

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

Unique 17th-Century Nativity Display at Detroit Bank & Trust (Page 42)

AUGUST, 1975



CHRISTMAS IN AUGUST



Interdependence and International Banking



What can Liberty's International Division do to assist you and your customers.
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You see, more and more firms of all sizes are reviewing their banking relationships from the standpoint of finding a bank that can provide "close proximity" expertise in international banking. In plain language, Liberty can help you help your customers faster because we're closer to you and to their businesses.

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London and representatives in Tokyo and Hong-Kong. And we can help you provide this assistance for your customers. Areas of assistance include but are not limited to:

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For these and other reasons, Liberty's International Division has active working relationships throughout most of Central America, South America, Free Europe, Canada, Israel, Indonesia, Japan and Australia. If you have any questions concerning International trade, contact the Correspondent Department.

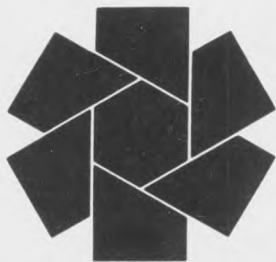


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FIRST COMMERCE CORPORATION AND FIRST NATIONAL BANK OF COMMERCE

AND SUBSIDIARIES, NEW ORLEANS
SIX MONTHS ENDED JUNE 30, 1975

FIRST COMMERCE CORPORATION COMPARATIVE CONSOLIDATED STATEMENT OF INCOME

	Six Months Ended	
	June 30, 1975	June 30, 1974
OPERATING REVENUES		
Interest and Fees on Loans	\$27,039,000	\$32,743,000
Interest on Funds Sold	4,207,000	5,379,000
Interest and Dividends on Investments	4,242,000	4,973,000
Service Charges, Exchange and Underwriting Fees	2,551,000	2,310,000
Other Operating Revenues	2,016,000	2,406,000
Total Operating Revenues	\$40,055,000	\$47,811,000
OPERATING EXPENSES		
Salaries and Employee Benefits	\$ 6,386,000	\$ 5,633,000
Interest on Deposits, Funds Purchased	20,920,000	31,308,000
Occupancy Expenses on Bank Premises, Net	1,181,000	1,297,000
Equipment Rentals, Depreciation & Maintenance	1,716,000	1,365,000
Provision for Possible Loan Losses	2,198,000	920,000
Other Operating Expenses	5,853,000	4,599,000
Total Operating Expenses	\$38,254,000	\$45,122,000
Operating Income Before Income Taxes and Securities Gains or Losses	\$ 1,801,000	\$ 2,689,000
Applicable Income Taxes	90,000	(22,000)
OPERATING INCOME BEFORE SECURITIES GAINS OR LOSSES	\$ 1,711,000	\$ 2,711,000
NET SECURITIES GAINS OR LOSSES (After Tax Effect)	7,000	12,000
NET INCOME	\$ 1,718,000	\$ 2,723,000
Earnings Per Share Based on Average Shares Outstanding (2,104,726 and 2,102,124 Shares Respectively)		
Operating Income Before Securities Gains or Losses	\$0.81	\$1.29
Net Income	\$0.82	\$1.30
Earnings Per Share Assuming Full Dilution		
Operating Income Before Securities Gains or Losses	\$0.74	\$1.11
Net Income	\$0.75	\$1.12

FIRST COMMERCE CORPORATION COMPARATIVE CONSOLIDATED STATEMENT OF CONDITION

	June 30,	
	1975	1974
ASSETS		
Cash and Due From Banks	\$ 113,429,000	\$ 154,488,000
Due From Banks—Time	14,171,000	15,185,000
U.S. Government Securities	41,811,000	60,561,000
State and Municipal Obligations	98,361,000	118,486,000
Federal Reserve Bank Stock and Other Securities	4,394,000	2,193,000
Trading Account Securities	516,000	2,179,000
Federal Funds Sold	280,725,000	131,300,000
Loans	502,735,000	598,300,000
Premises and Equipment	14,774,000	16,559,000
Customers' Liabilities on Acceptances	4,021,000	11,275,000
Accrued Interest Receivable and Other Assets	17,657,000	20,578,000
Total	\$1,092,594,000	\$1,131,104,000
LIABILITIES		
Demand Deposits:		
Individual and Business	\$ 242,251,000	\$ 240,193,000
Banks	85,503,000	77,658,000
U.S. Government and Other Public Funds	10,860,000	16,583,000
Total Demand Deposits	\$ 338,614,000	\$ 334,434,000
Time Deposits:		
Savings	\$ 115,533,000	\$ 97,687,000
Other Time Deposits	294,849,000	333,087,000
Total Time Deposits	\$ 410,382,000	\$ 430,774,000
Total Deposits	\$ 748,996,000	\$ 765,208,000
Funds Purchased	240,787,000	257,708,000
Notes Payable	3,930,000	1,663,000
Acceptances Outstanding	4,021,000	11,275,000
Accrued Taxes, Interest and Other Liabilities	12,891,000	14,116,000
Total Liabilities	\$1,010,625,000	\$1,049,970,000
RESERVE FOR POSSIBLE LOAN LOSSES	\$ 7,884,000	\$ 8,682,000
4 7/8% CONVERTIBLE SUBORDINATED DEBENTURES DUE 1997	\$ 20,000,000	\$ 20,000,000
CAPITAL ACCOUNTS		
4% Convertible Capital Notes Due 1991	\$ 2,821,000	\$ 2,821,000
Stockholders' Equity		
Preferred Stock, no par value, Authorized and unissued 500,000 Shares	—0—	—0—
Common Stock, \$5.00 par value, Authorized 10,000,000 Shares Issued 2,176,244	\$ 10,881,000	\$ 10,881,000
Capital Surplus	25,265,000	25,265,000
Retained Earnings	16,814,000	15,181,000
	\$ 52,960,000	\$ 51,327,000
Less: Cost of 71,518 Shares Held in Treasury	(1,696,000)	(1,696,000)
Total Stockholders' Equity	\$ 51,264,000	\$ 49,631,000
Total	\$1,092,594,000	\$1,131,104,000

CORPORATE OFFICERS

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E. Ward Faulk, Executive Vice President and Group Executive—Corporate Banking Group

Lution B. Hill, Executive Vice President, Treasurer of the Corporation and Group Executive—Financial, Planning & Administrative Group

