



# Christmas

IN

# AUGUST

- Memorable Bank Christmas Promotions Must Be Planned Far Ahead . . . Page 58
- Active Christmas Club Solicitations That Bring in Accounts . . . . . Page 62
- Build Good Will and Add Human Touch With Letters From Santa . . . . . Page 66
- Bank Christmas Toy Premium Program Exceeds \$1-Million Goal . . . . . Page 68

## Leasing Is Profitable for Banks . . . Page 37

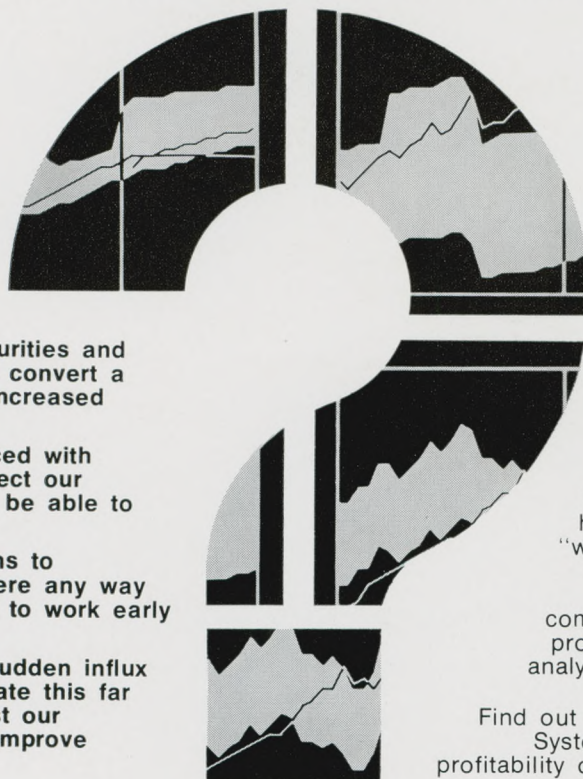


**M.R.S.**



# The many faces of Liberty's Management Reporting System

helping bankers answer "what if" questions  
in a changing environment!



"What if we sold some securities and changed our mix. Could we convert a "below the line loss" into increased operating income?"

"What if we're suddenly faced with higher rates. How will it affect our operating plan. Will we still be able to meet our objectives?"

"What if loan demand begins to dramatically drop off? Is there any way to put potentially idle funds to work early to offset income loss?"

"What if we experience a sudden influx of deposits. Can we anticipate this far enough in advance to adjust our mix of earning assets and improve current earnings?"

Mike McGowan has the answer to one of these questions because he asked it. And, Community National Bank of Oklahoma City was able to increase operating income substantially. Liberty can help you answer these and other "what if" questions. They can also show you how the Management Reporting System can help communicate goals to your officers, provide statistical projections, trend analysis, help you manage time more efficiently and more.

Find out how the Management Reporting System can help improve the overall profitability of your bank. Contact Jim Bruce



at your

**LIBERTY**

**THE BANK OF MID-AMERICA**

Liberty National Bank & Trust Company of Oklahoma City P. O. Box 25848 73125 Phone: (405) 231-6639 Member FDIC



**FIRST  
COMMERCE  
CORPORATION  
AND SUBSIDIARIES**
**FIRST  
NATIONAL BANK  
OF COMMERCE  
NEW ORLEANS, LOUISIANA**
**COMPARATIVE CONSOLIDATED  
STATEMENT OF INCOME**

	Six Months Ended	
	June 30, 1974	June 30, 1973
<b>OPERATING REVENUES</b>		
Interest and Fees on Loans	\$32,743,000	\$19,625,000
Interest on Funds Sold	5,379,000	1,324,000
Interest and Dividends on Investments	4,973,000	3,119,000
Service Charges, Exchange and Underwriting Fees	2,310,000	2,090,000
Other Operating Revenues	2,406,000	1,467,000
<b>Total Operating Revenues</b>	<b>\$47,811,000</b>	<b>\$27,625,000</b>
<b>OPERATING EXPENSES</b>		
Salaries and Employee Benefits	\$ 5,867,000	\$ 4,362,000
Interest on Deposits, Funds Purchased	31,308,000	13,905,000
Occupancy Expenses on Bank Premises, Net	1,297,000	1,116,000
Equipment Rentals, Depreciation & Maintenance	1,365,000	1,085,000
Provision for Possible Loan Losses	920,000	876,000
Other Operating Expenses	4,365,000	3,004,000
<b>Total Operating Expenses</b>	<b>\$45,122,000</b>	<b>\$24,348,000</b>
Operating Income Before Income Taxes and Securities Gains or Losses	\$ 2,689,000	\$ 3,277,000
Applicable Income Taxes	( 22,000)	692,000
<b>OPERATING INCOME BEFORE SECURITIES GAINS OR LOSSES</b>	<b>\$ 2,711,000</b>	<b>\$ 2,585,000</b>
<b>NET SECURITIES GAINS OR LOSSES (After Tax Effect)</b>	<b>12,000</b>	<b>55,000</b>
<b>NET INCOME</b>	<b>\$ 2,723,000</b>	<b>\$ 2,640,000</b>
Earnings Per Share Based on Average Shares Outstanding (2,102,124 and 2,162,581 shares respectively)		
Operating Income Before Securities Gains or Losses	\$1.29	\$1.20
Net Income	\$1.30	\$1.22
Earnings Per Share Assuming Full Dilution		
Operating Income Before Securities Gains or Losses	\$1.11	\$1.04
Net Income	\$1.12	\$1.06

**COMPARATIVE CONSOLIDATED  
STATEMENT OF CONDITION**

	June 30,	
	1974	1973
<b>ASSETS</b>		
Cash and Due From Banks	\$ 154,488,000	\$ 112,393,000
Due From Banks—Time	15,185,000	14,206,000
U. S. Government Securities	60,561,000	52,276,000
State and Municipal Obligations	118,486,000	87,486,000
Federal Reserve Bank Stock and Other Securities	2,193,000	1,978,000
Trading Account Securities	2,179,000	2,020,000
Federal Funds Sold	131,300,000	160,650,000
Loans	598,300,000	545,559,000
Premises and Equipment	16,559,000	14,736,000
Customers' Liabilities on Acceptances	11,275,000	3,599,000
Accrued Interest Receivable and Other Assets	20,578,000	13,044,000
<b>Total</b>	<b>\$1,131,104,000</b>	<b>\$1,007,947,000</b>
<b>LIABILITIES</b>		
Demand Deposits:		
Individual and Business Banks	\$ 240,193,000	\$ 223,899,000
U. S. Government and Other Public Funds	77,658,000	78,327,000
U. S. Government and Other Public Funds	16,583,000	18,369,000
<b>Total Demand Deposits</b>	<b>\$ 334,434,000</b>	<b>\$ 320,595,000</b>
Time Deposits:		
Savings	\$ 87,006,000	\$ 81,286,000
Other Time Deposits	343,768,000	295,971,000
<b>Total Time Deposits</b>	<b>\$ 430,774,000</b>	<b>\$ 377,257,000</b>
<b>Total Deposits</b>	<b>\$ 765,208,000</b>	<b>\$ 697,852,000</b>
Funds Purchased	257,708,000	215,823,000
Mortgages Payable	1,663,000	1,921,000
Acceptances Outstanding	11,275,000	3,599,000
Accrued Taxes, Interest and Other Liabilities	14,116,000	10,953,000
<b>Total Liabilities</b>	<b>\$1,049,970,000</b>	<b>\$ 930,148,000</b>
<b>RESERVE FOR POSSIBLE LOAN LOSSES</b>		
	\$ 8,682,000	\$ 6,820,000
<b>4% CONVERTIBLE SUBORDINATED DEBENTURES DUE 1997</b>		
	\$ 20,000,000	\$ 20,000,000
<b>CAPITAL ACCOUNTS</b>		
4% Convertible Capital Notes Due 1991		
	\$ 2,821,000	\$ 2,952,000
Stockholders' Equity		
Preferred Stock, no par value Authorized and Unissued 500,000 shares		
	-0-	-0-
Common Stock, \$5 par value Authorized 5,000,000 shares Issued 2,176,241 and 2,171,588 shares		
	\$ 10,881,000	\$ 10,858,000
Capital Surplus	25,265,000	25,166,000
Retained Earnings	15,181,000	12,392,000
	\$ 51,327,000	\$ 48,416,000
Less Cost of 71,518 and 14,900 shares Held in Treasury		
	( 1,696,000)	( 389,000)
<b>Total Stockholders' Equity</b>	<b>\$ 49,631,000</b>	<b>\$ 48,027,000</b>
<b>Total</b>	<b>\$1,131,104,000</b>	<b>\$1,007,947,000</b>

**FIRST COMMERCE CORPORATION  
CORPORATE ORGANIZATION**

**JAMES H. JONES**  
Chairman of the Board  
and Chief Executive Officer

**THOMAS S. DAVIDSON**  
Vice Chairman of the Board

**WALTER B. STUART III**  
President

**JAMES W. BAER**  
Senior Vice President

**BILLY E. MITCHUM**  
Senior Vice President and Treasurer

**JOHN H. PALMER**  
Senior Vice President and Secretary

**ROBERT D. RICHLEY**  
Manager, Marketing and  
Public Relations Division

**FIRST NATIONAL BANK OF COMMERCE  
SENIOR MANAGEMENT**

**JAMES H. JONES**  
Chairman of the Board  
and Chief Executive Officer

**WALTER B. STUART III**  
Vice Chairman of the Board

**THOMAS S. DAVIDSON**  
President

**E. WARD FAULK, JR.**  
Executive Vice President

**ALLEN R. HOUK**  
Executive Vice President

**RODGER J. MITCHELL**  
Executive Vice President

**Senior Vice Presidents**

**C. FRED CLARK, JR.**    **CHARLES C. LEBOURGEOIS**

**FRANKLIN DARTEZ**    **JOSEPH G. LIER**

**SAMUEL D. HUGHES**    **THEODORE J. MOSES III**

**EDWIN G. JEWETT, JR.**    **MICHAEL J. RAPIER**

**TIMOTHY O. KNIGHT**    **FRED M. SMITH**



# AUTOMATED TELLER PACKAGES. A TRICKY BUSINESS OF MINIMIZING RISKS AND MAXIMIZING PROFITS.

Here's why over twenty banks think American Fletcher has the best program around.

Automated tellers aren't an inexpensive proposition. Obviously, mistakes can be quite costly. American Fletcher can help you minimize the risks, and maximize the profits in any automated teller program. Our Automated Consumer Services Bureau knows the ins and outs of the business, because we've developed automated teller programs for American Fletcher and over twenty other banks. You don't get that far in this business unless you know



what you're doing. American Fletcher's Automated Consumer Services Bureau

offers you a comprehensive teller

program. We'll assist you in acquiring the automated tellers you want. We'll help you emboss, encode and issue your plastic teller cards.

We'll provide marketing and operations guidance. Everything you need is available from American Fletcher, at a highly competitive price.

If you're interested in automated tellers packages, call us collect. We'd like to talk with you. Contact: Charley Alber, American Fletcher National Bank.

317/633-1501 Call Collect.

AMERICAN FLETCHER NATIONAL BANK AFNB



## Convention Calendar

### September

Sept. 8-10: ABA Correspondent Banking Conference, Atlanta, Regency Hyatt House.  
 Sept. 8-10: Kentucky Bankers Association Convention, Louisville, Galt House.  
 Sept. 12-13: Young Bank Officers of Kansas Convention, Salina.  
 Sept. 15-18: ABA Personnel Conference, Minneapolis, Hotel Radisson.  
 Sept. 15-18: Bank Administration Institute Convention, Chicago, Palmer House Hotel.  
 Sept. 22-25: ABA Charge Account Bankers Division Convention, Chicago, Palmer House Hotel.  
 Sept. 22-25: Nat'l Assn. of Bank Women Convention, Disney World, Orlando, Fla.  
 Sept. 26-27: ABA Southern Regional Operations/Automation Workshop, Atlanta.  
 Sept. 29-Oct. 2: Bank Marketing Assn. Convention, New Orleans.

### October

Oct. 17-18: Association of Registered Bank Holding Companies Fall Meeting, Honolulu, Kahala Hilton Hotel.  
 Oct. 19-23: American Bankers Association Convention, Honolulu, Hawaii.

### November

Nov. 7-8: ABA Midwestern Regional Operations/Automation Workshop, Milwaukee.  
 Nov. 10-13: ABA National Agricultural and Rural Affairs Conference, St. Louis, Chase-Park Plaza Hotel.  
 Nov. 10-13: Robert Morris Associates Fall Conference, Atlanta, Regency Hyatt House.  
 Nov. 21-22: ABA Mid-Continent Trust Conference, Chicago, Drake Hotel.  
 Nov. 21-22: ABA Western Regional Operations/Automation Workshop, Phoenix.

### January (1975)

Jan. 19-24: Robert Morris Associates Loan Management Seminar, Bloomington, Ind., Indiana University.  
 Jan. 30-Feb. 5: Assembly for Bank Directors, San Juan, P. R., El Conquistador Hotel.

### February

Feb. 2-5: ABA Midwinter Trust Conference, New York City, Waldorf-Astoria Hotel.

### March

March 2-4: ABA National Credit and Commercial Lending Conference, New York City, Americana of New York.  
 March 3-5: ABA National Marketing Conference, San Francisco, Fairmont Hotel.

### April

April 7-9: ABA Installment Credit Conference, Chicago, Conrad Hilton Hotel.  
 April 8-9: Young Bankers of Tennessee Annual Convention, Knoxville, Hyatt Regency Hotel.  
 April 27-30: ABA Mortgage Conference, Denver, Denver Hilton.

### May

May 3-6: Louisiana Bankers Association Annual Convention, Fairmont Hotel, New Orleans.  
 May 4-6: Illinois Bankers Association Annual Convention, Chicago, Palmer House.  
 May 4-6: Texas Bankers Association Annual Convention, Houston, Hyatt Regency Hotel.  
 May 11-13: Tennessee Bankers Association Annual Convention, Nashville, Hyatt Regency Hotel.  
 May 11-13: Missouri Bankers Association Annual Convention, Kansas City, Crown Center.  
 May 12-14: ABA Operations and Automation Conference, Bal Harbour, Fla., Americana Hotel.  
 May 13-15: Oklahoma Bankers Association Annual Convention, Tulsa, Fairmont-Mayo Hotel.  
 May 14-16: Kansas Bankers Association Annual Convention, Topeka, Ramada Inn Downtown.  
 May 17-21: Mississippi Bankers Association Annual Convention, Biloxi, Pete Fountain's Buena Vista Hotel.  
 May 18-31: School of Banking of the South, Baton Rouge, Louisiana State University.  
 May 25-29: Assembly for Bank Directors, Hot Springs, Va., the Homestead.  
 May 26-28: AIB Convention, Minneapolis.  
 May 29-31: New Mexico Bankers Association Annual Convention, Roswell, Roswell Inn.

# MID-CONTINENT BANKER



The Financial Magazine of the Mississippi Valley & Southwest

Volume 70, No. 9

August, 1974

## FEATURES

- 37 LEASING BY LOCAL BANKS  
A neglected profit area  
*Robert S. Eversole*
- 39 ADVANTAGES OF LEASE PACKAGING  
For banks and bank holding companies  
*Peter K. Nevitt*
- 41 LEASING FOR SMALLER BANKS  
How their correspondents can help  
*Donald L. Deters*
- 55 REMOTE SERVICE UNITS FOR S&LS  
Even across state lines in some cases  
*Rosemary McKelvey*
- 58 PLANNING A MEMORABLE CHRISTMAS?  
It means starting now!  
*Jim Fabian*
- 62 LURING CHRISTMAS CLUB ACCOUNTS  
Banks use ingenious methods  
*Jim Fabian*
- 68 CHRISTMAS TOYS AS PREMIUMS  
They enable bank to exceed \$1-million goal

## DEPARTMENTS

- |                          |                            |                     |
|--------------------------|----------------------------|---------------------|
| 8 THE BANKING SCENE      | 18 BANKING WORLD           | 28 BANK INVESTMENTS |
| 12 COMMUNITY INVOLVEMENT | 22 NEWS ROUNDUP            | 34 NEW PRODUCTS     |
| 14 SELLING/MARKETING     | 26 HOLDING COMPANIES       | 34 CORPORATE NEWS   |
|                          | 73 FINANCIAL BUYER'S GUIDE |                     |

## STATE NEWS

- |             |             |                |               |
|-------------|-------------|----------------|---------------|
| 90 ALABAMA  | 92 INDIANA  | 96 LOUISIANA   | 98 NEW MEXICO |
| 90 ARKANSAS | 92 KANSAS   | 96 MISSISSIPPI | 100 OKLAHOMA  |
| 91 ILLINOIS | 94 KENTUCKY | 98 MISSOURI    | 100 TENNESSEE |
|             | 102 TEXAS   |                |               |

## Editors

- Ralph B. Cox**  
Editor & Publisher
- Lawrence W. Colbert**  
Assistant to the Publisher
- Rosemary McKelvey**  
Managing Editor
- Jim Fabian**  
Associate Editor

## Advertising Offices

St. Louis, Mo., 408 Olive, 63102, Tel. 314/421-5445; Ralph B. Cox, Publisher; Margaret Holz, Advertising Production Manager.  
 Milwaukee, Wis., 161 W. Wisconsin Ave.,

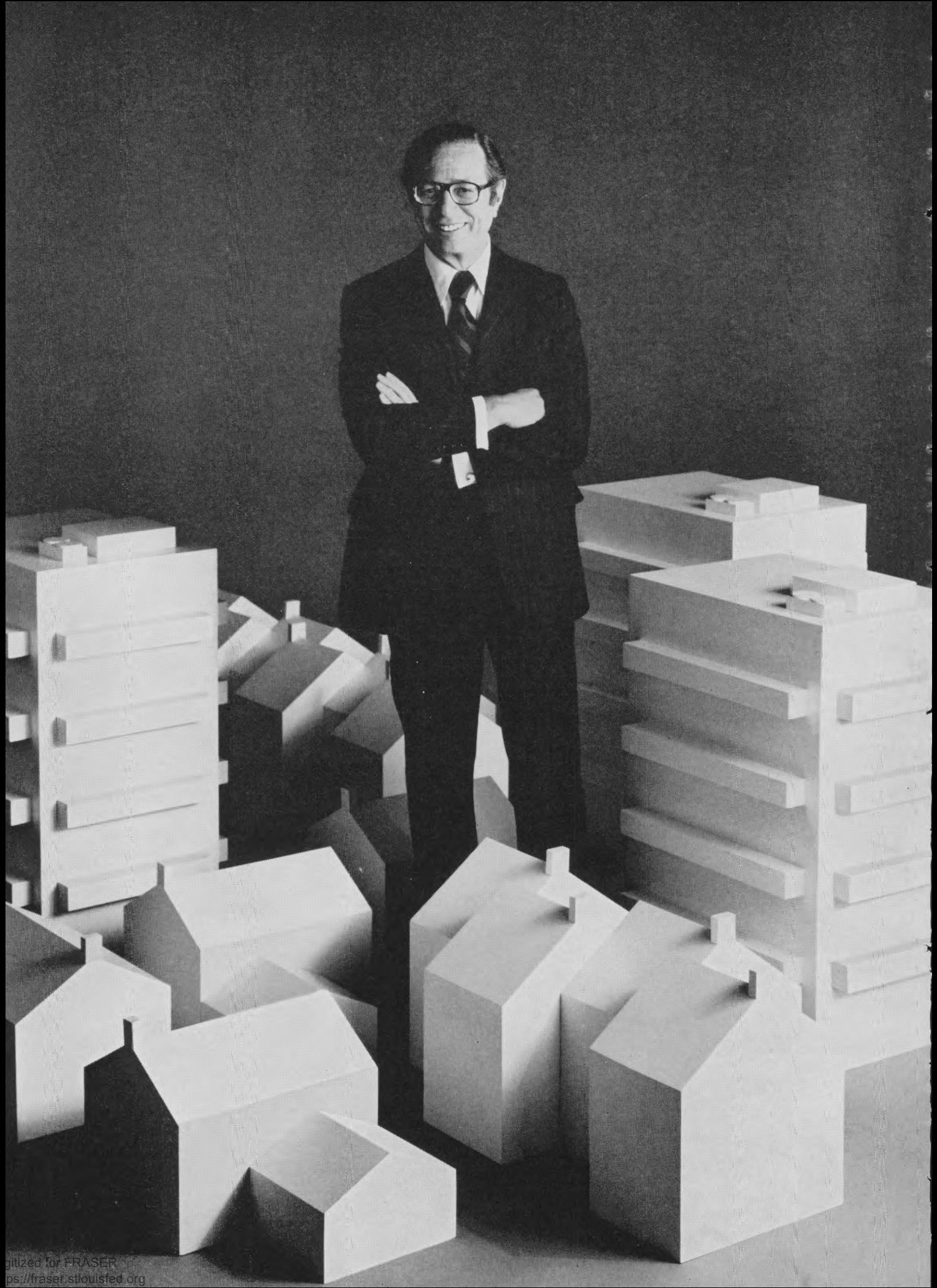
53203, Tel. 414/276-3432; Torben Sorenson, Advertising Representative.

MID-CONTINENT BANKER is published 13 times annually (two issues in May) by Commerce Publishing Co. at 1201-05 Bluff, Fulton, Mo. 65251. Editorial, executive and business offices, 408 Olive, St. Louis, Mo. 63102. Printed by The Ovid Bell Press, Inc., Fulton, Mo. Second-class postage paid at Fulton, Mo.

Subscription rates: Three years \$18; two years \$14; one year \$8. Single copies, \$1.50 each.

Commerce Publications: American Agent & Broker, Club Management, Decor, Life Insurance Selling, Mid-Continent Banker, Mid-Western Banker, The Bank Board Letter and Program. **Donald H. Clark**, chairman; **Wesley H. Clark**, president; **Johnson Poor**, executive vice president and secretary; **Ralph B. Cox**, first vice president and treasurer; **Bernard A. Beggan**, **Allan Kent**, **James T. Poor** and **Don J. Robertson**, vice presidents.







# “Make no mistake: MGIC is no ‘sleeping giant’ in our industry!”

**Max H. Karl,  
Chairman of the  
Board, tells what  
MGIC is doing in  
terms of people and  
innovation to bring  
new efficiency and  
profitability to the  
home financing  
market.**

“Look at the figures and you come to one conclusion. Private mortgage insurance is a major growth industry.

“If you’re a company in this industry, you quickly learn another fact of life. Your ability to serve clearly lies in growing rapidly with the industry.

“As the founder of the private mortgage insurance industry, we helped lay the cornerstone on which the vital high-ratio loan market has been built.

“We’re the leader in this vital industry. Our people and our ideas have been growing, moving, changing every day of our busy corporate life.

“I’m very proud of our people. They’re dedicated professionals who are always trying to find better ways to help you. And their varied business backgrounds, careful selection, and meticulous

training, I think, offer you expertise second to none.

“We’ve brought together innovative thinkers and recognized leaders from the fields of finance, insurance, and business. By seeking new and better ways to do their jobs, these key MGIC people have greatly contributed to the growth and profitability of home financing.

“Our constantly growing force of field representatives reflects this same attitude. They’re trained by a management team with unequalled depth of experience—men whom I like to think of as the ‘professors of private mortgage insurance.’ With this comprehensive training, when an MGIC representative first comes to see you, he’s fully qualified to help.

“We have a long record of innovations: the first secondary mortgage market sales facility, secondary market computer service, insurance plans for joint and participation loans, debenture insurance, and our new Mortgage Corp. funding.

“MGIC Mortgage Corp. helps stabilize a lender’s money cycles by bringing a new source of outside funds to the home financing market—both through the buying of current mortgages and through future buying commitments.

“Whether you want to buy or sell insured mortgages, our on-line computer system is an almost instant ‘match maker.’ Give us a call, tell us the interest rate, age of loan, term, and geographic specifics. A CRT read-out provides the information you want in seconds. And our great volume offers the widest range of availabilities obtainable.

“Our latest innovation is the Secondary Market Conference & Exposition held recently in Los Angeles.

“This unique meeting brought together in one location both secondary market sellers and mortgage investors. Many on-the-spot transactions took place, and contacts were established for more in the future.

“These innovations—and more to come—will help achieve greater stability and profitability for the lending industry, so that home ownership in America may continue to enjoy healthy growth.”

**MGIC**  
**Better Homes  
For More People**

Mortgage Guaranty Insurance Corporation  
MGIC Plaza, Milwaukee, WI 53201



# The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,  
University of Missouri, Columbia

## The Dilemma of Redlining

**T**HE RECENT DECISION by the three major federal bank regulatory agencies to call on banks in 18 major cities to provide racial data on their real estate loan applications and related records is an attempt to come to grips with redlining.

Redlining is a term that has considerable social and emotional overtones, negative for the most part, and is associated with a loan policy that would preclude lending especially on real estate properties in certain areas. Typically, these areas have been ghetto, innercity or those perceived to be likely candidates for "blockbusting" or diminution of property value.

In one sense, this regulatory decision may seem to be a reversal of the policy of racial equality. Only a few years ago, advocates were opposed to collection of data based on age, sex, race, color or national origin. Now in these 18 selected sample cities, there is an attempt to collect such data. And the regulators are requiring the banks to complete forms and documents for their agencies. The regulatory agencies are anticipating the development of patterns that might indicate the banks are not in compliance with Title 8 of the Civil Rights Act of 1968. In a similar context, the Federal Home Loan Bank Board also will be collecting data from S&Ls on a parallel course. With this information, these agencies expect to obtain circumstantial evidence that banks, S&Ls, mutual savings banks and other mortgage lenders are redlining districts. It is believed that by processing this information over a period of time, discrimination patterns will become clearly evident.

Discussions of redlining with public officials and leaders in community action programs and church movements show they are, almost without exception, perturbed about the phenomenon. It is not new, it has existed for many

years, whether overtly or covertly acknowledged.

I first became aware of the practice when I was a young banker in one of the largest metropolitan-area banks. At that time, my work brought me into contact with what was then called the Group Five Mortgage Information Bureau. Banks in the area designated as Group Five contributed to that organization their information on loan delinquencies they were experiencing. In visiting the Group Five Mortgage Information Bureau, which, incidentally, was subsequently forced by government agencies to dissolve, it was interesting to observe their record keeping and the philosophy behind it. Group Five kept elaborate maps of geographic areas and posted on them and on other tabular material such demographic information as is typically found in the census report. This included such things as percentage of home-owner occupancy, percentage of rental units and values of rentals, as well as existing sale prices of properties that had changed hands in that area. Banks that participated in the mortgage information bureau did so for what they considered to be very reasonable grounds. That was to try to analyze the real estate intelligence so that they would be in a position of prudently lending in those areas that were less likely to deteriorate in value. Further, they were concerned that the collateral value, that is, the real estate and the building, were adequate to support the mortgage that was to be placed on the property.

It is true that they did have concern for the financial ability of potential mortgage borrowers to support their purchases through payments of principal and interest and escrow. But even though the borrower had a stable position, it was recognized that the value of the property was the first criterion for decision making. Much of the in-

formation collected was of a scholarly nature, such as the observation of the trends of the data as to vacancies, delinquencies, foreclosures and subtle changes in composition of the areas, be it white collar versus blue collar. These distinctions were not in terms of discriminating as it was perceived then, but rather because stability of income was to a large extent determined by type of employment.

If one viewed the maps with their attendant pins, he would quickly perceive that there were areas of the city in which very very few properties were delinquent, foreclosed or vacant. There were other areas that obviously were high in these qualities. In one sense, the mortgage information bureau did not redline. The actual demographic records did the redlining. Furthermore, as one viewed maps of these areas over a period of several years, it was almost predictable that the lines would expand in certain directions. Often these were associated with the routes of less expensive public transportation systems.

It should also be noted that most of the more efficient bank members of G5MIB maintained records of the productivity of their mortgage loan officers. It was of concern whether the loan officer was making loans that were bankable. The loan officer who had numerous delinquencies in a bank's real estate portfolio was not likely to receive an annual raise and probably would be relegated to the lower Siberia or some other less stimulating area of the bank. In severe cases, he might even be terminated.

The basic reason for this was that a bank's trustees considered their responsibility to be the safety of their depositors, and—as prudent individuals—did not believe they were living up to their fiduciary obligations if they made bad loans.

*A Self-Fulfilling Prophecy.* The sad



# on the move

## The different breed of cat in correspondent banking.

The man from United Missouri Bank of Kansas City — the one who is your correspondent banker — is important to your bank because he's well trained for the specific territory he serves. You'll find him corresponsable and especially cognizant of your needs — whether credit overlines, pension and profit sharing plans, or municipal and government bond portfolios.

That's why United Missouri Bank is the different breed of cat in correspondent banking.

So, to improve your state of banking, rely on the correspondent bankers from United Missouri Bank. None of the others come close.

 **united missouri bank**  
**of kansas city, n. a.**



part about such a situation is that the recognition of the problem by one lender and/or a group of lenders, as through the Mortgage Information Bureau, tended to create a situation where the ability to refinance a property was drastically reduced. It's true that private lenders might be able to be attracted at higher interest rates, but even they tended to shy away from financing mortgages in such depressed locations. It may be conjectured that this situation tended to exacerbate the problem. That is, as the redlined areas were moving predictably in certain directions, such property, in the near future, would fall into a substandard-area category, thus becoming less desirable for lending purposes. In a number of cases, the local bank found it difficult to lend in its own neighborhood because the bank was, in effect, in a redlined area. Thus, more and more banks and other mortgage lenders in such situations either would remove themselves from the mortgage market or leapfrog in the geographic locations of their loan policy to suburban properties, which had lower delinquency. In a few cases, some banks tried to turn back the tide. For example, one bank, Franklin National in New York, actually made considerable efforts to encourage modernization and halt the expansion of what might be described as redlined areas. But for the most part these efforts, while well intended, were not demonstrably successful over time.

It's interesting to note that in the late '30s and early '40s, bank regulatory agencies were quite sympathetic with the concept of bank policy of lending only on properties that were "bankable."

For the last three or four years, it appears that our regulatory agencies have been taking a somewhat different stance on this matter and, in effect, through their concept of "leeway investments," are suggesting to banks that a certain proportion of their investments should be of a type that might be construed as community betterment. Even here, there appears to be some question as to the proportion of investments that could be devoted to this sector, especially in view of the fact that the capital adequacy of most banks has been downward. Thus, the cushion of shareholder's equity tends to be thinner, and the proportion of a bank's total resources that could be put into lending in community betterment projects tends to be reduced.

Is there an easy solution to this dilemma? No. There is none. Are regulatory agencies' attempts to—in effect—use moral suasion by forcing mortgage lenders to collect data that would be used to show discrimination likely

to be successful? Such attempts may have some limited, very limited, success. But the real question is the validity of the logic of a fiduciary in exercising prudence. If a prudent appraiser goes through a district and observes garbage in the street, broken windows, lack of paint and repairs, if the records show that such areas are experiencing high delinquency ratios, and it is difficult even to examine interiors of properties for appraisal purposes, is it prudent to lend in such situations even though one has a strong motivation to avoid any discrimination by virtue of color, creed, national origin, sex or age?

Bankers I have discussed this with hold that since they have an overriding obligation to their depositors and next to their shareholders and then to their communities that they would be remiss in jeopardizing the solvency of their banks by making loans that are not prudent. In one sense, commercial bankers are, politically, in a better position in this area than are mutual savings bankers or S&Ls. These latter two financial institutions tend to derive more of their funds from individual residents of local communities in contrast to business interests and are under greater pressure to reinvest in real estate mortgages in their own communities. Yet the political fact of life is that the government is pressuring banks to abandon the overt or covert loan policy of redlining. With this in mind, it would appear that *conventional* real estate loans probably should not be made in areas that might in the past have been described as redlined. However, the Federal Housing Administration insurance plus the secondary mortgage markets pose opportunities for banks to comply with the spirit and the intent of government pressure.

To a large extent, the success of the proposal to do away with redlining thus is thrown back to both the federal and state governments. And here the responsibility can be quite evident. The unrealistic interest-rate ceilings and archaic usury laws found in many of our states, the point system of the FHA, plus its extreme red tape, have encouraged bankers to avoid FHA lending. To overcome this natural and reasonable opposition to federally financed housing through the private sector, it is imperative that the states

#### AMBI Courts Support

AMBI—Association for Modern Banking in Illinois—has retained Philip Lesly Co., Chicago, to plan and direct a public-opinion program aimed at gaining public support for limited branching and for authorizing multi-bank HCs.

revise their usury laws and that the FHA streamline its operations. This includes expediting such things as pass-through to Fanny Mae.

*Conclusion.* It would be overly sanguine to conclude that this will be the whole solution to the problem. It will be a needed step in the right direction. But at some point the government must then establish at what level it, too, can assume the risks and delinquencies that are a predictable statistical relationship to loans in deteriorated neighborhoods. This level should be established prior to the FHA's moving aggressively to help resolve this pressing social problem. In addition, the political abuses, fraud and scandal allegedly attributed to a significant portion of the Small Business Administration's activities must be avoided. • •

### Oklahoma Independents Form Own Association; Amis Made Chairman

Independent bankers in Oklahoma have formed their own association to "articulate their conviction for retention of the state's community-oriented banking system." An interim board representing a geographical cross section of Oklahoma was elected to work out the new organization's mechanics.

R. S. (Bob) Amis, president, First National, Midwest City, was elected interim chairman. Other officers are: vice chairman, Gary Huckabay, president, First Mustang State, Mustang; secretary, Royce Wilmoth, president, Exchange National, Moore; and treasurer, Del Garrett, president, Security Bank, Midwest City.

Mr. Amis emphasized that formation of the Independent Bankers of Oklahoma in no way implies dissatisfaction among the independents with the work of the Oklahoma Bankers Association. However, he pointed out, the OBA maintains a neutral stance on controversial bank-structure issues, while—according to Mr. Amis—about 84% of Oklahoma banks responding to a poll favored retention of present prohibitions on branching and multi-bank HCs. Thus, he continued, a majority of banks in the state are without continuous representation on the very issues most vital to their survival.

"By forming their own state organization, the independent bankers feel they can assist the OBA in this divisive area," said Mr. Amis.

The Oklahoma independents have long maintained that permitting banks to establish branches or subsidiaries would result in a takeover of banking in the state by a handful of giant institutions located in the larger cities.



# The simplest way to solve your student loan administration problem is to call First Minneapolis



(call collect (612) 370-4035)

Consider the Student Loan Servicing Center of First National Bank of Minneapolis a profit center for you. We handle the costly administration, so your personnel are free to concentrate on more profitable activities.

Why First Minneapolis? Because we're specialists in handling all student loan administration details. We service more

lenders than any other bank in the nation. And our experience with lenders of all sizes has proven that we can save you money.

So, free yourself to handle other important banking matters by turning your student loan problems over to us.

We'll both profit. Call us for complete details.

**First**  
  
**Minneapolis**

**Student Loan Servicing Center, First National Bank of Minneapolis**  
120 South Sixth St., Minneapolis, Minnesota 55402 • Member FDIC

# Community Involvement

## A Four-Part Loan:

### Banks' Financial Help Brings New Industry To Texas Community

Red River National, Clarksville, Tex., recently completed a three-quarter-million-dollar term loan that attracted a vital new industry into this north-eastern Texas community.

The four-part loan is the result of negotiations between the Small Business Administration, the bank, its large correspondent bank (First of Dallas), and the local industrial foundation. After initial contact and subsequent follow-up was made by Texas Power & Light Co.'s industrial development section and the Red River County Industrial Foundation, Stoneville Furniture Co., Stoneville, N.C., decided to expand its operations into the north-east Texas area.

"We were inexperienced at this sort of financing; the SBA proved to be a tremendous help along the way," said Ben Black, vice president, Red River National, and officer in charge of the loan.

Working under the SBA's "502" financing plan, the breakdown of the participants is: Small Business Administration, \$350,000; Red River National, \$75,000; city correspondent bank \$250,000; and Red River County Industrial Foundation, \$75,000. These sums total \$750,000.

The \$350,000 represents the maximum SBA participation, and the Industrial Foundation's \$75,000 is 10% of total loan as required by the SBA's 502 program. The remaining private financing was arranged on both the interim construction phase and the long-term note.

This combination of funds at various interest rates enabled the participating banks to realize sufficient returns on their funds while allowing the borrower to take advantage of the overall lower cost of funds.

Repayment scheduling is a complex formula with the different participants being paid out in different phases over the 22½-year period of the note.

Stoneville Furniture Co. formed a wholly owned subsidiary, Clarksville Furniture Co., as its operating entity in Clarksville. The subsidiary's quarters—a 75,000-square-foot pre-engineered steel building—were erected on



Milton Perloff (l.), furniture manufacturing firm executive, is taken on tour of facilities offered by city of Clarksville, Tex., by (l. to r.): Alex Simpson, pres., Red River Nat'l, Clarksville; Ralph LaFollett, mgr., Lone Star Gas Co.; Ben Black, v.p., Red River Nat'l; Giles McCarver, a.v.p. of bank; and Pat Beadle, local attorney. Mr. Perloff's firm later opened subsidiary in Clarksville that employs 115 persons.

a 25-acre tract in an industrial park. Its first shipment was made last December 5. Its products are sold predominantly in 19 states in the western section of the country.

In all, the rural Red River Valley community's economy will benefit from the additional \$675,000 annual payroll for 115 employees (all but six were hired locally). These funds provide a real boost for the community and an excellent example of participation of public and private financing to help smaller, rural localities diversify their economic structures.

## In Oak Park:

### Suburban Chicago Bank Submits Redevelopment Plan For Center of Community

Avenue State Bank, Oak Park, Ill., has underwritten a proposal for a \$12

million redevelopment plan for a site in the heart of the community. The proposal is based on a study commissioned by the bank to find the highest and best use of village-owned properties to be vacated soon when a new village hall is completed.

The proposal calls for 283 housing units and a green strip in the residential portion of the area and the commercial segment would include a covered mall housing stores and shops. The bank would be adjacent.

The proposal has been hailed as an outstanding example of local business responding to a community need.

## Tots Learn to Save



Children from a nursery school in Utica, Mich., are shown opening savings accounts at a branch of Manufacturers National, Detroit, recently. The students visited the branch so they could begin to learn how to handle their own financial affairs, despite their age. Robert B. Bourbonnais, officer-in-charge of the branch, is shown giving the children their passbooks. The bank also provided coloring books that explain in simple detail how a bank protects its money, helps families pay for new homes, etc.

## Senior Citizens Get Counsel at Bank



Social security representatives (the two women in the center behind the desk) counsel customers of East River Savings, New York City. Twice a week, two representatives of the U. S. agency are available at bank branches located in residential areas to advise senior citizens on social security problems. About 50 persons, of whom the aged couple (with their dog) are typical, come to a branch on a typical day. East River Savings offers the service during the three summer months when the elderly are best able to get about.



# Two months after Lindy took off for Paris in 1927, we committed ourselves to correspondent banking.

# Neither of us ever considered turning back.

If anything, our commitment to correspondent banking is firmer and stronger today than it was in 1927, the year we first opened our doors for business. Then, our Correspondent Banking Division consisted of one man. Now our division has a staff of 11, with an aggregate 196 years experience, serving more than

370 correspondent banking customers spread over a five-state area!

When your bank comes up against something it can't handle solo, pick up your phone and give us a call. Our Tennessee WATS line is 1-800-342-8360. In neighboring states, dial 1-800-251-8516.

We're here to serve you. And we'll be here when you need us.



**THIRD**   
**NATIONAL BANK**  
IN NASHVILLE

*On May 20, 1927, Charles A. Lindbergh took off from Roosevelt Field, Long Island, reaching Le Bourget Air Field, Paris, 33 hours, 29 minutes, and 30 seconds later.*

# Selling/Marketing

No 'Touristy' Pictures:

## Correspondent Banks Offered Watercolors By Minneapolis Bank

First National, Minneapolis, has found a unique way to personalize its correspondent banking services. The bank is offering extremely high-quality reproductions of specially commissioned watercolors to its correspondent banks in the Ninth Federal Reserve District. The offers are being made in a series of full-page ads in banking publications serving that area.

The watercolors were done by Dave Riebe, an art director at First National's ad agency, Stevenson & Associates, Minneapolis. Mr. Riebe traveled to each state in the Ninth Federal Reserve District to do the watercolors on site. The artist chose his own subjects and painted hamlets in Montana, abandoned shacks in the Dakotas, secluded glades in Minnesota, Iowa cornfields becalmed by winter and many more. The Riebe paintings are described as not the usual "touristy" pictures, but as quiet, poignant, even haunting comments on a region and its past. Seven of the best paintings were picked and reproduced in four colors for the ad campaign.



This watercolor is one of seven being featured in a special correspondent bank ad campaign by First Nat'l, Minneapolis. Mill has been standing in western Wisconsin, near Eau Claire, for 110 years. Reproductions of each painting are offered bank's correspondent customers in Ninth Federal Reserve District.

Ad copy in the ads, written by Stevenson copywriter Mike Dodge, is tailored to both the watercolors and their locales, thereby localizing the campaign for bankers in each area.

Requests for the reproductions are fulfilled in person, whenever possible, by a correspondent banking services division officer of the bank, providing an additional opportunity for personal contact.

First National has proof of the success of this campaign: About 1,500 requests for the watercolors had come in as of this writing.

To Open Building:

## Chauffeured Rolls Royce, Royal Hotel Suite Offered as Bank Prizes

When Mark Plaza State, Overland Park, Kan., opened its new building last month, it referred to it as its "castle." The bank then advertised grand-opening gifts and prizes that were "fit for royalty."

