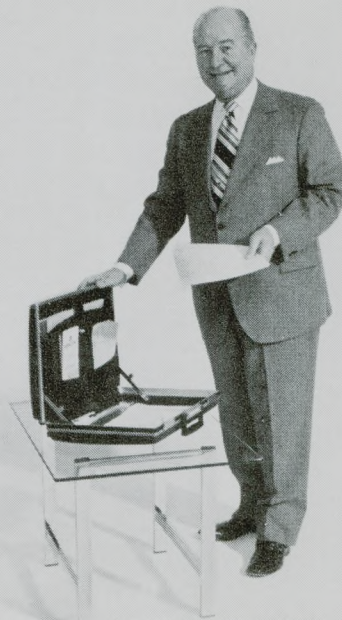
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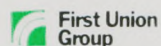
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