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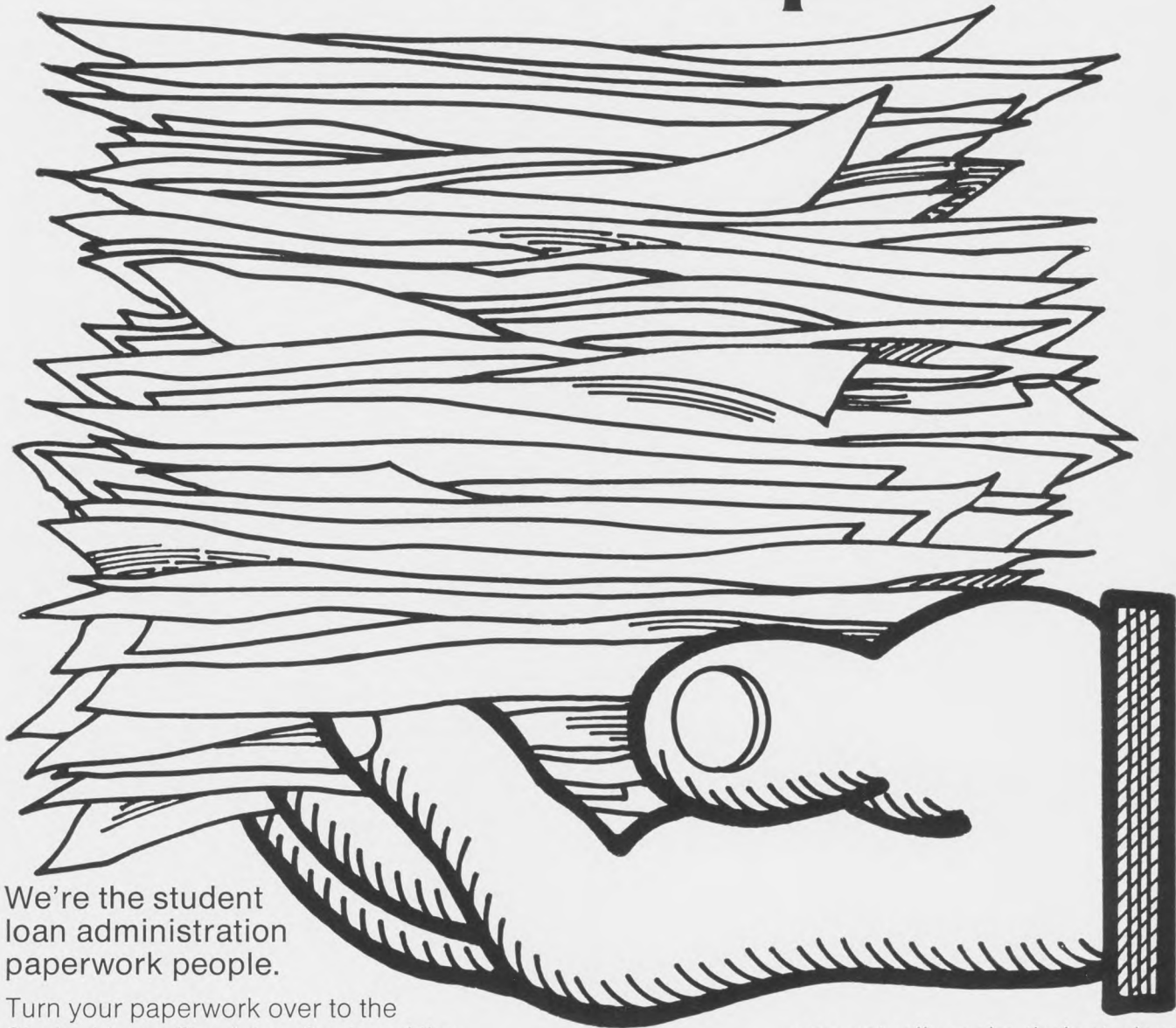
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Convention Calendar

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

August

Aug. 17-19: Texas Bankers Association Bankers Conference, Austin.
 Aug. 17-23: Independent Bankers Association of America Senior Bank Officer Seminar, Boston, Harvard University.

September

Sept. 3-5: ABA Meeting with Comptroller of the Currency, White Sulphur Springs, W. Va., Greenbrier Hotel.
 Sept. 3-5: Bank Administration Institute Employee Benefit Planning Seminar, Park Ridge, Ill., BAI Headquarters.
 Sept. 7-9: Kentucky Bankers Association Annual Convention, Louisville, Galt House.
 Sept. 7-9: ABA Payments System Policy Conference, San Francisco, Fairmont Hotel.
 Sept. 7-12: Kansas, Missouri and Nebraska Bankers Associations' School of Basic Banking, Lincoln, Neb., University of Nebraska.
 Sept. 8-10: ABA Affirmative Action Seminar, Kansas City, Marriott Hotel.
 Sept. 14-18: Consumer Bankers Association Annual Convention, Colorado Springs, Colo., Broadmoor Hotel.
 Sept. 14-19: ABA National Personnel School, Dallas, Dallas Marriott.
 Sept. 14-19: Oklahoma Bankers Association Agricultural Lending School, Stillwater, Oklahoma State University.
 Sept. 17-18: Illinois Bankers Association Agricultural Credit Conference, Champaign, Ramada Inn.
 Sept. 17-19: Texas Bankers Association Installment Credit Section Convention, Houston.
 Sept. 18: ABA Governing Council Meeting, Washington, D. C., Washington Hilton.
 Sept. 20-22: AIB Executive Council Meeting, Washington, D. C., AIB Headquarters.
 Sept. 21-24: ABA Supervisory Training Workshop, Chicago, Continental Plaza.
 Sept. 21-24: ABA Bank Card Division Annual Convention, Bal Harbour, Fla., Americana Hotel.
 Sept. 25-26: ABA Operations/Automation Division Southern Regional Workshop, New Orleans, Royal Sonesta Hotel.
 Sept. 28-Oct. 1: Bank Marketing Association Annual Convention, Las Vegas, Hilton Hotel.

October

Oct. 4-8: ABA Annual Convention, New York City.
 Oct. 8: ABA Governing Council Meeting, New York City.
 Oct. 12-15: National Association of Bank-Women Convention, Honolulu, Sheraton Waikiki Hotel.
 Oct. 12-15: Foundation of the Southwestern Graduate School of Banking Conference on Planning and Execution of Policy, Osage Beach, Mo., Tan-Tar-A Resort & Golf Club.
 Oct. 19-20: Kentucky Bankers Association Trust Conference, Louisville, Stouffer's Louisville Inn.
 Oct. 19-22: ABA Bank Trainer's Workshop, Atlanta, Sonesta Hotel.
 Oct. 19-23: Independent Bankers Association of America Seminar for Younger Bank Officers, Muncie, Ind., Ball State University.
 Oct. 20-22: ABA Bank Investments Regional Workshop, Louisville, Galt House.
 Oct. 23-24: Missouri Bankers Association Trust Conference, Osage Beach, Tan-Tar-A Resort & Golf Club.
 Oct. 26-29: Bank Administration Institute Convention, Atlanta, Marriott Motor Hotel.
 Oct. 26-29: Bank Marketing Association Trust Marketing Workshop, San Francisco, San Francisco Hilton.
 Oct. 26-31: ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
 Oct. 26-31: Kansas, Missouri and Nebraska Associations' Intermediate School of Banking, Lincoln, Neb., University of Nebraska.

November

Nov. 2-5: Robert Morris Associates Annual Fall Conference, San Francisco, Fairmont Hotel.
 Nov. 2-7: Kansas, Missouri and Nebraska Bankers Associations' Advanced School of Banking, Lincoln, Neb., University of Nebraska.
 Nov. 5-6: Missouri Bankers Association Consumer Finance Conference, Osage Beach, Tan-Tar-A Resort & Golf Club.