For instance, the grand prize was a "royal weekend" consisting of the use of a chauffeured Rolls Royce automobile and the royal suite at Kansas City's Alameda Plaza Hotel on Country Club Plaza, complete with a royal banquet for 12 and after-dinner dancing.

In addition, the bank offered daily prizes, which included 10 \$25 savings accounts (given away hourly on the last day of the grand opening), dinners for two at three different restaurants, a family Heirloom Bible and a tennis racket.


As new-business promotions, Mark Plaza State offered crystal starter sets to each person opening new accounts with \$100 and free auto emergency kits with each new car loan of \$1,000 or more.

A Nostalgic Look:

## Old Newspaper Replica Used to Help Celebrate Bank's 50th Year

Bankers, of course, like to be thought of as forward-looking and modern in every sense. However, there are occasions when nostalgic looks back are all right—for instance, on bank anniversaries.

St. Louis' American National, which observed its 50th anniversary earlier this year, put together a front-page replica of the St. Louis *Globe-Democrat* of March 22, 1924, for distribution during its anniversary celebration. On one side of the replica was the front page as it looked 50 years ago. On the other side were old photos and a brief history of the bank. One of the pictures was that of President U. S.



**Ulysses S. Grant slept here.**

It was more than 100 years ago, sitting in a barber's chair. The place was Thomas Schuett's General store, where the bank now stands. Legend tells us Grant would stop on trips from his cabin, sometimes for a haircut. The owner looked different then, there weren't many buildings or homes and the roads were only dirt paths. But Schuett's store, like American National Bank which has followed, brought people together and helped to build the community.

We've made this south St. Louis corner of Kingshighway and Gravois our home for Fifty Years. March 22 is our Golden Anniversary and we're celebrating with an old-fashioned Open House. We hope you can join us.

We're proud of our growth in half-a-century; proud of our continuing expansion and modernization. Time has been good to us but has left nothing of Schuett's store or U.S. Grant, except a few stories and pictures. One conclusion does seem certain, however, Tom Schuett may have cut the General's hair — but we'll bet he never shaved him!

**AMERICAN NATIONAL BANK**  
Kingshighway and Gravois/352-3500  
Member: A.B.C. Bank and Federal Deposit Insurance Corporation

Grant, who reportedly stopped for haircuts more than 100 years ago at a store that was then on the site of the present bank building.

American National also ran a series of newspaper ads focusing on the U. S. Grant theme. One of them is shown in an accompanying illustration.

\$200 Minimum Deposit:

## Power Tools Offered As Premiums at Bank

"Power tools at a saving." Sound like an ad from a hardware store? Not this time. Rather, it's a brief description of a premium promotion started by First National, Des Plaines, Ill.

Under the bank's plan, anyone put-



Arthur R. Weiss, pres., First Nat'l, Des Plaines, Ill., shows Shopmate power tool to Mrs. Jean Hermanson and explains his bank's power tool premium program. Lobby display of power tools is at left.



# Use our software to get rid of hard wear on your computer staff.

We have two computer programs. Developed by a bank, they fit the internal workings of a bank easily. They use less computer running-time. They are debugged.

The result is an important new dimension of computer use for you with no tremendous stress on your personnel.

Our Credit Card Software is a true "system" with logical progressions. Its detailed reporting helps you better control bad credit and fraud.

Our two options are unique. First, descriptive billing that eliminates tons of paperwork and even has the capability to identify out-of-the-area merchants by name. Second, an on-line, stand-alone system for both monetary and non-monetary data entry with video display for instant accurate credit card authorizations.

More foreign and domestic banks have purchased our credit card system than any other available.

Our Central Information File identifies your customers. Tells you what they're doing with you. And, more important, what they're not doing. So the marketing people can cross-sell additional services.

In addition, CIF gives the credit people complete borrowing status information. And the operations people increased efficiency.

Both of these proven programs come complete. Even in-depth training at our center is provided. For more details write: Herbert M. Richardson, Jr., Vice President, First National Bank of Louisville, First National Tower, Louisville, Kentucky. Or call (502) 581-5386.



ting \$200 or more into any existing or new checking or savings account may buy any one of the following Shop-mate® power tools at substantial savings: double insulated drill, saber saw that cuts full two-inch dressed lumber, orbital sander that sands and polishes flush to vertical wall and 7/8-inch circular saw with hardtooth steel blade.

The more money deposited, the less the tools cost. While a \$200 deposit entitles the depositor to purchase the 3/8-inch drill for \$16.50, a \$5,000 deposit reduces the cost to only \$6.50 plus sales tax.

The tools were supplied to the bank by the Portable Electric Tools Division of McGraw-Edison Co.

#### Prepaid Interest:

### Calculator Certificates Are Promoted by Bank To Boost CD Business

Liberty National, Louisville, is seeking CD business by offering calculator certificates. Under the plan, depositors are offered the opportunity of receiving a calculator in the form of prepaid interest with the purchase of each specialized certificate.

Calculator certificates may be purchased in the following amounts: \$1,000, five years, 6½%; \$1,000, three years, 5½%; and \$2,500, one year, 5%.

The bank believes it will have a highly successful promotion by offering a popular, valuable piece of merchandise and a competitive interest rate.

According to Ted R. Frith, vice president-marketing, "There have been numerous programs offering an incentive

in lieu of prepaid interest, but, to our knowledge, we are not aware of a program offering merchandise as well as a high interest rate."

The calculator offered is a Unicom Model No. 102, manufactured by Rockwell International. The No. 102, which weighs only six ounces, performs four basic functions (multiplies, subtracts, adds and divides) and features an eight-digit display capacity, constant and flexible decimal set.

#### \$300 in Prize Money:

### Flower Show Sponsored By Bank at County Fair

What can a bank do to promote a county fair and, at the same time, increase good will for itself? Bank of Stronghurst, Ill., held a flower-growing competition—Friendship Marigold Show—in connection with the Henderson County Fair.

There were five classes of flowers: arrangement of small marigolds, arrangement of large marigolds, arrangement of mixed size-color marigolds, marigold arrangement in unusual container and arrangement of mixed cut flowers. In addition, there was one vegetable class: three each of five vegetables. The show was open to everyone, but limited to one entry per person per class (total of six per person). Contestants could use seeds furnished by the bank or could show flowers grown from started plants.

There were six prizes in each class: \$20 first prize, \$10 second prize and \$5 third, fourth, fifth and sixth prizes. The 36 prizes totaled \$300.

The marigold, by the way, was long advocated by the late Illinois Senator Everett Dirksen as the official flower for his state.

Bank of Stronghurst also offered round cardboard tokens each good for one cup of coffee at the fair.

#### A Traffic Stopper:

### Unusual Egg Exhibit Is Attention Getter At St. Louis Bank

An unusual exhibit of eggs attracted a great deal of interest and resulted in many favorable comments at St. Louis' Mercantile Bank, according to a bank spokesman.

The eggs aren't ordinary by any means. Through the craftsmanship of Mrs. Stephen Corey of St. Louis, they are bejeweled and tinted and are featured in miniature tableaux. Some are extremely elaborate. For instance,



These photos, taken at St. Louis' Mercantile Bank, show only a few of many eggs decorated by Mrs. Stephen Corey of St. Louis. They range from simple to elaborate, with some containing miniature tableaux.

there's a brass-hinged, double-door goose egg that opens to show wooden soldiers standing at attention in a guardhouse and in each door. Another brass-hinged, crisscross-cut goose egg contains a hand-dressed, velvet-robed Holy Family. A tiny, hand-fashioned, exquisitely painted Sicilian cart pulled by a donkey contains a brass-hinged, jeweled goose egg.

Because, said the Mercantile Bank spokesman, the exhibit doesn't require a lot of space, it could be set up in just about any size bank lobby. It must be glass enclosed, of course, to prevent handling or pilfering. Mercantile Bank used round exhibit tables covered by clear plastic domes that were locked onto the tables. This allowed visitors to view the exhibit from any angle.

#### Last Customer Honored

The last customer to do business at the old office of St. Joseph Valley Bank, Elkhart, Ind., was honored just before the bank closed its doors at the old location for the last time. Renee Doyen (l.) is shown receiving a commemorative plaque and \$50 from bank chairman Jon S. Armstrong. Immediately following the presentation, the bank began moving into its new Main Office a block away.



Earn a pocket full of interest plus this calculator with every

ACTUAL USE APPROVED BY THE FEDERAL RESERVE BOARD

**CALCULATOR CERTIFICATE**

Earn 6½% Liberty

24-Hour Bank

on 5 year 10,000 certificates

This newspaper ad told public about Liberty of Louisville's calculator certificate.



# “Heirloom Bibles helped us increase our deposits over 50%.”

Highland Park State Bank, San Antonio, Texas.

“We’ve had outstanding success building both checking and savings accounts with the Heirloom Bible promotional program. It’s great for increasing deposits from present customers as well as attracting new business. We can provide quality Family Bibles for less than \$10 to our depositors.

“Everything’s right in the program: free promotional material, colorful lobby displays, ad mats, glossy prints, brochures, even radio and TV scripts.

“Heirloom Bibles really work for us!”

*Heirloom’s guaranteed sale arrangement* has worked for more than 400 banks across the country, ranging in asset size from \$1 million to \$1 billion, and it can work for you.

Write today for complete details, plus the names of banks in your area who have used Heirloom Bibles. We’ll also send you an Heirloom Family Bible for your inspection.

Statement stuffers, filmed TV spots and radio tapes are available at nominal cost.

## HEIRLOOM BIBLE PUBLISHERS

P.O. Box 132M Wichita, Kansas 67201 (316) 267-3211



### FAMILY RECORD SIZE

9 1/4" x 11 3/4" x 2 1/2"

Available in both  
Protestant and Catholic Editions

# NEWS OF THE BANKING WORLD



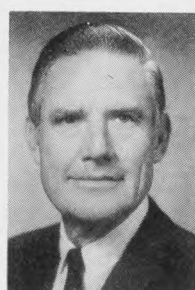
WILLIAMS



BOCACH



BRITTAIN



MOORE



UTTING

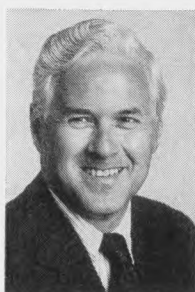


STOKES

• **Joseph C. Williams** retired as chairman, National Bank of North Kansas City, July 1. A banker since before World War I, Mr. Williams spent most of his long career with the old Commerce Trust of Kansas City (now Commerce Bank of KC). He had helped reorganize Continental National, which was merged with Commerce Trust in 1933. He was in the correspondent division of Commerce Trust and was head of it in 1948, when he became the bank's president. Mr. Williams retired from Commerce in 1960 and went to National Bank, first as president and then as chairman.

• **Miss Marion Bocach** has been promoted from second vice president to vice president in Central National of Chicago's correspondent banking division. She entered banking in 1951 as a commercial teller at the bank, was assigned to the correspondent banking division in 1967 and named a second vice president in 1970. Miss Bocach will be a delegate to the Democratic Mini-Convention in Kansas City in December.

• **George P. Shultz**, former Secretary of the Treasury and assistant to the President of the U. S., has been elected to the boards of J. P. Morgan & Co., Inc., and its wholly owned subsidiary, Morgan Guaranty Trust, New York City. Mr. Shultz recently concluded nearly 5½ years of service in Cabinet posts, starting in 1969 as Secretary of Labor. He also was the first director of the Office of Management and Budget in 1970 and took the Treasury post in 1972. Before his government service, Mr. Shultz was dean of the University of Chicago Graduate School of Business. He now is executive vice president, Bechtel Corp.



EARLY



HANNON

• **First National City**, New York City, has made changes in responsibilities of three of its correspondent bankers. Vice President John H. Early now is unit head responsible for all Indiana and Michigan relationships in addition to his duties as unit head for all correspondent banking relationships in Kentucky and Ohio. Vice President Frank J. Utting, formerly unit head in the Indiana-Michigan district, has taken that same post in Missouri, Kansas, Minnesota, North and South Dakota,

Nebraska and Iowa, an area formerly served by Assistant Vice President Robert Stokes as unit head. In turn, Mr. Stokes has taken on new responsibilities in Citibank's municipal bond sales department, where he now is responsible for the marketing of that department's products in the Midwest.

• **William H. Moore** will take early retirement December 31 as chairman and CEO, Bankers Trust New York Corp. and its principal subsidiary, Bankers Trust Co., New York City. Alfred Brittain III will succeed Mr. Moore as chairman and CEO and John W. Hannon Jr. as president of both companies, effective next January 1. Mr. Hannon was elected a director of the HC. Mr. Moore will remain a director and member of the executive committee of the bank and a director and policy committee member of the HC. Mr. Brittain currently is president of the bank and HC, and Mr. Hannon is chairman of the bank's executive committee.

• **Fred A. Dowd**, 68, retired chairman, First National, Cincinnati, died



DOWD

July 9. Mr. Dowd, a banker in Kentucky and Ohio for 47 years, decided on his life's work while still a school boy. He studied and read all he could on banking, then worked for six months at Citizens Bank, New Liberty, Ky., without pay to qualify for work in banking. After this period, he was put

on the bank payroll for \$25 a month. He eventually went to Cincinnati to become a vice president of First National in charge of its department of banks. In 1949, he left to become president, Atlas National, Cincinnati, which—in 1954—was merged with First National. Mr. Dowd was elected president and a director of the new, merged First National. He became chairman and CEO in 1964 and retired from these posts in 1971, but remained on the bank's board until his death. Mr. Dowd was a former director of the Cincinnati Branch, Federal Reserve Bank of Cleveland.





**Bold beauty  
plus  
Monolithiguard<sup>®</sup>  
protection**

**LeFebure Vault Doors**

Here's enduring beauty and massive strength . . . with classic, bold uncluttered lines. Your customers will be impressed with LeFebure Vault Doors . . . the visual appeal . . . the feeling of strength.

Beneath this solid steel exterior is LeFebure's exclusive Monolithiguard<sup>®</sup> material to repel attack by torch or drill.

Safe, easy operation with positive-release time lock . . . anti-lock-in feature . . . spy-proof dual combination locks . . . fingertip movement . . . flat door sills. Stylish vision gates. Door thicknesses from 3½" to 10". Individualized designs. LeFebure Vault Doors exceed specifications required by the Bank Protection Act of 1968 and the Insurance Rating Board.

Talk with your LeFebure Sales Engineer. He'll tell you more.

LeFebure branch offices located in principal cities from coast to coast.

**LeFebure**

Division of Walter Kidde & Company, Inc.  
Cedar Rapids, Iowa 52406

**We make more of the things you need than anyone else in the world.**



# Commercial Lending

## Reorganization Plan Announced by RMA To Improve and Expand Its Services

A REORGANIZATION PLAN—including a new administrative structure—has been announced by Robert Morris Associates. The plan is designed to improve and expand RMA's services for the three specific categories of individuals within its membership: senior loan management, line lending officers and credit department and other staff support officers and personnel.

A main feature of the reorganization is the institution of a formal, divisional structure to serve individuals in the policy, line lending and credit department categories in its member banks. Each division will have a governing council of eight appointed bank officers. Each will be supported by members of the national RMA headquarters staff in Philadelphia.

The *policy division* will be responsible for developing programs and projects of interest to those who have a significant management responsibility for their banks' commercial activities. These will include senior lending officers, heads of major lending divisions and loan committees and on up to presidents and chairmen—depending on size and structure of the association's member banks.

The *lending division* will have two equal subdivisions: domestic and international. It will focus on services for line lending officers, both generalists

and specialists. It also will include lending personnel who have supervisory responsibility for other loan officers. Formation of the international subdivision represents RMA's increased interest in this area in cooperation with Bankers Association for Foreign Trade.

The *credit division* will focus its activities on bankers working in staff-support areas, such as credit department management, financial analysis, loan review, exchange of credit information and training of personnel in these and related areas.

In addition, there will be a chapters division in the new organizational table. It will concentrate on assisting leaders of RMA's 28 chapters across the country in strengthening and increasing the effectiveness of their local units.

RMA also eliminated its requirement that a bank be established for at least five years to be eligible for membership. A new bank will have to have the "maturity" that comes with seasoned management, however, and also will be expected to agree to serve the commercial needs of its community as requisites for affiliation with RMA.

RMA now also will allow its member holding companies to propose for individual membership a number of persons from selected nonbank subsidiaries engaged in commercial lending activities.

Roles of national RMA committees

will be examined carefully, and future appointees will function within one of the RMA divisions.

RMA is celebrating its 60th anniversary this year. Its 1,460 member banks represent some 87% of all U.S. commercial banking resources. These banks are represented in the association by about 6,000 commercial loan and credit officers located in all 50 states, Puerto Rico, the U. S. Virgin Islands, Canada and Panama. • •

### RMA Staff Changes

Reorganization of RMA into a divisional structure has resulted in a change of titles and responsibilities for executives of the association's headquarters staff in Philadelphia.

Clarence R. Reed remains chief staff officer, but has been promoted from executive manager to executive vice president. Ted C. McDaniels has been advanced to administrative vice president and secretary-treasurer. He was director of administration and member services.

In addition, several staffers have been given responsibilities, as directors or assistant directors, for coordinating activities of RMA's newly formed divisions. Dr. Gerald C. Fischer heads the policy division. The lending division is headed by Charles R. Huntington. Miss Susan Kelsay has been named assistant director of the credit division (a head for this division hasn't been chosen). Dennis C. Neff has charge of the chapters division. Luis W. Morales has been given a new title of communications director. He continues to coordinate RMA's public relations, publicity, advertising and related functions.



Over 270 banks can develop overnight a list of demand-deposit customers who do not have savings accounts.

They use the NCR Central Information File.

Can your Marketing Manager get a mailing list that valuable?

**NCR**

Complete Computer Systems



# NATIONAL DETROIT CORPORATION



Parent Company of  
NATIONAL BANK OF DETROIT

## CONSOLIDATED BALANCE SHEET—June 30, 1974

### ASSETS

Cash and Due from Banks (including Time Deposits of \$933,446,437) .....	\$2,546,446,865
Securities—At Amortized Cost:	
U.S. Treasury .....	454,059,669
States and Political Subdivisions .....	775,267,372
Other Securities .....	50,622,061
	1,279,949,102
Federal Funds Sold .....	271,500,000
Loans:	
Commercial and Consumer .....	2,605,372,229
Real Estate Mortgage .....	872,448,358
	3,477,820,587
Bank Premises and Equipment (at cost less accumulated depreciation of \$30,716,430) .....	52,521,943
Other Assets .....	112,419,300
Total Assets .....	\$7,740,657,797

### LIABILITIES, RESERVE AND SHAREHOLDERS' EQUITY

Deposits:		
Demand .....	\$1,842,757,452	
Certified and Other Official Checks	646,234,769	
Individual Savings and Time .....	1,884,356,312	
Other Savings and Time .....	726,823,069	
Foreign Offices .....	1,198,428,624	
	6,298,600,226	
Other Liabilities:		
Federal Funds Purchased and Securities Sold Under Agree- ments to Repurchase .....	\$785,156,187	
Capital Notes (6 7/8 % due 1979) .....	50,000,000	
Convertible Capital Notes (5% due 1993) .....	50,000,000	
Unearned Income and Sundry Liabilities .....	123,605,447	1,008,761,634
Total Liabilities .....		7,307,361,860
Reserve for Possible Loan Losses .....		59,117,969
Shareholders' Equity:		
Preferred Stock—No Par Value .....	—	
No. of Shares		
Authorized     1,000,000		
Issued             —		
Common Stock—Par Value \$12.50 ..	75,000,000	
No. of Shares		
Authorized     10,000,000		
Issued           6,000,000		
Capital Surplus .....	175,000,000	
Retained Earnings .....	126,495,311	
Less: Treasury Stock—51,404 Common Shares, at Cost .....	(2,317,343)	374,177,968
Total Liabilities, Reserve and Shareholders' Equity .....		\$7,740,657,797

Assets carried at approximately \$480,000,000 (including U.S. Treasury Securities carried at \$34,000,000) were pledged at June 30, 1974, to secure public deposits (including deposits of \$95,377,659 of the Treasurer, State of Michigan) and for other purposes required by law.

### BOARD OF DIRECTORS

A. H. Aymond Chairman and President— Consumers Power Company
Henry T. Bodman Former Chairman—National Bank of Detroit
Harry B. Cunningham Honorary Chairman and Member of the Executive and Finance Committees— S. S. Kresge Company
David K. Easlick President—The Michigan Bell Telephone Company
Charles T. Fisher III President
A. P. Fontaine Director and Former Chairman The Bendix Corporation
Robert W. Hartwell Senior Executive Vice President— Finance and Corporate Affairs— The Detroit Edison Company
Joseph L. Hudson, Jr. Chairman—The J. L. Hudson Company Vice Chairman—Dayton Hudson Corporation
Walton A. Lewis President—Lewis and Thompson Agency, Inc.
Don T. McKone Executive Vice President— Libbey-Owens-Ford Company
Ellis B. Merry Former Chairman—National Bank of Detroit
Peter J. Monaghan Monaghan, Campbell, LoPrete & McDonald
George Russell Former Vice Chairman— General Motors Corporation
Arthur R. Seder, Jr. President, Chief Administrative Officer and General Counsel— American Natural Gas Company
Robert B. Semple Chairman—BASF Wyandotte Corporation
Nate S. Shaper Honorary Chairman and Director and Chairman of Executive Committee— Cunningham Drug Stores, Inc.
George A. Stinson Chairman and President—National Steel Corporation
Peter W. Stroh President—The Stroh Brewery Company
John C. Suerth Chairman—Gerber Products Company
Robert M. Surdam Chairman of the Board
Norman B. Weston Vice Chairman of the Board
<b>ADVISORY MEMBERS</b>
Ivor Bryn Former Chairman—McLouth Steel Corporation
William M. Day Former Chairman—The Michigan Bell Telephone Company
Ralph T. McElvenny Former Chairman— American Natural Gas Company
Austin Smith, M.D. Former Chairman— Parke, Davis & Company

# NEWS ROUNDUP

## News From Around the Nation

### 9 1/2% Usury Ceiling in Illinois

The Illinois Legislature has passed a bill raising the state's usury ceiling from 8% to 9 1/2%, and Governor Dan Walker signed it into law July 12.

The legislation would permit lenders to charge up to 9 1/2% on home loans for 12 months. The rate would revert to 8% unless the legislature acts again. The bill also sets a 3% ceiling in service charges, or points, on loans over 8%, and borrowers cannot be penalized for renegotiating loans at less than 9 1/2% when the 12 months end.

### Missouri Facility Law Liberalized

Loans now may be made at bank facilities established in third-class counties in Missouri, according to a new ruling by Commissioner of Finance William R. Kostman. Third-class counties are those containing no town with more than 1,550 population. However, bank facilities in other counties still can conduct only limited banking operations.

Mr. Kostman indicated that he made the ruling to bring full banking services to rural communities that don't presently have banking services.

### Credit Unions Form HC

The Fed has approved the application of Business Administrative Needs of Kansas, Ltd., Wichita, to become a bank HC through acquisition of State Bank of Lancaster, Kan. What makes this HC so unusual is that 27 state credit unions were organized into one group for the express purpose of becoming a bank HC through a bank acquisition.

In giving its approval, the Fed said that the Lancaster bank, with deposits of \$2.8 million (as of June 30, 1973), ranks as the smallest of five banks in its market (approximated by Atchison County). Also, according to the Fed, the applicant group, on acquisition of the bank, would control less than 1% of total commercial bank deposits in Kansas. In addition, said the Fed, because the applicant group has no present operations or subsidiaries, consummation of the transaction wouldn't have any adverse effects on existing or potential competition, nor would it increase the concentration of banking resources or have an adverse effect on other banks in the relevant market.

### Negotiable CDs for S&Ls

The Federal Home Loan Bank Board has adopted regulations that allow S&Ls to issue CDs of \$100,000 or more that may be negotiable instruments. Such CDs are not subject to federally regulated ceilings, and maturities range from 30 days to 10 years.

The FHLBB believes these CDs will provide an additional tool for S&Ls to attract funds for use in housing markets. In addition, according to the board, S&Ls now will be able to compete more vigorously for funds of larger investors who are seeking marketable instruments issued at rates competitive with rates in the money market. The FHLBB also said that—because investors cannot withdraw from negotiable CDs before their maturities—S&Ls will be able to plan more accurate use of the funds.

### New Mortgage Money Program

Greater availability of residential mortgage money to financial institutions is hoped for with initiation of the Automated Mortgage Market Information Network, Inc. (AMMINET). The new computerized central-information system, now in nationwide operation, is co-sponsored by the ABA, U. S. League of Savings Associations, National League of Insured Savings Associations, Mortgage Bankers Association of America, National Association of Mutual Savings Banks, Federal Home Loan Mortgage Corp. and Department of Housing & Urban Development.

The network, which took nearly two years to develop, gives investors opportunities to communicate offers to buy and sell residential mortgage investments. Desk-top computer terminals are used for communication between subscribers—who pay \$400 a month—and the central computer. However AMMINET is not an exchange, said Paul J. O'Brien, chairman, ABA Housing and Real Estate Division, and senior vice president, Security Pacific National, Los Angeles. Actual buying and selling transactions are conducted privately, usually by phone, outside of the system, Mr. O'Brien added.

### Note Offerings Modified

Under pressure from Fed Board Chairman Arthur Burns, New York City's Citicorp. has agreed to modify a proposed \$850-million investment offering in an effort to prevent any drain of funds from the housing market.

The firm has extended the time investors in the notes must hold them before redeeming them from December 1, 1974, to June 1, 1976. The notes carry an initial 9.7% interest rate.

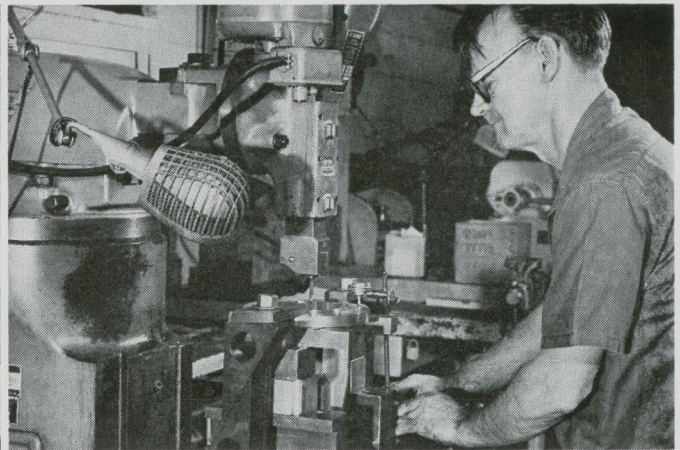
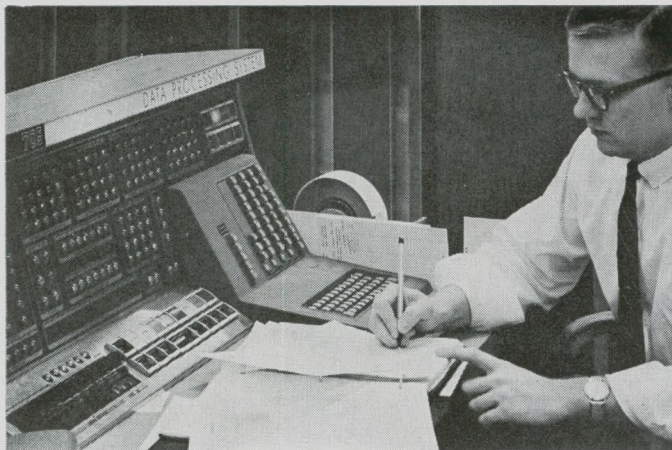
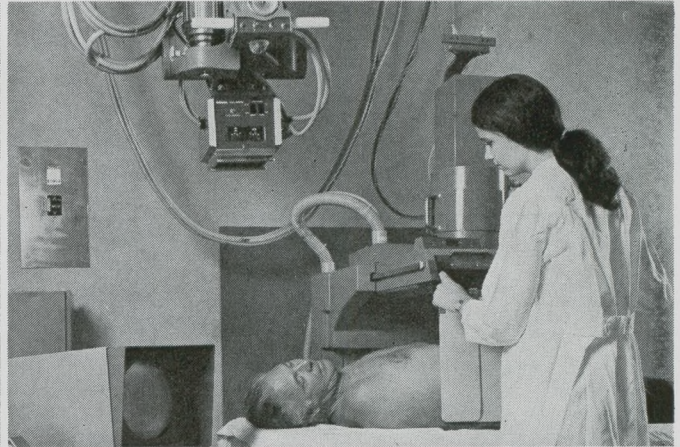
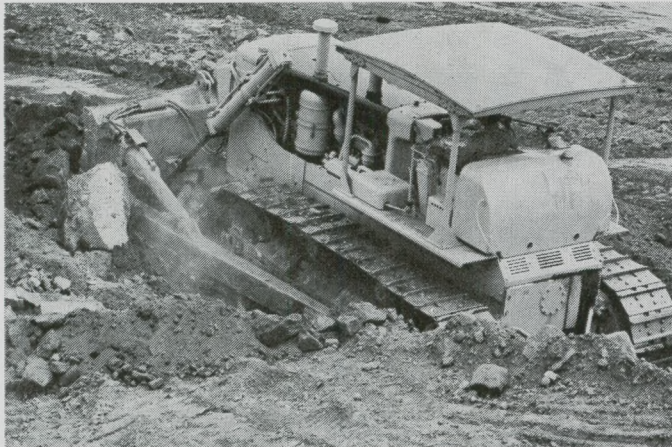
Chase Manhattan, New York City, followed Citicorp.'s move by offering \$200 million of such notes, also at 9.7% interest initially. Later, Chase also extended the redemption time to two years from the original six months.

The investment offering had been criticized by Mr. Burns, the National Association of Home Builders, S&Ls and others.

In a related move, the House Banking Committee blocked action on and apparently killed a bill to extend federal regulation to fund-raising issues by bank HCs. The measure had been heralded by Chairman Wright Patman (D.,Tex.) as a way of protecting the housing industry.



# You're not alone if you or your customers need business equipment,



## You've got First National Leasing.

If your bank, or your customers, need equipment to do business, you probably also need capital for inventories and expansion.

Eldon Beller, Bob Oliver and Bob Radford from First National Leasing can help free precious capital by leasing office equipment,

business machines or heavy equipment, and you can forget the worries of repair and depreciation.

You and your customers aren't alone when you need leasing services. You've got your Correspondent from The First. He'll put First National Leasing to work for you.



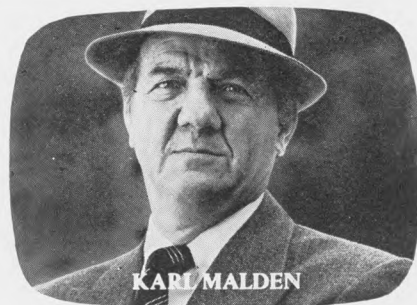
CORRESPONDENT DEPARTMENT      PHONE (405) 272-4102 or 272-4117  
OVER \$70,000,000 CAPITAL STRUCTURE/LARGEST IN OKLAHOMA/MEMBER F.D.I.C.  
A SUBSIDIARY OF FIRST OKLAHOMA BANCORPORATION, INC.



# American Express versus ordinary

Brand of Travelers Cheques	The most widely accepted Travelers Cheque in America	Refunds during bank hours
BANK AMERICA	NO	YES
FIRST NATIONAL CITY	NO	YES
AMERICAN EXPRESS	YES	YES
COOK'S	NO	YES

American Express Company



KARL MALDEN

**"All Travelers Cheques  
are not the same."**

Whatever other travelers cheques can do, we can do better.

We're the American Express Travelers Cheque. We're good at more places across America than any other travelers cheque.

We're good at over 48,000\* more restaurants.

We're good at over 13,000\* more hotels and motels.

We're good at over 59,000\* more service stations.

All of these facts are documented in the A.C. Nielsen Company Survey, "A Report on the Leading Travelers Cheques in America." (If you'd like a free summary, just send your name and address to Nielsen Summary, P.O. Box 107, Bowling Green Station,



# Travelers Cheques travelers cheques.

Refunds at night	Refunds on weekends and holidays	Invented the Travelers Cheque
NO	NO	NO
NO	NO	NO
YES	YES	YES
NO	NO	NO

New York, N.Y. 10004 and we'll send you one.)

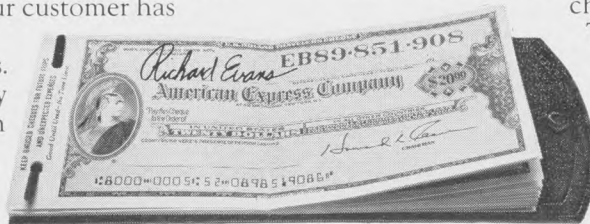
But where we're better isn't the only reason why we're better.

We're the only Travelers Cheque that gives refunds at night. And on weekends. And on holidays. To get a refund during these times, all your customer has to do is pick up the phone, call 800-221-7282 and report the loss. The American Express Company can arrange for him to pick up an emergency refund of up to \$100 at one of more than 1,450 conveniently located Holiday Inn

refund locations across America.

The customer who buys Travelers Cheques is one of your best customers. He's the same customer who comes to you for mortgages, personal loans, educational loans and investment advice. Make sure the travelers cheque you sell him is the best Travelers Cheque.

The American Express Travelers Cheque. Because what other travelers cheques can do, we can do better.



Figures projected from a sample selected and questioned by A.C. Nielsen Company in March 1973.

# Holding Companies

## A Far-Reaching Decision:

### Fed Approves Bank HC's Application To Enter Retail Insurance Field

THE FED last month approved a bank holding company proposal that also has a far-reaching effect on the insurance field. Southern Bancorp. of Birmingham's request to enter the retail insurance field in connection with credit extensions was sanctioned by the Fed despite strong opposition from independent insurance groups. The latter maintain that such entries by bank HCs would not be in the public interest.

Types of insurance approved in the proposal include fire and extended coverage, liability, home owners, theft, collision and comprehensive, performance bonds connected with construction loans, mortgage guaranty and surety bonds.

Southern Bancorp.'s application was the first decision of 22 contested bank HC applications to acquire or establish insurance agencies that are pending before the FRB. The Fed held hearings on the 22 applications last year in answer to requests from insurance agents, agencies and organizations representing them. The agents and groups argued they would be adversely affected by approval of the applications.

Last November, an administrative law judge held that bank HC entry into the retail insurance field would provide minimal benefits to consumers and that dominant bank HCs could crush independent competitors in their markets.

The judge recommended that HCs be allowed to enter only those markets where they control 15% or less of bank deposits. In February, the judge recommended partial approval of Southern Bancorp.'s application.

In its application, the Birmingham bank HC (formerly Alabama Financial Groups, Inc.) didn't ask for prior approval to operate a general insurance agency, but rather listed specific types of insurance coverage it wanted to sell. These included all insurance for the HC and its subsidiaries, any insurance to protect assets financed by the bank HC and other insurance calculated to protect the lender's ability to obtain repayment of loans, any insurance that

provided loan or repayment funds in the event of loss of income or other inability to repay debt, convenience insurance within the Regulation Y limitation and a full line of general insurance at offices located in communities with less than 5,000 population.

According to the Fed, all insurance coverage for Southern and its subsidiaries already was specifically permitted in the board's insurance regulations. The Fed further noted that it regards the sale of group insurance coverage for HC employees as insurance for the HC and its subsidiaries.

The National Association of Insurance Agents had argued that the sale of group and fidelity insurance on employees where the latter pay part of the premiums wouldn't be closely related to banking. However, the Fed said protection of employees through group insurance was a benefit to the HC itself.

Southern's application had asked to sell various forms of insurance to protect collateral in which an HC subsidiary had a security interest resulting from an extension of credit. The FRB held that such a credit extension fell within the meaning of extension of credit allowable under its insurance regulation.

In announcing its action, the Fed said approval of the application would be in the public interest because of greater convenience to the borrower. The ability of a borrower to complete an entire credit-insurance transaction at one location, according to the Fed, is likely to result in a considerable savings in time as well as eliminate the duplication of certain information requirements. In addition, the Fed believes some savings can be anticipated through reduction or even elimination of advertising and solicitation expenses as the agent's customers normally will be referred to him by loan officers.

Public benefits would occur, said the Fed, from the resulting anticipated increase in competition among insurance agents in local Alabama markets. Further, the Fed continued, the percentage

#### Insurance Agents to Sue

WASHINGTON—As was expected, the National Association of Insurance Agents has announced plans to sue the Fed over its July 5th decision to permit Southern Bancorp., a Birmingham, Ala., bank holding company, to enter the retail insurance field.

The NAIA will file a petition of reconsideration with the U. S. Court of Appeals here. The suit, according to a spokesman, will stress both points of law and the "noticeable lack" of public benefits resulting from the Fed's decision.

of commercial bank deposits held by Southern and its subsidiaries doesn't establish an undue concentration of resources in any of their local markets.

As to the law judge's recommendation that the HC not be allowed to sell insurance in markets where its subsidiaries held more than 15% of total commercial bank deposits, the Fed held it should not adopt such an arbitrary standard. An action like this, the Fed maintained, might prevent the HC's sale of insurance in many markets, "thereby negating the convenience and benefits the board has found to exist."

- **United Missouri Bancshares**, Kansas City, has received Fed approval to make, acquire, sell and service mortgages through United Missouri Mortgage Co., Kansas City. Chairman of the new subsidiary is R. Crosby Kemper and president is Wilson W. Siemens. Mr. Siemens was formerly with Alex Bascom Co., Kansas City.

- **Tennessee Valley Bancorp**, Nashville, has received Fed approval to acquire Kimbrough-Kavanaugh Associates, Nashville-based mortgage banking company. The firm services over \$150 million in mortgages and operates principally in Tennessee, Kentucky and Indiana.

- **The Association of Registered Bank Holding Companies** has elected John G. McCoy, president, First Banc Group of Ohio, Inc., Columbus, as its new president. Other officers include Edward A. Jesser Jr., chairman, United Jersey Banks, Princeton—vice president (and president-elect); Ralph A. Beeton, president and chairman, First Virginia Bankshares, Falls Church—vice president; Donald R. Grangaard, president, First Bank System, Inc., Minneapolis—treasurer; and Donald L. Rogers, executive director of the association—secretary.



# Morgan Guaranty Trust Company

OF NEW YORK

## Consolidated statement of condition - June 30, 1974

### Assets

Cash and due from banks . . . . .	\$ 4,574,317,692
Interest-bearing deposits at banks . . . . .	3,656,969,391
U. S. Treasury securities . . . . .	468,770,855
Obligations of U. S. government agencies . . . . .	100,983,180
Obligations of states and political subdivisions . . . . .	859,062,872
Other investment securities . . . . .	387,602,915
Federal funds sold and securities purchased under agreements to resell . . . . .	162,923,788
Loans . . . . .	11,857,994,238
Premises and equipment . . . . .	112,594,913
Customers' acceptance liability . . . . .	870,397,735
Other assets . . . . .	830,343,718
Total assets . . . . .	\$23,881,961,297

### Liabilities

Demand deposits . . . . .	\$ 6,805,595,853
Time deposits . . . . .	3,581,695,689
Deposits in foreign offices . . . . .	7,921,763,734
Total deposits . . . . .	18,309,055,276
Federal funds purchased and securities sold under agreements to repurchase . . . . .	1,279,666,661
Commercial paper of a subsidiary . . . . .	42,215,241
Trading account securities - net . . . . .	82,578,173
Other liabilities for borrowed money . . . . .	893,939,631
Accrued taxes and expenses . . . . .	339,437,234
Liability on acceptances . . . . .	874,518,957
Dividend payable . . . . .	19,190,000
Convertible debentures of a subsidiary (4¼%, due 1987) . . . . .	50,000,000
Mortgage payable . . . . .	15,905,734
Other liabilities . . . . .	548,777,801
Total liabilities . . . . .	\$22,455,284,708

**Reserve** for possible loan losses . . . . . \$ 169,473,391

### Capital accounts

Capital notes (6¾%, due 1978) . . . . .	\$ 100,000,000
Capital notes (5%, due 1992) . . . . .	91,000,000
Stockholder's equity:	
Capital stock, \$25 par value (9,500,000 shares) . . . . .	237,500,000
Surplus . . . . .	427,085,000
Undivided profits . . . . .	401,618,198
Total stockholder's equity . . . . .	1,066,203,198
Total liabilities, reserve, and capital accounts	\$23,881,961,297

Assets carried at \$1,488,711,000 in the above statement were pledged as collateral for borrowings, to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Member, Federal Reserve System, Federal Deposit Insurance Corporation

**New York** 23 Wall Street, 522 Fifth Avenue at 44th Street,  
616 Madison Avenue at 58th Street, 40 Rockefeller Plaza at  
50th Street, 299 Park Avenue at 48th Street

**West Coast** Morgan Guaranty International Bank of  
San Francisco, 400 Montgomery Street, San Francisco, Ca. 94104

**Southwest** Morgan Guaranty International Bank of Houston,  
1100 Milam Street, Houston, Texas 77002

**Abroad** London, Paris, Brussels, Antwerp, Frankfurt, Düsseldorf,  
Munich, Zurich, Milan and Rome (Banca Morgan Vonwiller),  
Tokyo, Nassau; Representative offices in Madrid, Beirut, Sydney,  
Hong Kong, São Paulo, Caracas

### Directors

ELLMORE C. PATTERSON  
Chairman of the Board

WALTER H. PAGE  
President

J. PAUL AUSTIN  
Chairman of the Board  
The Coca-Cola Company

R. MANNING BROWN JR.  
Chairman of the Board  
New York Life Insurance Company

CARTER L. BURGESS  
Chairman, Foreign Policy Association

FRANK T. CARY  
Chairman and President  
International Business Machines Corporation

W. GRAHAM CLAYTOR JR.  
President, Southern Railway System

EMILIO G. COLLADO  
Executive Vice President  
Exxon Corporation

CHARLES D. DICKEY JR.  
Chairman and President  
Scott Paper Company

JOHN T. DORRANCE JR.  
Chairman of the Board  
Campbell Soup Company

LEWIS W. FOY  
President, Bethlehem Steel Corporation

THOMAS S. GATES

HOWARD W. JOHNSON  
Chairman of the Corporation  
Massachusetts Institute of Technology

DONALD P. KIRCHER  
President, The Singer Company

RALPH F. LEACH  
Chairman of the Executive Committee

JOHN M. MEYER JR.

HOWARD J. MORGENS  
Chairman of the Executive Committee  
The Procter & Gamble Company

DE WITT PETERKIN JR.  
Vice Chairman of the Board

DONALD E. PROCKNOW  
President  
Western Electric Company, Incorporated

THOMAS RODD  
Vice Chairman of the Board

WARREN M. SHAPLEIGH  
President, Ralston Purina Company

GEORGE P. SHULTZ  
Executive Vice President  
Bechtel Corporation

OLCOTT D. SMITH  
Chairman, Executive Committee  
Aetna Life and Casualty Company

HENRY S. WINGATE  
Director and Chairman Advisory Committee  
The International Nickel Company  
of Canada, Limited

# Bank Investments

## Headway Against Inflation Is Possible If Bankers Learn to Excel, Not Just Cope

By WILLARD C. BUTCHER  
President  
Chase Manhattan Corp.  
New York City

OVER THE next three to five years, we must anticipate a continuing inflationary surge—not necessarily the double digit variety we have experienced over recent months, but also not the 1% to 3% variety. Indeed, some believe it will be on the order of 5% to 7% a year. In any event, a high rate of inflation obviously has a number of significant implications for bank managers and must be a major factor in long-range planning.



Costs will be rising more rapidly, challenging ingenuity at cutting expenses and increasing productivity.

Interest rates will remain generally higher, well above the 4% to 6% range, and fluctuate more widely. This added instability will put a premium on better pricing and asset-liability management.

Loan demand, bolstered by inflation, will be greater and more sustained than in the past. This will both strain our resources and challenge our abilities to evaluate risk and credit worthiness. In essence, we're going to have to build the fort and fight the Indians at the same time.

In addition, of course, inflation gives us yet another imperative of performance—one that we cannot ignore. We must increase our earnings more rapidly than in the past, not only in fairness to stockholders dependent on dividends, but also to build up the additional capital so vital to support our growing business. Like Alice in Wonderland and the Red Queen, we need to run faster just to stand still.

This is quite a trick and I have no magic prescription to accomplish it. If we are to make headway against inflation, however, there are four areas in which I believe we must learn to excel, and not merely cope. These are:

planning and budgeting, cost control, pricing and comprehensive asset-liability management.

Let me start by focusing on the need for *better planning and budgeting*. The long-range plan, after all, is the map which management designs to guide its organization, and the budget provides the detail for accomplishing the various stages of the journey.

Unlike most cartographers, bank managements have a chance to shape their own terrain—to measure their markets, to anticipate changes and to manage their responses to them. Too often, however, we fail to take complete advantage of this or to appreciate fully that the ultimate goal of the plan, and the budget with it, is to maximize the bottom line.

Added growth in markets is not by itself the full answer when the ultimate goal is the bottom line. Many of us became painfully aware of this over the past several years, when we achieved a huge rise in our domestic loans, only to see higher costs more than erase the added income. Market planning and growth must be combined with carefully planned programs for managing our assets and liabilities, better pricing and cost control.

---

**"As we price out our services, I am sure we will also turn increasingly to fees, rather than relying strictly on balances."**

---

The control of costs and expenses is an area in which bankers have made considerable strides in recent years, but persistent inflation renews the challenge to develop yet greater efficiency.

In the vanguard are costs related to staff, and inflation is bound to impact these severely. We have to face up to the fact that salary adjustments will be more frequent than earlier plans may have called for. But this is not a trend that should be accepted passively. We need to redouble our efforts to gain

greater productivity, and this undoubtedly means further automation.

Opportunities on this score are turning out to be surprisingly widespread. My own bank now operates a branch in Grand Central Station in New York City that is fully automated. It takes deposits, it cashes checks, it lends money against credit cards—all by machines. There are two individuals on the premises: one to provide information, and the other to take applications for installment loans. The facility has been open only a few months, and we are already doing as much business as we anticipated for the second year.

In addition to more *efficiency*, we must also strive for more *effectiveness*. Control of expenses does not necessarily mean decreasing them. It means assuring that the end result of each expenditure is a positive impact on the short- or long-term bottom line.

Effective control of costs can only begin when a bank fully understands what its true costs are. And by this I mean not only costs in the aggregate, but costs as they apply to the various products and services supplied by the bank. Without such knowledge, it simply is not possible to carry out profitability planning and budgeting in the strict sense of the term—choosing the most profitable lines, and indeed the most profitable accounts—on which to devote maximum effort. I am afraid we all continue to carry on our books considerable unprofitable business, simply because we don't know what the real expenses and returns are.

More sophisticated cost analysis is directly related to the next area I feel is critical in this inflationary period—improved profitability through *better pricing*.

Pricing of bank services and products is experiencing an era of fundamental change. It has gradually dawned on us that we no longer can afford a mass of "loss leaders" or give away myriad ancillary services in the face of steadily rising costs. The transition is necessarily painful, because it needs to be accomplished without incurring customer ill-will. Moreover, the process must be evolutionary—geared to a more accurate allocation of our costs, particularly those joint costs in operations and elsewhere which apply to more than one product.

As we price out our services, I am sure we will also turn increasingly to fees, rather than relying strictly on balances. At best, pricing with balances lacks precision, and this is particularly true under conditions of inflation. We need to anticipate frequent changes in interest rates which alter the underlying value of balances, yet





*Black leopard cubs. Photographed by Ron Nielsen.*

## We protect you

Our insurance covers some pretty wild things.

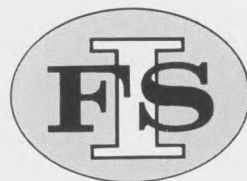
It has to, because bankers today face risks not even imagined a few years ago. That is why FIS is always looking for ways to improve traditional coverage. And looking for new coverages as well.

Here are some examples: improving traditional coverages has helped us become the largest writer of

single interest protection. Looking for new ways to provide you with coverage led us to being the first to offer kidnap ransom insurance to bankers.

We are always looking for ways to protect you.

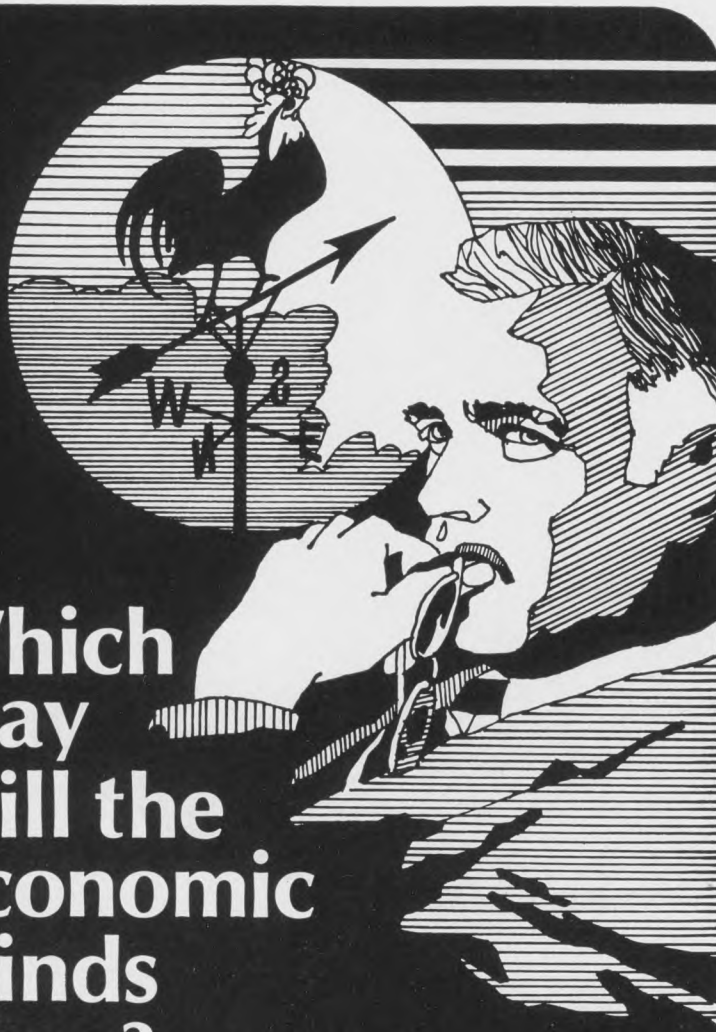
If you don't already know us, perhaps we should get acquainted. Call Financial Insurance Service.



**FINANCIAL INSURANCE SERVICE, INC.**

2200 EAST DEVON AVENUE • DES PLAINES, ILLINOIS 60018 • 312/297-4660

MID-CONTINENT BANKER for August, 1974



## Which way will the economic winds blow?

No matter which way they blow, experience shows there are some things you can count on...

Like B. C. Ziegler and Company institutional bonds.

Since 1913, we have underwritten \$1.3 billion in institutional financing, with never a default in principal or interest.

Our issues offer a wide choice of serial maturities, from one to fifteen years. Current yields are up to 8%.

And interim paper is available from 30 days to 9 months.

Sound, secure investments like these belong in the portfolios of your bank, and your bank's customers. For our latest offerings, write or telephone collect. Offices in leading cities, coast to coast.



**B. C. Ziegler and Company**

West Bend, Wisconsin 53095 • Phone (414) 334-5521  
Creative Financing for America's Hospitals

it is often not practical to bring about commensurate adjustments in the volume of the balances. The result is pricing which either is unfair to the customer or to the bank—and, one way or another, the bank too often comes out on the short end of the stick.

We have learned the hard way that frequent adjustment in pricing is necessary for one of our most important products: loans to large customers. This will continue to be the case in the face of inflation, with wide swings in the cost of money likely to be the rule, rather than the exception. Arthur Burns and other governors of the Federal Reserve have said as much, and the behavior of rates over the past year bears them out. In such an environment we have little choice but to price with floating rates when we are dependent on purchased money for funding.

The key to better loan pricing in these circumstances is proper management of the spread. This becomes more difficult with widely fluctuating rates, but we may well find certain changes in pricing gaining greater acceptance over a period of time, especially in the larger money market banks.

One of these is so-called alternate pricing, in which the rate charged the customer is tied either to the prime or to a cost of funds, such as the 90-day CD rate, whichever is higher. This has the advantage of overcoming the tendency of the prime to lag behind changes in the cost of funds when rates are rising—a factor which has seriously penalized bank earnings in the past.

Still another more "radical" departure is all-in-the-rate pricing. While it would have been heresy to adopt such pricing a decade ago, I cannot help but feel this form of pricing will become more prevalent as we see stiff competition from the Eurodollar market and almost daily fluctuation in the value attached to balances. Such a trend will undoubtedly be viewed with mixed feelings by many bankers, although I wouldn't be surprised if a number of our customers welcomed it. The urgent need is to assure that the true margin on loans is not eroded in the process—that the rate spread fully compensates for the loss of balance.

These trends all bring to the fore the importance of the fourth area I wish to touch on—more comprehensive *asset-liability management*.

This applies not only to national and regional markets, but to local markets as well. The day is long past when any banker can sit back, fulfilling whatever loan demands come to him, and selling off lower yielding governments to finance them. Today he deals with scarce and costly resources—choosing



# Bank on more from Mercantile...



**we don't just sit in our bank.**

Why do Mercantile's men understand your local situation better?

We've been there. We go to the source.

Want some personal correspondents?

Call Mercantile at (314) 231-3500.

**Count on Mercantile. Where you count.**

# MERCANTILE BANK

**CORRESPONDENT BANK DEPARTMENT Mercantile Trust Company N.A.**  
ST. LOUIS, MO. MEMBER F.D.I.C.



between different types of loans and other assets, and selecting the most economical mixture of liabilities to fund them. The guideline again must be the bottom line—but always tempered with a view of long-term interests, and the bank's obligation to fulfill the community's needs. Inflation and the high cost of money will introduce many new elements into asset management. What were formerly highly profitable lines of business may no longer be as profitable, and the proper deployment of resources will become more and more critical.

There is one aspect of liability management which tends in itself to exaggerate the extent of interest rate movements, but which under existing conditions is difficult to avoid. That is the tendency to hold liquidity at a minimum on the grounds that to do otherwise would entail a net cost, and to rely heavily on one's ability to purchase added liquidity in the marketplace when needed. Because of this, the onset of heavy loan demand pushes many banks into the market simultaneously, thus driving up the cost of money and bank lending rates.

I see no easy way out of this dilemma, but I do believe there is a danger that managements may squeeze their liquidity too greatly. The day has not arrived when banks can do without liquidity, and there is an urgent need for more careful scrutiny by managements of their position in this respect. I am not suggesting that the pool of funds available for purchase might dry up. However, the manager who is forced suddenly to seek more than his normal share may find it difficult to do so, and then only at a premium cost.

Closely related to rate volatility and uncertainties in asset-liability management are new risks in our security portfolio on a scale we have not previously encountered. Both gains and losses on securities are likely to be more prevalent in the years ahead. This throws a bright light on a peculiar, and in my judgment, misleading aspect of the accounting arrangements for banks, and leads to a final suggestion I would like to put forth to clarify bank earnings in a period of inflation and flux.

I have in mind the reporting of two bottom lines, a somewhat dubious distinction enjoyed only by banks. The first, which used to be called net operating income, has been renamed "Income before Securities Transactions," while the second is simply named "Net Income," and measures income after securities gains and losses.

This procedure is a severe impediment to sound asset-liability management for two important reasons. First, since they are accounted for below the line, it assumes that securities gains and losses are not manageable. I believe this is not only a false assumption but a misleading one. Second, and most important, I believe it strongly biases investment portfolio decision-making. When one believes rates are at a peak, it is relatively easy to invest in longer, high yielding securities and thus lock in income. However, when rates are believed to be at the bottom, it is difficult to sell a high yielding security for a short-term, low yielding one since the lower yield would affect

performance but the capital gain would not be accounted for in managed results.

I would propose to eliminate this duality in reporting by adopting a uniform and standard measure.

The source of the problem is not the irrelevancy of security gains or losses as a component of earnings, but only their uneven and, therefore, frequently distorting impact on profits in any one year. In this respect, they are related to loan losses which are now included in earnings accounts on a five-year averaging basis.

My suggestion would be to treat gains and losses on investment securities in the same manner as we do loan losses: namely, to provide for security gains or losses *above* the line on the basis of a five-year average, rather than as a single-year figure *below* the line. In technical terms, a gain or loss ratio would be computed for each of the most recent five years, including the current year. The average of these five ratios would then be applied to the average volume of securities on the books during the current year and this sum, gain or loss, would be entered as a provision *above* the line.

Treatment in this manner would help clarify the meaning of bank earnings, both for the investment community and management itself. And it would present a more accurate picture of the profit position of banks to the community at large.

Inflation is insidious, distorting the fabric of economic life and wreaking injustice on large numbers of people. We as bankers should be in the vanguard of those working for policies to correct it. But so long as inflation is a fact, we need to live with it as best we can. In this respect, we are perhaps more fortunate than many other businesses. We possess unique flexibility and, if we act wisely and prudently, I have no doubt we can achieve reasonable goals at the bottom line. • •

• **Horace H. Harrison**, executive vice president, United Virginia Bankshares, Inc., Richmond, became president of the Bank Administration Institute July 1. He succeeds Robert L. Kemper, executive vice president, Wells Fargo Bank, San Francisco, who continues on the executive committee of the BAI's board. Named first vice president was George W. Dennis, CBA, senior vice president, Manufacturers Hanover Trust, New York City. J. Franklin Mellema was re-elected treasurer. He is senior vice president and controller, National Bank of Detroit.



## Stand out in a crowd

The Matterhorn Bank Program (MBP) is really a *unique* lien holders single interest program. We don't use the word *unique* lightly.

MBP is the only program that gives you coverage for single interest physical damage, non filing losses, confiscation, skip losses as well as errors and omissions. MBP is also the only program that will pick up all the loans you have booked prior to program initiation. without charge! Now that's *unique*. Best of all it very likely will not cost you a cent.

Because we really understand your needs the Matterhorn Bank Program has an easy payment plan with no complicated formulas. We assign you one low rate and you simply multiply that rate by the number of automobile, watercraft or other chattles you write each month.

You need to know more about this exciting new plan if you want to be a leader in a competitive market. Call or write for a proposal and specimen policy.

MBP is underwritten by Northwestern National Insurance Group of Milwaukee, Wisconsin a A+ AAAAA rated company.

**MBP MATTERHORN BANK PROGRAM**

America's fastest growing broadform  
lien holders single interest program.

201 Padonia Road, West  
Timonium, Maryland 21093  
Phone (301) 252-3600



# MANUFACTURERS NATIONAL CORPORATION

## PARENT COMPANY OF

**MANUFACTURERS NATIONAL BANK OF DETROIT**  
**MANUFACTURERS BANK OF LIVONIA**  
**SALINE SAVINGS BANK**

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## CONSOLIDATED BALANCE SHEET JUNE 30, 1974

### ASSETS

Cash and due from banks . . . . .	\$ 520,182,000
U.S. Government and agency securities . . . . .	171,894,000
Public housing authority securities . . . . .	63,040,000
State and municipal securities . . . . .	251,141,000
Other securities . . . . .	29,483,000
Total securities . . . . .	515,558,000
Federal funds sold . . . . .	10,000,000
Commercial loans . . . . .	791,392,000
Instalment loans . . . . .	201,026,000
Real estate mortgage loans:	
Insured or guaranteed . . . . .	243,420,000
Other . . . . .	520,925,000
Total loans . . . . .	1,756,763,000
Properties and equipment . . . . .	53,109,000
Accrued income and other assets . . . . .	40,868,000
Total assets . . . . .	<u>\$2,896,480,000</u>

### LIABILITIES, RESERVE AND SHAREHOLDERS' EQUITY

Demand deposits . . . . .	\$ 825,183,000
Personal time and savings deposits . . . . .	1,224,149,000
Other time deposits . . . . .	359,945,000
Total deposits . . . . .	2,409,277,000
Federal funds purchased and securities sold under agreements to repurchase . . . . .	222,946,000
Notes payable . . . . .	19,292,000
Accrued expenses and other liabilities . . . . .	49,883,000
	<u>2,701,398,000</u>
Reserve for possible loan losses . . . . .	26,357,000
Capital notes:	
Capital notes—4.65%, due 1989 . . . . .	21,000,000
Convertible capital notes—5%, due 1994 . . . . .	13,243,000
Total capital notes . . . . .	34,243,000
Shareholders' equity:	
Preferred stock—no par value:	
Authorized and unissued—250,000 shares	
Common stock—\$10 par value:	
Authorized—4,000,000 shares	
Issued—3,124,073 shares . . . . .	31,241,000
Capital surplus . . . . .	50,516,000
Retained earnings . . . . .	52,839,000
Less cost of 3,431 shares of common stock in treasury . . . . .	(114,000)
Total shareholders' equity . . . . .	134,482,000
Total liabilities, reserve and shareholders' equity . . . . .	<u>\$2,896,480,000</u>

NOTE: Securities carried at approximately \$184,000,000 were pledged at June 30, 1974 to secure public deposits (including State of Michigan deposits of \$26,836,000) and for other purposes as required by law.



### DIRECTORS

#### DEAN E. RICHARDSON

Chairman of the Board and  
Chief Executive Officer

#### LOUIS G. ALLEN

President and Chief Administrative Officer

#### KENNETH AIRD

Executive Vice President,  
Manufacturers National Corporation  
Vice Chairman, Manufacturers Bank,  
Detroit

#### WENDELL W. ANDERSON, JR.

Chairman of the Board and President,  
Bundy Corporation

#### ALBERT J. BERDIS

Former Vice President and Director,  
National Steel Corporation

#### H. GLENN BIXBY

Chairman of Executive Committee,  
Ex-Cell-O Corporation

#### E. PAUL CASEY

President, McCord Corporation

#### LEROY W. DAHLBERG

Partner, Dahlberg, Mallender & Gawne

#### MAX M. FISHER

Chairman, Detroit Renaissance, Inc.

#### WILLIAM CLAY FORD

Vice President and Director,  
Ford Motor Company

#### MERVYN G. GASKIN

Chairman of the Board,  
Taylor & Gaskin, Inc.

#### PIERRE V. HEFTLER

Partner, Bodman, Longley, Bogle,  
Armstrong & Dahling

#### KENNETH G. HERRICK

Chairman and Chief Executive Officer,  
Tecumseh Products Company

#### GEORGE M. HOLLEY, JR.

Director

#### WILFRED D. MACDONNELL

President and Chief Executive Officer,  
Kelsey-Hayes Company

#### WILBER H. MACK

Chairman and Chief Executive Officer,  
American Natural Gas Company

#### WILLIAM G. MEESE

President and Chief Executive Officer,  
The Detroit Edison Company

#### ROLAND A. MEWHORT

Consultant

#### WILLIAM T. PATRICK, JR.

Director of Community Relations,  
American Telephone and Telegraph  
Company

#### ROBERT D. ROWAN

President,  
Fruehauf Corporation

#### ROBERT P. SCHERER, JR.

Chairman and President,  
R. P. Scherer Corporation

#### DR. PATRICIA SHONTZ

Professor of Business Administration,  
Graduate School of Business  
Administration,  
University of Michigan

#### A. THOMAS TAYLOR

Chairman, Deltec International Limited

#### JOSEPH D. WILLIAMS

President and Chief Executive Officer,  
Parke, Davis and Company



With Identimat system, person seeking access to computer area must have his hand "read" by machine after he has keyed in his ID number. If both agree, he can enter. If not, door remains closed and record made of unauthorized and unsuccessful attempt at access.

- **Identimation.** Identimat is a security system designed to prevent unauthorized manipulation of computers.

Identimat, says its manufacturer, automatically verifies both identity and the right to enter the computer area by "looking" at a person's hand. Quite simply, the system reads the geometry of the hand to verify that the authorized employee—and only the authorized em-

## New Products and Services

ployee—has inserted his access-permit card into the unit guarding the computer room. If the system reads "right hand and right card," the door opens. If the two don't dovetail, access is forbidden.

Such an electric sentry has been installed by New Orleans' International City Bank. At ICB, all personnel with authorized access to the computer center have had their right or left hands photo-electrically measured on the bank's Identimat machine and the dimensions encoded, along with the individual employee's number, on a magnetically striped plastic card similar to a credit card. The encoding format is unique to ICB because there are more than 2,000 billion ways to place data in the card.

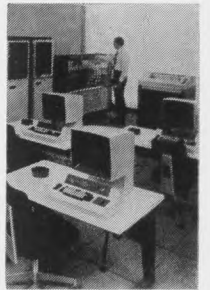
When an individual wants to enter

this restricted facility, he goes to the Identimat stationed at the entrance, inserts his ID card and then places his hand on the unit's face. A scanning device reads the hand geometry on the card, compares it to the person's hand on the plate, and—if the two match—unlocks the door. If they don't match, the door remains closed and a record is made of the unauthorized and unsuccessful attempt at access.

A product of Identimation, Northvale, N. J., the Identimat system is available in several models.

- **Cummins-Allison Corp.** This firm is offering a 4400 KeyScan Multimedia

Data Entry System that is said to combine the benefits of key/disk and scanning by means of a shared processor. The system controls, validates, edits and reformats, producing output for mainframe processing without the need for computer level programming. For more information, write Cummins-Allison Corp., 826 Waukegan Road, Glenview, Ill. 60025.



- **James Talcott, Inc.** A St. Louis business finance division office has been opened by James Talcott, Inc., Chicago, with Jerry E. Andress in charge. He joined the firm in 1972 and recently was made an assistant secretary in the business finance division. Before being assigned to St. Louis, Mr. Andress was responsible for developing new business and referral sources in Talcott's St. Louis and southern Illinois markets. The new St. Louis office, located in Westport Plaza, offers businessmen the full range of Talcott's business financing services, including inventory and



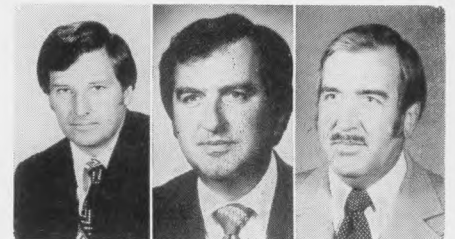
Jerry E. Andress is pictured at his desk at Talcott's new St. Louis Business Finance Division office, which he heads.

## Corporate News Roundup

accounts-receivable financing, equipment purchases and leaseback arrangements, etc.

- **LeaseAmerica Corp.** This company has opened a St. Louis office, which is headed by DeWayne C. Allen, formerly with the company in its Cedar Rapids, Ia., headquarters. This company works closely with banks on leasing participations. Its parent, Mor-America Financial Corp., has assets of \$21 million. Prior to the opening of its St. Louis office, the company has operated principally in the Upper Midwest area.

ALLEN



SCHULTZ

HARRIS

WESTOVER

- **LeFebure Corp.** Harold L. Westover and James Harold Harris have been named sales engineers in the Dallas branch of LeFebure Corp., Cedar Rapids, Ia. Mr. Westover's territory includes 21 counties in Arkansas, Louisiana and Texas. Mr. Harris covers 13 northeastern Texas counties. In other action, LeFebure made Kenneth W. Schultz a sales engineer in its Columbus, O., branch. His territory includes eastern Kentucky as well as parts of southern Ohio.

- **Scarborough & Co.** Frank Iantorno has joined Scarborough & Co., Chicago-based bank insurance counseling firm, as an account executive. He has had eight years' experience in the insurance industry, 4½ in aviation underwriting and three years as a commercial lines underwriter. Scarborough also appointed Domas Petrelis a claim representative in its claim department.



And let George do it.

It isn't a matter of passing the buck. George Bean likes to work for you — providing investment assistance . . . advising you on operations problems . . . exploring new and unusual requests . . . anticipating not only today's needs but tomorrow's demands.

It's the kind of work that calls for an experienced, resourceful, professional banker. George measures up.

And we back George with a First team of specialists — experts in every phase of

banking procedure. George Bean's bank-to-bank fact gathering and banker-to-banker insight helps direct our team in the development of specific programs . . . unique services . . . and profitable new ideas for you. So regardless of the size of your problem, when you want full service thinking, put George on the spot and let him do it. Call (918) 560-5158.

The First National Bank and Trust Company of Tulsa, Box One, Tulsa, Oklahoma 74193.

# put **George** **Bean** on the spot



**FIRST**  **TULSA**  
YOUR FULL SERVICE BANK

MEMBER FDIC

MID-CONTINENT BANKER for August, 1974

35



# It's 50 miles long, 40 feet deep, and runs around the world.

A closer look at Houston's longest inland waterway from Houston's largest bank.

Linking the Gulf of Mexico with the nation's sixth largest city is the Houston Ship Channel. This 50 mile canal connects Houston with over 250 ports of the world.

Since its completion in 1915 the channel has contributed greatly to the economic growth of Houston—

the largest city in the Southwest.

The Port of Houston is an exciting hub of world trade and the third largest seaport in the U.S. Each year the port handles over 70 million tons of cargo, with imports and exports totaling well over \$3 billion.

This kind of smooth sailing has had the financial support of First City National Bank for over 100 years. Much credit goes to our International Department with the expertise, resources and connections

to make businesses feel at home wherever they do business.

Import/export financing. What we've learned worldwide is yours. First City National proves to Correspondents that more service is the result of more experience.

Understanding business as well as banking has put us in a very unique position.

**The largest bank in the Southwest's single largest market.**



## FIRST CITY NATIONAL



A First City  
Bancorporation  
Member

Bank of Houston



# LEASING BY LOCAL BANKS: A Neglected Profit Area

**E**QUIPMENT LEASING has become a significant factor among the tools available to a financial manager in securing financing for his company's expansion or acquisition of new capital equipment. The leasing of equipment of all kinds has become a big business with not only most of the major banks offering leasing programs of all types, but with many manufacturers promoting leasing as a means of merchandising their equipment by offering leasing programs of their own. Of most significance to local bankers, however, is the proliferation of independent or subsidiary leasing companies with offices located regionally or in major cities throughout the country.

Out of these offices, leasing salesmen comb the surrounding geographical area looking for companies and businesses interested in leasing equipment. These men are selling one product—their company's ability to package a lease of equipment that will meet the customer's particular financial requirement at that time. They are selling a service for which the company that requires it will pay a premium over its normal borrowing cost.

The only reason the leasing salesman spends his time prospecting his assigned geographical area is that equipment leasing is an extremely profitable business. So profitable, in fact, that leasing companies can afford to put salesmen on the road, pay them salaries, expenses and commissions, borrow operating capital and still show a healthy profit.

The recent trend of industry has

By **ROBERT S. EVERSOLE**  
Leasing Manager  
Mercantile Trust Co.  
St. Louis



been to move out of the urban areas and establish plants in smaller towns where stable work forces are available.

Many small towns offer incentives for industries to build plants and employ local labor. As a result, many of the good lease prospects are located or are locating right in the local banker's backyard.

The companies are generally excellent leasing prospects. As they are growing and expanding, they require new capital equipment. They employ sophisticated financial managers who are familiar with leasing as a means of acquiring such equipment.

The recreation and travel industry also provides smaller towns with new motels, hotels and resorts, particularly if they are located near an interstate. Local hospitals and medical centers are becoming more cognizant of the need

to update their equipment, much of which is quite expensive.

Leasing can be complicated, particularly in cases when the lease itself is so structured that it offers the tax benefits of ownership to the owner-lessee. The bank (owner-lessee) secures the benefit of the Investment Tax Credit, accelerated depreciation and the residual value of the equipment and thus can offer a lower rate to the lessee than is normally obtainable through conventional means of financing. Because of the tax-shelter aspects, the bank receives a higher rate of return on its investment than it does from a normal term loan.

The accounting requirements for tax-shelter leasing can be somewhat involved, particularly when a bank takes the equity position in a leverage lease. Some sophisticated computer programs are required to compute yields, sinking fund requirements, cash-flow projections and income and tax reporting statements on such leases. The smaller local banks are often not in a position to handle this type of lease or do not want to take on the additional burden of the peculiar accounting requirements involved.

In dealing with tax-shelter leases, each bank should be in a position to knowledgeably analyze each tax-shelter lease for yield and its ability to invest the cash flows created.

Today the greater number of leases by far (perhaps not in dollar volume) are the so-called finance leases or leases which do not create tax shelter benefits for the owner-lessee. These leases do

not create accounting problems for the bank since the excess of rental income over the cost of equipment is treated on the bank's books just as income from any term loan is treated. These leases are nothing more than conditional sales contracts and are so treated by the Internal Revenue Service and by the major accounting firms.

A finance lease can take many forms. It can be based on prime with rentals fluctuating as prime fluctuates; it may have stated dollar purchase options or percentages or even transfers of title at the end of the lease for one dollar. Unlike a tax shelter-oriented lease, it can be extremely flexible in its terms and conditions. Though not true leases, finance leases are written on lease documents and do provide some of the non-tax benefits of true leases, such as:

- Virtually 100% of purchase price financing.
- Longer than normal term financing.
- Can include normally non-financiable costs, such as freight and installation charges.

Leasing is attractive to companies for other reasons and they are not related to poor financial condition. The typical lessee is no longer the weak, marginal company, but is instead a growing, expanding company that realizes leasing as a source of funds that may fit its particular financing requirements.

Local bankers should consider getting involved in equipment leasing for the following reasons:

First, of course, leasing is extremely profitable. Because leasing offers certain advantages that normal financing does not, leases command higher yields.

Second, the local banker has a distinct advantage over the leasing company because he usually has a knowledge of the prospect. And, in fact, he may already have some of the customer's other business.

Third, the banker is in a good position to offer a lease rate that would be extremely competitive as compared to the independent or subsidiary leasing company and still represent a higher than normal yield to his bank.

Fourth, and most important, he is right in that prospect's backyard and available at any time for discussion of any problem that might arise.

In these days of full-service banking, customers have come to expect the local banker to supply services they never expected before. Leasing is a natural service for a bank to offer, as it is, after all, the supplying of funds to a customer. Most of the same criteria that apply to a borrowing situation apply to a leasing situation, and who is better

equipped to handle this than the local banker?

Competition, too, requires the local banker to provide more of the full services supplied by larger banks. Quite often a bank's ability to provide leasing services to a prospective customer may influence his decision as to where he banks. It may enable the banker to acquire all of a customer's banking business. Our experience has shown that Mercantile's ability to provide leasing has given the bank the opportunity to provide other banking services for lease customers.

Some local banks, of course, may not be able to afford to set up their own leasing departments and hire or train the people necessary to operate them. Local banks, however, do have major correspondents who are engaged in leasing and have specialized departments operating in the equipment leasing field.

Correspondents can provide lease structuring, documentation and, where practicable, offer personal contact service to the local bank and/or his customer to enable the bank to present a competitive, yet profitable, lease proposal. In this instance, the correspondent could be the owner-lessor, taking responsibility for the purchase of the equipment and servicing the account over the term of the lease.

Or where the local correspondent prefers to be the owner-lessor, it might sell the upstream correspondent a participation in the lease (just as in the case of a participation in any loan) with the same yield and residual benefits flowing to the participant as to the owner-lessor. In these cases the up-

stream bank usually requests a 50% participation in a lease of \$50,000 or more to compensate for "packaging" the lease.

Such a lease could also be handled with the local bank being the sole owner-lessor and servicing the lease itself. For packaging the lease (structuring, documenting, etc.), the upstream bank would receive a flat front-end fee.

A case in point: A smaller local bank called Mercantile regarding a customer who owned a retail store. This customer was expanding and wanted the local bank to purchase and lease furnishings, fixtures and accounting equipment. The local bank had already extended this company a loan and the additional equipment would put the bank over its limit by a considerable amount. Mercantile arranged to become the owner-lessor and purchased the equipment. The local correspondent then participated in 25% of the total.

As each rental is received, Mercantile remits 25% to the originator-correspondent bank. When the initial lease term is up, both Mercantile and the correspondent will participate in the residual value of the equipment, should the lessee exercise his purchase option (99% of the time he will).

The yield to both Mercantile and its correspondent on this lease is excellent and yet provides the local bank's customer with a more competitive lease than that offered by the several leasing companies that had made proposals. As a bonus, the local bank was also able to secure all this customer's banking business, which heretofore had been split with another bank.

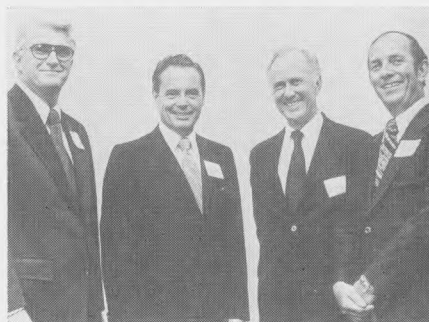
In another instance, Mercantile was requested by a customer to purchase and lease a substantial amount of equipment. This occurred during the "tight money" situation and because of loan commitments to other customers, we felt we would prefer not to keep this lease "in house." The credits were excellent and we asked one of our correspondents to take a look at it. The correspondent felt the credits were excellent and the yield was good. Mercantile packaged the lease with the local correspondent as owner-lessor and for its services we received a front-end fee, with a participation in the residual when and if any residual is realized.

The benefits of this situation were threefold:

- The correspondent local bank added a substantial loan to its portfolio at a higher than normal yield.
- Mercantile's customer received a competitive lease that met its particular financing requirements.
- Mercantile was able to service its customer and continue the good rela-

*(Continued on page 48)*

#### Ft. Worth Banker Honored



Paul W. Mason (2nd from l.), pres., First United Bancorp., and ch., First Nat'l, Ft. Worth, is pictured after receiving the Ike H. Harrison Award at Texas Christian University. The award, given annually by alumni of the TCU Management Seminar, honors an executive who has shown "outstanding leadership in ethical behavior and the management of change." With Mr. Mason are Tom French (l.), pres., Foster Financial Corp., who presented the award; Jerry D. Minton (2nd from r.), v.p. & exec. tr. off., First of Ft. Worth, and seminar alumni president; and Dr. Thomas Brewer, vice chancellor and dean, TCU.



# Advantages of Dealing With Lease Packagers

By **PETER K. NEVITT**  
**President**  
**First Chicago**  
**Leasing Corp.**

**M**ANY BANKS and bank holding companies engage in leasing by investing in leases referred to them by larger leasing companies or brokers acting as packagers.



NEVITT

Typically, such a bank assigns one or two persons to review lease proposals presented by packagers. This small staff reviews proposals and recommends lease transactions to management based on previously established investment

objectives and lease investment criteria.

This has proved to be a fairly satisfactory method of engaging in the lease business. Large start-up charges are avoided. Overhead to support leasing is kept to a minimum. The bank maintains flexibility to reduce the leasing activity if changes in tax laws eliminate some of the competitive advantages of lease rates compared to loan costs.

However, the ultimate success of engaging in the lease business in this manner is dependent on the quality of transactions accepted from packagers. The yield expected to be realized in considering the economics of the transaction should be bookable. The lessor should have excellent legal representation in negotiating the lease. Tax aspects of the transaction should be protected by proper indemnification or by a ruling requested by a tax expert representing the lessor.

Since small leasing companies often rely on packagers to manage these aspects of a transaction, the most im-

portant decision a small leasing company will make is in the selection of packagers with which it will do business.

A bank that seeks to engage in leasing by reliance on referrals is well advised to confine its investments to transactions packaged by established leasing companies that invest in the same transaction. In that way, the bank gains the benefit of the large leasing company's expertise. The bank is assured that the documentation, tax rulings and yield analysis are all prepared with the best interests of the lessor in mind. If something goes wrong, the large leasing company is there for guidance and help in solving the problem.

Many large money center banks have substantial leasing companies that package leases for their correspondent banks. In most cases, such bank packagers also invest in the leases they offer for investment. Such bank packagers have much in common with banks seeking lease investments.

Banks should proceed only with great care in dealing with brokers with no investment in the transaction. Many

---

***With lease packaging, "large start-up charges are avoided. Overhead to support leasing is kept to a minimum. The bank maintains flexibility to reduce the leasing activity if changes in tax laws eliminate some of the competitive advantages of lease rates compared to loan costs."***

banks have been victimized with low-yield and/or high-risk leases sold to them by smooth-talking brokers whose main interest in the transaction was to exact a fee. This kind of broker is called a "TACAR," which stands for "Take a Commission and Run." TACARs represent only themselves and the lessee. Banks dealing with TACARs often are taken.

This is not to say that all lease brokers with no continuing interest in a transaction are bad. Many brokers perform useful services and put together attractive lease transactions for banks. The old-line investment banking firms and leasing companies, for example, have been able to balance pretty well the conflicts of interest that arise among lessees, lessors and nonrecourse debt holders.

On the other hand, some lease brokers have encouraged reckless pricing of lease rentals using pseudo-sophisticated numbers games wherein the objective is to squeeze the last ounce of apparent or probable yield out of a transaction and then use that yield as something equivalent to a debt rate in pricing lease rentals. As might be expected, all the assumptions in calculating the yield—such as residual value or future tax and interest rates—are weighted heavily in favor of the lessee.

In the early days of leasing, independent lease brokers introduced and sold to banks all over the country lease transactions in which the receipts from rents and tax savings did not equal the equipment and financing cost. Such "non-cash whole" lease investments will book a loss in the first year, according to most accountants (unless excused by the auditors on grounds of

immateriality). It is gratifying to note TACARs now have great difficulty selling a non-cash whole transaction because banks engaged in leasing have become more knowledgeable in lease analysis.

However, the new "buy word" used by brokers in leveraged lease analysis is "dual investment," whereby the contemplated residual value (established by guess who) is borrowed against to cover late tax payments that lease rentals are not sufficient to cover. This increases the "economic yield" the TACAR has used in setting the rent. The fact most accountants will not permit booking yield on the basis of such an approach (except on grounds of immateriality) apparently is not emphasized when deals are sold to unwary banks.

TACAR packagers without investments in transactions may have performed great services for lessees in beating lease rentals down to levels that make no sense from the standpoint of bookable income for a lessor and in documenting such transactions with

**"Many large money center banks have substantial leasing companies that package leases for their correspondent banks. In most cases, such bank packagers also invest in the leases they offer for investment."**

one-sided, lessee-oriented leases. Banks investing in such transactions apparently came under the influence of the excellent salesmanship of TACARs and overlooked the fact TACARs primarily represent themselves and the lessees rather than the lessor. However, even the lessees' gladness may turn to sadness if changes are later sought in underpriced leases from unsatisfied lessors.

Banks investing in leases referred by TACARs often are initially ecstatic about the "yield" on the transaction. If the TACAR wins a bid from the lessee on the basis of his low price in competitive bidding, and then produces a fat yield for the potential bank investor, some skepticism is warranted.

It is not necessary to deal with a TACAR in order to book an aggres-

sively computed yield that later may have to be reversed. If it is desirable to show a fat yield on a transaction that a friendly accountant may permit to be booked (on the grounds of immateriality), the bank packager can show a banker how this can be accomplished even though he will not recommend the method.