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Our new name means business.

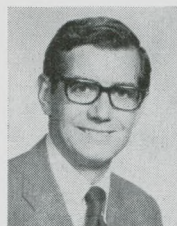
An old friend of yours has a new name. National Bank of Tulsa is now Bank of Oklahoma.

Along with our new name comes a new and even more aggressive management philosophy geared to our region's thriving business and financial scene.

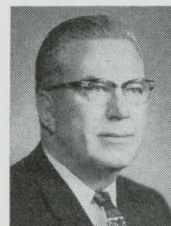
For 42 years we've grown up helping this state grow. Today, we're one of the largest banks in Oklahoma. With the proven expertise — the **reach** — to give the Southwestern financial community the kind of leadership it deserves.

We believe our new name more clearly defines our scope, our ever-widening sphere of influence, and the public for whom we work.

As Bank of Oklahoma, we're going to keep moving ahead. Right along with our area. Right along with you.



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of the Board



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The Banking Scene

By Dr. Lewis E. Davids

Hill Professor of Bank Management,
University of Missouri, Columbia

Capital Building Blocks and HC Severability

A DECLINE in the critical discussion of bank and bank HC capital by the press has come about, but hasn't disappeared. One reason is that regulatory agencies and bank officials have realized that the discussion tended to engender public concern about the safety of the entire financial structure. The fact that there has been less material appearing in the press on the issue doesn't mean bankers and observers of the financial structure's health can ignore the problem.

The number of real estate investment trusts (REITs) that are in distress and that are a part of bank HCs has risen. Their bank lines of credit often had to be restructured. In addition, the lead bank or parent HC has had to infuse working capital into such organizations. These actions have generated questions concerning the amount of additional capital needed, the length of time it would be necessary and what the transfer of capital from bank to REIT would do to the HC's earnings.

People who consider the question of HC capital can be divided into two groups, one being the bankers whose views can be placed in several subsets.

Bank HCs have come under a more microscopic analysis by the public than other types of HCs or their equivalent in other financial institutions . . .

One group of bank HCs takes the "building blocks capital" approach, in which each of the component parts of the HC should have a capital structure typical of the industry in which the subsidiaries operate. When these "blocks" of capital are added, the total underlying capitalization of the HC is determined.

This is more conservative than the

position taken by more aggressive HCs, which have held that a *smaller* capital structure is needed than determined by a "building block" approach, because members of the HC are able to shore up the individual subsidiaries through their cooperative efforts.

An executive of one of the nation's leading rating agencies holds a contrary opinion, that banks, through their HC operations, have permitted an HC capital structure so inadequate that the subsidiaries would not normally, as independent companies, qualify for bank accommodation in the institutions that have created or developed these subsidiary operations.

Bank HCs have come under a more microscopic analysis by the public than other types of HCs or their equivalent in other financial institutions, such as those found in the insurance field or with S&Ls. The operations of the conglomerate HC, the insurance HC and the S&L HC appear to have had greater flexibility in their scope and function than bank HCs, judging by the list of services they may perform.

The philosophy of S&L and insurance HC executives is different from that of bank HC officials. In the insurance HC, the parent company is, quite frequently, undentifiable, even by people close to the trade. In the case of the S&Ls, or service corporations, a deliberate attempt has been made to establish separate boards of directors, for example, and the corporation often has a name that doesn't reveal its link with the lead institution.

However, in the case of bank HCs, the interlock between the HC, the lead bank and subsidiary banks is highly visible. In their attempts to maximize the marketing impact of their development, many a bank HC has endowed its valuable name upon each of its subsidiaries.

The quotation, "He who steals my purse steals trash; he who steals my good name steals everything," applies

here. The "good name" of the bank has been applied to organizations which are incorporated separately and theoretically are able to be severed, fail and be liquidated with losses to its creditors and subordinated debenture holders. This de jure situation is in opposition to the de facto implications of such a step, a problem that's recognized at high levels: Fed Governor George Mitchell spoke on the subject before the Florida Association of Bank Holding Companies.

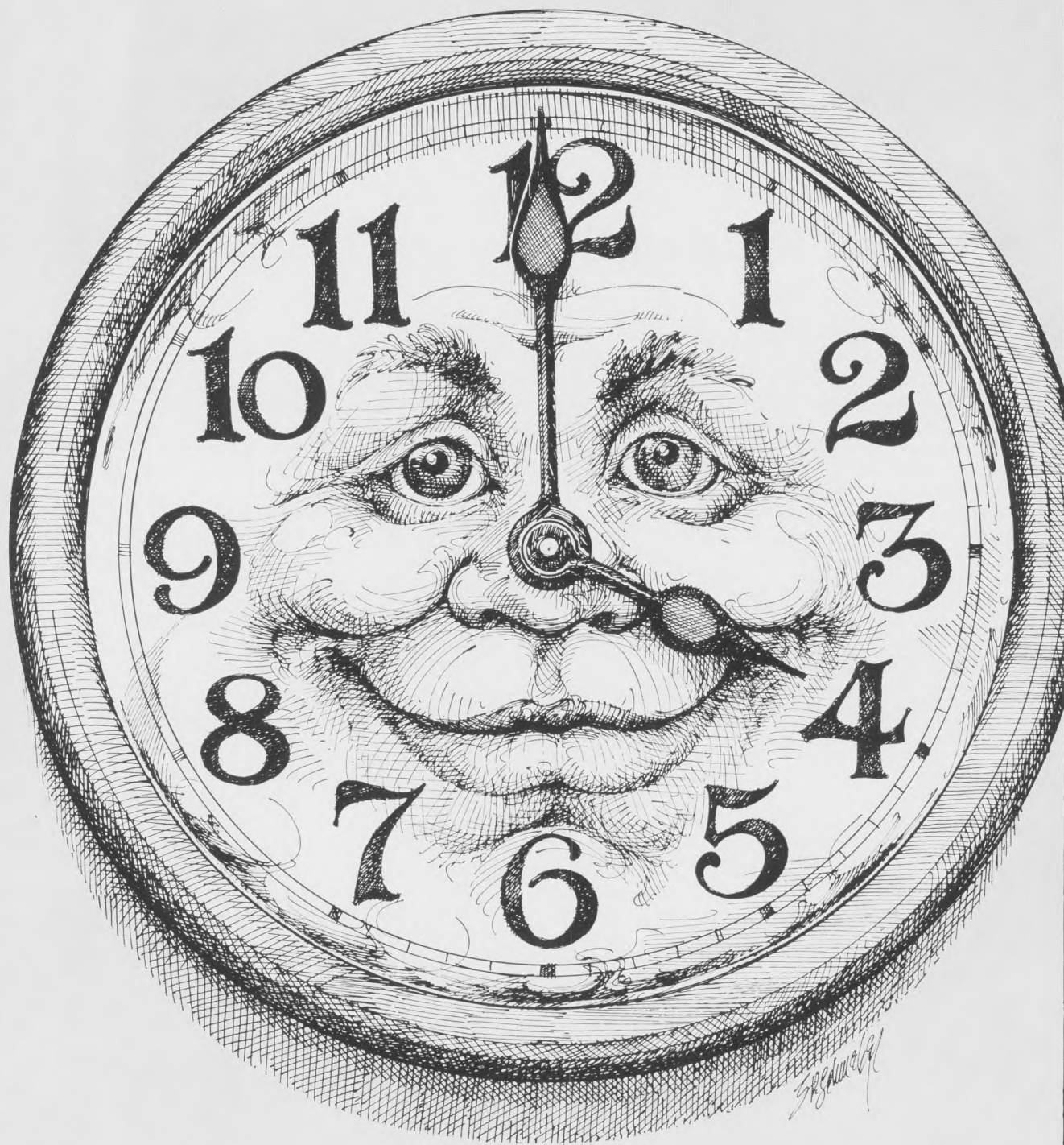
When viewing the number of non-earning assets in REITs, and their importance, one realizes that the figures are in the billions of dollars.