TACARs do not have a monopoly on the skills of analyzing the yield of a lease. Any clever lease analyst can produce almost any yield desired on a particular transaction by manipulating the numbers and varying the assumptions. Common sense in booking a transaction is warranted if future unpleasant surprises are to be avoided.

Apart from yield analysis, there are many other advantages of investing in a transaction packaged by an established bank leasing company that also invests in the transaction.

Obviously, the bank packager investing in the transaction feels comfortable with the credit. While the investor should, of course, do his own credit analysis, the fact the bank packager has put his own money into the transaction should give the investor considerable comfort.

The bank packager will bring the best legal talent possible to structure the lease. With his own money at stake, the bank packager will negotiate an agreement calculated to protect the interests of the lessor. The agreement will not be a one-sided "lessee lease" of the type TACARs often have "negotiated" with lessees.

**"Banks should proceed only with great care in dealing with brokers with no investment in the transaction. Many banks have been victimized with low-yield and/or high-risk leases sold to them by smooth-talking brokers whose main interest in the transaction was to exact a fee."**

The bank packager will use diligence in making sure the tax ruling request contains *all* pertinent information and does not gloss over material facts or merely incorporate by reference document language that may raise questions. A tax ruling covers only points specifically raised. A ruling is worthless if facts are omitted. Since tax shelters constitute such an important ingredient in lease yields, the investor should feel comfortable knowing the bank packager with an investment has much to lose if the ruling is not properly prepared and submitted.

Apart from individual considerations, the bank investor dealing with a bank

*(Continued on page 46)*

MID-CONTINENT BANKER for August, 1974

## Largest Single R.E. Mortgage Loan From Equitable Goes to Bank Project

TULSA—The largest single real estate mortgage loan ever made by the Equitable Life Assurance Society of the United States has gone to Williams Center, whose dominant structure will be the National Bank of Tulsa Tower. The \$68-million loan is for construction of the 50-story tower building and other facilities in the 22-acre downtown center.

The tower will be the tallest building in Oklahoma, according to its backers, and will face the center's two-acre landscaped green. It is scheduled for com-

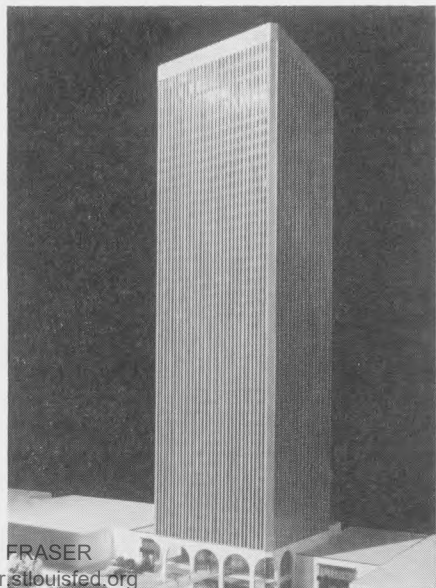
pletion in 1976 and will contain more than a million square feet of prime office space. Exterior columns will be covered with a special anodized coated aluminum sheet. Solar bronze, heat-absorbing, double-plate insulated glass will be used in the building, whose base structure columns and arches will be sheathed in a smooth, honed-finish, light-colored marble.

When completed, the tower will be corporate headquarters for NBT and the Williams Companies, whose assets exceed \$1 billion and who are engaged primarily in fertilizer and energy businesses.

In addition to the NBT Tower, the center will have a luxury hotel, specialty fashion shops, restaurants and cinemas, additional, multistory office buildings and support parking facilities. The center also will include Tulsa's new \$14-million performing arts center.

The center is a joint venture of the Williams Companies, Tulsa, and Hartnett-Shaw Development Co., Inc., Chicago.

This is artist's sketch of proposed National Bank of Tulsa Tower. It will be dominant structure in \$200-million Williams Center, which received largest single real estate mortgage loan (\$68 million) ever made by Equitable Life Assurance Society of U.S.





# LEASING

## —A Cooperative Banking Effort

By **DONALD L. DETERS**  
Assistant Vice President  
First National Bank, St. Louis

**S**MALLER American banks customarily rely on regional and money center correspondent banks to provide a broad range of services which the community banks, because of their size and the economics involved, cannot develop within their own institutions.

Thus, large correspondents have been relied on by community banks not only as a source of earning assets through purchases of loan participations, but also as a means of "laying off" that portion of loans they develop in excess of their legal limits.

And, of equal importance, the smaller community bank often turns to the larger correspondent for advice and counsel on the investment in a sound secondary reserve of U. S. government and municipal securities.

There are a number of other areas also in which the large correspondent bank is able to be of inestimable service to the community bank. An obvious example of this is electronic data processing, including check clearing and automated accounting.

One area, however, that is seldom used, but which can be of extreme importance, is with the larger bank purchasing the smaller bank's capital notes. While not used routinely, this practice often is a major factor in the growth of smaller banks.

Now leasing is beginning to make its presence felt in our banking system,

and with it come many more opportunities for larger banks to expand the availability of service to their smaller correspondents.

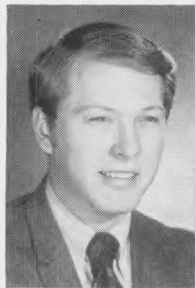
Missouri's liberalized banking laws permitting a bank to establish two additional satellite facilities also have presented a great opportunity for banks with leasing operations.

Establishment of branch facilities obviously requires substantial capital outlays that not only tie up valuable funds that could be invested in earning assets, but that also may infringe on fixed assets-to-capital ratios as required by regulatory authorities. First National Bank in St. Louis is actively offering its correspondents lease financing of these assets, and today our leases range from an automated money-dispensing machine to the total equipment required to operate a branch facility.

Obviously, the offering of lease financing for equipment requirements is not limited to new facilities, but also is available to banks wishing to completely modernize existing facilities.

Because the lease itself is an earning asset, First National works with many of its correspondents in several differing leasing areas which are of mutual advantage. I would like to report on two recent cases in point.

A relatively small community bank—a First National correspondent—was approached for financing of new equipment for a building materials contractor. Being already near its legal limit, the bank contacted First National, enlisting our service in taking the entire loan. The contractor had previously indicated that he had received several bids on leasing the equipment. This possibility was passed on to First National, which prepared a lease proposal that was accepted by the contractor. As a result, the community bank was able to obtain financing for one of its good customers and—because the lease instrument was not included in its legal limit—the bank was able to participate in the agreement. Consequently, the transaction presented an attractive situation to all three par-



DETERS



**SMALLER BANKS**, opening a branch or satellite drive-in facility, often find it to their advantage to lease such equipment as the pneumatic-tube system and cash dispensers.

ticipants: The contractor received the desired financing terms while both banks booked a profitable transaction.

Our second example involves a First National correspondent that was approached by a local logging company specifically to lease several new forklift trucks. This particular bank did not have its own leasing program, so First National's leasing department was called on for assistance. We were able to provide advice regarding the type

of documentation needed and guidance in structuring the lease, making it competitive as well as profitable for our correspondent. In advising this particular client, we pointed out the obvious advantage of rental income, but went a step further to note such things as the availability of investment tax credit, accelerated depreciation and various types of other lease-purchase options.

While these are but two of many

examples of cooperation between a city bank and its correspondents, they illustrate the advantages of large and small banks working closely together. In addition, smaller banks can look to their correspondent banks for advice and counsel in developing other types of earning assets—often providing a most profitable portfolio.

In addition, leasing can be the vehicle for solving capital-equipment requirements without tying up valuable funds. • •

## Indiana Independent Bankers Bring Suit To Close Loan Production Office

**L** OAN PRODUCTION OFFICES are in the spotlight in Indiana, where the Independent Bankers Association of that state has filed suit against Peoples Trust, Fort Wayne, for opening such an office in Kokomo, 90 miles away. A September 16th date has been set by the Allen County Superior Court in Fort Wayne to hear oral arguments on the question.

The Independents' suit asks that the Kokomo office be declared illegal and closed on the basis that its operation violates state branching law and "represents unlawful and unfair competition" to Kokomo-area banks. Indiana restricts branching to counties in which banks' home offices are located, and Kokomo and Fort Wayne are in different counties. The IBA suit maintains that Peoples Trust is violating this law by crossing county lines to establish the Kokomo loan production office.

Peoples Trust has filed a motion to dismiss the action on the grounds that the Independent Bankers Association of Indiana is without legal standing, that primary jurisdiction of the question is vested in a state agency and not a court and that no party may raise the question in an Indiana court without first exhausting the remedies available to it before the Indiana Department of Financial Institutions.

Indiana law is silent on loan production offices. However, state regulatory authorities have followed interpretive guidelines issued by the Comptroller of the Currency. Under these guidelines, loan production offices—or loan origination offices as they are referred to in the Comptroller's Manual for National Banks—permit employees or agents of a national bank or of a subsidiary corporation to originate loans at locations other than a main office or a branch of the bank provided that the loans are approved and made

at the main office or a branch of the bank or at an office of the subsidiary located on the premises of, or contiguous to, the main office or branch of the bank. Thus, a loan origination office is not defined as a branch.

However, as John R. Burt of Kansas City, regional administrator, 10th National Bank Region, told *MID-CONTINENT BANKER*: "A national bank must . . . ensure that such an office undertakes none of the activities (receive deposits, pay checks or lend money) that may be performed only in the main or branch offices of the bank."

James E. Faris, Indiana director of financial institutions, also indicated that he can see nothing to prohibit establishment of such offices. He added that his office will continue to monitor loan production office activities and if any violation is discovered, he will close them.

"We are concerned that the competitive equality between state and national banks be continued," he said, "and we would not want to place state-chartered banks in Indiana at a competitive disadvantage."

Mr. Faris, first vice president, Conference of State Bank Supervisors, said he welcomed the court test, but cautioned there could be serious implications from the court's decision on other kinds of off-premise banking transactions. He mentioned bank-by-mail systems, credit card operations and purchases of third-party paper originated at other than bank offices.

Peoples Trust defended its Kokomo office by pointing to a national trend of banks opening similar units on an interstate basis, for instance, First of Chicago. This bank, said Peoples Trust, is setting up a coast-to-coast network of loan production offices. The Fort Wayne bank also cited Bank of America, San Francisco, which has opened an office in Chicago. • •

### *Double-Purpose Accounts:*

## Bank Gives Percentage Of Savings Deposits To Customers' Charities

First National, Tulsa, conducted a program this summer designed to allow its customers to increase their personal savings while giving others a helping hand.

For about a month, First National donated an amount equal to 1% of new savings deposits from \$500 to \$99,999 to the charity of the saver's choice. The money was given in the customers' names, but such donations are not allowable as individual tax-deductible donations.

All recognized tax-exempt U. S. organizations, except political groups, were eligible for donations. New deposit money, as well as additions to existing accounts, qualified. Transactions had to involve personal accounts. Company, corporate and organizational accounts were excluded.

The bank initiated the program, according to John L. Robertson, chairman and president, because it believes it was an ideal way to join with its customers in contributing toward a better tomorrow for the entire community.

First National can't revolutionize the world, continued Mr. Robertson, "but through every action we take, we can try to forward the social and economic goals we believe in. That's what our slogan, 'A City and Its Bank,' is all about."

## Travel Club Formed By Bank of America

Bank of America has announced formation of a travel organization to be called "Pathways Travel Club." Membership solicitation is scheduled for late fall.

Services include commission-free travelers checks, BankAmericard financing, a bimonthly magazine and travel accident insurance. Memberships are \$15 for a family or \$10 for an individual.



# Anatomy of a Bank Leasing Subsidiary

## Or How One Medium-Size HC Entered the Leasing Market

By JOHN C. DEANE

Manager and Chief Operating Officer  
Marinebank Leasing Co., Inc.  
Milwaukee

**M**ANY SMALL and medium-size leasing operations have come into existence in recent years to meet the increasing demand for direct equipment leases in the "middle market," in which transactions involve equipment costing between \$25,000 and \$500,000. A significant portion of these relatively new operations are bank leasing departments and bank affiliated leasing subsidiaries.

The Marinebank Leasing Co., Inc., a wholly owned subsidiary of the Marine Corp., Milwaukee, is one of these. Although it is by no means unique, its legal and operational structure offers an example of how one medium-size bank holding company entered the leasing market.

Marinebank Leasing was established in 1972 after completion of a five-month feasibility study covering the potential benefits and problems associated with leasing. Once the decision to enter the field was made, the corporation was faced with how to implement its program.

Neither starting from scratch nor hiring an experienced (but high-priced) expert was considered desirable. Therefore, Marine entered the bank leasing program sponsored by Equilease Corp., a division of Eltra Corp., New York. Like several other large leasing companies, Equilease offers banks in its program complete training, accounting, billing and continuing consultation services. Marinebank's leasing function is now on its own feet and completely controlled by the Marine Corp., but the initial assistance provided by Equilease proved to be invaluable.

Marinebank Leasing is a bank holding company "service subsidiary," as defined in section 4 (c) (1) (C) of the Registered Bank Holding Company Act of 1956. Since Marine's 15 member banks are located throughout Wisconsin and are of varying sizes, portfolios and market conditions, it was necessary to leave credit, pricing and marketing decisions at the local level. At the same time, because leasing is a detailed and

specialized field, it was highly desirable to keep the administrative and operational functions centralized. The service company structure was perfect for the situation.

Although Marinebank Leasing Co., Inc., is a legally incorporated company with a board of directors, it has no operating personnel, no payroll and no funds of its own. All equipment acquired by Marinebank Leasing is purchased with bank funds, which are advanced by the particular bank in exchange for a simultaneous assignment of the lease, lease proceeds and a security interest in the equipment.

Legal title remains with Marinebank Leasing, but all of the benefits of a lessor (income, depreciation, I.T.C., for example) flow through to the banks. This avoids Section 23A of the Bank Holding Company Act, which restricts intercompany transactions within holding companies. The banks do not lend money to the leasing company; they simply advance it to their agent. Consequently, there are no legal lending limit restrictions on advances to the subsidiary. As a matter of policy, the leasing company observes legal limits to any one lessee, although this is not necessary under the strict letter of the law.

This type of structure has a number of important advantages. Since the leasing company is a legal entity, and is the titled owner of the equipment, it can file to do business in foreign states where individual banks are prohibited from doing so. All of the income flows through to the banks, so foreign states' and local income taxes are not applicable. The leasing company also serves as a line of first defense against liability suits.

The equipment leasing capability was originally instigated as an ancillary service for the commercial banking departments, in order to assist customers in acquiring new capital goods. Some of the corporate banks elected to remain at the first stage, but others, having a greater concentration of heavy equip-

ment users, quickly developed the capability into an aggressive profit generator with interests in all functions of leasing.

The Marine has found leasing to have two important considerations for management: it is an extremely effective sales tool for commercial banking; it is a substantial addition to asset and liability management.

As a line function, leasing can be aimed both at direct equipment users and at manufacturers and vendors through indirect financing programs. Some of our greatest success has come in the establishment of vendor programs to assist bank customers and desirable prospects in facilitating and increasing their sales. We now have equipment leased in 16 states through programs with Wisconsin companies. The ability to offer to customers and prospects alike a service that will genuinely help their sales capability has had a material effect on our commercial officers' call programs.

As an asset and liability management tool, the leasing portfolio is unexcelled. Since it began operations, the leasing function has usually been the highest yielding income producer in the holding company. And, it has been one of the few profit centers consistently able to cover the incremental cost of funds. This capability comes not only from the desirable "coupon" yields, but also from the tax benefits accruing to the banks as lessors. In addition, the leasing portfolio, since it tends toward a longer average term than more traditional financing, provides a strong earnings base which can help moderate cyclical swings in loan demand.

In the overview, the Marine Corp. has found equipment leasing to be exciting and profitable. While there are numerous operational and legal details to attend to, the service subsidiary framework provides the holding company with a maximum of decentralized control, which gives the leasing function the flexibility it needs to compete in a fast growing industry. • •

## **Farmer Expands Cattle Feeding Under Seven-Year Lease Plan**

**A**LTHOUGH leasing is a fast-growing service in many of the nation's banks, it is generally believed that leasing is for the "big banks" and not for the smaller banks—particularly those banks that serve the farmer, the cattle feeder and the rancher.

Not so, says LeaseAmerica, a fast-growing private leasing firm that is based in Cedar Rapids, Ia. Any bank, large or small, can participate in a leasing arrangement, whether or not it chooses to staff a full-time department of its own. And to back up its contention, LeaseAmerica has developed a special BankPlan, under which it offers all of its leasing know-how to any bank on a participation basis. In effect, the company serves as a "leasing correspondent" to the bank with a leasing problem.

An interview with company officials, recently, revealed how this "leasing participation" can work for a farm-oriented bank. Names of the bank and its customer have been deleted at the request of the company.

A farmer approached his banker with this problem:

He had operated his farm on a profitable basis for seven years. He had recently purchased the farm on a land-contract basis from his previous landlord. The purchase price was far below the current market price, and it was

financed at an extremely favorable interest rate. Monthly payments were, in fact, less than the rental had been.

This farmer desired to improve the cattle operation of the farm, and he investigated a complete cattle confinement building. He analyzed the cost of confinement feeding versus open feed lot and decided that he could raise more cattle in a smaller area. The new facility would improve his efficiency of operation and result in increased profits.

He received several bids on the system and selected one that would give him the best service. The cost would be \$148,000.

The farmer then gathered all his information, including cash-flow projections, and met with his banker. His banker expressed the opinion that the project was too big—in view of the operating loan presently on the books—and suggested that the farmer wait a few years before undertaking the project.

The banker also believed that the project would best be handled under a long-term mortgage. On the other hand, the farmer did not want to give up the low interest rate the land contract offered, and which, he felt, also had more flexibility than a mortgage.

Furthermore, the farmer reasoned that delaying the project would result in lost income and that several years

down the road the project would simply cost more money.

It was at this point that LeaseAmerica entered the picture. A representative of the firm visited the farm and reviewed the farmer's financial statement, tax returns and projections. It was decided that a lease would be a practical solution.

- A lease would require a smaller cash investment than would standard financing.
- A lease would improve the initial cash position of the farmer.
- A lease would also permit the farmer to keep his working capital intact.

The LeaseAmerica representative recommended a seven-year lease based on cash-flow projections. Lease payments would be scheduled to coincide with the sale of cattle to further aid the farmer's cash position.

Since the planned buildings and feed bins were of a permanent nature, LeaseAmerica determined it would need a "position" in the property. The company, not wanting the farmer to lose the benefits he had under the land contract, then opted for an assignment of land-contract equity for the term of the lease.

During a review of the farmer's financial position, it became evident that he did not have sufficient life insurance to protect borrowers (and his estate) against his untimely death. It was recommended, therefore, that the farmer take out additional insurance that would enable his heirs to continue payments on the lease obligation or to be used to purchase the leased facility if the farm were sold. The farmer made

*(Continued on page 46)*

---

## **20% Yields Achieved on Direct Auto Loans**

---

**A**UTO LEASE programs developed by the First National Lease Systems have yielded approximately 20% to lenders on direct leases and approximately 13% on indirect leases obtained from new car dealers. First National Lease Systems indicated recently that this record has been established over a 12-year span. The Los Angeles-based company indicates, however, that—under today's prime rate—comparable yields will be 23% and 15%, respectively.

The company, said to have the largest leasing network in the state of California, has expanded its network to

other states, offering its leasing plan to banks and other interested lenders. Security Pacific Bank of Los Angeles has been helpful in marketing the leasing program nationwide.

First National Lease states its leasing plan has two special "ingredients" which have made it possible for lenders to achieve such remarkable yields on auto leases:

1. A computerized rate manual, with continuous updating, to control yields and to prevent errors.

2. A fully computerized system to document all phases of lease accounting and to provide management con-

trols. The company has an 18-page manual that outlines its program from beginning to end and contains all details needed for any lender to make a comprehensive evaluation.

The company also offers a two-day leasing school free of charge for any lender who has a potential market of 25 leases a month.

How big is the leasing market, asks a First National officer? The auto industry, he says, predicts that 20% of all new cars will be leased by 1980, with the bulk of leases being made to individuals. • •





# Now what do you do?

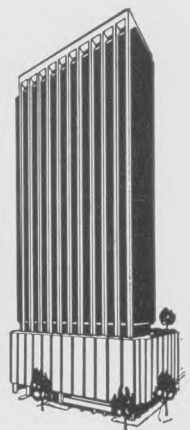
It's the tough thirteenth and you're under a tree. To pull this one off, you'll have to make a solid decision and carry it through. But to make the right decision, you'll have to know exactly what your options and your capabilities are.

The banking business produces the same types of problems . . . moments of crisis when you have to assess the situation accurately, mobilize your resources, and act quickly to profit from your opportunities. In these moments you'll learn to appreciate the kind of correspondent **Action** you get from Fourth National of Tulsa.

Fourth provides both the financial facilities you'll need, and the kind of alert, clear-eyed correspondent know-how that produces profitable results.

If you're ready for a really "pro" correspondent, call Glenn "Red" Ward or Wilber Waters. They'll provide the driving "will to win" to get things moving—and keep them moving toward the championship. Remember: When you need an Action correspondent, recruit Fourth National . . . the Action Bank of Tulsa. It's the way to win.

*The*  
Action  
Bank  
of  
Tulsa



## Cattle Feeding

(Continued from page 44)

all the arrangements for the insurance and LeaseAmerica included the premium payment in the lease arrangement.

When the transaction was completed, the farmer had his facility on a basis that was advantageous to him:

- A minimal cash investment.
- Lease payments scheduled at the base income period.
- Payments were to be expensed and thus tax exposure was reduced.

(ADVERTISEMENT)

**3 ways your bank can get into leasing . . .** The growth of leasing in the last decade has caused many banks to look at the possibility of entering the leasing field. The interest is natural for an organization emphasizing a full service aspect.

Now, through LeaseAmerica Corporation, Cedar Rapids, Iowa, your bank can share in the growth of leasing. We offer a flexibility of choice: BANKPLAN #1 . . . your bank earns a fee for referring a lease customer, based on a percentage of equipment cost and paid when the lease agreement is completed. Your bank's fee could be substantial with no assumption of liability for the transaction. Your bank would, however, aid in the preparation of information and documentation submitted to LeaseAmerica.

BANKPLAN #2 . . . is designed for the bank which can use the depreciation and tax benefits available in the lease program. Ideal for the bank wanting to enter into leasing but reluctant to take the risk because of a limited knowledge of leasing.

BANKPLAN #3 . . . for the bank ready to make a commitment to enter the leasing field but lacking the servicing and accounting capacity. We would aid in establishing a leasing department and would provide the accounting system necessary for the portfolio. Your bank would own the complete interest in the lease equipment, make the credit decisions and receive all benefits accruing from the ownership. LeaseAmerica would receive a fee for rendering this service which would be commensurate with the service provided. Also furnished: training of personnel, sample documentation, and marketing assistance.

For complete details, call John Cornwall or Emmett Scherrman at AC 319/366-5331. Write to BANKPLANS, LeaseAmerica Corporation, 400 American Building, Cedar Rapids, Iowa 52401.

• Investment credit was available to the farmer.

• Profitability of the farm was improved (and this was important to the banker, too, since it gave greater assurance of repayment of the land contract).

Leasing obviously can be made available to the farmer as well as to the big city manufacturer, according to E. J. Scherrman, executive vice president of LeaseAmerica. He hastens to add that any potential lease must offer advantages to the borrower. Otherwise, a standard loan would serve the borrower better. Usually, a leasing representative can quickly spot the advantages of leasing if they are present, thus aiding the banker and his client.

## Lease Packagers

(Continued from page 40)

packager can feel secure that the bank packager is concerned with a long-term continuing relationship. Lease packaging is only one of a wide variety of services involved in a meaningful correspondent banking relationship. The bank packager is strongly motivated to package a quality product.

Leasing can be an attractive and profitable activity for banks and bank HCs. It's possible to engage successfully in such activity with a relatively small staff that screens lease investments referred by packagers. A successful and profitable leasing activity is better assured, however, if the dealings with packagers are confined to bank leasing companies that also invest in the transaction. • •

## Anti-Siphon Device Offered



Gas-saving tips and a device to prevent fuel siphoning from autos were given away free to anyone applying for an auto loan at Manufacturers Hanover Trust, New York City, during the bank's spring auto loan campaign. The spring-like device fits into an auto gas tank and prevents a siphon tube from being inserted into the tank.

■ INDIANA NATIONAL, Indianapolis, has elected Thomas A. Spall vice president, administrative services. Named assistant vice presidents were Emory K. Tribby and Edward L. Fischer. Gary D. Gordon was named Indiana division officer, Don G. Davidson and Robert D. Phillips were named branch officers and Meredith L. Wilson, Mary Jane Funk and Julia A. Keely were named mortgage officers.

## In Memoriam

# A.W. JACKSON

Our Long Time Friend and Associate.

With Our Company Over 48 Years.

Served as Vice-President Since 1944.

Will Long Be Remembered.

**DIEBOLD**<sup>®</sup>  
INCORPORATED



# Why your bank should talk about leasing with somebody who talks your language.



We're in the banking business. And the leasing business. So when you talk with us about leasing, we can often help you spot new profit opportunities in ways that somebody outside the business can't.

Through leasing, you can make equipment justify itself over the life of the asset, without taking the cost out of working capital. You can protect your liquidity ratio. And put your capital into things that can produce investment

income for you.

From proof machines to computers, teller cages to automatic tellers, we can structure a "package" leasing arrangement to meet your bank's specific needs.

Call or write Don Deters, Leasing Division, First National Bank in St. Louis. Find out how your bank can put our leasing expertise to work. Profitably.

## First National Bank in St. Louis

Member FDIC

St. Louis, Mo. 63166 • (314) 342-6530



## Neglected Profit Area

(Continued from page 38)

tionship it had established with the customer.

This situation could, of course, be reversed, should the local correspondent have a lease prospect and should he, for one reason or another, not want to participate in a lease arrangement. Mercantile would become the owner-lessor and keep the lease in its own portfolio, paying the originating bank a front-end fee and a participation in the residual.

Many industries in smaller towns are engaged in manufacturing or distributing equipment that is usually leased by the prospective buyer. One of the banks owned by our holding company had a dealer in its city that sold such equipment to the various industries in its area. This type of equipment is leased more times than it is purchased.

This bank made arrangements with the local dealer to handle leases for the dealer with the bank designated owner-lessor and the dealer providing the lease prospects for the bank. In fact, the dealer used the bank's lease forms at a pre-determined rental rate and supplied the necessary information for the bank to make its credit decision.

Upon making a favorable credit de-

cision, the bank purchased the equipment from the dealer with delivery to the lessee. Thus, the bank added a profitable lease to its portfolio. Although in this particular instance we were working with a holding company-related bank, the same service is available to correspondents.

This type of arrangement could be expanded further where the manufacturer-distributor sells over a large geographic area, particularly when large-ticket items such as expensive machine tools are involved. Again, the originating local bank could present the lease proposal to a correspondent that is able to service a larger geographical area than the local bank. The correspondent would become owner-lessor and the originating local bank would participate.

There is no doubt that equipment leasing will continue its growth. The local banker should actively seek out lease prospects in his area. Equipment leasing is profitable and there is no reason to let a non-bank lease salesman come into an area and take the local banker's business.

The local banker should promote his capabilities in the leasing area. Direct-mail solicitation, advertising and, most certainly his personal contacts, will go a long way toward getting his capabilities across.

His upstream correspondent wants to help in the expanding lease market. This is business the local banker needs, deserves and can get. • •

Entries Total 103:

## Design-a-Flag Contest Sponsored by Bank

First National, Pekin, Ill., helped boost civic pride in its community by sponsoring a contest to design an official city flag.

The contest was conducted by the city flag committee of the Pekin sesquicentennial and marigold festival committee and attracted 103 entries, including grade, junior and high school students and groups such as the Pekin Garden Club.

Judges included professional artists, a representative of a firm that manufactures flags and Pekin's mayor.

The winner, a college political science teacher, was given a \$50 cash prize by First National's president, William Troutman. Photos of the winning flag design and the winner, Mr. Troutman and other civic leaders appeared in the local newspaper. The city adopted an ordinance designating the flag as the official one for Pekin, and individual flags are being sold to the city's residents.

## A new concept in payment coupon books.

### HOTSPOT-K

Now, in addition to hand punch and perforated style coupon books, we offer Hotspot-K. Ideally suited for multiple locations, either on-line or manually posted, Hotspot-K answers the need for an economical, 12, 18, 24 or 36 month coupon book that's prepared by ball-point pen or typewriter. Completing the first page automatically prints subsequent coupons. Quicker and less costly in many applications than punching or perforating.

SPACE FOR RECORDING ADDITIONAL PAYMENTS IS PROVIDED ON INSIDE BANK COUPON

COUPON 2

NAME: MARILYN ADLER

ADDRESS: 12345

MONTH AND DAY DUE INDICATED BY DATE

AMOUNT DUE: \$125.00

CHARGES \$

TOTAL DEDUCTED \$

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

COUPON 1

NAME: MARILYN ADLER

ADDRESS: 12345

MONTH AND DAY DUE INDICATED BY DATE

AMOUNT DUE: \$25.00

CHARGES \$

TOTAL DEDUCTED \$

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

Rand McNally, Attn: John Bellew  
P. O. Box 7600, Chicago, Ill. 60680

MC84

Rush details on  "Hotspot-K."  Perforated.  Hand punched.

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

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



**RAND McNALLY**  
Financial Systems Division

Penick Fund:

## HC Makes Second Payment Toward Bank Research Fund

First Arkansas Bankstock Corp. (FABCO), Little Rock, has made its second \$10,000 contribution toward what will eventually be a \$100,000 research fund at the University of Arkansas. Income from the fund will be used annually for the financial support of research undertaken by faculty members in the business administration curriculum of the university.

The fund, known as the "FABCO Financial Research Fund Honoring James H. Penick," was announced a year ago, when the first installment was paid. The fund's specific purpose is to finance research in the banking industry in Arkansas. It is the only fund at the university for this type of research. The first grant will be made as soon as accumulated interest income from the contributed installments is sufficient.

Mr. Penick is senior board chairman at Worthen Bank, Little Rock, lead bank in the FABCO conglomerate.

MID-CONTINENT BANKER for August, 1974



# FLORIDA NATIONAL BANKS, STRONG IN EQUITY CAPITAL

Florida National Banks reported \$159,480,305 in stockholders' equity as of June 30, 1974 which represents 13.0% of deposits or about twice the percent of equity capital of any other major Florida bank holding company.

We take pride in the fact that retained earnings have increased capital by \$46,374,163 or 41.0% since the organization of the holding company in 1971.

In this period of excessively high interest rates, tight money, and daily changing economics there is confidence in the knowledge that Florida National enjoys one of the strongest equity capital positions in the country while many bank holding companies are required to borrow debt capital.

## **Florida National Banks of Florida, Inc.**

Thirty-Two Banks Statewide • Total Assets More Than \$1.45 Billion



If you would like a copy of our latest Annual Report, write: Chauncey W. Lever, President and Chairman of the Board, Florida National Banks of Florida, Inc., P.O.Box 689, Jacksonville, Florida 32201

# Make An Employee Feel Appreciated— Publish News About Him in Bank's Paper

By LOUIS C. FINK

WHENEVER editors of bank house organs ("company publications" or "employee magazines" if you prefer) gather, they have a debate about printing little bits of personal information. Does anybody in the bank really care that Susie has become engaged, or John had a birthday, or even that Mr. Smith has been employed for 25 years? Proponents call this "news"; critics say it is "chitchat" and not to be tolerated.

The answer must vary with the size of the bank. In a small institution, say one with 25 employees, a birthday or a wedding may be the biggest news of the week, and of interest to the other 24 staff members. Weekly newspapers in small towns know this and are able to compete with the big-city dailies.

But a bank with 5,000 employees; well, there will be 400 birthdays every month, plus uncounted weddings, engagements, births and anniversaries of service. Readership of long lists of names is likely to be dull, as any editor knows.

In *Super-Money*, the best-seller by Adam Smith, the author quotes from an unnamed Ford Motor Co. official: "For many, the traditional motivations of job security, money rewards and opportunity for personal advancement are proving insufficient."

If your employees don't want money, security and promotions, what do they want? Well, the truth is they do want these things—but they take them for granted. Banks boast that their pay scales are comparable to industry's; their pension plans are well known; and official promotions that used to come one at a time now pour out so profusely that newspapers do not even print them all.

Sociologists tell us employees feel lost in the bigness of our corporations. Working conditions are pleasant and they like their jobs, but it is difficult for them to gain a sense of accomplishment. If they stay home for a day or a week, the bank rolls on and makes as much money as ever.

Restoring a sense of individual worth needs continuing effort. Most of all, it needs skill at the middle-management level. Department heads have to know how to dispense blame or praise fairly. Most employees will never meet the bank president, must less hear him mention their contribution to the year's good results.

Because so many individuals are submersed, management should do everything possible to recognize individuality. That's why a program for acknowledging these vital statistics, incomplete as it is, is one good step on the road to happy employee relations. Consider a few of the possibilities:

*Weddings and engagements*—Watch the young women plan showers and weddings and you'll know how important such an event is in their lives. For many, it is the most important event to date, their one opportunity to have their picture in the paper.

The employee magazine can recognize the big event, not with a long story such as a society editor uses, but at least with the essential facts. In a small bank, the woman is recognized; in a big bank, the item gives friends in other departments an opportunity to hear the good news and extend congratulations.

*Birthdays*—The employee will have to be the one to tell the editor about a wedding or an engagement. Taking this information from friends can be dangerous (engagements sometimes fall through). Birthdays, however, can be a matter of routine. The personnel department will have the dates, perhaps even on a computer printout.

If so, birthdays should be published in advance so that a little celebration can be arranged in the celebrity's department. Here's a once-a-year chance to rescue an employee from the anonymity of bigness.

Department heads can be encouraged by senior officers to have small birthday parties in the office. If there are too many, several people can be honored at one party. All that is required for the party is cake and soft drinks, with perhaps a small gift—and a few nice words from the boss. To avoid taking a collection every time a birthday comes along, it is a common practice to have each employee put aside a small sum—a quarter or so—every pay day, into a common treasury. Then the size of a collection does not measure the popularity of an employee.

All this seems basically elementary, and so it is. But you might check to see how often the "little party" takes place. Some managers resent giving the time; some are embarrassed by such affairs; a few positively disapprove, and others don't know how to go about it all. Management may need to send down a few words of encouragement.

*Births and deaths*—If the young woman is proudest of her wedding, the young man is proudest of his offspring, especially his first. Co-workers will hear the news promptly, but friends at a distance may lag behind. So a listing of new arrivals in the magazine is not at all out of place.

A death is another matter. Friends want to express their sympathy with a note, with flowers, with a gift to charity. It is embarrassing, at least, when an employee loses a close relative and friends do not hear the news until the next issue of the magazine. (A month? Three months?) One bank solves this nicely by posting a notice on the bank bulletin board, giving the home address and funeral arrangements. Banks spread widely over dozens of branches may find this method useless, but such far-flung banks probably need a weekly news bulletin, anyway. Some banks publish a daily report of new business, available to department heads. Room could be found at the bottom for obituaries.

One caveat. Even a small bank will be swamped if it publishes news of employees' relatives: their brothers' weddings, their cousins' deaths, for example. It is often the practice to limit death notices to immediate family, that is, relations of the first degree: brothers, sisters, parents, spouses, etc. Publish the rule, so no one will have wounded feelings.

*Service anniversaries*—This is the last of our vital statistics, and we certainly want to recognize faithful service. Turnover is high enough.

Unlike other vital statistics, which are purely personal, this one comes under the heading of bank business. The bank needs to give official recognition to service. Many banks give a pin at intervals of five years, with something special—in the way of a jeweled pin—or a party—for 25 years of employment.

If there is a pin, make a ceremony of the presentation. Don't ship the pin to the employee through the interoffice message service. Don't even call the employee to headquarters for the presentation. Instead, honor the recipient on his own ground, in front of his peers. The way to do this is to have someone in senior management visit the department and make the presentation. The speech can be short, but it must be sincere.

Perhaps the department will want to follow with a small party.

These small gestures of recognition won't completely solve the problem of finding the identity of employees who feel lost in the corporate underbrush. But they'll help. • •



**“We do our  
corresponding  
in person.”**



**Our TOLL FREE number 1-800-292-5577**

**Liberty**  
NATIONAL BANK  
& TRUST COMPANY

LOUISVILLE, KENTUCKY 40202

MID-CONTINENT BANKER for August, 1974

51

# Marketing, Research, Management Consulting Services Offered to Businesses by Union National, Little Rock

## *Union Marketing Services to Be Joint Venture*

**A** SERVICE to assist banks with marketing expertise, offered by First Bank Financial Services, Inc. (FBFS), Little Rock, was the subject of an article in the May 15 issue of MID-CONTINENT BANKER. FBFS is an affiliate of Worthen Bank, Little Rock, which supplies much of the Experience and talent for FBFS.

Now, just across the street from Worthen Bank, the organization of a new business to offer marketing, research and management consulting services has been announced by Union National Bank and Complete Marketing Services, both of Little Rock.

But there's a difference in the two bank-supplied services. While FBFS works primarily with other banks, Union Marketing Services (UMS) will offer its services to financial institutions, industries, businesses, institutions, municipalities and government agencies.

According to Herbert H. McAdams, chairman of Union National, and James C. Becknell, chairman of Complete Marketing Services, UMS will supply professional services needed for business and government units to plan their growth and future development. The marketing division of Union National will coordinate the activities of the new venture.

"It has been apparent for some time that the economic growth of Arkansas demands an organization which, from one source, can provide the market research, management consulting and business know-how which is needed if the managers and directors of the economic and social growth of this state are to base their decisions on sound, well-informed plans," said Mr. McAdams. "This organization brings together the research capabilities of Complete Marketing Services with the marketing and financial know-how and resources of Union Bank."

Mr. Becknell organized Complete Marketing Services in 1972 with the purpose of providing market research and related services to businesses and industries in the middle South and Southwest.

Mr. McAdams said, "This new venture would give Union Bank the capability of providing a broad range of services to include:

"Community analysis—an analysis of the historical growth patterns, present situation and future growth potential of a community or market area which is the client's primary trade area.

"Branch feasibility studies—for more than a year, CMS has performed studies related to the decisions by financial institutions to locate new branches, and is experienced in examining a wide range of economic indicators to determine the feasibility of proposed branches.

"Public opinion studies—surveys to sample the customer population (or the total population of a community or area) to determine the attitudes and opinions of people toward a particular business or institution or service.

"Market penetration studies—surveys to determine exactly where a business (or product) stands with respect to its share of the industry market in a specific trade area.

"Marketing experiments and program development—the performance of a variety of experiments designed to

test customer reaction to alternative actions and responses by clients in the marketing programs.

"Advertising evaluation—studies and surveys are employed to evaluate a client's present advertising methods and to provide information on whether the client is receiving the greatest possible benefit for his advertising dollar.

"Location studies—analysis of several types of internal and external data to help the client establish the best possible location for a new facility.

"Marketing research—Complete Marketing Services is skilled in performing all types of economic research or statistical analyses required by a client in relation to marketing programs and decisions."

Messrs. Becknell and McAdams said that the UMS capability would extend beyond market research to management consulting and assistance, including long-range planning, comprehensive branching strategy, deposits trend analysis, loan proposal research, evaluation systems, organization studies, employee incentive systems and data processing. The joint venture arrangement assures that all information and specific programs are held confidential.

Mr. McAdams noted that the new firm would be qualified to assist in data processing since the president of Complete Marketing Services, James T. Randolph, was formerly manager of data processing services for IBM.

"Union National Bank," Mr. McAdams noted, "has a versatile and full data processing capability through its main in-bank data processing center and through its satellite facility, North Arkansas Data Center in Harrison, Ark. Together with CMS, these enable us to offer a full spectrum of research and operating capability to prospective users."

Union National's marketing division is headed by Charles D. Maynard, vice president. Its data processing activities are under the direction of Charles A. Hagood, senior vice president, with direct operations managed by E. Thomas Bridgers, vice president. • •



James C. Becknell (l.), ch., Complete Marketing Services, Little Rock marketing and management consulting firm, and Herbert H. McAdams, ch., Union Nat'l, Little Rock, are principals of Union Marketing Services, joint venture that will offer marketing, research and management consulting services to businesses, industries, institutions and government agencies.



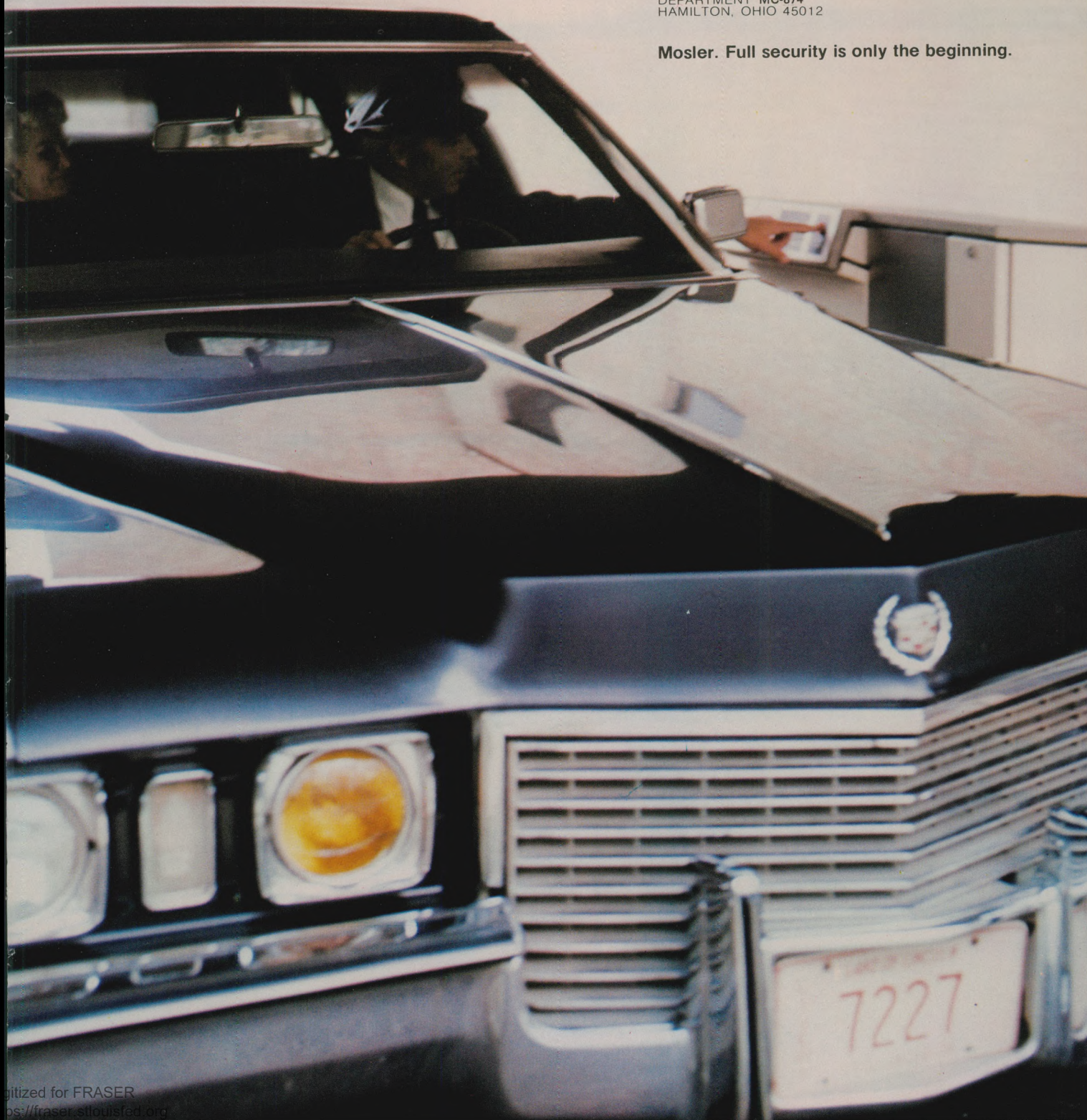
# Banking. With style.

Modern Pneu-Vista 800 direct vision drive-in system provides rapid service.  
Convenient enough to please your most discriminating customer.

**Mosler**

AN AMERICAN-STANDARD COMPANY  
DEPARTMENT MC-874  
HAMILTON, OHIO 45012

Mosler. Full security is only the beginning.





# Banking. With style.

Modern Pneu-Vista 800 direct vision drive-in systems provide rapid service.  
Convenient enough to please every one of your customers.

**Mosler**

AN AMERICAN-STANDARD COMPANY  
DEPARTMENT MC-874  
HAMILTON, OHIO 45012

Mosler. Full security is only the beginning.





---

---

# Remote Service Units For Federal S&Ls

## *Permission to Establish Electronic Funds Transfer Systems Across State Lines Granted by Fed'l Home Loan Bank Board*

---

---

**T**HE RIGHT to operate experimental electronic funds transfer systems across state lines has been given to federally chartered S&Ls.

The FHLBB has issued a formal regulation allowing these S&Ls to establish remote service units (RSUs) anywhere in the states of their home offices or *within primary service areas of any of the associations' branches located outside of their home states.*

The regulation, which took effect July 29, specifies that a remote service unit "may be, but is not required to be, located in a place of business other than a place of business solely of a federal association, such as a *retail establishment, shopping center, office building, factory or transportation terminal.*"

However, a FHLBB spokesman said the geographic-location clause relating to primary-service areas for an association's out-of-state branch in no way implied that federal S&Ls would be allowed to establish pilot EFTS operations on an interstate basis indiscriminately. He explained that the clause is intended to permit those S&Ls that already have branches across state lines on a grandfather basis to operate RSUs "in their primary service areas." He added that the issue would seldom arise.

According to the regulation, a remote service unit includes cash-dispensing machines, but doesn't include terminals or teller machines using passbooks, regardless of whether the passbooks are machine readable. As the regulation is interpreted, an RSU means "an information processing device, including associated equipment, structures and systems, by means of which information relating to financial services rendered to the public is stored and transmitted, whether instantaneously or otherwise, to a financial institution and which, for activation and account or deposit access, is dependent on the use of a

**By ROSEMARY McKELVEY  
Managing Editor**

machine-readable instrument in the possession and control of the holder of such account or deposit."

Under the new regulation, the FHLBB will accept applications to establish or participate in remote service units until January 31, 1975, and will allow experimentation to continue until July 31, 1975.

The regulation allows federally chartered S&Ls to share RSUs with other financial institutions, including other federal S&Ls, commercial banks and mutual savings banks. In addition, the FHLBB can mandate the sharing of the use of such RSUs at a reasonable cost with the home office or any branch of a "financial institution insured by the Federal Savings & Loan Insurance Corp. if such unit is located in the primary service area or the Standard Metropolitan Statistical Area of such office."

The regulation gained the general approval of the Justice Department, but the ABA, Independent Bankers Association of America and state chartered S&Ls criticized it.

The ABA complained that, through the new regulation, the FHLBB is proposing to authorize federal S&Ls to "create an extensive network of electronic outlets, which, in most states, will not be available to state-chartered S&Ls, to state-chartered banks or national banks or to mutual savings banks."

The action, in the ABA's belief, is "so sweeping that—although nominally carried on under the name of 'limited experimentation' by associations in the operation of electronic funds transfer systems and 'selected pilot projects'—it would, in fact, lead to development of permanent networks throughout every state and even across state lines."

The ABA described as "inexcusable" the FHLBB's failure to coordinate its

action on the RSUs with the other federal banking agencies.

The ABA and other groups did succeed in getting the FHLBB to extend the period it would hear comments on its proposal. The board published an announcement about the proposed RSUs in the May 9th Federal Register and invited written comments until May 24. However, because of objections from the ABA and the other groups, the board extended the comment period to June 17.

The Independent Bankers Association of America issued the lengthiest—38 pages—and most detailed objection to the new FHLBB regulation. The IBAA maintained that its objections "are not predicated merely on the grounds that these regulations unfairly discriminate against banks. Rather, it is also because they presage such a degree of competitive advantage for federal S&Ls in attracting deposits so as to impair commercial banking's ability to lend not only to housing, but also to those commercial and agricultural enterprises and non-realty consumer needs that federal S&Ls are legally prohibited from servicing, yet which are of no less importance to the national economy."

Among the many objections the IBAA listed in its comment was that because these RSU terminals would be allowed to operate in grocery stores, department stores, etc., these places of business would become like S&L branches. Yet, the IBAA continued, state-chartered S&Ls and state and national commercial banks cannot operate such terminals without complying with the more restrictive branching statutes that normally apply to them and are now part and parcel of interlocking legal codes at both state and federal levels.

Because the self-professed purpose of these terminals is an experiment in electronic funds transfers, according to the

IBAA, and because they are geared to meet the daily and casual cash needs of depositors, the proposal is a blueprint for federal S&Ls to engage in accepting what are the near-functional equivalents of interest-bearing, demand-type accounts.

Continuing, the IBAA pointed out that there are no reins on the number of RSUs that could be installed or on where they may be located, nor is there any mileage requirement on how close they must be to a "regular" office of the S&L involved.

The Independents also alluded to a proposal to establish a National Commission on Electronic Funds Transfers that is part of a bill the IBAA expects to see passed soon in Congress. The function of this commission, according to the IBAA, will be to conduct a thorough study and investigation and to recommend appropriate administrative action and legislation necessary in connection with possible development of public or private EFT systems. Therefore, said the association, rules such as those proposed for S&L remote service units "should be made only after the commission has made at least an interim report." Furthermore, said the IBAA, "the source of the rules should be Congress, the only body empowered to be the architect of a coordinated electronic funds transfer policy."

The U. S. League of Savings Associations—through its executive vice president, Norman Strunk—suggested that the FHLBB emphasize that the regulation is an experiment and make it clear to any institution that might be authorized to proceed under this regulation that it would be doing so "with full knowledge that this is an experiment and that the program might be terminated."

On the other hand, the National Association of State Savings & Loan Supervisors said that while the regulation purports to be temporary, "it strains credulity to assume that a federal association would expend the significant sums of computer hardware and software, promotional and training expenses, not to speak of expenses incurred by the merchants involved, on a program which its proponents contend will change the saving and checking habits of millions of consumers throughout the country, and then walk away from these expenditures at the conclusion of the experiment." This association registered strong opposition to the FHLBB's new regulation.

*Justice's Position.* In giving general approval to the FHLBB regulation on RSUs, the Justice Department said the proposal should generate a wide variety of innovative services and contribute in the long run to a more flexible and efficient financial industry. Justice lauded the FHLBB's heavy emphasis on competitive factors in deciding whether to approve specific projects and said it will be glad to cooperate with the board on competitive questions on the basis established by the proposed amendments.

In giving its approval, Justice said it agrees with the FHLBB that an S&L should be able to expand its services throughout its home-office state.

"Competitive forces would be invigorated still further," continued Justice, "if all offices of an association—not just those located in different states from the home office—were free to offer remote-teller services throughout their service areas, *without regard for state lines*. In other words, an association located close to a state line should be

permitted to place remote tellers in that part of its primary service area across the state line. This may be particularly important in metropolitan areas which cross state lines."

According to Justice, more liberal entry rules can be applied to remote teller units than to conventional branches because they offer a more limited range of activities and involve more limited financial risks. In these circumstances, the department continued, *it may be unnecessary, and even harmful, to maintain the often arbitrary market boundaries imposed by state lines.*

Artificial restrictions on the market, said Justice, could well distort the results derived from field testing to the point of showing a concept to be uneconomic in places where access to the full market might have made it a success.

"We do not mean to imply that all references to state boundaries should be eliminated from the proposed regulation," Justice continued, "or that associations should now be authorized to offer remote teller facilities throughout several states, but we do believe an association should be allowed to develop the full competitive power of a remote teller system."

As to sharing remote service units with other financial institutions, Justice said that the basic thread of the FHLBB's pro-competitive policy runs against sharing facilities on a broad scale, but that it would like to see the board explicitly list circumstances under which it would approve joint projects. Justice wants the FHLBB to set forth a clear policy statement that shared facilities are not to be countenanced in circumstances where they aren't required by the exigencies of economics. ●●

---

## Kansas Attorney General Rules in Favor of Point-of-Service Terminals

---

THE KANSAS attorney general has ruled that banking transactions initiated via an electronic device—such as an automated teller or point-of-sale terminal—are not a violation of present state statutes on branching and/or detached facilities. In giving his opinion, Vern Miller reasoned that such transactions actually are consummated within a bank.

The Kansas Bankers Association had sought Mr. Miller's opinion as the result of its task force's recent recommendation to the KBA's governing council that it adopt a policy allowing banks in the state to provide their customers with EFT services.

The Kansas action could lead to establishment of a commercial bank network of remote, off-premise computer terminals in supermarkets and other retail locations. Such a point-of-sale (POS) program was started last winter in Lincoln, Neb., by a federally chartered S&L (reported in June and July issues of MID-CONTINENT BANKER).

However, the Kansas attorney general's opinion was questioned by the assistant bank commissioner, E. J. Hogan, who said it "raises more questions than it answers" about EFT installation. He maintained that the opinion contradicts several previous rulings of Kansas attorneys general on bank

facilities. He said Mr. Miller's opinion fails to take into account that half the banks in the state don't have computers on their premises, that data processing services are performed for these institutions by correspondent banks, and, therefore, in such instances, "the opinion is contradictory, since banking transactions transpire in a computer which is not on the premises."

Exception to the Miller ruling also was taken by the Kansas banking board's legal counsel, Jerry L. Griffith, also an assistant attorney general. Mr. Griffith said he wouldn't have written such an opinion, but he can't say the attorney general is wrong.



# Hamilton Helps.



**Hamilton Bank**

Being your good things bank is our thing.

A Hamilton Bancshares bank, Member F.D.I.C.

Chattanooga, Tennessee 37401

Miniature white Christmas trees featuring gold blinking lights make attractive decoration for a bank's teller line. Scene is Mercantile Trust, St. Louis.



## *Want a Memorable Bank Christmas? Plan for It, Starting Now!*

**W**HAT'LL IT BE? A Christmas season at your bank that will be memorable, or one that will spell disaster?

The first effect can be achieved in many ways, provided adequate planning is done beforehand. The second effect is a simple one to achieve—just do nothing.

Bank Christmas activities can be divided into several categories, such as generating goodwill among customers, providing excitement for youngsters, rewarding employees and making money.

Of course, the well planned holiday promotion will have wide appeal that

By **JIM FABIAN**

Associate Editor

will result in gains in both the goodwill and profit departments.

Experienced bankers advise that it is important to get the public into the bank so the bank's staff can share the holiday spirit with them. This can be accomplished in numerous ways.

Many banks make it a practice to spread a holiday table with Christmas cookies, candies and punch or coffee. Customers are invited to take a break from their shopping to enjoy the refreshments. They can help themselves or they can be served by bank personnel. The setting can be as simple as a table with a red tablecloth, backgrounded by a wreath and accented with candles. Or a Santa's kitchen can be set up, if space permits, that can be decorated with old time furnishings and accessories.

Various enticements to get the public into the bank lobby can be offered, including giveaways to those opening Christmas club accounts; a money store, at which customers can purchase gifts made from folded bills or coins; a Can-O-Cash booth that offers customers holiday-decorated tin cans in which to seal their Christmas gifts. A letters from Santa booth (see page 66) offering pre-printed letters from Old Nick that

can be sent to children by customers who address the envelopes and drop the letters in the bank's mail box.

Banks have proved that crowds will gather in their lobbies when they feature Christmas choral concerts or organ music during certain hours of the day. It is often possible for a bank to arrange for a local organist and/or singing group (church choirs, school choruses, etc.) to present short concerts during the noon hour the week prior to Christmas.

Perhaps the most exciting way to draw a crowd to the bank is to stage a spectacular arrival for Santa. He could land in the bank's parking lot via helicopter, or by parachute. Or Santa could arrive at the bank via float as part of a Christmas parade in which the bank sponsors the Santa float.

Another excellent way to get people into the bank prior to the holidays is to sponsor a photo-taking program at which time the entire family is invited to come in and pose for a holiday portrait that can be sent to relatives as gifts.

A well-decorated bank attracts people, too. A wide variety of Christmas decorations, from wall ornaments to eight-foot animated Santas, is on the market for both indoor and outdoor decorating. Wreaths, garlands, candelabra, nativity scenes and humorous displays are available to add color and



Santa's helper in ermine-trimmed outfit assists bank customer with Can-O-Cash at Central Trust, Cincinnati. Customers can seal money or small gifts in cans for unique gift giving.



# "GIFT BARRELS"

## The newest bank traffic builders





Seal money or small gifts in shock resistant, reusable, attractive foam containers for long-life goodwill.

... self liquidating at 50¢

**FREE SAMPLE**



### Bank name for long lasting advertising and goodwill

- Small size (4"x6") no storage problem
- Fun to decorate  
Use tape, ribbon, stickers, paint, etc. 
- Protects gifts 
- Light weight 
- Many uses after gift is opened 

### COMPLETE AND EXCLUSIVE PROGRAM!

#### Need Time Money?



Will bring it in at low cost

- No Premiums Needed
- Larger Accounts
- No Need to Compete With Interest Rates

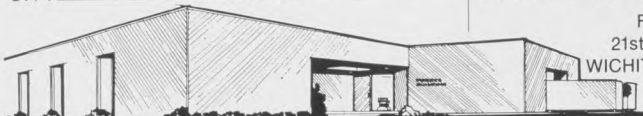
- Rush me free sample gift barrel and complete details
- Send me information on Rainbow Account!

NAME \_\_\_\_\_  
TITLE \_\_\_\_\_  
BANK \_\_\_\_\_  
CITY \_\_\_\_\_ STATE \_\_\_\_\_

MAIL TO:

**Forbes, Inc.**

FORBES BUILDING  
21st and OLD MANOR  
WICHITA, KANSAS 67208  
(316) 683-4606





Old-fashioned popcorn wagon is popular with customers at Brentwood (Mo.) Bank during holiday season. Free popcorn is a tradition at the bank.

visual excitement to any bank's decor.

The centerpiece of most bank decorations is the traditional Christmas tree. Banks with high ceilings often try to display the largest tree in town. Some banks display a series of trees, each decorated in the tradition of various countries.

Premiums often work well in connection with Christmas. Banks have reported good success with such items as holiday mugs, mountain toys, educational toys, records, scenic metal trays, Bibles and stuffed animals. Candle-making kits, do-it-yourself ornament making kits and calendars have also proved to be popular with customers.

Christmas is often the time chosen by bankers to give employees bonuses and awards for past service. Banks often take advantage of the season to hold employee recognition dinners at which pins and certificates are given to those with five, 10 and 25 years of

service. It is also a good time to hold retirement parties, as many employees choose to retire at the end of a calendar year.

Public service programs are popular with banks at the holiday season. Numerous banks appoint employees to direct programs that distribute food to the needy, that make clothes for dolls that are given to children in hospitals or that collect toys for distribution to children. All of these programs can be oriented to include both employees and customers. Publicity about them is good for the bank.

Banks wishing to present modest gifts to customers can select from a wide variety of items on the market, including coin banks, appointment books, calendars, records and commemorative coins.

Every individual who enters the bank during the holiday season—whether he comes to see the Christmas tree, to sample the punch and cookies or to make



Gifts made from money add sparkle to holiday giving. This Money Store was set up at Exchange Bank, Dallas. Business was brisk.

### Soaring Santas

The accompanying article suggests that banks can generate excitement at Christmastime by arranging for Santa to parachute into the bank's parking lot. Such an attraction, which is a great attention-getter, costs quite a bit of money.

Banks desiring to keep their holiday costs more in line might be interested in a substitute gimmick—a miniature Santa with parachute that is three feet tall and 20 inches wide. The colorful Santa, hanging from the cords of an equally colorful parachute, is designed to enliven the decor inside the bank. The Santa is animated—he twists and turns as any parachutist would as he sails through the air.

The animated Santa with parachute, operated by batteries, costs about \$50 and is available from National Decorators Supply Co., Indianapolis.

For \$40 more, you can have an animated Santa standing in a basket dangling below a gas-filled balloon. It's a miniature, too (44 inches high), and a novel decorating idea.

a withdrawal—is a potential source of new business. Alert bank personnel can take advantage of the increased holiday traffic to sell services, encourage the opening of new accounts, upgrade the checking account customer from free checks to personalized fee checks, etc. There are numerous ways cross-selling can be handled at Christmas time and many banks have found it pays to expose personnel to cross-sell techniques prior to the holidays.

The Christmas season provides an opportunity for banks to be the center of activity in their areas. All it takes is planning—and it's not too early to start! •••



### YOU CAN DEPEND ON US!

When you need dependable Correspondent Bank Services, you need to know Chas. S. Signor and Bryan Williams of Lubbock National Bank. Together, Charley and Bryan represent a wealth of experience and management in all phases of correspondent banking. They're the reasons why, in 1973, Lubbock National's Correspondent Bank deposits increased 41 percent. Depend on Charley and Bryan. Call them today at (806) 765-7661.



MAIN AND TEXAS  
LUBBOCK, TEXAS

MEMBER F.D.I.C.

*The Bank  
for the 70's...  
and Beyond.*



# Kit-Picker's Delight

## Choose from 11 complete Welcome Kits for your new accounts.

The DeLuxe new account kit selection allows you to pick the style that says "Welcome" in the way that suits your particular bank. The matching envelopes and kit covers come in traditional and contemporary styles. Your customer takes home an attractive, handy kit with all the materials in one place. It creates a favorable impression for your bank.

Your bank personnel will appreciate the pre-encoding on all documents for easy record keeping and speedy account number assignments. You can feature other bank services too with our cross serve inserts. Select the ones you prefer from our selection on Charge Cards, car loans, savings, or many others.

DeLuxe new account kits will promote your bank image and are convenient for your customers. Ask your DeLuxe representative for complete details.



**DELUXE**  
CHECK PRINTERS, INC.  
SALES HDQTRS. • 3440 N. KEDZIE, CHICAGO, ILL. 60618  
STRATEGICALLY LOCATED PLANTS FROM COAST TO COAST

# Banks Use Ingenious Methods To Lure Christmas Clubbers

## *Reactions to competition Spawn marketing gimmicks*

By JIM FABIAN, Associate Editor

WHY SHOULD a bank offer Christmas club accounts to its customers?

This question is being asked by an increasing number of bankers as they see internal costs soaring and interest in this type of specialized savings waning in certain areas.

There was a time when Christmas clubs perpetuated themselves from the momentum they generated by being something of a novelty. Those were the days when club accounts were easy to sell—there was no need to offer premiums or pay interest on the funds deposited. Bank customers thought saving for the holidays was a good idea and a great convenience. A minimum amount of promotion often resulted in a maximum number of accounts.

Times have changed. Today, when practically every savings institution is offering Christmas clubs, banks are finding they have to make a bigger effort to retain their Christmas club accounts, much less see them grow.

And bankers are rising to the challenge. They realize that most clubs are loss leaders, but they also realize the substantial benefits that can be obtained through an active Christmas club solicitation program. And in order to have an active solicitation program, you have to offer something that's a little different from the bank down the street.

City National, Atchison, Kan., was the first of the three banks in town to offer what it calls its "49er Christmas Club Plan." The bank announced to its customers that it would make the final (or 50th) payment of any Christmas club on its books that has been completed through the 49th payment.

According to Bill Foley, executive vice president and cashier, the plan was devised when a competitor announced it would begin paying interest on its club accounts. City National wanted to do something to best its competition,

but it didn't want to take the premium route, so it devised the 49er plan.

The year previous to initiating the 49er plan, the bank had experienced a minor reduction in the total number of clubs on its books. It was concerned that a downward trend was developing. The new plan is credited by Mr. Foley with attracting 150 additional clubs during its first year—despite the fact that a competitor was offering interest for the first time.

Mr. Foley said City National's plan was chosen instead of paying regular interest, because the bank paid nothing on accounts that were not completed. The other banks in town have since seen the light, Mr. Foley says, and all now offer one free club payment—which means City National is on the lookout for a different promotional tool for its clubs.

Such a tool might be one that has paid off for First National, Dubuque, Ia., for a number of years. Despite the fact that the bank's club customers received nothing from the plan—in fact, they're called on to do something—the gimmick has been effective in building

### Tellers on TV

One way to spark interest in Christmas clubs is to make use of the familiar faces of the bank's tellers in TV commercials that push the clubs.

This gimmick is especially effective with regular customers who get to know the bank's tellers on sight and often speak with them when doing their banking.

A typical comment to such a commercial could be, "Oh, there's Shirley, my teller at the bank! What she's saying about the value of Christmas clubs makes sense. I think I'll take out a larger club this year!"

up club accounts, according to Gregg Liddle, teller operations officer.

Each year the bank would prepare a series of two letters that were addressed to the bank's tellers. Copies of these letters, together with instructions as to how to use them, were handed out to prospective customers as they walked down the streets of Dubuque. The instructions asked the potential customers to come into the bank. If they were approached by a bank employee regarding the opening of a Christmas club account, the customer was to hand the employee letter #1, which stated to the employee that he had earned \$5 from the bank for his solicitation effort. If no mention was made of opening a club account, the employee received letter #2, which informed the employee that, if he had solicited an account, he would have received \$5.

Sound complicated? Perhaps, but it worked, according to Mr. Liddle. Needless to say, few bank employees overlooked the opportunity to earn \$5 by soliciting every customer in sight!

First of Dubuque is considering a new plan for the coming year. Each teller will be given a packet of 25 one-dollar bills at the beginning of the annual Christmas club promotion. Newspaper and radio advertisements will inform customers that any teller not offering a Christmas club membership will have to give the customer one of his dollars. Thus, any diligent teller who makes sure he offers every customer the opportunity to open a Christmas club account will end up the promotion with a \$25 bonus. Those who slip up will see their bonus slipping away, a dollar at a time.

This system has been used by other banks, Mr. Liddle says, and, since there is the possibility of the customer benefiting monetarily, the idea has been quite successful.

A bank that really pushes its Christmas clubs is Community Trust, Irvington, Ill. Realizing that the clubs are loss-leaders and that every club member is a potential source of other business, the bank spares no effort in signing up accounts. It uses premiums extensively, which include coin banks for children club members and such things as 8x10-inch color photo plaques, coffee mugs, carnival glass and calendars for adults. According to A. C. Malekovic, executive vice president and cashier, the bank tries to select gifts that the customer would not be likely to purchase on his own.

If a customer completes his club (50 payments), the bank will kick in an extra payment to sweeten the payout check. The extra payment amounts to between four and five percent interest and, if a club is not completed, the



# Fine Figures for BNO '74

## COMPARATIVE STATEMENT OF CONDITION

ASSETS	June 30, 1974	June 30, 1973
Cash and Due from Banks.....	\$ 49,234,017	\$ 45,109,306
U. S. Treasury Securities.....	16,047,468	20,197,714
Securities of Other U. S. Government Agencies.....	15,997,265	11,803,218
Obligations of States and Political Subdivisions.....	46,282,206	43,848,553
Other Securities.....	780,000	453,750
Loans Outstanding.....	208,348,188	208,257,094
Federal Funds Sold and Securities Purchased		
Under Agreements to Resell.....	48,350,000	5,950,000
Furniture, Fixtures and Equipment.....	2,988,215	2,877,493
Interest Earned but Not Collected.....	3,451,609	2,672,841
Customers' Liability on Acceptances.....	39,990	827,443
Other Assets.....	2,926,665	652,633
TOTAL ASSETS.....	<u>\$394,445,623</u>	<u>\$342,650,045</u>
<b>LIABILITIES</b>		
Demand Deposits.....	\$116,925,633	\$106,177,939
Savings Deposits.....	37,035,817	34,278,029
Time Deposits.....	147,173,099	126,992,287
TOTAL DEPOSITS.....	<u>\$301,134,549</u>	<u>\$267,448,255</u>
Federal Funds Purchased and Securities Sold		
Under Agreement to Repurchase.....	56,415,000	41,840,000
Accrued Taxes and Interest.....	3,793,640	2,841,335
Unearned Interest and Income Collected.....	5,770,702	4,132,240
Quarterly Dividend Payable.....	141,430	140,778
Liability on Acceptances.....	39,990	827,443
Other Liabilities.....	25,198	450,962
TOTAL LIABILITIES.....	<u>\$367,320,509</u>	<u>\$317,681,013</u>
<b>RESERVES</b>		
Provision for Possible Loan Losses.....	\$ 3,381,674	\$ 2,390,776
<b>CAPITAL</b>		
Capital Notes.....	\$ 4,250,000	\$ 4,250,000
Common Stock, \$12.50 Par Value, 400,000 Shares		
Authorized, 250,000 Shares Issued and Outstanding.....	3,125,000	3,125,000
Surplus.....	12,875,000	12,000,000
Undivided Profits.....	3,493,440	3,203,256
TOTAL CAPITAL.....	<u>\$ 23,743,440</u>	<u>\$ 22,578,256</u>
TOTAL LIABILITIES, RESERVES AND CAPITAL.....	<u>\$394,445,623</u>	<u>\$342,650,045</u>

Contingent Liability on Letters of Credit Issued but Not Drawn Against—6/30/74—\$14,210,830  
6/30/73—\$ 4,261,327

# BNO

## THE BANK OF NEW ORLEANS

AND TRUST COMPANY

HEAD OFFICE: BNO Building, Common & O'Keefe

MEMBER FDIC

51st payment is not made. Mr. Malekovic says about 70% of all clubs are completed and between 85% and 90% of club customers make at least 10 payments.

Since Community Trust is located just six miles from Centralia, Ill., the bank advertises extensively in Centralia newspapers and radio. Until recently, none of the Centralia banks was offering any incentives to Christmas clubbers, so Community Bank was in a position to capture much of the Christmas club market. Mr. Malekovic considers every club member as a source of new business. The club is like having a foot in the door and the typical club member will soon be opening other accounts at the bank.

St. Joseph Valley Bank, Elkhart, Ind., is concentrating on trimming the costs of servicing its Christmas club accounts. Like many banks, St. Joe has its records on computer tapes. Each year, after the third payment has been made, the names of all clubbers completing their third payments are sent on tape to Cummins-Allison Corp., which prepares coupon books for these accounts for the following year. When payout checks are mailed about November 1, the next year's coupon books are included in the mailing, amounting to an automatic renewal of all accounts.

Despite the fact that the amount of the new club is the same as that for the previous club, customers are encouraged to switch to higher value clubs when they make their first payment. If the customer selects a higher value club, the new total is incorporated into the coupon book for the following year. If the bank notes that a customer is consistently paying more than the club coupon states, it will upgrade the amount of the club automatically for the following year.

According to Jim Westfall, operations manager, it took an entire day for the bank to clean up its Christmas club account records four years ago. Now, due to efficiencies initiated since that time, along with Cummins-Allison's help, the bank's 5,000 clubs can be brought up to date in about one hour.

Large banks are active in the Christmas club solicitation area, too. Boatmen's National, St. Louis, describes the response to its annual solicitation as "super." The bank offers a different crystal mug each year. Each season's mug depicts a scene in St. Louis, such as the Gateway Memorial Arch, the Old Cathedral, etc. The mugs become collector's items as soon as the season is over, according to Larry Bayless, assistant vice president in the public relations department.

Missouri's largest bank, Mercantile Trust, reports a "highly successful" Christmas club promotion for last year. The bank pegged its promotion on a colorful booklet of home decorating ideas for Christmas from *Better Homes and Gardens* magazine. The bank also pays interest on its accounts. Despite the fact that Mercantile is located in St. Louis' downtown area and is not permitted to have branches, it reports a high completion rate for its clubs.

"Christmas clubs are growing in popularity among consumers as a means of savings at a time of widespread financial insecurity," Frank J. Blaser, vice president at Rand McNally & Co., Chicago supplier of Christmas club materials, said recently. "Savings institutions use the clubs as a means of winning new customers who can be exposed to other services," he continued. "They are also believed to be effective in encouraging 'customer loyalty' and regular patronage."

John H. Guinan, president, Christmas Club a Corporation, reported that his firm's 1975 premium—a Christmas Morning Shopping Bag—is moving briskly. "Banks see premiums as an integral part of their Christmas club programs in attracting and maintaining customers," he said. "And the Christmas Club program teaches customers to use other banking services and creates a large dollar deposit at little cost, among other advantages. In actuality, banks realize it is a small price to pay for the additional opportunities it opens up," he said. • •



### 3 GREAT MUGS FOR THE CHRISTMAS SEASON

9 OZ. CERAMIC IRONSTONE COFFEE MUGS

Screen-decorated in 2 colors with decoration permanently fused into the glaze. Positively guaranteed to stay on the mug through repeated dishwashings. Will not craze.

These can be furnished with Company logo at slight additional charge. Any quantity from 12 dozen on up. Price is dependent upon quantity ordered.

**Call or write:**  
**Maury Kranzberg**  
**NORTHWESTERN BOTTLE COMPANY**  
**2222 NORTH SECOND STREET DEPT. MB**  
**ST. LOUIS, MISSOURI 63160 • PHONE: (314) 231-5959**

Mugs are packed 3 dozen to a shipping carton or can be furnished individually boxed in corrugated air-cell mailers at additional cost.

Various other items also available; tumblers, stemware, ash trays, beer mugs, tiles, etc.

### Schedules Through 1976 Announced by Assemblies For Bank Directors

The Foundation of the Southwestern Graduate School of Banking, which sponsors the Assemblies for Bank Directors, has announced dates for these assemblies through 1976. The most immediate assembly will be held August 31-September 3 at the Broadmoor Hotel in Colorado Springs, Colo.

Those scheduled for next year are: January 30-February 3, San Juan, P.R., El Conquistador Hotel; May 25-29, Hot Springs, Va., the Homestead; and November 5-9, Phoenix, the Biltmore.

The 1976 assemblies will be: February 1-6, Honolulu, the Royal Hawaiian; September 4-7, Colorado Springs, the Broadmoor; and November 28-December 2, Palm Beach, Fla., the Breakers.

Information about the assemblies can be obtained by writing Dr. Richard B. Johnson, Assemblies for Bank Directors, Southern Methodist University, P. O. Box 1319, Dallas, TX 75275.





Can-O-Cash customers enjoy watching bank employee seal their gifts while they wait. This busy can sealer works at Farmers Trust, Spencer, Ia.

## Money-In-Cans Becomes Tradition At Holiday-Minded Banks

**I**F ONE of your Christmas presents last year was sealed in an attractive holiday-labeled tin can marked Can-O-Cash, you were one of over 450,000 people who opened at least one of their 1973 Christmas packages with a can opener!

The unique concept of sealing money in a can has grown over the past four years into a tradition at more than 300 banks throughout the U. S. offering the Can-O-Cash program.

First State, Salina, Kan., reports using over 3,000 cans this past holiday season in its \$14 million bank. It was the fourth year the bank had offered the program. According to Jerry Simpson, vice president, the bank traditionally starts receiving phone calls right after Thanksgiving inquiring if it will offer Can-O-Cash again for Christmas.

A sealing device, not much larger than an old fashioned meat grinder, actually seals a metal lid on the "pork and bean" sized tin cans used for Can-O-Cash. The cans are labeled with four-color Christmas designs that include space for "to and from" designations. In addition to attracting a great deal of customer comment and goodwill, most banks report a great number of noncustomer interest and participation. Each Can-O-Cash label is imprinted with the bank's name which assures that the recipient will be aware of the sponsor.

In addition to various amounts of money being sealed in Can-O-Cash containers, car keys, transistor radios, gloves, etc., are often sealed to provide perfect disguises for the gifts.

Can-O-Cash seems to be a popular stocking stuffer also. One enterprising bank in Tulsa arranged for special lobby displays of miniature "cannable" gifts representing most of the bank's commercial retail store accounts. The idea proved to be popular with customers looking for unique gifts to substitute for cash and the bank promoted



"Miss Santa" Susan King operates Can-O-Cash display at Security State, Big Spring, Tex. Banks can obtain complete program including 1,000 cans, lids, labels, sealer and publicity materials, for \$435.

good customer relations with its retail accounts in the bargain.

About half of the 300 banks using Can-O-Cash last year charged for the service. At 50¢ per can the program is easily self-liquidating, providing a good customer relations program at virtually no cost. National Bank of Commerce, Jackson, Tenn., reported selling its entire stock of 1,500 cans and "could have sold 500 to 1,000 more."

A representative of Wachovia Bank in North Carolina commented, "Although we got a late start with the cans, we totally sold out our inventory of 3,000 by Monday, December 25. We charged 50¢ per can with all proceeds going to a local newspaper Christmas charity. We felt this added further meaning to the promotion, allowing someone to receive a unique packaging idea in return for a charitable donation."

Can-O-Cash turns out to be more than just a clever Christmas idea as the cans now include snap-on plastic lids slotted to convert opened cans into year-round savings banks.

Appropriately attired "Miss Santas" were employed by many of the banks in their lobbies this past year to add that extra Christmas touch to Can-O-Cash displays. These young girls served as full-time customer relations contacts for sealing and dispensing the containers. Customers seemed to enjoy watching their money or other gift being sealed in cans with the Miss Santas adding extra personal interest.

According to Dale Krebbs, developer of Can-O-Cash, and president of Advertising Concepts, Inc., Wichita, Kan., the popularity of Can-O-Cash for Christmas has prompted banks to expand on the concept, resulting in an all-occasion Can-O-Cash program featuring cans labeled for birthdays, anniversaries, graduation, young marrieds, new baby and a general "have a happy day."

Summarizing his bank's successful Can-O-Cash program, Dale E. Wallace, National Bank of Wichita, concluded, "It seems to be a fun gift for everyone, and you know—we've not had one Can-O-Cash gift brought back for exchange!" • •

# Letters From Santa Claus Are Goodwill Builders, Add Human Touch to Banking

By JIM FABIAN, Associate Editor



**F**EW THINGS are more perennial at certain banks prior to the Christmas season than letters from Santa. Banks that use this goodwill service report that it is one that becomes more popular each year, which apparently means that more children are receiving holiday letters postmarked "Santa Claus, Ind." each year.

The firm supplying the colorful letters to these banks is Universal Specialty Co., Chicago. The firm offers a series of letters written to children that are signed with Santa's name. Each letter is printed on colored paper and includes numerous colorful illustrations. Matching envelopes are provided that bear the inscription "A letter from Santa—Personal."

Banks using Universal Specialties' service set up Santa's Post Office booths in their lobbies that are stocked with the letters and envelopes. Customers simply select the letters, address and stamp the envelopes and drop them in The "Santa's" mail box. The bank bundles the letters and sends them to Santa Claus, Ind., where they are postmarked and mailed. All letters must reach Santa Claus, Ind., 10 days prior to Christmas in order for them to be delivered before the holiday.

Midwest Bank & Trust, Elmwood Park, Ill., has been using letters from Santa for six years. The first two years, reports James J. Cannon, assistant vice president and director of community affairs, the bank issued some 2,000 letters annually. The only announcement of the availability of the letters was the Santa's mail box in the lobby.

The third year, the bank sent out statement stuffers announcing the service, which prompted a 50% increase in the number of people using the service. The fourth year saw another large increase in the number of letters picked up.

Total letters used the last two years

have hit 5,000 per year. That's because the bank started advertising the letters via stickers on statement envelopes.

Mr. Cannon terms the program "one of the top two goodwill programs the bank uses." He says customers stop in to remark how much they like the program and parents of the children receiving the letters often call the bank to tell how much they like the service. They sometimes relate the enthusiastic response of their children to the letters.

"Needless to say," Mr. Cannon says, "this has often resulted in new accounts for our bank."

National Bank of North Chicago, Ill., reports that it has used the letters for two years, averaging some 3,000 letters per season. Robert H. Niehe, president, says the response to the letters has been very favorable and that the use of the letters is termed a "very successful marketing effort" for the bank.

First State Bank & Trust, Franklin Park, Ill., has used the letters ever since the bank opened five years ago. About 1,200 letters were given out last year and the bank plans to continue their use.

Edward J. McNichols, president, says the promotion was "warmly received by both young and old, parents of young children and grandparents alike. It more than likely restored the belief of Santa Claus in some nonbelievers."

Citizens National, Chicago, has used the letters for six years. Last season it used 8,000 letters and plans to continue with the service. Louis E. Liguori, vice president and cashier, reports that people start to ask for the letters at Thanksgiving time. The bank has a policy of supplying postage for any letters not being stamped by the senders. According to Mr. Liguori, only 12 stamps per year, on the average, are supplied by the bank.

First National, Elgin, Ill., used the letters for two years, then discontinued

them, but not because they were not good for the bank. According to John M. Eshelman, advertising and public relations officer, the bank had a good thing going until the retail merchants in town purchased a similar service (although its letters were not postmarked from Santa Claus, Ind.). The letters were easily obtained from practically every business in town, Mr. Eshelman says, so the bank experienced a drastic cut in the number of letters picked up by customers. Despite this fact, the bank is considering offering the letters again this year.

Mr. Eshelman says the program had good public relations value to the bank and it was a good lobby traffic builder.

Occasionally, the bank will find that the Santa's post office in its lobby becomes the depository for letters to Santa, written by youngsters in the community.

Mr. Cannon at Midwest Bank says his bank is alert to this situation. "If the writer is unidentifiable or it looks as if the letter has been written with the help of the parents (neatness, spelling, etc.) we either post the letters on our employee bulletin board or give them to our local newspapers for feature articles.

"If the list of requests to Santa appears to have been written without the parent's knowledge . . . and the signature is identifiable, we contact the parents. Very often, this is the first the parents have heard of requests for certain toys that the child has never mentioned at home. You can imagine how much of a goodwill builder this is and what phone calls like this do to the 'stuffy old banker' image!"

Universal's Len Skora, who for many years has been in charge of marketing the Santa Letter Programs, says that their records indicate a high percentage of repeat sponsors. • •



# If your checkprinter is giving you Horse and Buggy marketing support, you're being taken for a ride.



That may sound like a pretty strong statement, but in today's competitive market, you should be getting the most professional and creative marketing support available. If your checkprinter hasn't kept pace with the times in this area, your check sales performance probably isn't what it could be. ■ At Harland, we place great emphasis on giving our customers the kind of marketing support that makes the most of their check sales efforts and helps them stand out from the crowd. Handsomely designed check sales materials by our national award-winning de-

signers, beautiful special purpose materials, and a proven and tasteful sales incentive program that has been enthusiastically received by banks and their customers all across the country. ■ Doing things this way means a lot more effort on our part, but it's worth it if we can make things easier for our customers. If your checkprinter isn't bending over backwards like this for you, give Harland a call.