It would be unwise for bankers to continually expect that regulatory agencies will be willing to step in and rescue an HC's failing subsidiaries.

In the Mid-Continent area, many unit bankers who have extended funds to the REITs at the suggestion of their big city correspondents have told me that they've been under considerable pressure to renew their expiring lines of credit, at lower interest rates and, often, to reduce the security and earnings they previously had anticipated. This is done via massive writing-down of the interest rates and the protective covenants of the loan agreement.

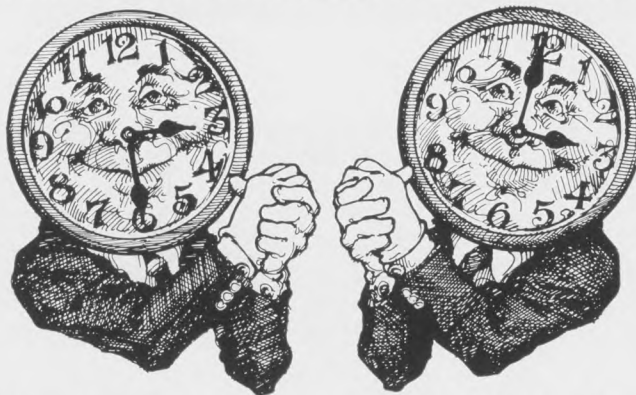
Some unit bankers have been unhappy at being pressured by their major correspondents to do this. I am sympathetic to the big city bank that tries to work out a viable solution to a complex problem, but can identify with the unit banker who had relied upon a sophisticated big city correspondent who was presumed to have had the expertise to insure the profitability of an REIT.

(Continued on page 62)



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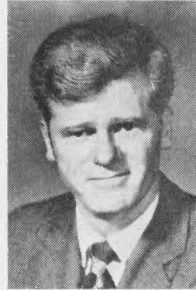
NEWS OF THE BANKING WORLD



BURKE



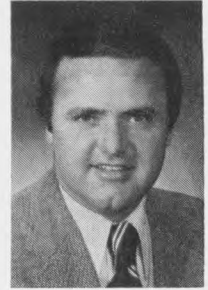
KING



DENNIS



SNOW



HARPER

• **Bruce King**, former New Mexico governor, has been named director-at-large for the Wichita Farm Credit Board for a 2½-year term that began July 1. Mr. King is a partner in King Brothers Ranch, Stanley, N. M., a farming, cattle-feeding and ranching operation. He is a former member of the New Mexico House of Representatives, former speaker of the House and served as chairman of its agricultural committee. He belongs to the Federal Land Bank Association, Albuquerque, and the Albuquerque Production Credit Association.

• **Ronald G. Burke** will join the Bank Administration Institute, Park Ridge, Ill., in September and assume full responsibilities January 1, 1976, as its executive vice president. He will succeed F. Byers Miller, who will retire as executive director of the BAI next December 31 after 19 years' service. Mr. Burke has been director of Federal Reserve Bank operations for the Federal Reserve System since 1973 and has been with the Fed since 1971.

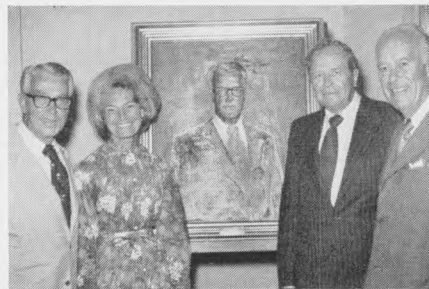
In other action, the BAI has announced the election of George W. Dennis, CBA, as its chairman and Gerard V. Carey, CPA, as vice chairman. Mr. Dennis is senior vice president in charge of administration, metropolitan division, Manufacturers Hanover Trust, New York City, and Mr. Carey is executive vice president, First Pennsylvania Corp., Philadelphia. They are the first to hold these BAI posts following a reorganization of the institute's board. As chairman, Mr. Dennis succeeds Horace H. Harrison, who was BAI president and is executive vice president, United Virginia Bankshares, Inc., Richmond. Mr. Harrison continues to serve on the board's 11-member executive committee for a year as im-

mediate past chairman. As vice chairman, Mr. Carey is in line to become BAI chairman in 1976. The new treasurer is Joseph D. Watson, CBA, general auditor, Crocker National, San Francisco.

• **Justin T. Watson** has retired as first deputy comptroller of the currency after 30 years' service with the nation's oldest bank regulatory agency. He started there as a national bank examiner.

• **First Kentucky National Corp.**, Louisville bank HC, has opened an office in New York City for its principal subsidiary, First National, Louisville. The bank's representative in the new office is Arthur N. Jorgensen, formerly with European American Bank, NYC.

K. C. Fed's Wagstaff Honored



Robert W. Wagstaff, former ch., Federal Reserve, Kansas City, was honored by having his portrait painted by Frank Szasz. Shown at the unveiling, attended by members of the Kansas City banking fraternity, are (l. to r.): Mr. and Mrs. Wagstaff; George H. Clay, pres., K. C. Fed; and Robert T. Person, ch. of the bank. Mr. Wagstaff, ch. & pres., Coca-Cola Bottling Co of Mid-America, K. C., was a K. C. Fed director, 1969-74, and completed his four-year term as chairman last December. The portrait hangs at the K. C. Fed.