**Because you need more, we give you more.**

PRINTING PLANTS: Decatur, Ga. (404) 981-1220/Greensboro, N. C. (919) 294-3560/Miami, Fla. (305) 624-1402/Nashville, Tenn. (615) 889-2053/New Orleans, La. (504) 254-0614/Orlando, Fla. (305) 851-0811/Richmond, Va. (804) 544-5451/St. Petersburg, Fla. (813) 527-5771/Cincinnati, Ohio (513) 793-7045/Columbia, S. C. (803) 796-0116/San Diego, Calif. (714) 279-0600/Houston, Texas (713) 781-2733/Jacksonville, Fla. (904) 725-5111/St. Louis, Mo. (314) 872-8115/Chicago, Ill. (312) 964-0953/Birmingham, Ala. (205) 879-2076/Gurabo, Puerto Rico (809) 737-2192/Boston, Mass. (617) 871-0463/Memphis, Tenn. (901) 397-2344.



**JOHN H. HARLAND COMPANY**  
**BANK STATIONERS**

P.O. Box 13085, Atlanta, Georgia 30324.

# Creative Christmas Toys

Four children's indoor and outdoor activities - watch them grow together at CNB.

**at Commercial National Bank**

**FREE** when you make a savings deposit of \$100 or more, or open a checking account with \$100 or more.

**First one FREE** when you make a savings deposit of \$100 or more, or open a checking account with \$100 or more.

**FREE** when you make a savings deposit of \$200 or more, or open a checking account with \$200 or more.

**FREE** when you make a savings deposit of \$500 or more, or open a checking account with \$500 or more.

**Commercial National Bank of Little Rock**

Head Office: 200 E. Main Street, Little Rock, Arkansas 72201  
 Little Rock Branch: 1000 N. Main Street, Little Rock, Arkansas 72201  
 Memphis Branch: 1000 N. Main Street, Memphis, Tennessee 38103  
 St. Louis Branch: 1000 N. Main Street, St. Louis, Missouri 63103

Full-page newspaper ads like this one were used by Commercial Nat'l, Little Rock, to tell public about bank's Creative Christmas Toys program.

## Christmas Toy Premiums Enable Little Rock Bank To Exceed \$1-Million Goal

WHEN Commercial National Bank of Little Rock entered the bank premium competition in November, 1973, a goal of \$1 million was set. Five weeks and approximately 1,000 accounts later, the bank had exceeded its goal. Additionally, the campaign stimulated excitement and greater customer awareness among the bank's staff members.

Jim Lake, marketing director, attributes the bank's success to three primary factors:

1. An unusual premium, one that had not been offered in the market before, was selected. The premium included 16 items from Creative Playthings and Montessori Creative Activities. The premium campaign was labeled Creative Christmas Toys. The toys were

obtained through J. Edward Connelly Co. of Pittsburgh and Educators Service Center of Little Rock.

2. The premium campaign capitalized on the seasonal application of toys as Christmas gifts, and the public responded overwhelmingly.

3. A generous amount of money was budgeted to advertise the program because television and print media advertising attempts would be made during the Christmas season when virtually every merchandiser in the country was competing for the consumer's attention and money. The advertising was prepared by the bank's ad agency, McLarty/Combs/Phelps of Little Rock.

The bank used newspaper and direct-mail advertising to get the complete information on the promotion to the public. Full-page ads were published in newspapers to announce the premium program, followed by half-page ads. The bank mailed 50,000 brochures describing the premiums and the program to Little Rock-area residents. In addition, TV and radio commercials and outdoor billboards were used.

The bank relied on newspaper ads and direct mail to inform the public about the program and TV commercials to do the actual selling.

"We had never worked with premiums before the toy offer," Mr. Lake said. "The bank had just begun to make significant plans to develop the con-

These attractive children, supplied by a Dallas talent agency, appeared in TV commercials sponsored by Commercial Nat'l, Little Rock. Youngsters demonstrated toys offered by bank in premium promotion. Several such toys are shown here.





# How many ways can you CUT a

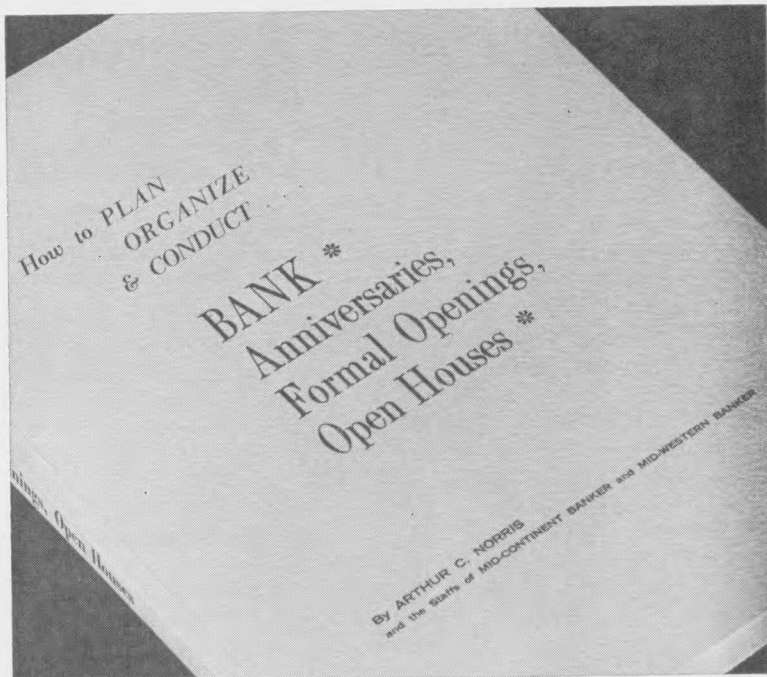
# RIB / BON?

**READ** our Bank Celebration book . . . and learn a score of publicity-spawning ways to conduct the traditional ceremony . . .

**SEE** how much news meat you can pack into the opening of a new or remodeled building or a new facility.

**LEARN** more than 50 different attention-demanding ideas that attracted crowds to actual bank celebrations . . . pulled hundreds of new customers . . . new accounts.

**ADAPT** any one of these ideas to your own needs to achieve a new approach, a novel twist that makes new business.



**BASED ON ACTUAL RESULTS** reported by hundreds of banks, our Bank Celebration book tells in 158 fact-packed pages . . .

## *How to PLAN, ORGANIZE and CONDUCT BANK ANNIVERSARIES . . . FORMAL OPENINGS . . . OPEN HOUSES*

**TWELVE CHAPTERS** and **EIGHT APPENDICES** jammed with **SPECIFICS** tell you from first step to final clean-up how to make sure **YOUR** Bank Celebration is a star-studded success . . .

. . . Order your copy today so you'll be ready to plan your celebration tomorrow.

By Arthur C. Norris  
and the  
Editors of Mid-Continent Banker  
and Mid-Western Banker

**Price: \$15.00**  
(Quantity prices available)

Order Now From

**MID-CONTINENT BANKER**

408 Olive Street • St. Louis, Missouri 63102

MID-CONTINENT BANKER for August, 1974

MID-CONTINENT BANKER  
408 Olive St., St. Louis, Mo. 63102

Please send us . . . . . copies of your bank celebration  
book at . . . . . each.

Check enclosed. \$ . . . . .

Name . . . . . Title . . . . .

Bank . . . . .

Street . . . . .

City, State, Zip . . . . .

(Check should accompany order. We pay postage and handling.  
Missouri banks please include 4% sales tax.)

sumer market, and we felt that a premium at that time (the Christmas season) would help us tremendously."

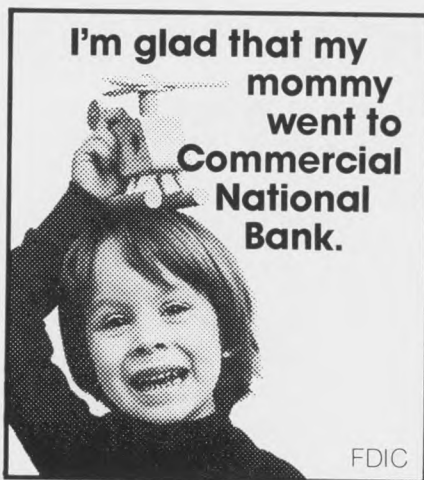
The premium effort surpassed its goals, producing over \$1 million of new business; 69% of the funds was in new money. Of this new money, 44% was in new savings accounts, and 25% was in new checking accounts. Forty-three percent of the transactions were made up of new accounts, 23% in checking and 20% in savings. The accounts averaged well over \$1,000, a rather surprisingly large size for premium campaigns.

The bank has retained approximately 80% of the accounts, making the campaign self-liquidating.

The premium offered a free toy to the customer who made a savings deposit or opened a checking account with a specified minimum amount. Subsequent minimum savings deposits (not checking deposits) entitled the customer to low purchase prices on other toys.

The 16 items included in the premium were selected from a larger group of toys by a panel of Little Rock teachers.

"They (the teachers) selected items they felt would be the most popular with children from the age of one year to the early teens," Mr. Lake said.



This is sample of "teaser" ads Commercial Nat'l, Little Rock, published in newspapers in connection with larger ads that fully described bank's Creative Christmas Toys promotion.

"They were enthusiastic about the premium offer since educational toys support learning programs in the local schools."

The items included a wooden airplane and helicopter, a see-through music box, finger puppets, an indoor gym, puzzle, an easel, picture-pasting set, Pachinko game, a Christmas book, block word game, a prism, a recorder, a large magnet, a geometric forms set and a growing seed game.

The bank donated a complete set of 16 items to the children's wards of Little Rock hospitals and to a local radio station's annual charity toy drive. ••

### Achievements of Students Honored by Local Bank

The achievements of the younger generation are being acclaimed by Citizens Bank, Jeffersonville, Ind., in a new program that calls for the bank to sponsor monthly display messages entitled "Salute to Clark County Teenagers."

The displays will feature profiles of outstanding high school students, citing their scholarly achievements, leadership, civic and student activities.

All featured students will be selected by the bank's student advisory board, which meets monthly during the school term. The board members will review applications of deserving students which will be submitted by the principals and faculty members of local high schools.

The program is designed to recognize the hard work students are doing and to make teenagers realize that society is pulling for them, rather than putting them down. The bank hopes the program will inspire more students to give to the community.



CONSIDER

Audibank®



*A Total Communication*

*Audio/Visual Training Concept for the Modern Bank*

- TELLER TRAINING • HOLDUP PROCEDURES • CUSTOMER SERVICE •
- CUSTOMER RELATIONS • POINT-OF-PURCHASE •

*Combined with the flexibility of the La Belle 16 mm projectors utilizing the snap-in COMMPAK cartridge, Audibank® provides the impetus for a more effective training program for both the small and large bank at an attractive price.*

CONTACT US TODAY FOR A NO OBLIGATION PREVIEW

FROM



**American Learning Systems**


1106 JEANETTE AVE., COLUMBUS, GEORGIA 31906  
(404) 327-2619

© 1970 American Family Cancer Plan, Inc.

Full-Time, Dedicated Representation needed



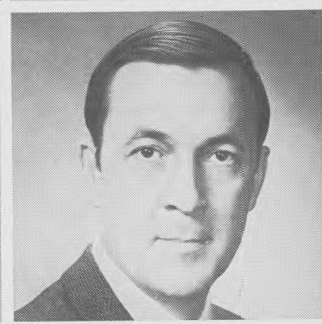
# "Week after week, you depend on one of our correspondent bankers. But a lot of people you never see are helping you, too."



George Dudley,  
Correspondent Division

Clockwise from top:

J. Walter Peniston  
William O. Weis  
William J. Fisher



"When a good customer asks for a lot of money, we can help.

We can help when a key employee leaves and you have to fill the position quickly; when you want to sell Fed funds; when you need checks collected—fast; when you want to buy bonds and treasury bills.

You want a correspondent banker you can depend on. And you want to know that the bank he represents is staffed with professionals in every department—people who

know how to solve problems like yours.

We've got really good people in our Correspondent Division. And we have hundreds of other professionals—behind the scenes—helping your First National correspondent help you."

**FIRST NATIONAL BANK**  
*of Kansas City, Missouri*  
a Charter Bank 

## Depend on The First People.

Member F.D.I.C.



# Banks Use Holidays As Promotion 'Hooks' To Garner Goodwill

By ARTHUR C. NORRIS, Contributing Editor



"ANY HOLIDAY offers a hook on which to hang a promotion." Such is the opinion of Mrs. Ethel L. Young, public relations manager for the National Association of Heritage Banks, whose headquarters are in Evergreen Park, Ill., a Chicago suburb.

The association is a loose organization of 14 banks located in suburbs south and southwest of Chicago. It provides marketing procedures, purchasing facilities and computer operations on a group basis.

"A typical promotion sponsored by several of our banks was one offering Thanksgiving turkeys as prizes," Mrs. Young said. "In this contest, children attending grade schools in the areas served by the banks were asked to write essays telling what they had to be thankful for at Thanksgiving. The children were divided into three categories: third and fourth grades, fifth and sixth; and seventh and eighth. Two turkeys were awarded to winners in each category."

To simplify the judging, teachers in each grade were asked to submit the half dozen best entries. From these a representative of the individual bank, assisted by Mrs. Young, selected the winners.

"The contest was completed in plenty of time for Thanksgiving," Mrs. Young pointed out, "so that it was with a real feeling of pride that the individual child was able to supply the turkey for the family's Thanksgiving day dinner."

Banks taking part in this contest (all in Illinois) and the number of schools participating were: County Bank, Blue Island, four schools; Heritage Bank, Crest Hill, two; First National, Lockport, four; and Olympia Bank, Chicago Heights, three.

To add to Easter festivities, Heritage Bank, Country Club Hills, conducted an Easter poster contest in which chil-

dren in the six upper grades of three schools were asked to illustrate the holiday. Prizes for the best posters were savings accounts at the bank ranging in value from \$5 to \$15. In all, 24 prizes were awarded for a total of \$225.

For the same holiday, County Bank, Lockport, and First Bank, Park Forest South, ran Easter egg decorating contests. Again the children competing were in the six upper grades and prizes were savings accounts at the banks.

On the Saturday before Halloween, Heritage Bank, Country Club Hills, and Olympia Bank, Chicago Heights, held pumpkin carving contests. Children were asked to carve pumpkins and bring them to the bank early that day for display in the bank. Just before closing, the entries were judged and prizes of savings accounts were awarded.

Other holiday tie-ins used by Heritage Banks are shamrocks given away at St. Patrick's Day, miniature American flags at July 4 and Valentines for the February event.

A fillip is added to the contests by photographing the winners at the school which has the largest number of participants. The pictures are submitted to local newspapers for publication—and publicity for the banks. • •

## Tree Decorating Contest

A Christmas tree decorating contest was used by Heritage Bank, Woodridge, Ill., last year to tie in with the holiday. Pupils from six schools competed by decorating trees at each school. Judging was based on beauty and originality. The winning school received a check for \$50 with which to buy something for the school, such as books for the library or an educational film.

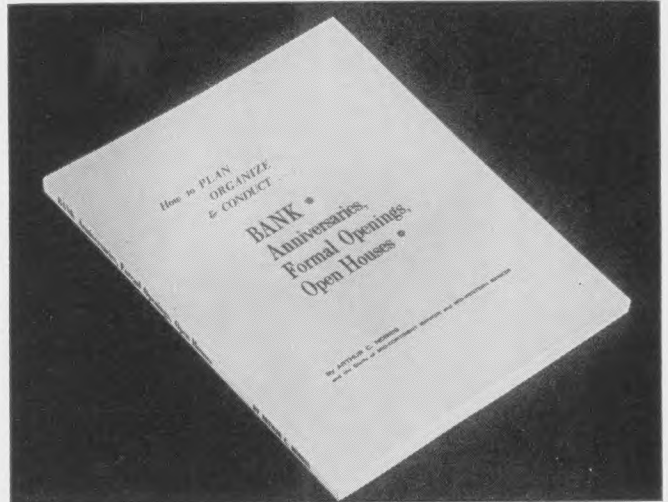


# The Financial Buyer's Guide

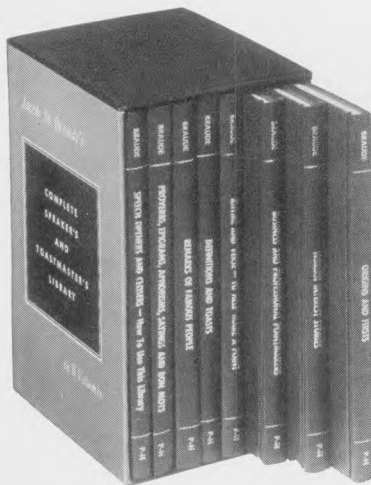
PRODUCTS • SERVICES • IDEAS



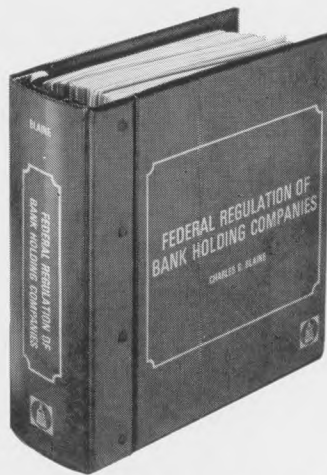
**LETTERS FROM SANTA.** Touch the soft spot of your customers and community. Colorfully illustrated letters from jolly old Santa himself, and personally addressed, will be delivered by the postman direct to the homes of your customer's young children, grandchildren, nieces, and nephews. A complete highly effective Public Relations program at very low cost. Easily customer operated. Used annually by many financial institutions. Texts of the letter assortments are varied each year. **UNIVERSAL SPECIALTY CO., INC.,** 180 No. Wacker Drive, Chicago, Ill. 60606. Orders should be placed now.



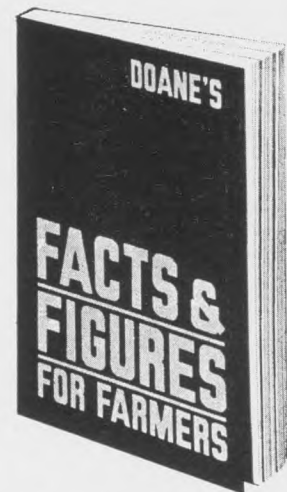
**HOW TO PLAN, ORGANIZE & CONDUCT BANK ANNIVERSARIES, FORMAL OPENINGS, OPEN HOUSES.** This book is actually a practical "how-to" manual that provides the banker with workable "formulas" for organizing and conducting any type of bank opening. Based on hundreds of successful openings, the book presents a planning approach, checklists of opening-day problems, as well as detailed plans (including budget samples) used in actual openings and anniversaries **\$15.00** postpaid. Send check to **MID-CONTINENT BANKER,** 408 Olive, St. Louis, Mo. 63102 (Missouri banks add 3% sales tax.)



**SPEAKER'S AND TOASTMASTER'S LIBRARY.** Used regularly by more than 30,000 accomplished speakers, professionals with national reputations. Thousands of fresh, original selections not found in other anthologies at any price. Arranged by subject category in eight volumes. Saves you 90% of normal "look-up" time. **\$29.50.** Send check to Commerce Publishing, 408 Olive, St. Louis, Mo. (In Missouri, add 3% tax.)



**FEDERAL REGULATION OF BANK HOLDING COMPANIES.** An exhaustive analysis of the Bank Holding Company Act of 1956, as amended, published by The Bureau of National Affairs. This reference material will prove indispensable to legal advisors, management of banks and bank holding companies. Contains 494 pages, indexed, loose leafed to accommodate supplements when available. **\$45.00.** Send check to Commerce Publishing Co., 408 Olive, St. Louis, Mo. 63102. (In Missouri, add 4% tax.)



**FACTS & FIGURES FOR FARMERS (AND BANKERS).** A complete reference source that will help the farmer (and his banker) calculate inputs, measure land, figure silo capacities, balance rations, calibrate sprayers, analyze budgets, estimate space requirements, machinery operating costs and capacities . . . to name just a few sections in the book. **\$6.95** postpaid. Send check to Commerce Publishing, 408 Olive, St. Louis, Mo. 63102 (In Mo., add 4 1/2% tax.)

MID-CONTINENT BANKER for August, 1974



# The Wall of Stainless Steel



## ...minus the extra cost!

### Just one reason you need Meilink Safe Deposit Boxes.

Economy! Meilink's unique construction technique gives you doors of stainless steel, but eliminates the added cost other manufacturers charge. And it's a door that doesn't tarnish or corrode.

Meilink proves a safe deposit box doesn't have to look like a box. That's why we offer a rich deep tone bronze finish, or natural satin finish on our stainless steel doors.



The exclusive continuous low profile design adds a contemporary appearance.

Inter-locking hinges afford a new dimension in security. Not to mention our rugged U.L. approved locks.

Try Meilink on for size. We can fit you perfectly in the six most popular opening sizes.

Fast delivery, too. Meilink Safe Deposit

Boxes are available to meet **your** schedule! If these aren't enough reasons to select Meilink, we can give you more.

Call or write today.

## Meilink

**BANK EQUIPMENT**

3100 Hill Avenue, Toledo, Ohio 43607  
Phone (419) 255-1000



---

## S&L Offers Buyers Service to Depositors of \$1,000

A special depositor incentive program has been inaugurated for State Mutual Savings & Loan Association with 12 offices in southern California.

According to State Mutual's advertising manager, Jeanne Minnick, the new program, called The Buyers Mart, is a special on-premises group service for depositors with a minimum balance of \$1,000. The Buyers Mart provides a professional purchasing adviser service for members that provides consumer education materials and on-premise buys on a wide range of products and services, including fleet-rate prices for automobiles and wholesale-plus buying for a broad range of merchandise from major appliances to sporting goods. The program also provides members with an ombudsman service as well as consumer alert information.

---

### What the Competition Is Doing

# Self-Liquidators Gain Favor With S&Ls; Items Under \$100 Are Most Popular

By **ARTHUR C. NORRIS**  
Contributing Editor

LIMITED by Federal Savings & Loan Insurance Corp. regulations in the amounts they may pay for premiums, more and more savings and loan associations are turning to self-liquidating incentive programs. They are doing this in order to make the truly attractive offers that bring deposits of substantial amounts through the door.

The question becomes how large a price tag can be placed on a self-liquidator without alienating the prospective depositor. In other words, where is the break-off point? When does a self-liquidator cease to be an asset and become almost a liability?

Two self-liquidating premium offers made by two S&Ls, one in St. Louis, the other in the Chicago suburb of Palatine, Ill., seem to show that for want of a more explicit cut-off figure it is best to stay below the \$100 mark if a self-liquidating premium is to move.

The experience of Lafayette Federal S&L, which has one office in downtown St. Louis and two others in suburbs, may be taken as reasonably typical. Shortly before Christmas, 1972, this S&L advertised in quarter-page newspaper space, "Big Savings on Great Gifts From the Lafayette Christmas Bag."

The ad pictured and described seven self-liquidator gifts ranging in price from \$5 to \$149. The opportunity to buy any one of the gifts at what amounted to the wholesale price could be obtained either by opening a new account for any amount or for an add-on deposit in any amount.

Frank Lewis, marketing officer for Lafayette, reported that neither the lower-priced items nor the highest-priced moved well. Most of the action was in a Bell & Howell autoloading movie projector priced at \$83 (retail value: \$124.95), Bushnell 7 x 35 extra-wide-angle binoculars at \$37 (retail value: \$69.50) and a Bell & Howell autoloading movie camera at \$42 (retail value: \$54.95).

Mr. Lewis considered it significant that a General Electric stereo system priced at \$149 (retail value: \$199.50) did not move well.

"The price just seemed to be too high," he commented. "About a year ago we offered a similar system for \$79 and moved a large number of them."

Items that did not move well were a 30 by 40 inch movie screen at \$7 (retail value: \$13.95), a candle art kit at \$5 (retail value: \$8) and a matched rod and reel at \$18 (retail value: \$32.50). Mr. Lewis decided that Christmas was a poor time to offer fishing gear.

As the basis for its Christmas gift program, Palatine (Ill.) Savings &

Loan made a survey of its customers to determine what they expected from a financial institution. The S&L discovered that its customers may be divided into two broad groups. James Schneider, vice president-marketing, named them the "confident decision makers" and the "industrious workers."

Those in the "decision" group tend to make large initial deposits, have college degrees and do their own investing. The "industrious worker" starts with a comparatively small deposit, but keeps adding to his account so that it grows over the years. He is not as confident in financial matters, seeks advice before making most major decisions and tends to save in order to buy a major appliance or an automobile. In the case of Palatine S&L, Mr. Schneider found that each group represents about 40% of its customers with the remainder sort of betwixt and between.

The problem in designing a Christmas gift program was to appeal to both major groups with one broad program. To do this the S&L designed a "wish-book" type of catalog in which gifts were offered that might appeal to both groups. By making a deposit, customers were given the opportunity to buy these gifts at the S&L's cost.

As a major gift and to draw attention to its catalog so that customers would leaf through it, the S&L selected a jade table that had a retail value of \$6,000. This table was given away

just prior to Christmas through a drawing. To take part in that drawing, the customer had to detach a coupon that was part of the inside back cover of the "wishbook" and deposit it in a box in the S&L's office. In detaching the coupon, it was difficult for the customer to avoid seeing at least some of the other merchandise offered by the S&L.

The "wishbook" catalog was prepared by John Plain Incentives, Inc., and larger merchandise items in the catalog were drop-shipped from the John Plain warehouse in nearby Chicago. To buy their Christmas gifts at wholesale prices, customers filled in an order form that was part of the catalog and brought the order into the S&L when making the required deposit.

In the catalog all gifts were given a cash value which was approximately wholesale and customers obtained the right to make these purchases at wholesale by making deposits according to the following schedule:

A \$25 deposit for each item valued at less than \$10; \$50 for items valued from \$10 to \$49; \$200 for items priced at \$50 or more. Customers could make more than one purchase from the catalog by making multiple deposits. In addition one item could be purchased for each \$100 of travel booked through the travel agency associated with the S&L.

Some of the typical items in the catalog: a hand-carved chess set and mosaic chess board at \$80; 24 items of costume jewelry ranging in price from \$3 to \$85; half a dozen toys at \$1 to \$3; a blender at \$23; a folding bicycle at \$47; binoculars at \$28.

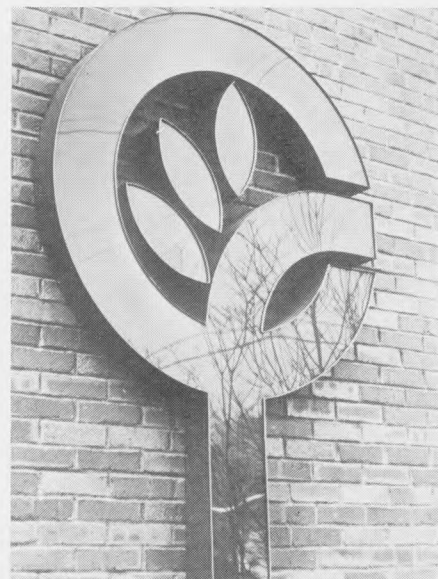
Again it was the lower priced items that "sold" best. Palatine S&L received more than 2,000 orders for inexpensive jade jewelry and more than 800 toy orders. In contrast, only 12 orders were received for a combination table tennis and pool table complete with balls and cues that "sold" for \$105. • •

*'Service Tree' Design:*

### Bank Logo Judged Best In Graphic Design

Citizens Fidelity Corp. of Louisville's "service tree" logo was judged best graphic design by the National Electric Sign Association at its convention in Washington, D. C. The annual NESAs competition judges each entry's creativity, design, readability, installation and function in one of four categories: free standing, fascia, storefront or graphic design.

Citizens Fidelity's "service tree" was



judged the electric sign that "best stresses the importance of symbols and graphic design in the overall message."

The logo—designed in 1970 by John DiGianni, creative director, Gianninoto and Associates—incorporates the concept of growth by the service tree shape of "CF," further enhanced by three leaves. It's now used extensively by the HC with its bank branch time-and-temperature signs, advertising and news releases.

Within six months after it was introduced four years ago, the logo was found to be the second most-recognized symbolic logo of any Louisville-based firm, according to a corporation spokesman.

*A Bus Booster:*

### Transit Tickets Sold By Tennessee Bank

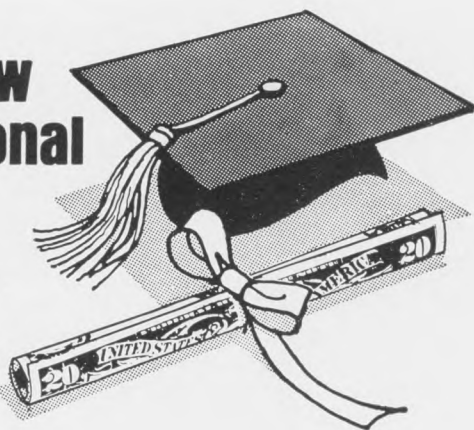
In an effort to help reduce auto traffic in Chattanooga, Tenn., American National—in cooperation with the Chattanooga Area Regional Transit Authority (CARTA)—has begun selling and distributing new CARTA discount bus tickets.

The new ticket strips offer a rider a 50¢ discount when he or she buys a strip of 10 tickets for \$3.50. The regular cost is \$4 for 10 commuter fares.

American National's president, John P. Wright, said his bank is pleased to assist CARTA in encouraging area residents to use the new transportation service. Robert S. Ronka, CARTA's general manager, lauded the bank for its willingness and cooperation and pointed out that if the environment is to be improved and energy conserved, what are needed are the community's involvement and the private sector's leadership such as that exemplified by American National.

## The know how for professional financing programs...

**KCIC has it.**



We give you the whole thing. Our skilled personnel present a comprehensive plan that helps consumer credit departments solicit mobile home dealers, follow correct finance procedure, collect delinquent accounts, handle and compute insurance, process claims, and counsel personnel. We also have a claims department that handles repossessions, resale, and salvage. And we give the lender complete security against repossession loss. Contact us for help in setting up a complete, professional financing program. Or send for our free booklet.

**KCIC** **KEYSTONE CREDIT INVESTORS CORPORATION**  
**CIA** **A JAMES COMPANY** • P.O. Box 1675, Harrisburg, Pa. 17105, (717) 761-6820  
 Oklahoma Branch Office: 700 LVO Enterprise Building, Tulsa, Oklahoma 74103, (918) 587-2444



**There's just one class service on Ozark now; and since the keynote is comfort, we call it Comfort Class.**

That means when you board an Ozark Air Lines flight, you'll find bright, colorful new interiors, lots more legroom, and one-class service that provides the same comfort, convenience, and attention no matter where you sit. On our DC-9 jets, when a center seat is not in use, the back pulls down to become a table. And on many flights you're served a meal and refreshments ... sometimes a wine-basket snack, sometimes dinner with international cuisine. Service and comfort? You get a lot of both on Ozark Air Lines.



# COMFORT CLASS: we're big on that

Call your travel agent or

**OZARK**   
**AIR LINES**

# Christmas Selling/Marketing Ideas

*In Decatur, Ill.*

## Kids Can Phone Santa On Millikin Nat'l Line

Almost 1,500 children from Decatur, Ill., and surrounding areas had an opportunity to chat with Santa prior to last year's Christmas holidays, thanks to Millikin National and the Decatur Jaycees, joint sponsors of "Santa-Phone."

For a five-day period, squads of 15 Jaycees manned the desks at the bank after hours to handle the incoming calls from children. The bank ran newspaper advertisements and radio spots to promote the service, using the bank's own telephone number. Bank staff administered the service and manned the switchboard.

As an indication of the popularity of Santa-Phone, one resident of nearby Mount Zion, Ill., whose phone number happens to be the same as the bank's (but on a different exchange), said he

received so many calls from children who had neglected to dial "1" to get through to the bank that he had to take his telephone off the hook. He was concerned that children failing to use the proper dialing procedure didn't get to talk to Santa because his line was busy.

"Santa-Phone" is an annual affair in Decatur—one that makes the kids feel appreciated and makes many adults feel useful as stand-ins for busy Santa.

*In Kansas City*

## Bannister Bank Holds Drawing For World's Largest Stocking

What child wouldn't want to take home Santa's largest Christmas stocking? Bannister Bank, Kansas City, created the stocking and filled it with toys, games and holiday items.

Children's names were placed in a hopper and Santa, played by a Kansas citizen, drew the winner's name. The winner happened to be four-year-old



Christina Stuart, who hurried over to the bank to claim her prize and have a nice chat with Santa.

Judging from the size of the stocking and the size of Christina, Santa must have been prevailed upon to deliver the gift with the help of his trusty reindeer.

Holding the stocking in the photo is Charles C. Brewer, Bannister Bank president.

*In Texas*

## Living Christmas Trees Decorate Bank's Lobbies

Bringing an old custom up to date, National Bank of Commerce, San Antonio, Tex., decorated its lobbies with living Christmas trees last year.

The holiday decorations tied in well with the bank's earlier giveaway of some 2,500 Loblolly pine trees and give credence to the bank's statement that "trees are nice to have around."

The Christmas trees were 12-foot-high Norfolk Island pines and were decorated with balls, butterflies and ornamental rope—but no lights in deference to the energy crisis. Each redwood tub holding a tree bore a sign stating, "This is a living tree."

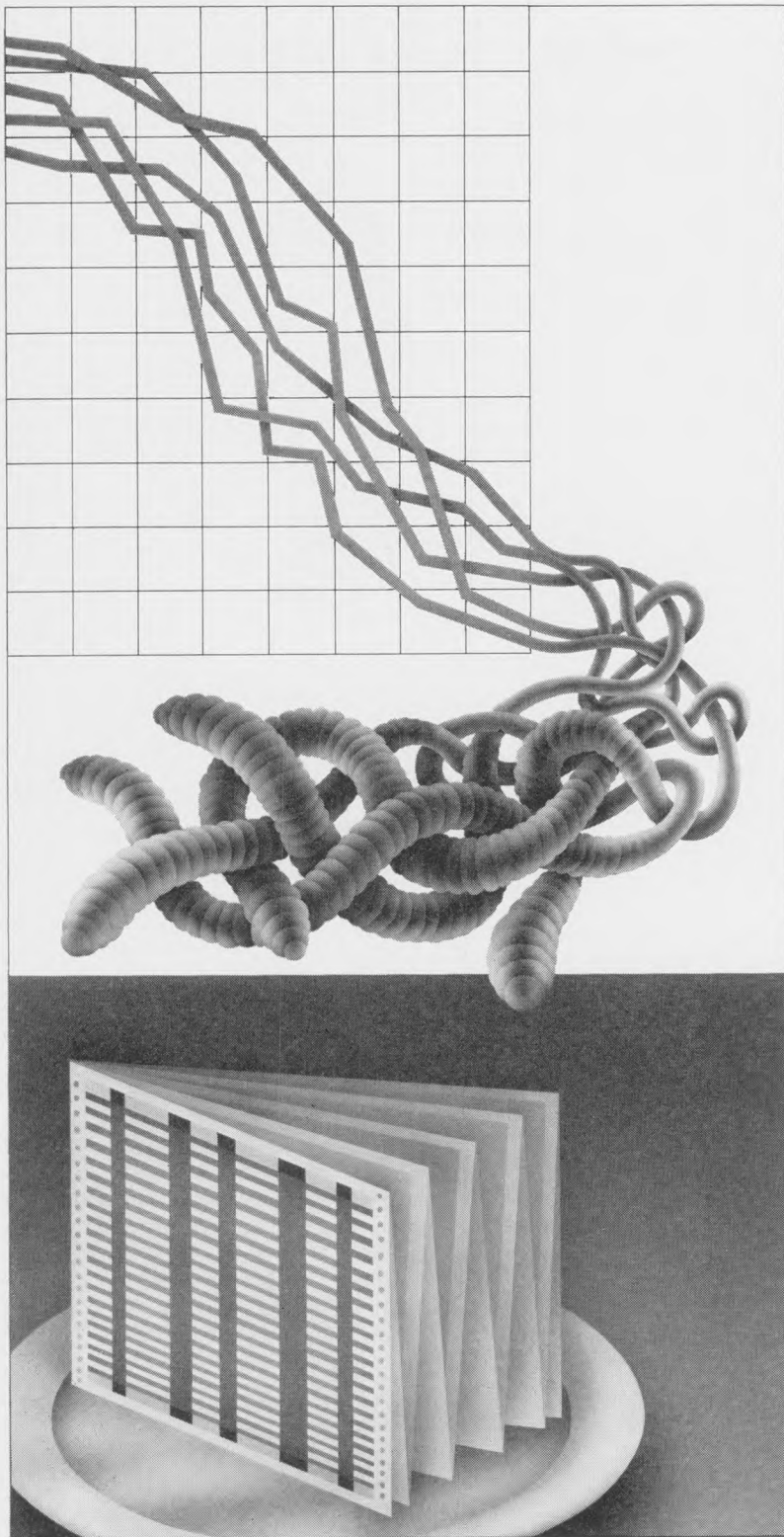
The bank is expected to repeat the living Christmas tree decorating project this year.

## Bank Underwrites 'Nutcracker' Ballet



Four performances of Tchaikovsky's Christmas ballet "Nutcracker" were underwritten for the children of Little Rock last December by First National. Dress rehearsals were reserved for the underprivileged and elderly. Participating were guest stars from the New York City Ballet Co., members of the Little Rock Civic Ballet, the Arkansas Symphony Orchestra and more than 200 Arkansas performers.





Keeping track  
of your bond  
portfolio can be  
a can of worms or  
a piece of cake.

It all depends on  
who's serving you.

So many solid investments are taking a bumpy ride these days, it's good to have the services of Bank of the Southwest.

We can provide you with monthly portfolio analysis and reports on which to base your judgment.

We know the market. And we know what our correspondent banks need to keep their bond portfolios up-to-date.

Here's a sample monthly menu: An analysis of your portfolio, a maturity listing and security inventory, our maturity analysis, monthly interest accrual, and premium and discount calculations.

In fact, you get everything you need to make today's close decisions in risk and liquidity management and cash position planning.

And, for dessert, we'll save you time and money by eliminating bond ledger posting.

So, if it seems like you've got too much on your plate, call Roy Caughfield, manager of our Correspondent Banking Department, at (713) 225-1551 and share some with him. Or drop us a line.

We want to hear your ideas. Because, at Bank of the Southwest, we bank on your ideas.



# Bank of the Southwest

910 Travis Houston, Texas 77002 Member Southwest Bancshares, Inc. Member F.D.I.C.

MID-CONTINENT BANKER for August, 1974

79

# New and Better Ideas in Christmas Clubs!



Renew your subscribers automatically with our new Account Retention Program. Let this computerized plan slash your renewal costs and efforts to a minimum. Now is the time to act! Don't get stuck in the revolving door of opening and closing Club accounts.

Call your nearest Cummins-Allison branch office. Or send the coupon below to Allison Division, Cummins-Allison Corp., P. O. Box 102, Indianapolis, IN 46206. Write the payment coupon experts today!

Have a Cummins-Allison representative contact me about:

- All-Purpose Clubs
- Account Retention Clubs
- Perforated     MICR     OCR
- Coordinated Promotional Material

Name \_\_\_\_\_

Company \_\_\_\_\_

Title \_\_\_\_\_

Address \_\_\_\_\_

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

34-165

**CA CUMMINS**  
CUMMINS-ALLISON CORP.

## Bank Staffers Make Gifts For Kids' Christmas Party

In an effort to extend the true meaning of Christmas last December, Frost National, San Antonio, Tex., entertained 150 boys and girls at a special party held in the bank's restaurant. The children were from various welfare-supported homes.

Refreshments were served and children and bankers participated in a sing-along of carols. Santa made a visit and gave each child a dressed doll or model airplane.

The dolls were dressed during the bank's seventh annual Dress-A-Doll contest, with staff members doing the sewing. Staff members also assembled and painted the model airplanes.

Both dolls and planes were displayed at the bank prior to the party and a panel of judges selected the three best in each category and awarded cash prizes to the winning staff members.

*For Banks:*

## Novel Twist Featured On Christmas Cards

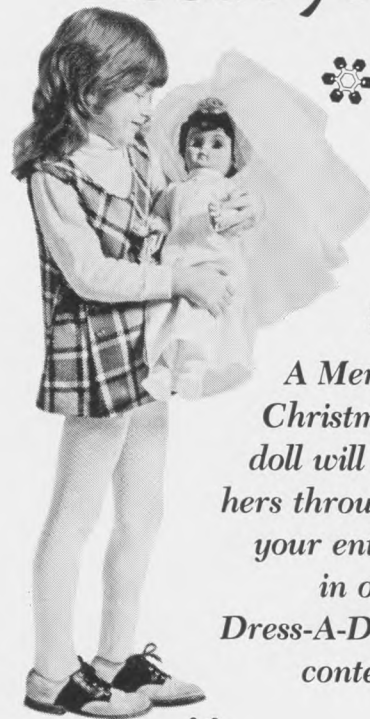
Christmas cards with a novel twist have been designed as good-will builders for banks by Thayer Advertising Co., Blackwood, N. J. On the face of the cards are a variety of wintry and Christmas-type scenes. Inside these 8 x 6½-inch cards, which fold to 8 x 3¼ for mailing, are a number of different messages conveying seasonal greetings. In addition, the cards contain two punch-out, wallet-size calendars for the following year.

On the back of one of the calendars is a "Handy Reminder for Gifts for Her," which includes "Her" identification chart together with her garment sizes. In addition, space is provided for all numbers needed in a credit-card society ranging from checking-



Scene above is just one of the various designs available on a series of Christmas cards designed especially for banks, and offered by Thayer Advertising Co., Blackwood, N. J. The cards are designed with a novel twist and are marvelous good-will builders which show "Thanks" and "Appreciation" to each and every customer of a bank.

# Her Christmas needs you



*A Merry Christmas doll will be hers through your entry in our Dress-A-Doll\* contest.*

\*TRADEMARK © Copyright 1972 by Richard Stebbins and Associates, Inc.