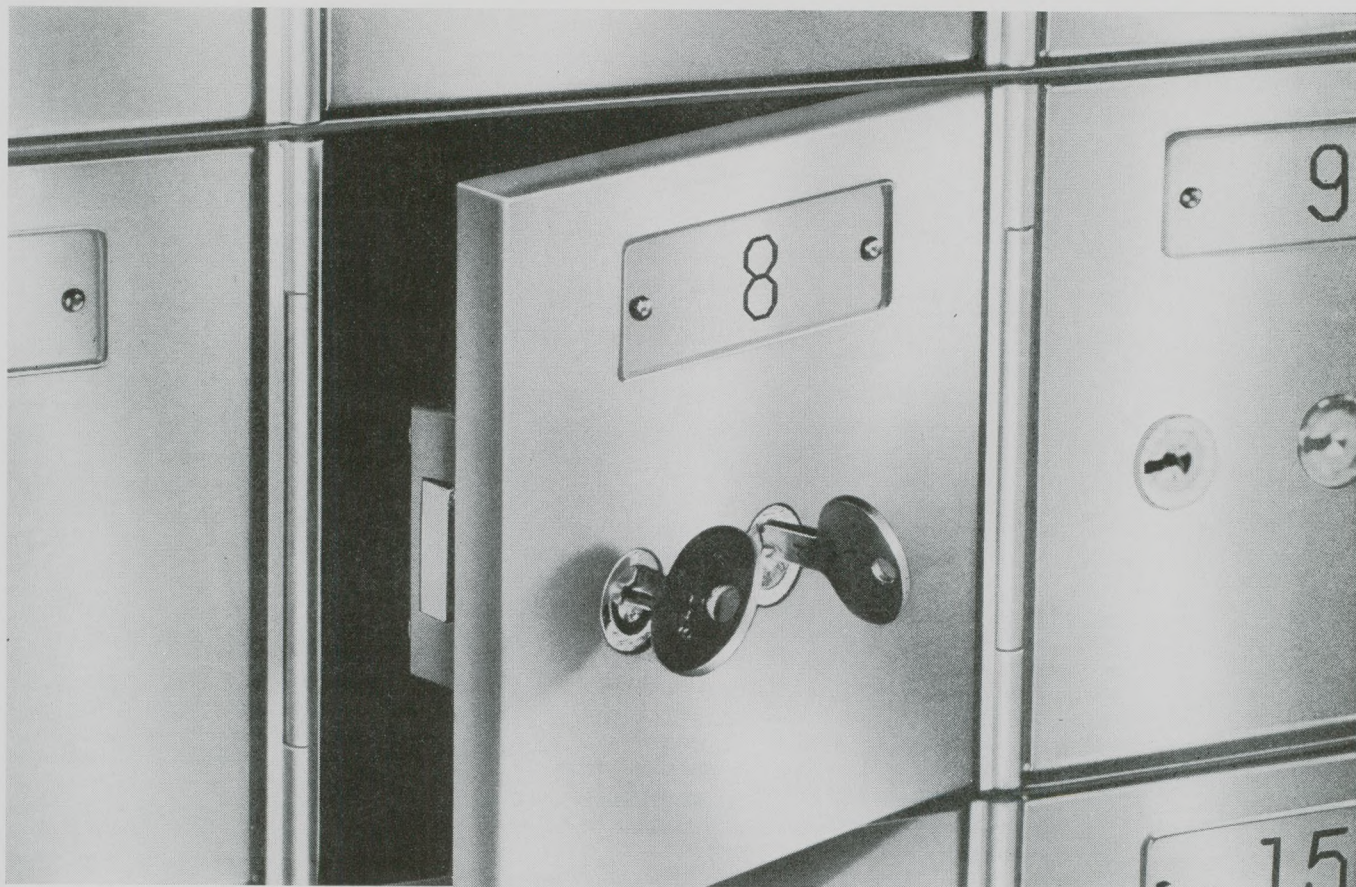
• **Michael G. Harper**, formerly vice president, Plaza Bank, Kansas City, has joined Johnson County National, Prairie Village, Kan., as vice president, commercial loan department. Mr. Harper is a past president, Missouri Young Bankers.

• **Charles E. "Ched" Snow** of the metro division of First National of Denver's correspondent bank department has been promoted to vice president. He joined the bank in 1973 after spending 16 years with several other Denver and southwestern banks and financial institutions.

• **Wesley Lindow**, former president, Charter New York Corp., New York City, has been elected chairman and CEO, First Capital, Inc., Washington, D. C., a firm organized in 1972 to explore investment opportunities in banking and other activities. The firm now is owned jointly by Mr. Lindow and Golembe Associates, Inc., a Washington-based banking research and consulting firm. Mr. Lindow had spent nearly 30 years with Charter New York Corp. and its lead bank, Irving Trust.

• **The FDIC** has promoted Ernest P. Fuchs, examiner-in-charge, North Chicago, Ill., office, to assistant regional director in the Columbus Region, which serves Kentucky and nearby states; and Edwin B. Burr, special assistant to FDIC Chairman Frank Wille, to assistant regional director in the Memphis Region, which serves Arkansas, Louisiana, Mississippi and Tennessee. In other action, Robert F. Miailovich, a career examiner serving in the San Francisco office, has been appointed special assistant to Mr. Wille, succeeding Mr. Burr.

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Community Involvement

Crime-Fighting Plan of Banks, S&Ls Unveiled in Three-County Ohio Area

BANKS AND S&LS in a three-county area of Ohio have joined together to try to reduce crimes against financial institutions there. Fourteen participants in the Tri-County Reward Plan have pledged funds to finance substantial rewards for information leading to the arrest and conviction of persons committing criminal acts against any of the plan's members. The latter—eight banks and six S&Ls—are headquartered in Lucas, Wood and Fulton counties.

Whenever any office of any plan member institution is struck by criminals, the reward committee, which administers the plan, immediately offers a \$2,000 reward. The money goes to the first person or group of persons who provide information leading to the conviction of the person or persons committing or attempting the felonious act—holdup, burglary or larceny.

The new group's bylaws state that \$1,000 of the reward may be paid when those charged with the crime are indicted. The balance is paid on conviction. The reward committee also is authorized to pay up to \$500 of the \$2,000 reward for information leading to the arrest of suspects charged with

a crime against a member bank or S&L.

Member institutions are assessed to provide funds for the program.

The reward committee, in cooperation with an officer of the member institution struck by a crime, determines who's entitled to the reward in each instance.

Not eligible for rewards are law enforcement officers, employees and officers of member institutions, employees of private security services and members of their immediate families. Nor are rewards paid for reporting any crime committed by member institution employees, such as embezzlement.

"We believe this program will stimulate public assistance in providing information which will help capture and punish those who commit or attempt lawless acts against our offices or employees," said Clinton A. Mauk, chairman of the seven-member reward committee. He is vice president/operations, First National, Toledo.

Mr. Mauk pointed out that crimes against financial institutions are rising in his area and that it's believed this program is a necessary and effective tool to combat such criminal acts. • •

In Mississippi:

Painting, Rare Currency Go to Governor's Mansion

Deposit Guaranty National, Jackson, Miss., has made a dual donation to the state's newly renovated executive mansion: a watercolor of the home and a collection of rare Mississippi currency. Both are for permanent display.

Richard Lewis, a Mississippi native who reportedly is known as the "Audubon of American City Painting," was commissioned by the bank to paint the likeness of the manse, for presentation to Governor and Mrs. William Waller. A bank spokesman termed the home a "source of pride for all Mississippians," since it is said to be one of two executive mansions in the U. S. to have been designated as national landmarks.



Julian L. Clark (l.), pres., Deposit Guaranty Nat'l, Jackson, Miss., and State Gov. William Waller hold collection of historic state currency donated by bank to governor's mansion.



Miss. artist Richard Lewis (l.), Mrs. William Waller, wife of Miss. gov., and J. H. Hines, ch., Deposit Guaranty Nat'l, Jackson, admire Mr. Lewis' bank-sponsored painting of governor's mansion, which was donated for public display in executive manse.

Additionally, Mr. Lewis was commissioned by Deposit Guaranty in 1973 to paint 12 scenes of the Jackson area as a special contribution to the formal opening and permanent decor of Deposit Guaranty Plaza. Six of his paintings were chosen by the public in a bank-sponsored contest, and were featured in a calendar designed as a "bankwarming" gift to visitors.

Also presented by the bank to the executive mansion was a collection of rare currency, printed in a period when banks, railroads, insurance companies and government agencies issued their own money.

The earliest bill in the display is a \$100 note issued by Planters Bank, Natchez, in 1835, while the \$50 Lake Washington & Deer Creek Rail Road & Banking Co. bill is the rarest. The latter company was headquartered in Princeton, a Washington County town no longer in existence.



Clinton A. Mauk (l.), v.p./operations, First Nat'l, Toledo, and Robert Knowles of Peoples Savings Assn., Toledo, show reward poster offering \$2,000 for information leading to arrest and conviction of persons committing crimes against banks and S&Ls in three-county area of Ohio. Mr. Mauk is ch., reward committee, which administers Tri-County Reward Plan, to which eight banks and six S&Ls belong.

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NEWS ROUNDUP

News From Around the Nation

Fed Seeks Broader Control of Nonmember Institutions

Fed Chairman Arthur Burns has submitted to Congress a new bill to increase his agency's authority to control reserves of nonmember financial institutions. The new bill is described as even more comprehensive than the one offered last year and rejected by Congress.

As in the earlier bill, the new one would extend Fed reserve requirements to mutuals, S&Ls and nonmember commercial banks. The 1975 bill is more comprehensive in two ways:

First, it would extend reserve requirements set by the Fed on time and savings deposits to all depository institutions. Previously, Fed reserve requirements would have been confined just to demand deposits and NOW (negotiable order of withdrawal) accounts in such institutions.

Secondly, the new bill doesn't exempt smaller non-

member banks as the 1974 bill did. The first bill would have exempted the first \$2 million of the combined total of demand deposits and NOW accounts at nonmember institutions.

Chairman Burns said that excluding such institutions would discriminate unnecessarily against smaller member banks. In addition, he said, the 1974 exclusion would encourage smaller banks to leave the Federal Reserve System, and thus monetary control would be weakened even further than it is at present.

Compared to the previous bill, the new one does have a liberalizing feature: The proposed reserve-requirement ranges for the various deposit categories were adjusted downward.

Stronger HC Disclosures Sought

New, stronger disclosure requirements for bank holding companies have been agreed on by the SEC, Fed, FDIC and Comptroller.

The new standards—to be proposed formally this fall by the SEC—will require the nation's approximately 400 bank HCs to give their stockholders and potential investors more information on delinquent loans, foreign operations and bad loans that either were charged off or ultimately recovered.

The four regulatory agencies also have agreed on augmented financial reporting requirements for all federally regulated banks, not just HCs subject to SEC roles. According to FDIC Chairman Frank Wille, large banks would face stiffer reporting requirements than other, smaller banks.

New Capital-Note Requirements?

The FDIC has published several proposed changes in its regulations on interest rates. The changes would give insured nonmember banks greater flexibility in issuing capital notes that would not be subject to interest-rate ceilings. The Fed Board has made a similar proposal for capital notes issued by Fed-member banks.

One of the FDIC's proposed changes would allow a capital note or issue of notes to have an *average* maturity of seven years or more. This would let a bank issue notes repayable in part at the end of the first year, second year, etc., so long as their average maturity is at least seven years.

The second proposed change would allow a bank to issue a capital note of less than \$500 to satisfy ratable

claims or preemptive rights of shareholders. However, this could be done only at the FDIC's discretion in limited instances.

The FDIC invites comments from interested persons by August 29. Such comments should be submitted to the Executive Secretary, FDIC, 550 17th Street, N. W., Washington, DC 20429.