Portion of folder announcing Dress-A-Doll contest. Dolls were given to children of needy families by Frost Nat'l, San Antonio.

account number to blood type and hospital insurance number. The second calendar back provides space for similar information about "Him." Space is provided for bank name and address imprint.

Officials of banks using the greeting cards are convinced they are unusually effective goodwill builders. Noland



Road Bank, Independence, Mo., has been using the cards for more than five years and—through statement mailings and over-the-counter distribution—gives out more than 20,000 every year-end.

“Every one likes to have a calendar in his wallet or card case,” commented Allen Lefko, Noland Road president. “We have found that our customers have come to look for them each year. Incidentally, at Christmas, 1973, we were unable to obtain our usual supply of wall calendars because of the paper shortage and found the calendars in our greeting cards a means of meeting this lack.”

First National, Marianna, Ark., has been using the greeting card/wallet calendars for more than 10 years. “We have been using them so long,” said Leon C. Castling, president, “that our customers no longer comment on them; they have come to be expected. We know that the calendars are retained because we have seen customers refer to them in the bank in writing checks or making note payments. We distribute about 5,000.”

## Bank Hosts Kids at Christmas Movie Party



Some 1,200 youngsters were guests at Main Bank of Chicago's 21st annual Christmas Movie Party last December. The party is held at a nearby theater and is given each year for neighborhood children. Tickets are distributed through local schools. Each child received a gift piggy bank.



## You'll like our ways of saying "THANK YOU"

Thayer greeting cards extend personalized Holiday Greetings to your customers. These goodwill builders express "Thanks" and "Appreciation" for being given the opportunity to be of service during the year and help you to continue a good and lasting relationship.

Several exciting and colorful designs to choose from . . . each with an appropriate message of the season. Your Bank Name is imprinted on a punch-out calendar of the coming year, which your customer may retain in his or her wallet . . . thus bringing your name to their attention all during the year.

Inquire about "Customer Appreciation" from THAYER . . . Now!

*Account Executives in all major cities.*

**THAYER ADVERTISING CO.** P. O. Box 100 • Blackwood, N. J. 08012  
Phone—609-227-7100

## Young Bank Officers Of Kansas to Meet In Salina Sept. 12-13

SALINA, KAN.—The Young Bank Officers of Kansas' annual meeting September 12-13 will feature an educational program on bank management. Headquarters will be at the Hilton Inn here. Terry Odle, vice president, First National, Salina, is convention chairman.

The educational program will be conducted for YBOK members all

afternoon September 12 by Dr. Mike Mescon, Georgia State University, Atlanta. Dr. Mescon is an instructor at the Stonier Graduate School of Banking, Rutgers University, New Brunswick, N. J. He also will conduct an educational program on bank management for YBOK members and their wives the morning of September 13 following separate breakfasts for men and women.

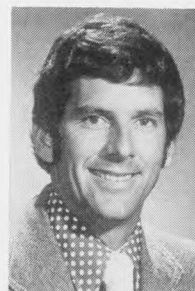
The meeting will get underway—following registration—with a noon buffet luncheon September 12. With 294 members, the Young Bankers' organization hopes for a registration of



ESMOND



GLASS



BRADLEY



LENNON

200. That afternoon, there will be special entertainment for the women. In the evening, there will be a dinner at the Salina Country Club, with entertainment by Tony DiPardo and his orchestra and Paul Lennon, a singer and comedian. Mr. Lennon will be en route to the State Fair at Hutchinson, where he will be one of the entertainment stars.

A luncheon and closing business session are planned for noon September 13.

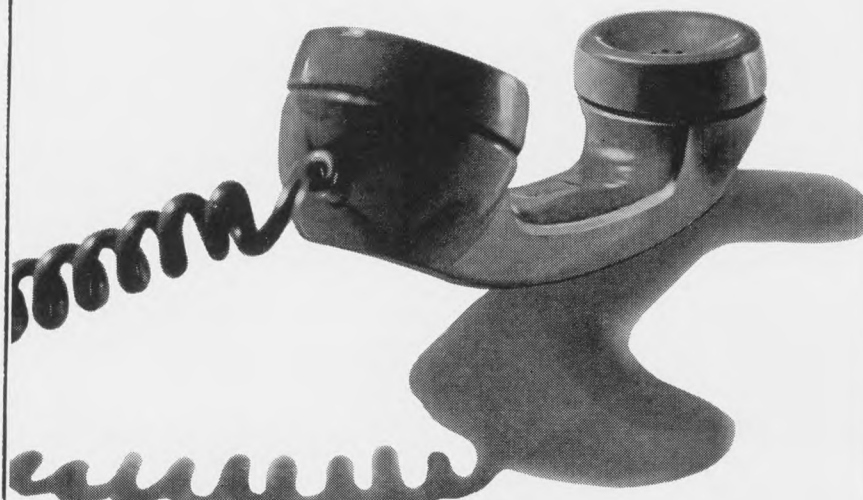
**YBOK Officers.** Officers of the Young Bankers are: president, Dale Esmond, executive vice president, Farmers & Merchants State, Derby; president-elect, Michael G. Glass, vice president and cashier, Southwest National, Wichita; and secretary, Dale Bradley, executive vice president and cashier, Citizens State, Miltonvale.

*Mr. Esmond* entered banking in 1957 at Security National in his native Sapulpa, Okla. He went to Lawrence (Kan.) National in 1962 and to Emporia (Kan.) State in 1967. He left there in 1971 to join the Derby bank as executive vice president. He also is a director of the bank. In addition to his banking activities, Mr. Esmond is an officer of several Oklahoma and Kansas firms.

*Mr. Glass* joined Southwest National in 1955 as a mail clerk while still in high school. He did auditing on a part-time basis in the winter and full time in the summer while attending the University of Wichita, 1957-61. After a two-year army stint, he returned to Wichita in 1963 to become auditor of Southwest National. He was promoted several times and was named vice president and cashier in 1967.

*Mr. Bradley* was a teacher and coach

# Call Karen



# Anytime!

Just dial... 1-816/233-6141

Karen Huber, our farmer's daughter, is secretary of our Agriculture/Correspondent Department. She'll put you in touch with our All Americans. Men like Vern Whisler, Don Folks, Francis Esely and Larry Morrow. These men know the score and will be welcome additions to your team.



**Agriculture/Correspondent Department**

Donald D. Folks Francis Esely  
Vernon Whisler Larry Morrow

St. Joseph, Mo. 64501

An AMERIBANC Bank

Member FDIC



six years before entering the banking and insurance fields. He has been in the latter two at Citizens National the past nine years. He is immediate past president, Central Kansas Chapter, Bank Administration Institute, and just recently was named to a two-year term as a state director of the BAI.

## **T&L Funds' Conversion To Other Accounts Planned by Treasury**

**T**AX AND LOAN accounts at commercial banks will be reduced by about \$1 billion this fall when the Treasury Department converts this amount into interest-bearing time certificates. The \$1-billion conversion will represent about 20% of the average \$5 billion annual balance in T&L accounts. The largest impact is expected to be on big money center banks, which traditionally get the bulk of such funds.

Under the new plan, the Treasury will auction up to \$1 billion of \$100,000 denomination nonnegotiable certificates to banks to replace funds idle in the system. Bids for the funds probably should be higher than a Treasury short-term bill rate, but also would reflect the worth of the converted deposits to banks, department officials said.

These officials said that in other efforts, the department would try to continue a program to keep balances in the Federal Reserve System "just as high as we can."

The Treasury also will seek legislation to substitute fees for balances in exchange for such bank services as selling Treasury bills and U. S. savings bonds.

The Treasury's action resulted from a 30-page study the department made of the T&L system, through which banks collect corporate taxes for the Treasury. Although the T&L system is of major importance to managing the money supply and is "a highly efficient collection system," its cost to the government far exceeds the value of services provided by the nation's banks, according to the report.

Under the system, about 13,000 banks act as depositories for business and corporate tax payments and have free use of the deposits until they are drawn down by the Treasury through the Federal Reserve System. The Treasury study said that the average time a bank holds such a deposit is 10 days.

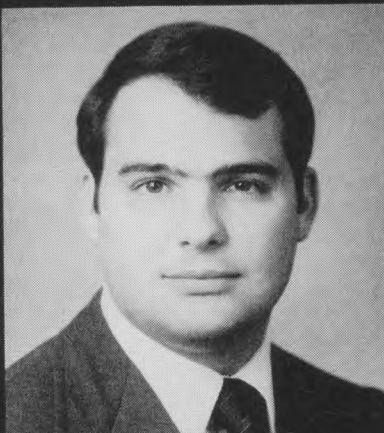
Banks pointed out that in return for use of Treasury funds, they perform a variety of services for the government, including handling of U. S. savings

bonds and other Treasury securities and the cashing of Treasury checks. Banks surveyed by the Treasury for the report also listed as voluntary services sale of commemorative coins, issuance of food stamps and distribution of income tax forms. However, the Treasury said that in many cases, these services were erroneously claimed and in other instances were of little significance.

The report estimated that banks made \$300 million over the cost of services performed during an average recent year and that 600 large banks that formed the basis for the study earned \$170 million.

Not all, or even part, of these earnings may go to bank profits, the report said, because banks instead may pass along earnings in lower costs to customers or may permit the Treasury to borrow funds in the market more cheaply. In a revised system, it continued, banks still would have to be permitted some profit to make collections worth their while.

ABA President Rex J. Morthland said his association will be studying the report closely and looks forward to cooperating with the Treasury in establishing a schedule of realistic allowances and fees, which, he added, is at the heart of the entire proposal. • •



**Let our  
billion dollar  
organization  
help your  
bank profit.**

**Call Les Johnson, a member  
of our correspondent  
banking team.**

### **First Alabama Bancshares, Inc.**

**Affiliate Banks:**

**The First National Bank of Montgomery  
Exchange Security Bank, Birmingham**

**The First National Bank of Huntsville**

**The City National Bank of Tuscaloosa**

**The Dothan Bank and Trust Company**

**The Selma National Bank**

**The First National Bank of Athens**

**The First National Bank of Bay Minette**

**Citizens Bank of Guntersville**

**American Bank & Trust Company,  
Hartselle**



Principals on platform at Mercantile Trust baseball party bullpen session were (from l.) Arnold R. Weber, provost, Carnegie-Mellon University; Donald E. Lasater, ch., Mercantile Trust; and James A. Smith, v.p. and head of the correspondent department, Mercantile Trust.

21st Year:

## Baseball, Food, Banking Combined by Mercantile At Correspondent Party

**B**ANKING, food and baseball always make a good combination. St. Louis' Mercantile Trust has been promoting the combination for 21 years as a way to entertain some 1,500 correspondent bankers from both sides of the Mississippi River.

This year's sessions, held on consecutive days in June, saw the St. Louis Cardinals beat the Pittsburgh Pirates the first night, but not the second. Prior to the game, bankers received reports on the status of baseball and

sports in general from Jack Buck, known as the voice of the Cardinals. And prior to that, they were given the outlook for banking in the Midwest by Donald E. Lasater, Merc chairman, and were told how economic policy is made in a tongue-in-cheek, yet informative, talk by Arnold R. Weber, provost, Carnegie-Mellon University and dean of the Graduate School of Industrial Administration.

Mr. Lasater said that banking has become multinational in scope, and,

thus, banking must be concerned with world problems and their solutions. He said there is concern regarding the effect the policy of Arab nations has in lending their dollars on a short-term basis, while banks are lending that money out on a long-term basis. This concern, he said, has put the spotlight on capital adequacy, especially since the situation at Franklin National in New York has been made public.

A tradeoff is in the making, he said, regarding restrictions on U.S. banks operating abroad and foreign banks operating in the U.S. Domestic banks are reluctant to curtail operations of foreign banks here because they don't want their operations abroad to be curtailed in any retaliatory action. If foreign banks are free to operate across state lines, then domestic banks can expect the same privilege.

He said that banks have lost a portion of the marketplace to non-bank competitors, such as Sears, Roebuck. The non-bank competitors, Mr. Lasater said, were behind the pressure on the Missouri legislature to enact legislation to restrict growth of holding companies because the initiative petition of the Missouri Independent Bankers contained sections that would have severely limited non-banking competitors. The initiative would have been placed on the ballot if the legislature had not acted. Thus, the major pressure to enact the compromise holding company bill was not from the holding companies, as many thought, but from non-bank competitors.

He said the policies of regulatory



LEFT: Richard R. Bacon (l.), a.v.p., host bank, chats with David E. Troesser, cash., and Ralph Bailey, pres., Heritage Bank, Loose Creek, Mo., at Mercantile Trust correspondent party. RIGHT: John W. McClure

and his wife (he's a correspondent bank officer for Mercantile Trust) are pictured with R. Marion Lucas, cash., and Donald V. Truitt, pres., both of First National, Montgomery City, Mo.

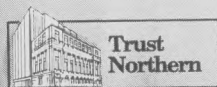




You're thinking beyond the routine  
correspondent assistance you're getting now.  
You expect prompt, thorough,  
professional service. And you deserve it.

Carry that thinking further.  
Bring your future to us.  
**THE NORTHERN TRUST BANK**

50 South LaSalle Street at Monroe • Chicago 60690 • (312) 346-5500 • Member F.D.I.C.



agencies will be a more important factor in determining future bank policy rather than the legislature. He cited the turn-down the Fed gave Commerce Bancshares regarding its application to acquire First National of Linn Creek, Camdenton, Mo., as an example of the influence regulatory agencies are exerting in their attempt to prevent HCs from overpowering independent banks. Independent banks can stand up to HCs, he said. There is no cause for worry that the HCs will offer free services that will put the independents out of business.

He cited the loan production office in Kansas City, a subsidiary of First National, Chicago, as an example of progressive banking. That office shows how productive a bank can be, he said. He called on all bankers to serve their communities better, so that Missouri can keep pace with national growth. We are here to be measured and the people are judging us severely, he said.

Dean Weber, following a humorous recital of the basic principles of how government establishes economic policy, stated that government policy will be formulated to kill off inflation for the rest of this year. This means, he said, no tax cut, a continuance of tight money, futile efforts at trimming the national budget and considerable jaw-

boning attempts to get business to halt the price spiral and labor to temper its wage demands.

However, he added, this policy will be eroded by rising unemployment, the social consequences of a no-growth economy, the coming election and the effect of the impeachment process.

By next spring, he said, government policy will forsake price stability and lean toward growth. He predicted that inflation would be reduced to the 7% level. • •

#### *At Bank of America:*

### **Facts About Bank Programs Given to New Customers**

Bank of America has released a new booklet clearly explaining charges and conditions for its checking, savings and time deposit accounts. It will be given to all new deposit customers.

Entitled "The Facts About Bank of America's Checking and Savings Programs," it explains in layman's language banking topics that can be confusing, such as service charges, interest computations and deposit and withdrawal restrictions.

"There are other possible ways to dispel the confusion about these terms

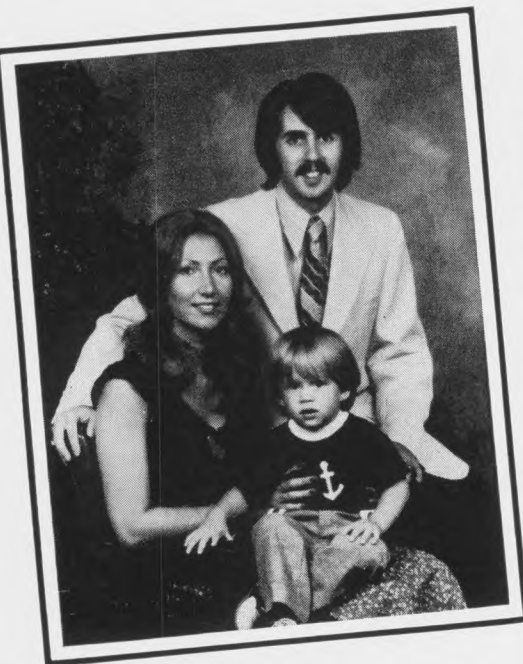
and conditions," said James F. Langton, senior vice president and head of the bank's social policy department. "But in our opinion the cornerstone will be this written 'rules-of-the-game' pamphlet."

John Nachtrieb, vice president of marketing, said the booklet was recommended by a task force of 25 bank officers who studied several consumer issues during 1973. Although it was approved and prepared last fall, the printing was delayed to include the terms and charges of the bank's recently announced All-in-One package checking service, he said.

■ **STOCKHOLDERS** of Houston National Co., parent firm of Houston National Bank, have voted to approve a plan to merge with Republic of Texas Corp., Dallas, a new multi-bank HC. The latter is the parent of Republic National, Dallas.

■ **COLONIAL NATIONAL**, San Antonio, has opened with Robert T. Huthnance as president, Eugene A. Wink Jr. as vice president and cashier and Leighton E. Brown as vice president. The new bank belongs to Frost-Bank Corp., a San Antonio-based multi-bank HC, whose lead bank is Frost National.

## *Let your customers know you feel they're Special People*



When a customer chooses your bank, it's because he feels confident in your services. Now you can let your customers know you appreciate their confidence by giving them a personal gift — a professional, 8x10 Natural Color family portrait through our Depositors Portrait Service.

The finished portrait, worth up to \$25 in many studios is FREE to your customers. For you there is only one \$250 service fee, no matter how many portraits are taken. We handle all technical details and furnish everything you need for the promotion. In addition to being unique as deposit premiums, portraits are excellent in public relations programs.

FOR ADDITIONAL INFORMATION, CONTACT

MR. T. C. RIGGINS (314) 231-1575

OR WRITE TO:

MR. T. C. RIGGINS

DEPOSITORS PORTRAIT SERVICE INTERNATIONAL

1706 WASHINGTON AVE.

ST. LOUIS, MO. 63103



a division of

CHROMALLOY  
PHOTOGRAPHIC  
INDUSTRIES

**DEPOSITORS PORTRAIT SERVICE INTERNATIONAL**



**Only one major bank in Michigan  
has been continually serving  
the financial needs of its customers since 1849.  
That bank is Detroit Bank & Trust.  
This statement reflects its 125 years of solid growth.**



**DETROITBANK CORPORATION**

**Consolidated Statement of Condition, June 30, 1974**

**ASSETS**

Cash and Due from Banks . . . . .	\$ 409,430,992
United States Treasury Securities . . . . .	286,172,286
United States Government Agency Securities . . . . .	40,264,356
State and Municipal Securities . . . . .	425,190,286
Other Securities . . . . .	9,607,308
Trading Securities . . . . .	34,857,383
Total Securities . . . . .	<u>796,091,619</u>
Federal Funds Sold and Securities Purchased Under Agreements to Resell . . . . .	<u>11,250,000</u>
Commercial and Consumer Loans . . . . .	1,078,507,826
Real Estate Mortgage Loans . . . . .	678,326,552
Total Loans . . . . .	<u>1,756,834,378</u>
Premises and Equipment . . . . .	28,448,478
Customers' Liability on Acceptances . . . . .	17,511,969
Accrued Income Receivable and Other Assets . . . . .	42,054,357
<b>TOTAL</b> . . . . .	<u><u>\$3,061,621,793</u></u>

**LIABILITIES**

Demand Deposits . . . . .	\$ 716,702,061
Savings and Personal Time Deposits . . . . .	1,306,176,961
Other Time Deposits . . . . .	387,695,775
Total Deposits . . . . .	<u>2,410,574,797</u>
Federal Funds Borrowed . . . . .	99,585,000
Securities Sold Under Agreements to Repurchase . . . . .	234,032,625
Other Borrowed Funds . . . . .	29,087,119
Unearned Income . . . . .	19,592,246
Liability on Acceptances . . . . .	17,511,969
Accrued Expenses and Other Liabilities . . . . .	36,273,071
Total Liabilities . . . . .	<u>2,846,656,827</u>

**RESERVE**

Reserve for Loan Losses . . . . .	<u>27,347,741</u>
-----------------------------------	-------------------

**SHAREHOLDERS' EQUITY**

Preferred Stock—No par value . . . . .	—
Authorized 500,000 Issued . . . . .	—
Common Stock—\$10 par value . . . . .	33,704,830
Authorized 4,500,000 Issued 3,370,483 . . . . .	—
Capital Surplus . . . . .	125,000,000
Retained Earnings . . . . .	<u>33,387,637</u>
	192,092,467
Less: Treasury Stock—115,568 shares at cost . . . . .	<u>4,475,242</u>
Total Shareholders' Equity . . . . .	<u>187,617,225</u>
<b>TOTAL</b> . . . . .	<u><u>\$3,061,621,793</u></u>

On June 30, 1974, securities having a par value of \$138,625,000 were pledged where permitted or required by law to secure liabilities and public and other deposits totaling \$84,168,475 including deposits of the State of Michigan of \$17,475,513.

**BOARD OF DIRECTORS**

- |                                                                                                   |                                                                                             |
|---------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| <b>E. A. Cafiero</b><br>Group Vice President<br>North American Automotive<br>Chrysler Corporation | <b>Walter B. Ford II</b><br>Chairman of the Board<br>Ford & Earl Design<br>Associates, Inc. |
| <b>Walker L. Cisler</b><br>Chairman of the Board<br>The Detroit Edison Company                    | <b>Edward J. Giblin</b><br>President<br>Ex-Cell-O Corporation                               |
| <b>Frank A. Colombo</b><br>Executive Vice President<br>The J. L. Hudson Company                   | <b>William E. Grace</b><br>Chairman of the Board<br>Fruehauf Corporation                    |
| <b>Rodkey Craighead</b><br>President                                                              | <b>William B. Hall</b><br>Retired Executive Vice President—Detroit Bank & Trust             |
| <b>Louis A. Fisher</b><br>Director                                                                | <b>Jason L. Honigman</b><br>Partner—Honigman, Miller,<br>Schwartz and Cohn                  |
|                                                                                                   | <b>James McMillan</b><br>Director                                                           |

- |                                                                                      |                                                                            |
|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <b>Paul S. Mirabito</b><br>President—Burroughs<br>Corporation                        | <b>C. Boyd Stockmeyer</b><br>Chairman                                      |
| <b>E. Joseph Moore</b><br>President—Detroit Ball<br>Bearing Co. of Michigan          | <b>Arbie O. Thalacker</b><br>President—Detrex Chemical<br>Industries, Inc. |
| <b>Raymond T. Perring</b><br>Retired Chairman                                        | <b>Cleveland Thurber</b><br>Partner—Miller, Canfield,<br>Paddock and Stone |
| <b>H. Lynn Pierson</b><br>Chairman of the Executive<br>Committee—Dura<br>Corporation | <b>Herbert B. Trix</b><br>Director—The Standard<br>Products Company        |
| <b>Robert F. Roelofs</b><br>Executive Vice President<br>Empire-Detroit Steel         | <b>William R. Yaw</b><br>President<br>Wabeek Corporation                   |
| <b>W. Warren Shelden</b><br>Director                                                 |                                                                            |

# Kentucky Convention Sept. 8-10 To Have Bicentennial Theme



ONEY



TROUTMAN



BURCHAM

**K**ENTUCKY is celebrating the 200th anniversary of the establishment of the first permanent settlement (Harrodsburg) this year, and the Kentucky Bankers Association's convention September 8-10 will have a bicentennial theme. The convention will be held for the second time in Louisville's Galt House, a 25-story hotel that was opened in 1973.

As of press time, there were two

speakers confirmed for the convention: George L. Whyel, ABA president-elect and vice chairman, Genesee Merchants Bank, Flint, Mich.; and Dr. Lawrence E. Kreider, executive vice president-economist, Conference of State Bank Supervisors, Washington, D. C.

The program also will include an initial showing of a slide presentation, "Your Banker—Merchant of Dreams," prepared by the KBA for use by its member banks.

The KBA's treasurer, Elbert Burcham Jr., became a banker in 1952, when he joined Farmers Bank, Woodland Mills, as assistant cashier on a part-time basis while being engaged in farming. He advanced to cashier and chief executive officer before going to Citizens Bank, Hickman, in 1961 as president. Mr. Burcham has held all posts in KBA's Group One and has been chairman of the association's education and nominating committees. He has been on the Governor's Port and River Commission since its formation about six years ago. • •

■ JOHN R. WALSH, vice president, public relations, Indiana National, Indianapolis, has been elected president of the 1975 "500" Festival. Indianapolis bankers serving as Festival directors include David W. Givens, vice president, Indiana National; Walter B. Kirkwood, vice president, American Fletcher National; and Donald W. Tanselle, president, Merchants National.

## New Book Contains Guidelines On How to Analyze Statements

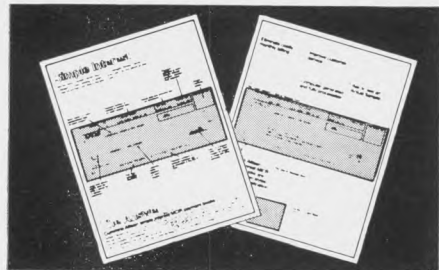
**HOW TO ANALYZE A BANK STATEMENT**—A Detailed Guide to the Financial Statements of Banks and Bank Holding Companies: Reporting Statements, Forms and Content of Statements, Techniques of Analysis, 5th Edition by F. L. Garcia. Bankers Publishing Co., Boston, 268 pages, \$28.

Prof. F. L. Garcia, a faculty member at the College of Business Administration, Fordham University, has prepared a comprehensive discussion of the financial statements that banks are required to file with the SEC and the regulatory agencies. Designed to be used as a tool in analyzing bank stocks and as a guide in preparation of financial data, the book contains reporting requirements, item-by-item descriptions of the content of the statements and analytical techniques and ratios.

This fifth edition contains a special section devoted to statements of bank holding companies. Other major features are latest reporting requirements, innovative analytical techniques, discussions of new bank accounting methods, and historical data on the numerous ratios employed. An appendix contains the actual statement of one of the country's largest banks.

This book will be valuable to security analysts, bank controllers and accountants and to all bank officers at policy level.

# Simple Interest:



# The Answer

Write, or call, for a copy of "Simple Interest: The Answer," and an actual sample of a Cummins-Allison Simple Interest MICR Payment Book.

29-1446

**CA CUMMINS**  
CUMMINS-ALLISON CORP.

826 Waukegan Rd., Glenview, IL 60025 • 312/724-8000



WHYEL



KREIDER

**KBA Officers.** The KBA has been led by President Fred B. Oney the past year. Mr. Oney has spent his entire career (since 1945)—with the exception of a two-year tour of duty in Korea—with First National, Carrollton. He became an assistant cashier in 1949, executive vice president in 1957 and president in 1960. In the KBA, he has been agricultural credit committee and executive committee chairman.

Harry B. Troutman, KBA president-elect, entered banking in 1941 with the Stock Yards Bank, Louisville, spent three years in the Navy and returned to the bank, where he became assistant cashier in 1950, assistant vice president in 1952, vice president in 1954 and president in 1966. A graduate of the University of Louisville Law School, he belongs to the Louisville and Kentucky Bar associations. Mr. Troutman is chairman, Louisville & Jefferson County Riverport Authority.



# Instant service.



□ That's what Louisville Trust Bank's correspondent team offers you, through every other Louisville Trust Bank employee. It assures you of rapid, efficient, personal service, available through our Correspondent Bank Department. One convenient phone number — 502/589-5440... to Frank Nichols or Vann Doyle gives you a quality of service that you thought had disappeared from banking circles... until you rediscovered Louisville Trust Bank.

□ This kind of personal service has contributed to our increased correspondent bank growth, and we want you to be able to count on it in the future, as we expand our services... portfolio investment counsel... pension plan installation... practical operations expertise... securing key executive personnel... loans to purchase bank stock... or loan participation.

□ Trust us... Louisville Trust Bank, Correspondent Department, to get it for you with a smile.

## Louisville Trust Bank

One Riverfront Plaza  
Louisville, Kentucky 40202  
502/589-5440

Member Federal Reserve System,  
Federal Deposit Insurance Corporation

# NEWS

## From the Mid-Continent Area

### Alabama



HUTCHINGS

■ **HARRY M. HUTCHINGS JR.** has been elected senior vice president at Exchange Security Bank, Birmingham. He joined the bank in 1965 and is supervisor of the branch program.

■ **FIRST NATIONAL, Opp,** has elected Roy C. Belcer to its board. Mr. Belcer is vice president of engineering and manufacturing, Doresy Trailers, Inc., Elba.

■ **FIRST NATIONAL, Montgomery,** has promoted Laurence B. Tipton Jr. to trust officer and elected G. Edward Parma assistant vice president and branch manager, Clinton C. Berry Jr. and Thomas E. Head III assistant trust officers, Harry E. Neel Jr. assistant personnel officer and Anthony J. Gontko III and William E. Beckham assistant cashiers.

■ **AMERICAN NATIONAL, Mobile,** has promoted Willard C. Lowery and Gary E. Nelson to assistant vice presidents and named J. B. Horst cashier.

■ **GEORGE H. SMITH** has been elected senior vice president at Bank of the Southeast, Birmingham. He was formerly vice president of marketing for Exchange Security Bank, Birmingham. He will head Bank of the Southeast's marketing program.

■ **TWO VICE PRESIDENTS** have retired from First National, Birmingham.

They are Claude Loveless, vice president and cashier, and Plato G. Britton, vice president and trust officer. They joined the bank in 1927 and 1928, respectively.

■ **BANK OF FLORENCE** is the name of a proposed state-chartered bank which will be organized in Florence upon approval by regulatory agencies. Spokesman for the organizers is Robert L. Potts.

■ **ROBERT F. FIELDS** has been named president of Sumiton Bank. He was formerly vice president-loan officer at Central Bank of Alabama, Cullman. Sumiton Bank's name will soon be changed to Central Bank of Walker County and its main office will be moved to Jasper. An office will remain in Sumiton.

■ **JAMES G. LOVELL JR.** has moved from his position as vice president in the correspondent banking department at Central Bank to the staff of the proposed Southern National, both in Birmingham.

## Presenting Don Lamon

He's heading up our  
expanded correspondent  
bank department

Don Lamon is Vice President in charge of our expanded Correspondent Bank Department. He is widely known in banking circles throughout Alabama and has had many years of experience in the fields of investments and correspondent banking.

In Alabama call him  
toll free at  
**1-800-392-5821.**

**UNION BANK  
& TRUST CO.**

60 Commerce St.  
Montgomery, Alabama  
36104

Member FDIC



### Arkansas

■ **NATIONAL BANK of Commerce, El Dorado,** has announced that construction has begun for its new downtown full-service branch at Northwest Avenue and Elm Street. The property is the former location of the bank's motor bank. During construction, a temporary unit is handling walk-up business. The new branch should be completed by fall. Bank Building Corp., St. Louis, is general contractor.

■ **WORTHEN BANK, Little Rock,** has named Ray Smith manager of the Geyer Springs Office, elevated Larry Hutton to manager and loan officer at the 12th & University Branch, raised George Smith to loan officer and branch manager of the Park Plaza Branch and named Terry Skyrmes, Joe Hackney and John Lopez loan officers.

■ **OFFICERS** elected at the eighth annual Arkansas Banking School, held recently, include (from l.) Bob Hammer-schmidt, First National, Russellville—vice president; Mike Brewer, First National, DeQueen—treasurer; Ann Head,





University National, Little Rock—secretary; and John Hopkins, Citizens Bank, Jonesboro—president. Lower photo shows Forrest Ogden (l.), assistant cashier, First National, Mena, receiving diploma from Dr. John A. Dominick, curriculum director of the school and holder of the chair of banking at the University of Arkansas, Fayetteville. Mr. Ogden was top student in the basic and intermediate course.

## Illinois

■ HOMER J. LIVINGSTON JR., vice president, First National, Chicago, has been promoted to senior vice president and named head of group one of the bank's corporate banking department. He joined the bank in 1963.

■ JAMES W. HILL, assistant vice president, Harris Trust, Chicago, has been named to succeed Gilbert J. McEwen, assistant vice president, who retired after 38 years' service. Mr. Hill will serve the bank's customers in Iowa and northern Illinois.

■ HAROLD A. KUEHN has been elected vice president of Du Quoin



LIVINGSTON



HILL

State, succeeding Allen G. Rountree, who died suddenly in June. Mr. Kuehn has been a director of the bank and is immediate past president of the American Soybean Association.

■ ROBERT F. REUSCHE has been promoted to executive vice president, trust department, at Northern Trust, Chicago. He joined the bank in 1952 and was made trust department head in 1972.

■ ROBERT G. CAMP has been elected assistant cashier at Millikin National, Decatur. He joined the bank in 1972.

■ EDWARD W. KOSTECKI has joined the real estate department of National Boulevard Bank, Chicago, as assistant cashier. He was formerly a loan officer at a Chicago S&L.

■ LOUIS J. WEBER JR. has been elected president and a director of Streator National, succeeding Harold Moe, who resigned to become president of Second National, Danville. Mr. Moe will continue on the board of Streator National.

■ MERCHANTS NATIONAL, Aurora,

### COLES COUNTY'S FIRST AND ONLY 50 MILLION DOLLAR BANK

#### DIRECTORS

George W. Bock  
Clark W. Brogan  
Donald S. Cason  
J. I. Dilsaver

Melvin C. Lockard  
Chairman

J. Logan Gover  
Richard A. Lumpkin  
Joseph W. Schilling  
Edward N. Zinschlag

Donald S. Cason  
President &  
Chief Exec. Officer

#### COMMERCIAL LOANS

Philip S. Weller  
Senior Vice President

Edward J. Behm  
Vice President

Truman J. Sanner  
Assistant Vice President

#### INSTALLMENT LOANS

Floyd E. Sell  
Vice President & Manager

Kim E. Hopkins  
Assistant Vice President

#### OPERATIONS AND PERSONNEL

Grant Fleenor  
Vice President & Cashier

#### TRUST DEPARTMENT

Clark W. Brogan  
Vice President &  
Trust Officer

C. Dean Easton  
Assistant Vice President &  
Assistant Trust Officer

#### FARM DEPARTMENT

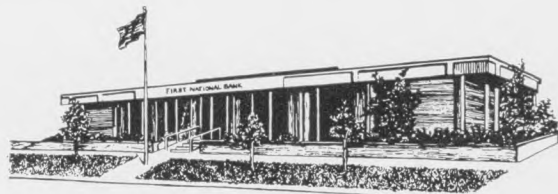
Edward J. Behm  
Vice President &  
Dir. of Farm Services

#### MARKETING

Robert F. Jones  
Assistant Vice President

#### AUDITING

Melvin L. Hebert  
Auditor



### CONDENSED REPORT OF CONDITION AS OF JUNE 28, 1974

#### RESOURCES

Cash and Due from Banks .....	\$ 5,407,443.41
U. S. Government Securities .....	6,208,503.41
Other Bonds and Securities .....	13,420,956.10
Loans and Discounts .....	21,626,731.26
Federal Funds Sold .....	6,400,000.00
Banking House, Furniture and Fixtures, etc. . .	972,962.80
Other Assets .....	1,182,625.51
	<hr/>
	\$55,219,222.49

#### LIABILITIES

Common Capital Stock .....	\$ 1,200,000.00
Surplus .....	1,200,000.00
Undivided Profits .....	950,022.37
Reserves .....	1,638,256.59
Unearned Discount .....	466,903.11
Other Liabilities .....	211,975.01
Deposits .....	49,552,065.41
	<hr/>
	\$55,219,222.49

\$55,219,222.49



has promoted Ted Hardison to assistant cashier and Al Zielke to assistant auditor. Dale Jourdan and Roberto R. Galvan were elected assistant cashiers, John C. Carew was elected assistant auditor and Glenn Hagberg was elected EDP officer. C. G. LeKander, vice president, has retired after 21 years with the bank.

■ SAMUEL N. DARBY has been elected a director of State Bank, Rockford. He is a partner in an architectural firm.

### Benefit Golf Tournament

Group 10 of the Illinois Bankers Association will hold a benefit golf tournament August 22 for the Gallatin County Historical Society's restoration project, the First Bank Building at Shawneetown.

Group 10 hopes to raise some of the money the society needs to complete the restoration project.

The tournament will be held at the Saline County Golf and Country Club, between Eldorado and Raleigh, with tee-off time 8:30 a.m. State Treasurer Alan J. Dixon will be guest of honor. Cocktails at 7 p.m. and dinner at 8 o'clock will be held the same day at the Gateway Inn in Muddy.

Tickets—\$25 each or \$100 a foursome—may be obtained from E. J. Talley, Security Bank & Trust Co., P.O. Box 193, Mt. Carmel, IL 62863.

## Indiana

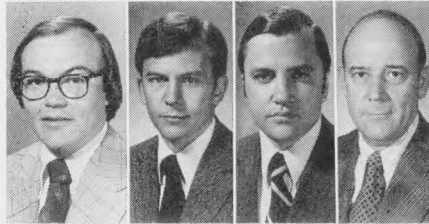
■ ROBERT E. TURNER JR. has been promoted to assistant vice president and manager of the Atkinson Square Office of Merchants National, Indianapolis. He joined the bank in 1965.

■ ST. JOSEPH BANK, South Bend, has opened a branch office in the terminal building of Michiana Regional Airport that features a 24-hour teller unit. The mini-branch is operated as a satellite of the Lincoln Way West Office.

■ OLD NATIONAL, Evansville, has promoted Robert Carlton to assistant

vice president-trust officer, Douglas D. Cates to branch manager and Lois Mallory and Bert King to assistant branch managers.

■ AMERICAN FLETCHER NATIONAL, Indianapolis, has promoted Stephen D. Clark and Gary R. Evans to vice presidents, Thomas A. Jenkins to vice president and trust counsel, Leif E. Nulsen to vice president and investment officer, Walter C. Gross Jr. to assistant vice president and trust officer and Charles A. Wood to assistant vice president.



JENKINS EVANS NULSEN CLARK

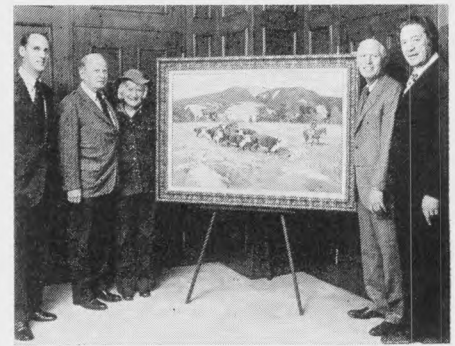
## KANSAS

■ WAYNE DAILEY retired July 1 as executive vice president, National Bank of America, Salina. He joined the bank in 1926 on a "temporary" basis, became an officer in 1937 and executive vice president in the early 1940s. Mr. Dailey was the subject of a lengthy article in the *Salina Journal* just before his retirement.

■ FOURTH NATIONAL, Wichita, opened its new Mini Bank July 15. The facility houses two customer service officers and five teller stations. Located on the street level of the bank's parking garage, the Mini Bank is open 7 a.m.-6 p.m. and has a separate entrance for persons who use the bank-side parking spaces reserved for Mini Bank customers. Fourth National has closed its Commercial Motor Bank in the bank building.

■ FIRST STATE, Salina, has elected Mike Buchanan assistant cashier-operations manager. He has been at the bank three years.

### Painting Honors Blanchard



Commercial Nat'l, Kansas City, has received an original oil painting, "Down From High Country," by Robert Daughters of Taos, N. M. Donors were Mr. and Mrs. Julius Karosen, prominent Kansas City art connoisseurs. Presentation of the painting was made in conjunction with an informal recognition of 27 years of service by CNB Chairman Henry G. Blanchard. Participants in the presentation ceremony are shown here (l. to r.): Fred A. Dunmire, exec. v.p.; Mr. Blanchard; Mrs. Karosen; Bernard J. Ruysser, pres.; and Mr. Karosen. The painting depicts a typical New Mexico scene of cattle being herded from high summer pastures to lowlands winter pastures.

■ LEON GREENE has joined Kansas State, Wichita, as senior vice president in charge of operations, administration and data processing. He also was elected to the board. Mr. Greene was formerly senior vice president in charge of operations at Union National, Wichita.

■ MERCHANTS NATIONAL, Topeka, has named Edward H. Sondker trust administrator. Mr. Sondker, who specializes in handling probate accounts, was a research attorney for Kansas Supreme Court Justice David Prager. He holds a juris doctorate degree from Washburn University Law School.

■ MARK PLAZA STATE, Overland Park, held the grand opening of its new home last month. The structure (pictured on p. 94) has a bold square shape, with one edge of the square interrupted to permit the high, metal pyramid roof to extend over the main entrance. The roof flows upward to a skylight at the peak. On the inside, the central skylight in the roof permits the growth of

CNB

COMMERCIAL  
NATIONAL  
BANK

6th & Minnesota Ave. 913 371-0035  
Kansas City, Kansas 66101

PROFESSIONAL CORRESPONDENT BANKING SERVICE

JOHN STRUBE

FARRELL McATEE





### STATEMENT OF CONDITION

JUNE 30

ASSETS	1974	1973
Cash and due from banks .....	\$ 68,846,056.43	\$ 62,980,396.61
Investment securities:		
U. S. Government obligations .....	20,044,751.55	19,229,542.22
Obligations of states and political subdivisions .....	42,168,927.32	39,118,750.40
Trading account and other securities .....	10,519,649.10	7,398,530.21
Federal funds sold .....	12,000,000.00	9,500,000.00
Securities purchased under agreements to resell .....	37,000,000.00	28,000,000.00
Loans, less unearned income of \$4,111,888.74 in 1974 and \$3,635,266.72 in 1973 .....	203,933,803.76	199,625,229.15
Bank premises and equipment .....	24,018,703.67	13,852,672.65
Other assets .....	4,224,615.78	2,789,107.62
	<u>\$422,756,507.61</u>	<u>\$382,494,228.86</u>
<b>LIABILITIES AND CAPITAL FUNDS</b>		
Deposits:		
Demand .....	\$177,064,368.01	\$168,116,100.96
Time .....	141,337,694.47	120,789,636.32
Total deposits .....	318,402,062.48	288,905,737.28
Federal funds purchased .....	16,450,000.00	10,350,000.00
Securities sold under agreements to repurchase .....	37,764,480.64	35,352,768.56
Other liabilities .....	2,649,444.11	2,461,290.05
Total liabilities .....	375,265,987.23	337,069,795.89
Reserve for loan losses .....	3,127,026.78	3,506,253.25
Capital funds:		
Capital note, due 1981 .....	10,000,000.00	10,000,000.00
Stockholders' equity .....	34,363,493.60	31,918,179.72
Total capital funds .....	44,363,493.60	41,918,179.72
	<u>\$422,756,507.61</u>	<u>\$382,494,228.86</u>

**Next time  
you're in Wichita,  
park in our  
downtown garage.**

Our downtown parking garage is now open to the public, offering more than a mile of parking on its six levels at 123 North Broadway, just across the street from our new Fourth Financial Center. We're moving forth into tomorrow, and you're invited to move forth along with us. In Kansas, in 1974, good things are coming your way!

FOURTH NATIONAL BANK & TRUST CO. / WICHITA, KANSAS 67202 / MEMBER FDIC

# TheFourth



MID-CONTINENT BANKER for August, 1974



a fig tree in the main lobby. The tree, tile floor in the main entrance and overall interior design permit a plaza environment. The bank has drive-up facilities—the usual teller window, plus three remote stations constructed to allow an auto to enter at a 45-degree angle, giving the motorist direct eye contact with the teller. Mark Plaza State, which is two years old, reached \$8.5 million in total resources as of July 10. Samuel A. Blasco was senior vice president, correspondent department, City National (now United Missouri Bank), Kansas City, Mo., when he assumed the presidency of Mark Plaza State 2½ years ago.



MARKEY

■ JACK MARKEY has joined Kansas City's Commercial National as vice president, investment division. He has responsibility for the division's operation and coordinates investment functions with the commercial and corre-

spondent divisions. Mr. Markey, with 20 years' experience in the investment banking industry, has been with the investment departments of two other large banks in the metropolitan Kansas City area.

### What a Difference!



Would you believe the buildings in the two pictures above are the same? The photos are of First Nat'l, Glasco, before and after its recent extensive remodeling program, which combined five old-style structures into one modern building. The bank operated out of the building at the extreme left in the top photo, but now occupies an entire block. A sixth structure was razed to make way for drive-up facilities (extreme right) in the "after" photo. This has been the fifth—and most ambitious—renovation program First Nat'l has completed since it was established in 1891.

## Kentucky

■ THE FED'S board of governors has approved the applications of First National Bank trustees and its successor, First Kentucky National Corp., both of Louisville, for the proposed reorganization of the HC. The latter owns First of Louisville and other firms. Shareholders were voting as of press time on the reorganization plan.

■ LIBERTY NATIONAL, Louisville, has named Carl E. Weigel senior auditor, succeeding Wilson B. Greer. Mr. Greer now is senior loan review officer. Mr. Weigel formerly was with Ernst & Ernst's Louisville office, where he was manager in the management consulting service area.

■ MRS. LORAIN LANGE has become the first woman installment loan officer at Traders National, Mt. Sterling. She entered banking in 1951 in Los Angeles.

■ HENRY L. MAYO has been made business development officer at Peoples Commercial Bank, Winchester.

■ FIRST SECURITY NATIONAL, Lexington, has appointed Assistant Cashier John M. O'Kelly manager of its new Harrodsburg Road Branch and David Burke manager, Chevy Chase Branch. Assistant Vice President William Courtney, who was manager at Chevy Chase, now heads the internal services division at the Main Office.



FARMER

■ WILLIAM S. FARMER has retired as vice chairman, Louisville Trust, which he originally joined in 1942 after four years with General Motors Acceptance Corp. He left the bank to serve in the Navy during World War II and then became president, Kingsport (Tenn.) National, 1953-58, and senior vice president, First National, Montgomery, Ala., 1958-63. He returned to Louisville Trust in 1963 to become vice president, moved up to president in 1967 and vice chairman in December, 1972. Louisville Trust also announced the election of a new director, John T. Parker, president, Commonwealth Life Insurance Co.

visit the deep South...

**MIAMI BEACH!**

Enjoy the gracious traditions of the 3 Paradise Resorts. We offer unobtrusive, old-style, manor-born hospitality... guaranteed to make you feel you "belong". The special cordiality of the Old South awaits you, in our Miami Beach resorts. C'mon down! Who knows... you may meet a neighbor!

We suggest you see your local Travel Agent... he should know about us. Or use the coupon for complete information.

**BEAU RIVAGE**  
On the Ocean at 99th St.

**CHATEAU**  
On the Ocean at 191st St.

**Sahara**  
On the Ocean at 183rd St.

PARADISE RESORTS, P.O. Box 6725  
Miami Beach, Fla. 33154

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Dates of Vacation \_\_\_\_\_



# “Investment decisions got you down? We’ll help you up.”

Do you need advice about specific government and municipal bonds? Would you like to talk about your bond portfolio ratios? We have the experienced, knowledgeable, full-time, bond and money market experts who can and will be glad to help you. Only Citizens Fidelity Bank can provide you with these advantages:

- Kentucky’s only complete bank bond department.
- Our own inventory of actively traded issues allows you to purchase odd-lots at a minimum cost.
- We compete favorably on large-lot prices with all primary government bond dealers.

- We can assure you of fair, unbiased opinion on government, federal agency, municipal issue and the money market generally.
- Our official standing with fiscal agencies and underwritings enables us to handle your federal agency orders at the net offering price on all new issues.

Interested? Call us collect, Area Code 502/581-2194.

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



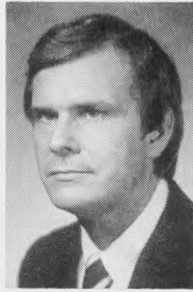
Joe M. Rodes      Bob Folsom      Joe L. Hamilton

© Servicemark of Citizens Fidelity Bank and Trust Company Louisville, Ky. Member FDIC

## Louisiana



HILL



HALL



BRAUNFISCH



HAMLIN



PRETHER

■ H. PETER BRAUNFISCH has joined New Orleans' First National Bank of Commerce as vice president in the correspondent banking division. He comes from Little Rock's Commercial National, where he was vice president and manager, international banking department.

■ WHITNEY NATIONAL, New Orleans, has named John G. Hill Jr. a vice president and Mrs. Joan A. Hartmann an assistant vice president. Mr. Hill, with the bank since 1950, is manager, St. Charles Avenue Branch. Mrs. Hartmann, who went to Whitney in 1951, was made manager of the new Read Boulevard Branch this year. In other action, the bank elected William C. Hutchison assistant comptroller, Barry A. Baquie assistant auditor, Daniel J. O'Neill and James M. Whalen assistant cashiers and Mrs. Claire M. Taylor assistant trust officer.

■ WILLIAM J. HAMLIN, executive vice president, Guaranty Bank, Alexandria, has been elected a governor of District 619 of Rotary International. A Rotarian since 1947, Mr. Hamlin is a past president of Alexandria's Rotary Club.

■ HIBERNIA NATIONAL, New Orleans, has elected Robert R. Hall senior vice president in charge of the loan division. He was with H. A. Caesar & Co., Inc., a New York City factoring firm dealing in purchases of accounts receivable, specializing in providing factoring services for the textile indus-

try. Hibernia also elected William J. Kearney III, Pierre F. Lapeyre and John B. Trainor vice presidents and trust officers, Robert B. Yerby vice president and trust investment officer and Thomas A. Masilla Jr. controller.

■ GUARANTY BANK, Alexandria, has elected Jack E. Prether vice president in charge of data processing services. He was with Information Processing Corp. as an account manager at Southern National, Houston.

■ JOHN W. LOLLEY, vice president, Ouachita National, Monroe, was graduated first in his class of 376 bankers from the School of Banking of the South at Louisiana State University, Baton Rouge. Mr. Lolley achieved an unprecedented straight A average during three years of classroom and home study work, according to official records.

## Mississippi

■ FIRST NATIONAL, Jackson, has promoted the following to vice presidents—O. M. Anderson Jr., Mrs. Odene Evans, C. D. Matthews and Charles J. Mullins. Mr. Anderson joined the bank



MATTHEWS EVANS MULLINS ANDERSON

in 1935 and is head of the financial analysis division, credit department. Mrs. Evans went to First National in 1945, Mr. Matthews in 1943 and Mr. Mullins in 1968.

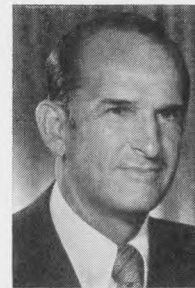
■ JULIAN L. CLARK will become president and chief operating officer, Deposit Guaranty National, Jackson, January 1. Charles R. Arrington will become chairman of the executive committee; Robert C. Garraway vice chairman-financial and Ray R. McCullen vice chairman-administration. At that time, as announced earlier, Russ M. Johnson will retire as chairman and CEO of the bank and its holding company, Deposit Guaranty Corp., and J. Herman Hines will succeed him. Mr. Hines is now president and chief operating officer of the bank and vice chairman of the HC. Mr. Clark is chairman of the bank's executive committee and on its advisory board. Messrs. Arrington, Garraway and McCullen are general vice presidents of the bank and on its advisory board.



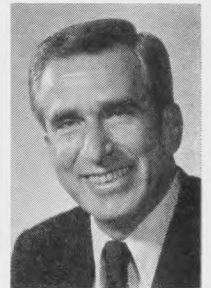
ARRINGTON



CLARK



McCULLEN



GARRAWAY

■ REX M. VAUGHN has joined Coahoma National, Clarksdale, as a loan officer at the Southaven Branch. He has been with Commercial Credit Plan and First National, Memphis.

■ FIRST NATIONAL, Meridian, has officially opened its new East Branch and also received its 30 millionth time-of-day telephone call. The bank has provided this service since 1952. South Central Bell presented President M. D. Ellis with a plaque praising the bank for providing this service for more than two decades.





# We're building up to something.

With concrete.

Steel.

Fabric.

Glass.

And people. The kind of people with the kind of attitude that has made us the growth leader in Northern Louisiana.

In early summer, our dream will be ready.

For us.

And for you.

We're building up to something at Bossier Bank & Trust Company. A lot more than just a building.



**Bossier Bank**  
& TRUST COMPANY

## Missouri

■ **COMMERCE BANK** of Kansas City has elected Cecil G. Denton and Robert T. Kinder as vice presidents in the bond department. Mr. Denton, formerly with William E. Pollock & Co., Inc., is in sales for government and municipal securities at Commerce. Mr. Kinder, who was with Hawkeye Investment Management, Inc., Des Moines, Ia., has charge of Commerce's municipal underwriting and trading.

■ **DAVID N. WEBER**, senior vice president and comptroller, Mercantile Bank, Kansas City, has been named a director of the Bank Administration Institute. His two-year term began July 1.

■ **THE NEW Commerce Bank** of Independence is scheduled to open the

### 100 Years for Bank

**BROOKFIELD**—United Missouri Bank here observed its 100th anniversary recently. Actually, the milestone arrived last January, but the bank held off with the celebrating until fair weather arrived. The bank is especially proud to reach its 100th year because only 39 out of more than 660 banks in the state have been operating for a century.

For the celebration all the bank's employees dressed in clothes of the 1870s, the authentic outfits tailored for each person by a Kansas City costume company. Each visitor received a boxed white ball point pen from the Shaeffer Pen Co., which, incidentally, is celebrating its 100th year in business.

The bank also distributed copies of the June 11, 1874, edition of the *Brookfield Gazette*. The newspaper was obtained from the files of the Missouri Historical Society at Columbia and reproduced by the *Brookfield Daily News-Bulletin*. Among the front-page advertisements of the 1874 edition was one for W. H. Brownlee, Banker, whose institution is the forerunner of today's United Missouri Bank of Brookfield.

The centennial celebration included entertainment by a Dixieland band—the Dixiecrats—from Kansas City and an antique auto exhibit provided by two local men.

The Brownlee Bank became the Brownlee-Moore Bank in 1934 after merging with the former Moore Banking Co. (organized in 1904). In 1959, R. Crosby Kemper, Stephen W. Harris and Chandler Smith bought controlling interest in Brownlee-Moore and—in 1963—changed the bank's name to Brookfield Banking Co. It took its present name in 1972. Don W. Schooler is chairman, and Don W. Schooler Jr. is president.

middle of this month with Robert M. Addison as chairman and E. C. Larison as president. Mr. Addison is president, U. S. Supply Co. Mr. Larison was formerly executive vice president and a director, Noland Road Bank, Independence. One of the new bank's directors is B. M. Lamberson, vice chairman, Commerce Bancshares, Inc., Kansas City, parent firm of the bank.

■ **B. S. BLOND** has been named assistant to the chairman and general counsel at United Missouri Bank of Kansas City. He joined the bank in 1972 and was formerly vice president.

■ **STEPHEN A. MELCHER** and Robert W. Warnall have moved up from assistant vice presidents to vice presidents, First National, Kansas City. Mr. Melcher, a commercial banking officer, joined the bank in April, 1973. Mr. Wornall, with First National since 1969, is officer in charge of the real estate loan department.

KNOWLES



■ **COMMERCE BANK** of Kansas City has elected Walter E. Knowles vice president in charge of the bond department. He was manager, municipal department, Weeden & Co., Chicago. During his career, Mr. Knowles has been vice president in charge of municipal securities with First Boston Corp. in Chicago.

■ **MARTIN P. EIFERT JR.** has joined Citizens Bank, University City, as vice president and cashier in charge of operations. He was formerly vice president and cashier, First National, O'Fallon, Ill., which he joined in 1960.

■ **COUNTY NATIONAL BANCORP.**, Clayton, has elected Doyle E. Rogers and Earl E. Walker to its board. Mr. Rogers, vice president and comptroller, Southwestern Bell Telephone Co., St. Louis, also was elected a director, St. Louis County National, Clayton, the HC's lead bank. Mr. Walker is founder and president, Carr-Lane Manufacturing Co., Webster Groves. He is on the board of another County National subsidiary, Big Bend Bank, Webster Groves.

■ **FED APPROVAL** has been received by Boatmen's Bancshares, St. Louis,

### Market Day Sept. 4

**SOUTH ST. JOSEPH**—"Performance From Rancher to Banker" will be the topic of David R. Miller, owner, Sun-Up Farms, Smithville, at First Stock Yards Bank's 18th annual Market Day September 4. He will speak at the afternoon session and will be followed by a panel discussion of present and future trends in livestock and grain marketing.

Registration will begin in the bank's lobby at 9 a.m. Next will come a tour of South Side Industries in St. Joseph. There also will be a luncheon at the bank's new King Hill Plaza Facility and a report on the current day's market.

Market Day will be climaxed with a social hour beginning at 4:30 p.m. and a 6 p.m. steak dinner.

for acquisition of U.N. Bancshares, Springfield, whose lead bank is Union National, Springfield. As a result of the merger, Boatmen's Bancshares acquired Missouri Mortgage & Investment Co., also of Springfield.

■ **FARMERS BANK**, Stover, has appointed Steve Taylor a loan officer. He was with Citizens Bank, Warrensburg.

■ **GENERAL BANCSHARES**, St. Louis-based bank HC, has announced plans to enter the Kansas City market by seeking to acquire Traders National. The latter had assets of \$110 million at year-end 1973.

■ **FIRST MIDWEST CORP.**, St. Joseph, has received Fed approval of its request to purchase Home Bank, Savannah.

## New Mexico

■ **MRS. BEVERLY STILLMAN** has been elected assistant cashier and assistant secretary at Bank of New Mexico, Albuquerque. She was formerly secretary in the banking division.

■ **JOHN HARNEY** has been elected vice president and trust officer at First National, Albuquerque. He joined the bank in 1970.

■ **CAPITAL BANK**, Santa Fe, has promoted Tony Pearson to assistant vice president and Antonia Padilla to assistant cashier. Both joined the bank in 1972.

■ **H. W. COFFMAN** has been named senior vice president and cashier at Mimbres Valley Bank, Deming. He joined the bank in 1966 after serving





Ed Lewis, Vice President, Agribusiness Division, with Paul McKie.

## Our Agribusiness Department offers you much more than overline assistance.

We offer you a full-time Agribusiness Department. Our people have the expertise and credentials to serve you in an advisory capacity.

People like Ed Lewis. Ed heads up our Agribusiness Department. He's been marketing cattle and supervising the management of breeding cattle for over 20 years.



In addition, Commerce Bank has been long recognized as the outstanding milling and agricultural bank in the midwest.

When you need assistance, call Ed Lewis or your Commerce correspondent.

**Don't forget to dial direct. It's faster!**

Main Bank Number	234-2000
Agribusiness Department	234-2493
Ed Lewis	234-2625
Marybelle Jesse	234-2494
Fred N. Coulson, Jr.	234-2479
Secretary - Linda Breidenthal	234-2489

### **Kansas**

James W. Fowler	234-2483
Nelson V. Rogers	234-2622
John J. Hilliard	234-2488
Secretary - Lisa Lamanske	234-2491

### **Missouri**

Elmer Erisman	234-2482
John C. Messina	234-2486
Frank W. Greiner	234-2485
Secretary - Linda Breidenthal	234-2489

### **Other States**

Tom C. Cannon	234-2481
Ben F. Caldwell	234-2480
Steven K. Summers	234-2487
Secretary - Vernita Keath	234-2490



**COMMERCE BANK**  
of Kansas City <sup>NA</sup> 10th and Walnut  
(816) 234-2000

MID-CONTINENT BANKER for August, 1974

15 years at First National, Shamrock, Tex.

■ **CONSTRUCTION** is underway on the North Branch of Capital Bank, Santa Fe, at Paseo De Peralta and St. Francis Drive.

■ **RANCHERS STATE**, Belen, is constructing a branch in Los Lunas near the intersection of Highways 85 and 6. The Central Valley Branch will be open in the fall.

■ **DANNY SKARDA** has been promoted from assistant vice president to vice president at American Bank, Carlsbad. Ralph Gardner, senior vice president, was named an advisory director.

■ **ELEANOR HILL** has been promoted to assistant vice president at First National, Roswell. Mrs. Hill is secretary of the New Mexico Group of the National Association of Bank-Women Inc.

■ **FIRST NATIONAL**, Albuquerque, has promoted Irene Demaline and Phillip Rodriguez to assistant vice presidents.

**Died:** Andrew Walter Hockenhull, 97, former president, Clovis National and former governor of New Mexico.

## Oklahoma

■ **LEON McKEE**, vice president-marketing, Commercial Bank, Muskogee, has been elected president, Oklahoma Chapter, Bank Marketing Association. He succeeds Barry Hudson, vice president, First National, Bartlesville. Other new chapter officers are: first vice president, Richard M. Barber, senior vice president, Utica National, Tulsa; second vice president, Gary J. Young, editor, Oklahoma Bankers Association, Oklahoma City; secretary, Basil Bigbie,



Leon McKee (c.), newly elected pres., Oklahoma BMA Chapter, confers on 1974-75 plans and projections with outgoing pres., Barry Hudson (l.), v.p., First Nat'l, Bartlesville, and chapter ch., Lindsay Alexander, v.p., First Nat'l, Tulsa. Mr. McKee is v.p., Commercial Bank, Muskogee.

marketing officer, Exchange National, Ardmore; and treasurer, Albert R. Hurley, cashier, Rogers County Bank, Claremore.

### WILLIAMS



■ **WILLIAM R. WILLIAMS** has been promoted to senior vice president and administrator, marketing division, Fidelity Bank, Oklahoma City. Mr. Williams joined the bank as vice president in 1968 after many years in business in Altus.

■ **MRS. OLETHA COLLINS** has been elected assistant cashier, operations, Fourth National, Tulsa. She joined the officer trainee program in 1972 and completed training and orientation assignments in all areas in preparation for her permanent officer assignment.

■ **UTICA NATIONAL**, Tulsa, has elected Nicholas E. Fitzgerald an assistant vice president with primary responsibilities in the commercial and real estate lending area. He has been with a Tulsa-area bank for five years.

■ **FIRST NATIONAL**, Tulsa, has promoted Charles Dee Carrico from assistant cashier to assistant vice president and Miss Barbara F. Wright from real estate loan officer to assistant vice president.

■ **JAMES P. DIXON**, vice president and investment officer, Fourth National, Tulsa, has been elected president, Oklahoma Society of Financial Analysts. One of the society's other officers—Andrew W. Brice—also is a banker. He was elected secretary. Mr. Brice is assistant vice president and trust investment officer, National Bank of Tulsa.

## Tennessee

■ **MARK A. PIRTLE** has been elected assistant cashier, East Ridge Branch, Hamilton National, Chattanooga. James L. Totton has been named assistant cashier, Brainerd Branch. Mr. Pirtle was with Commerce Union Bank, Murfreesboro. Mr. Totton was formerly with the Cherokee Area Council-Boy Scouts

of America, where he was assistant district executive in the north Georgia district for two years.

■ **WILLIAM H. STARNES JR.** has been promoted to assistant cashier and head of operations of the installment loan and collection departments, Volunteer-State Bank, Knoxville. He joined the bank in 1973 after retiring as a lieutenant colonel in the U. S. Air Force.

■ **EDWARD G. NELSON**, president, Commerce Union Bank, Nashville, also has been named president of Tennessee Valley Bancorp., Inc., the financial services corporation of which the bank is the largest subsidiary. William F. Earthman, who was president and



chairman, continues as chairman and CEO of Tennessee Valley Bancorp. Mr. Nelson is shown at left in the accompanying photo with Mr. Earthman (right) and Edward Potter Jr., Commerce Union's founder and chairman.

■ **MILAS B. STOOKSBURY** has been promoted to vice president-operations at Union-Peoples Bank, Clinton, and has transferred from manager of the Norris Office to Clinton. Glen Parks has been advanced to vice president and manager, Norris Office, from vice president and assistant manager, Oliver Springs Office. Melvin R. Edmondson has joined the bank as vice president and assistant manager, Oliver Springs. He came from Fountain City Bank, Knoxville.

■ **SHIELDS WILSON** has joined American National, Chattanooga, as vice president and counsel. He most recently was with a Chattanooga law firm and is a member of the Chattanooga, Tennessee and American Bar associations.

■ **RALPH AMMONS** has been named president and chief administrative officer, Kingston Bank. J. C. "Babe" Par-

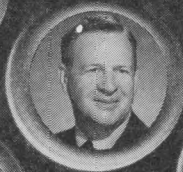


# Got a banking problem? Call First American.

Larry Hunter



Joe Blank



Ross McClain



Jim Walker



Bob Smartt



Joyce Brewington



Mike Miller



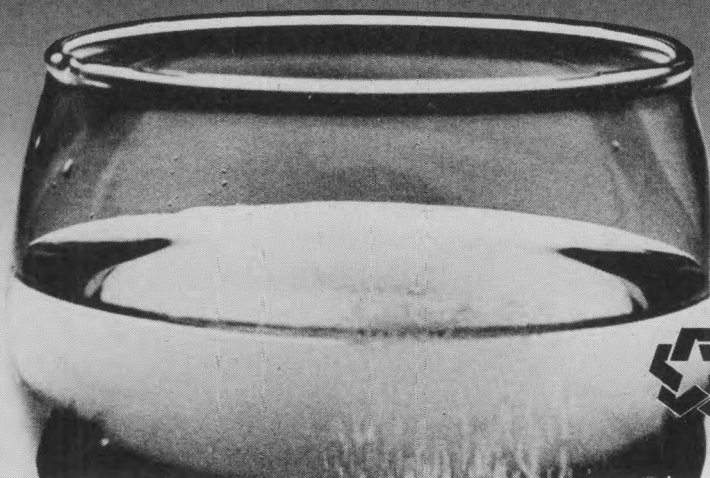
Robert Dillon



Sharon Swindell



## For fast, fast, fast relief.



1-800-251-8514  
(Bordering States)  
1-800-342-8392  
(Tennessee)

**First American  
National Bank**  
Nashville, Tennessee  
37237



**First  
American**  
First Amtenn Bankgroup

ker, who was president, has been named to the newly created bank advisory post of honorary chairman. Mr. Ammons was senior vice president, C & C Bank of Knox County, Knoxville. He has been a banker since 1946.



■ J. A. JOHNSON, chairman, Sequatchie County Bank, Dunlap, was feted at a dinner in honor of his 50th anniversary with the bank. He is shown at right in the accompanying photo receiving a 50-year service pin from the bank's president, F. A. Barker.

## Texas

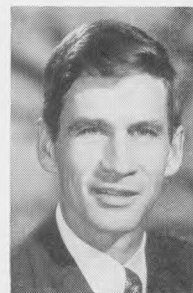
■ FIRST NATIONAL, Temple, has elected Lloyd W. Ludecke vice president in charge of the installment lending division and James E. Davis vice

president responsible for credit documentation and review. Mr. Ludecke was formerly with Texas Commerce Bank, Houston, and Capital National, Austin. Mr. Davis was an assistant national bank examiner for the Treasury Department.

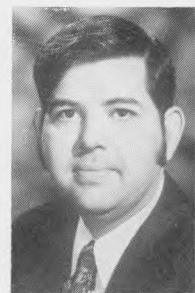
■ FROST NATIONAL, San Antonio, has promoted David E. Gaskins and E. Lin Jolly from assistant vice presidents to vice presidents and Louis J. Haass Jr. from personal banking officer to assistant vice president.

■ FRANKLIN NATIONAL, El Paso, opened July 1 as the fifth bank of PanNational Group, an El Paso-based multi-bank HC. Paul G. Arnold, formerly vice president, National Bank of Commerce, San Antonio, is president. Henry Ellis, who was with another El Paso bank, is vice president. Jerry Franklin, who came from another PanNational bank, State National, El Paso, is the new bank's cashier.

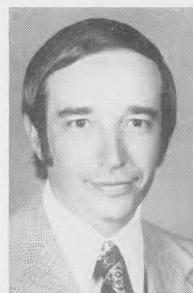
■ A LETTER of intent has been signed providing for the purchase of First Southwest Bancorp., Waco, by PanNational Group, Inc., El Paso. First Southwest owns First National, Waco, which is observing its 100th anniversary.



LAIRD



WATKINS



GASKINS



JOLLY

■ FORT WORTH NATIONAL has promoted eight officers—to vice presidents, Van R. Laird and H. Finlay Watkins; to assistant vice presidents, John Barrett, Don G. Bohannon, Gary Springfield and Robert R. Taylor and to assistant vice president and trust officer, Russell C. Byington. Mr. Laird supervises a number of departments within the operations group of the administration division. Mr. Watkins has administrative responsibility for supervision of numerous operational areas. Mr. Barrett is manager, data processing; Mr. Bohannon, manager, reconcilements and adjustments; Mr. Springfield, manager, bookkeeping and statements; and Mr. Taylor, manager, metropolitan accounts section, marketing sales and services. Mr. Byington is a portfolio manager and securities analyst in the trust investments department of the trust division. Mr. Rowe is a bond portfolio manager in the same area.

■ B. G. MONTGOMERY has been promoted to executive vice president and manager, trust division, First City National, Houston, and also appointed vice chairman, trust committee. He joined the bank in June, 1973, coming from Republic National, Dallas. In his new post, he succeeded Executive Vice President John Zuber, who retired June 30. Mr. Zuber remains as a consultant to the bank. The bank also named the following vice presidents—Robert E. Chambers, Roger B. Dickey, Duane H. Neal and J. Gordon Sorrells, all formerly assistant vice presidents. In addition, Joe M. Bridges and Jerry Don Harman were named vice presidents. Elected assistant vice presidents were Thomas M. Hargrove, John D. Parker, James S. Riley Jr., Reynold Veselka and Martin C. Bowen.

### STATEMENT OF CONDITION FIRST PASADENA

#### State Bank

PASADENA, TEXAS

AT THE CLOSE OF BUSINESS JUNE 30, 1974

#### RESOURCES

Cash and Due from Banks .....	\$12,089,150.91	
Securities .....	32,020,156.93	
		\$ 44,109,307.84
Loans .....		65,799,327.49
Federal Funds Sold .....		1,000,000.00
Real Estate, Furniture and Fixtures .....		2,765,128.04
Other Resources .....		2,933,686.81
<b>TOTAL .....</b>		<b>\$116,607,450.18</b>

#### LIABILITIES

Capital Stock .....	\$ 2,500,000.00
Certified Surplus .....	2,500,000.00
Undivided Profits and Reserves .....	7,927,348.26
Deposits .....	103,680,101.92
<b>TOTAL .....</b>	<b>\$116,607,450.18</b>

MRS. MARCELLA D. PERRY  
*Chairman of the Board*

J. W. ANDERSON  
*Chairman of the Executive Committee  
and Vice Chairman of the Board*

HOWARD T. TELLEPSEN  
*Vice Chairman of the Board*

S. R. JONES, JR.  
*President and Chief Executive Officer*

J. O. KIRK  
*Executive Vice President*

*Senior Vice Presidents*

GENE ALEXANDER  
G. M. MAGEE

JAMES B. CLARY  
W. E. MARSH

B. F. HOLCOMB  
WENDELL F. WALLACE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## When you call our Correspondent Department, you've made the right banking connection.

Cullen Center Bank & Trust has all the banking connections you need, whether it's loan participation, help with bonds, cash management, investment advisory services or a total financial package.

Give us a call. We're very easy to get to know. We're not so big that we're never around when you need us. Yet we're big enough to help you out with all the services you expect from a correspondent bank.

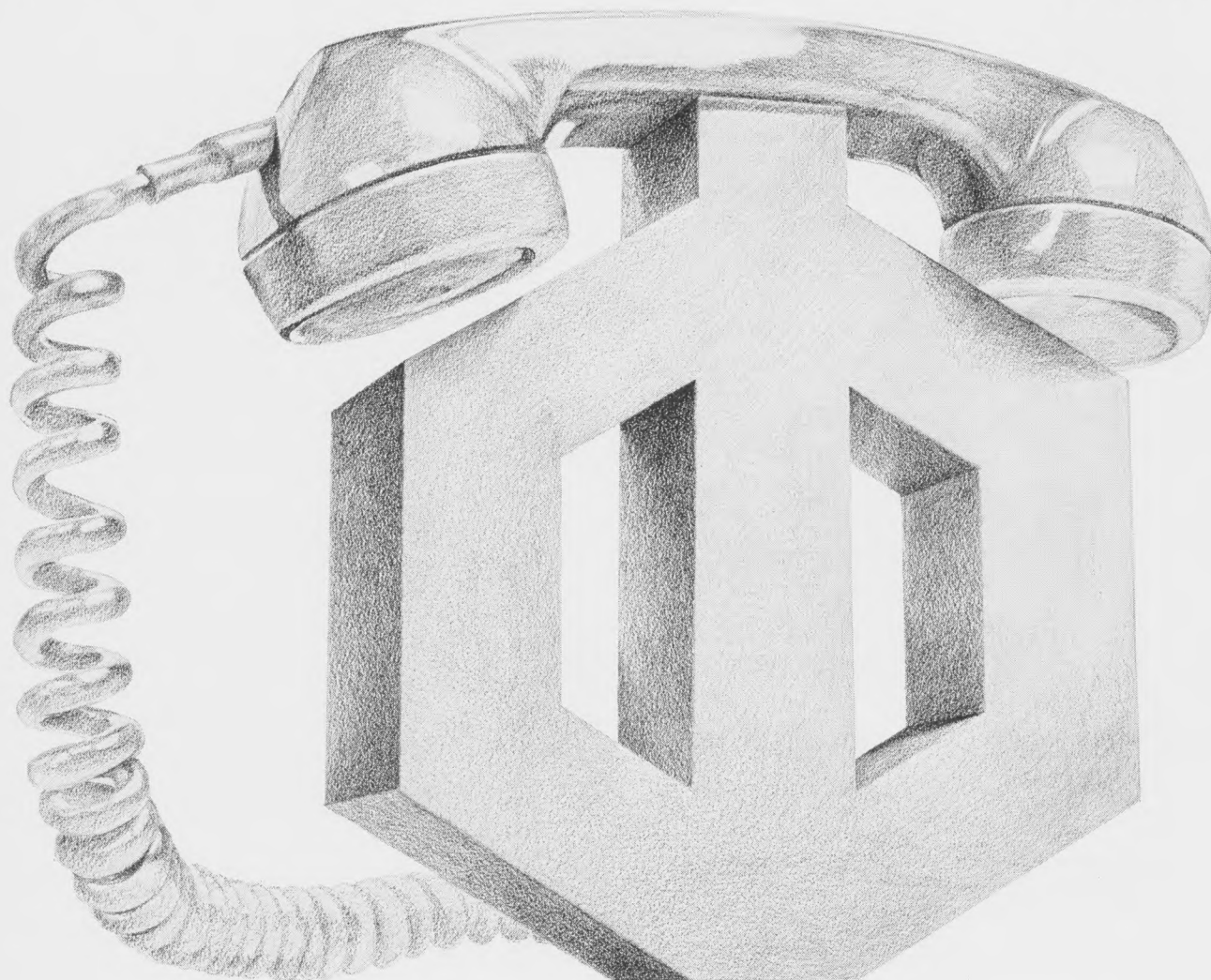
One other thing about us. We're just about the fastest growing bank in the country, reaching \$210 million in deposits in just five short years. And you could be growing with us.

So if you can't seem to get the help you need from your present correspondent bank, talk to us. You won't be getting just another correspondent department. You'll be getting a complete bank working for you.

Call Milton Black, Craig Pemberton . . . or Bob Greer at Cullen Center Bank & Trust. You'll know you've made the right connections.

Cullen Center Bank & Trust. Smith and Jefferson, Houston, 713/224-0778. Member FDIC.

 **CULLEN  
CENTER  
BANK OF  
IDEAS**





**WOMELDORFF & LINDSEY**  
 1030 TOWER BLDG. LITTLE ROCK  
 PARTNERS:  
 J. E. WOMELDORFF R. P. LINDSEY

**For Your Banking Equipment  
 Needs, Call HEGCO!**

- Drive-Up Windows
- After-Hour Depositories
- Vault Ventilators
- Safe Deposit Boxes
- Burglar Alarms
- Metal Under Counter Equip.
- Surveillance Cameras
- Pneumatic Tube Systems
- Fire Resistive Products
- Used Equipment of All Types
- Vault Engineering Service

**HEGCO Industries, Inc.**  
 4618 N. Post Rd., Indianapolis, Ind 46226

**New-Business Promotion:**

**Camera at Discount  
 Offered as Premium**

Heritage Bank, Country Club Hills, Ill., has initiated a new-business program featuring cameras as the drawing cards.

The bank is offering a Kodak Hawk-eye Pocket-Instamatic camera for only \$9.95 to each person who deposits \$300 or more in his or her present or new savings account or who invests \$1,000 or more in a CD or opens a new checking account with \$300 or more.

The compact camera, which fits into a pocket or purse, comes complete with film, flash extender and flash cube.



Kodak Hawkeye Pocket-Instamatic camera is demonstrated by Suzanne Aneston (l.), secretary at Heritage Bank, Country Club Hills, Ill., to (l. to r.) Jim Nelson, special services teller; Delores Huber, secretary; and Patricia Kapica, secretary to President Walter G. Johnson.

**You're in the center  
 of everything  
 when you stay Sheraton**

**and, also, the finest in  
 KANSAS CITY,  
 MISSOURI**



**TELEPHONE (816) 842-6090  
 FOR RESERVATIONS**



**Prom-Sheraton Motor Inn**

SIXTH AND MAIN STREETS

SHERATON HOTELS AND MOTOR INNS. A WORLDWIDE SERVICE OF I.T.T.

**OTHER SHERATONS:**

• JOPLIN, MO.  
 SHERATON-PROM MOTOR INN  
 3600 RANGELINE AT I-44 AND U.S. 71

• WAYNESVILLE-FT. LEONARD WOOD, MO.  
 SHERATON MOTOR INN  
 I-44 AND MO. 28, OFF I-66

**TOLL FREE 800-325-3535 MAKES IT HAPPEN**  
 IN MISSOURI, CALL 1-800-392-3500

• **J. Dewey Daane**, former member of the Federal Reserve Board, Washington, D. C., has been named Frank K. Houston professor of banking and finance at the Graduate School of Management, Vanderbilt University, Nashville. Mr. Daane was a Fed governor from 1963 until last February and was responsible for international monetary matters.

■ **DAVID W. GIVENS**, Indianapolis attorney, has been elected vice president and general counsel for Indiana National Corp. and its principal subsidiary, Indiana National Bank.

**Index to Advertisers**

Advertising Concepts, Inc.	65
American Express Co. (Travelers Cheques)	24-25
American Fletcher Nat'l Bank & Trust Co.	4
American Learning Systems, Inc.	70
American National Bank, St. Joseph	82
Bank Anniversary Book	69
Bank of New Orleans	63
Bank of the Southwest	79
Bossier Bank & Trust Co.	97
Chromalloy American Corp.	86
Citizens Fidelity Bank & Trust Co.	95
Commerce Bank, Kansas City	99
Commercial Nat'l Bank, Kansas City, Kan.	92
Cullen Center Bank & Trust Co.	103
Cummins-Allison Corp.	80, 88
De Luxe Check Printers, Inc.	61
Detroit Bank & Trust Co.	87
Diebold, Inc.	46
Financial Insurance Service, Inc.	29
First Alabama Bancshares	83
First American National Bank	101
First City National Bank, Houston	36
First National Bank, Kansas City	71
First National Bank, Louisville	15
First National Bank, Mattoon, Ill.	91
First National Bank, Minneapolis	11
First National Bank, St. Louis	47, 106
First Nat'l Bank & Trust Co., Okla. City	23
First Nat'l Bank & Trust Co., Tulsa	35
First National Bank of Commerce, N.O.	3
First Pasadena State Bank	102
Florida National Banks of Florida, Inc.	49
Forbes, Inc.	59
Fourth National Bank, Tulsa	45
Fourth Nat'l Bank & Trust Co., Wichita	93
Hamilton National Bank, Chattanooga	57
Harland Co., John H.	67
Hegco Industries, Inc.	104
Heirloom Bible	17
Keystone Credit Investors Corp.	76
LeaseAmerica Corp.	46
LeFebure Corp.	19
Liberty Nat'l Bank & Trust Co., Louisville	51
Liberty Nat'l Bank & Trust Co., Okla. City	2
Louisville Trust Co.	89
Lubbock National Bank	60
MGIC-Indemnity Corp.	6-7
Matterhorn Bank Program	32
Manufacturers National Bank, Detroit	33
Meilink Bank Equipment	74
Mercantile Bank, St. Louis	31
Morgan Guaranty Trust Co. of N.Y.	27
Mosler Safe Co.	53-54
NCR Corp.	20
National Bank of Detroit	21
National Stock Yards National Bank	105
Northern Trust Co.	85
Northwestern Bottle Co.	64
Ozark Air Lines, Inc.	77
Paradise Resorts	94
Prom Sheraton Hotel	104
Rand McNally & Co.	48
Thayer Advertising Co.	81
Third National Bank, Nashville	13
Union Bank & Trust Co., Montgomery, Ala.	90
United Missouri Bank of Kansas City	9
Universal Specialty Co., Inc.	73
Womeldorff & Lindsey	104
Ziegler & Co., B.C.	30



it's easy  
to learn to  
**LEAN**  
on  
Len



*SO MANY PEOPLE DO.* Stock Yards Bank traveling officers are inclined to depend on him wholeheartedly for highly-efficient back-up activities. Customers, too, have become biased toward Cashier, Leonard Bouldin's cordial and authoritative services in the areas of wire transfers and the processing of Federal Funds.

Len, himself, leans hard into any correspondent task, makes decisions and carries on to successful conclusions. And all it takes for service slanted to your particular needs is to incline thine ear to the telephone and call 618-271-6633.

"YOUR BANKER'S BANK" . . .

*Just across the river from St. Louis*



**THE NATIONAL STOCK YARDS NATIONAL BANK**  
OF NATIONAL CITY

NATIONAL STOCK YARDS, ILLINOIS 62071

Member Federal Deposit Insurance Corp.



# Betz, Dierks, Courier.

## You can't find bankers who can give you faster decisions than these men.



Charles S. Betz  
Vice President  
(314) 342-6386

David A. Dierks  
Commercial Banking Officer  
(314) 342-6387

James B. Courier  
Commercial Banking Officer  
(314) 342-6388

**Because they speak for First...  
in Missouri, Kansas and Nebraska.**

No bank anywhere gives its correspondent bank officers more freedom to act on their own.

Because we know our men.

And they know their bank.

For any special services from overline loans to computerized bond analysis, get the job done better . . . by working with a man who speaks for First.

Fast.

### **Some Special Services for Our Correspondent Banks:**

Fast action on overline loans . . . even if your bank is not yet a First correspondent.

Computer services second to none. Years of experience in all forms of EDP. Our computer marketers and technicians will be happy to visit and talk with you.

Computerized transit and clearing activities speed up collections with the new RCPC's.

Bond Department services, including fast computerized portfolio analysis. Our investment experts are in constant contact with bond dealers nationwide.

Personal and Corporate Trust services through St. Louis Union Trust. Largest trust company in Missouri. Over \$4 billion in assets.

Exchange ideas at our Annual Conference of Bank Correspondents . . . plus special educational seminars.

**First National Bank  
in St. Louis**

Member FDIC