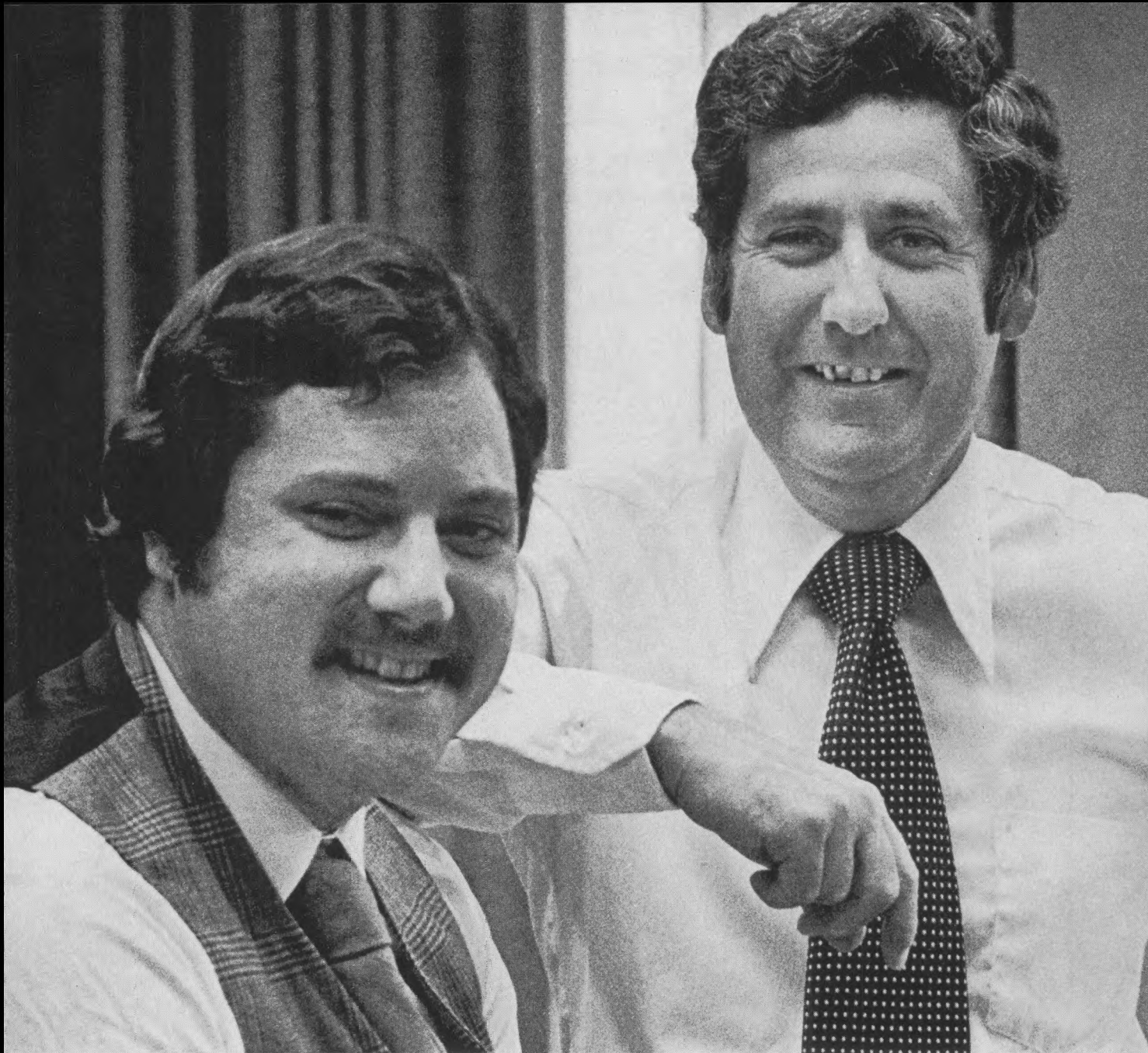
ABA Backs Consumer Leasing Act

The ABA last month officially backed the proposed Consumer Leasing Act of 1975, saying it will be a great benefit to consumers and banking. The bill, similar to the Truth-in-Lending Act, essentially would require full disclosure of primary lease terms in ads and prior to execution of any consumer lease.

James L. Smith testified for the ABA and the Consumer Bankers Association. He is senior vice president, Security Pacific National, Los Angeles. He told subcommittee members of the House Committee on Banking, Housing and Urban Affairs that the bill will be a valuable protective device for consumers providing that clarifying language is added to eliminate ambiguity.

The only exception to the bill's basic disclosure theme offered by the spokesman is the provision limiting liability of lessees on termination or expiration of their leases. He pointed out that this provision, while preventing unscrupulous lessors from deliberately underestimating depreciation and thereby keeping monthly payments unrealistically low, would impose on all lessors the risk that leased goods might depreciate much more rapidly than anticipated.

Because many operational and procedural changes are required of lessors, and regulations must be drafted, Mr. Smith suggested that the act take effect one year after the date of its enactment.



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**Corporate
News
Roundup**

• **Lester B. Knight & Associates.** Stuart C. MacIntire has been elected executive vice president, Lester B. Knight & Associates, Chicago-based management consultants, consulting engineers and architects. Mr. MacIntire joined the firm in 1967, going from Chicago's Continental Bank, and had been senior vice president since 1974. He is responsible for all management consulting and architectural services to the banking and financial industry throughout the United States and Europe.



ADAMS



MacINTIRE

• **LeFebure.** Don R. Adams has been named manager, St. Louis branch, LeFebure Corp., Cedar Rapids, Ia. He is responsible for Illinois, Indiana, Kentucky and Missouri. Before his new assignment, Mr. Adams was a sales engineer in LeFebure's Milwaukee branch.

• **Mosler Safe Co.** Daniel J. Hobbs has been elected senior vice president, manufacturing, Mosler Safe Co., Hamilton, O. W. D. Smith was named vice president and general manager, bank and commercial division, and W. F. Quill, vice president-finance and control. All three report directly to Mosler's president, R. William Ayres Jr.

Mr. Hobbs, with Mosler since 1956, was vice president and general manager, bank and commercial division. Mr. Smith joined Mosler's parent organization, American-Standard, in 1970, moved to Mosler in 1972 and, most recently, was vice president-finance. Mr. Quill recently was transferred to Mosler in Hamilton from American-Standard, where he was vice president, finance, land and shelter operations, on the West Coast.

Edward J. Mulvey has been appointed vice president and general manager of the recently merged air-



QUILL



HOBBS



MULVEY



SMITH

matic systems and electronic systems divisions of Mosler. Mr. Mulvey was vice president and general manager, electronic systems division, and joined Mosler in 1965 as assistant to the national service manager.

Mosler also has named Jerome Feuer as director, market planning and development, and Robert R. Rosberg as director, communications and public relations.



JOHNSON

• **Bank Consultants of America.** Lewis Johnson has been named Mountain States manager of Bank Consultants of America, Denver. He will be responsible for the states of Kansas, New Mexico, Colorado, Nebraska and Wyoming. He was formerly with an architectural firm in Denver.



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Operations

PROFIT, Computerized 'Manager,' Provides Quick Access to Records

PROFIT, a computerized bank management system, is being offered to banks by Central National in Cleveland.

The system, which has a name that is an acronym for Personalized Remote Operations and Financial Inquiry Technique, is said to enable banks to achieve close relationships with customers while offering services and enjoying efficiencies available through application of electronic data processing techniques.

The integrated central file system enables banks to share a data processing system through terminals and mini-computers linked to a central computer facility, saving manhours and paperwork and eliminating the transportation of documents to and from a data center.

PROFIT identifies a customer's total relationship with a bank by consolidating all financial services used by the customer. For example, PROFIT can be applied to demand deposit accounting, overdraft loans, savings, CDs, club accounts, mortgage, installment and commercial loan accounting and general ledger with expense and budget control.

It also can be used as a marketing tool, taking into account research about bank services, cash flow and customer profiles, enabling cross-selling to current customers.

Studies have indicated a decline of

about 50% in corporate deposits to banks over the past 20 years, reducing their importance. Meanwhile, personal deposits have increased more than 85%, and it's estimated that as much as 70% of a bank's growth can be gained by effectively cross-selling its current customers.

For example, a bank using PROFIT can periodically "ask" for a printout of new auto loan customers who do not have checking accounts. A personalized letter can then be sent to them, suggesting that they open such an account, allowing loan payments through automatic funds transfers.

Central file inquiries are made by entering only the customer's name or name and address on the terminal. Through a cross-reference directory incorporated in the computer, all of the customer's accounts are retrieved and displayed.

The system's central file permits preparation of a monthly statement consolidating transactions in all accounts a customer maintains at the bank.

Also, funds may be transferred automatically from account to account following insertion of transfer instructions on the account records and the system will transfer interest credited to savings accounts or certificates to a customer's checking account and generate appropriate debit and credit reports without further attention by a

bank's staff. Furthermore, the system reportedly can accommodate the variety of electronic funds transfer applications currently proposed or under development.

Central National assumes full responsibility for installation and maintenance of the PROFIT system and hardware. A bank merely captures and transmits data directly to the main processing unit from an on-premise input station. The information is carried by leased communications circuits to the main computer center, where all processing is done. The master files are updated and information is transmitted back to the bank for the generation of printed reports, statements and letters.

On-line terminals are located at teller stations and other key points in the main office or branch offices of a bank using the system, providing access to the main computer's master file at any time. A paper copy of information displayed on the printout screen may be obtained, whenever desired, from an adjacent high-speed printer.

Hardware is supplied by NCR, CRT, Texas Instruments, General Datacom and International Communications. • •

Reynolds Is Elected President Of Kansas City BAI Chapter

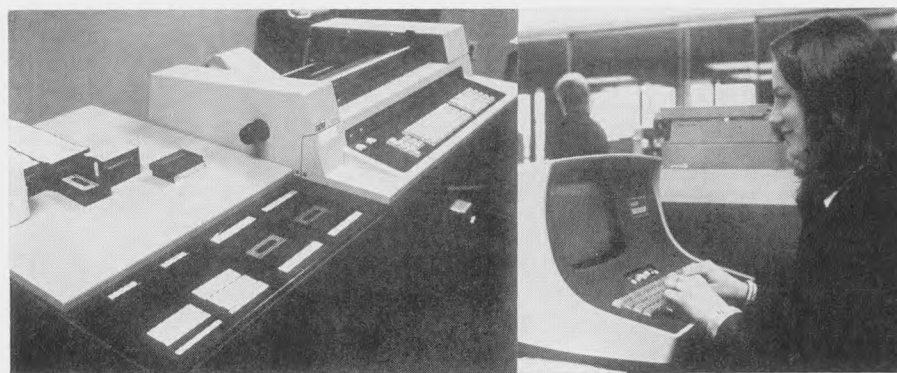
Donald L. Reynolds, senior vice president and controller, Commerce Bank, Kansas City, has been elected president, Kansas City Chapter, Bank Administration Institution, for 1975-76. Mr. Reynolds succeeded Daryl Gross, vice president and cashier, Roeland Park State, Shawnee Mission, Kan.

Other new officers are: vice president, Richard M. Catlett, president, Broadway National, Kansas City; treasurer, Jack M. Mueller, vice president and cashier, Commercial National, Kansas City, Kan.; and secretary, Paul E. Gregory, senior vice president, First National, Kansas City.

Raymond McCauley Named Pres. Of BAI's Tex.-Okla. Chapter

Raymond McCauley, vice president, First National, Henrietta, Tex., has been named president of the Texas-Oklahoma Chapter of the Bank Administration Institute for the coming year.

Other bankers, all from Wichita Falls, Tex., named to chapter posts include: vice president, Jerry Musgrave, cashier, Texas Bank; treasurer, G. E. (Mickey) Cooper, vice president and auditor, First-Wichita National; and secretary, Bruce Reeves, assistant cashier, City National.



LEFT: PROFIT system data is captured at bank through this Consul, incorporating mini-computer with 20K memory capacity. Data, program instructions are transmitted to central facility for processing. RIGHT: Bank employee uses computer for instant information retrieval from customer's account on file in central computer. System enables elimination of much bank paperwork, allows cross-selling by mail, has other advantages.



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Mortgage Lending

Community Banks Can Reap Benefits From Making Real Estate Loans

By **JAMES R. AUSTIN**
Chairman and CEO
Peoples National Bank
Shelbyville, Tenn.

IF WE CALL ourselves full-service community banks, there's no way that real estate financing cannot be a regular part of our day-to-day banking activity. Housing is a vital segment of the economic life of any community, and community banks must devote a proportionate share of their time and funds to this activity if they are to fulfill their responsibilities to their customers.

There are too many instances of bankers who have sent their mortgage borrowers to S&Ls because "they're in that business." At the outset, let's set the record straight. S&Ls are competitors of banks. They're after the same dollars and the same customers we are. There's no need to send our good customers away to our competitors simply because we're not willing to make the necessary effort to provide the financial services these customers need and desire.

For about 90% of our population, the purchase of a home is the single most important investment of a lifetime. Consider the loyalty you can create with a customer if you assist him with this most important investment. Most people take a great deal of pride in

home ownership, and they will be extremely loyal to the financial institution that helped make it a reality.

Pros. I already have mentioned the most important advantage of real estate financing—creation of loyal bank customers. There are others.

Over the past 10-20 years, the major area of bank growth has been in time deposits. In community banks, these time deposits are quite different from those held by our larger city counterparts. We don't have the highly volatile time money, negotiable CDs and correspondent bank CDs. Ours are the good stable deposits of individuals who are saving for the sake of saving. There is very little "hot money" in our time-deposit account. It's money that we can count on, day in and day out. It's money we can put to work on a term basis for the good of our community. Housing and farm mortgage loans are a natural for these funds.

Another advantage is the high quality of mortgage loans. In the first place, no one is in a better position to know real estate value than the community banker. He knows the going price of land, houses and farms in his area. For another thing, he knows the people. How much better investment can you get than a reasonable mortgage on a good piece of real estate to a good, honest, hard-working citizen of the community? A mortgage loan may not

Mr. Austin gave the talk on which this article is based at the ABA's 1975 Conference on Real Estate Finance in Denver. He is chairman of the ABA's Community Bankers Division.

pay as high a rate of return as automobile paper, but if it is properly done, it will give you much less trouble. There will be less servicing, and your net return on funds may be more favorable compared to other loans than is first apparent.

Another advantage is the simplicity of mortgage loans. First you establish a policy and then a procedure for making, servicing and collecting. Then you're in business.

When you have established guidelines on such items as percentage of appraisal you will lend, credit reports, repayment capacity and documentation, you can make real estate loans with confidence.

Earnings and liquidity—under normal conditions, the return on mortgage loans is competitive with the return on nontaxable bonds and, better than that, available to us on taxables, and there is considerably more liquidity. Today's mortgage lenders require regular repayments, so the loan-to-value ratio is decreasing, and we all know that the average life of a 20-year mortgage is much less than 20 years.

The last advantage is the benefits accruing to the community from mortgage lending. Something happens to a person when he buys a home. He becomes more responsible; his credit improves; he becomes responsive to the community's needs and programs, and he becomes a better bank customer and a better citizen.

Cons. For those bankers who are not engaged in mortgage lending, I suspect the major obstacle to be overcome is the change in philosophy necessary to get involved. The first job is to sell the directors, and the easiest way to do this is to convince the board of some of the things we have already discussed.

Selling the staff should present no problem if you're the CEO. If your people have never made home mortgage loans, some training may be necessary. However, for officers already trained in lending practices, mortgage loans are an easy addition to their bag.

Probably the two most-often used reasons for not being in the mortgage business are (1) lack of demand and (2) lack of funds. Lack of demand more often is imagined than real—it may be an excuse rather than a reason. Frequently, bankers will say that there is no demand while an S&L down the street does a flourishing business. One good way to determine the demand is

R.E. Settlement Procedures Act Kit Available

All federally regulated lenders now must conform to provisions of the Real Estate Settlement Procedures Act (RESPA) when making one-to-four-family mortgage loans. The act's principal features are:

1. Advance disclosure of settlement costs required.
2. Uniform settlement statement required.
3. Distribution of "settlement costs" information booklet.
4. Disclosure of previous selling price in certain cases.
5. Prohibition against kickbacks and fees other than for services actually performed.
6. Prohibition against seller selection of title company.
7. Limitation on amount of escrow for taxes and insurance.

To help bankers and their attorneys understand these requirements better, the ABA's housing and real estate finance division has prepared an information kit on the act. The kit contains regulations, forms, settlement booklet and instructional materials as prepared by HUD and the Fed.

These kits also are available to bankers' local industry associates such as title companies and realty board representatives.

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It takes people who know banking like your bankers from Boatmen's. They are trained to give you the assistance you need. Naturally, some situations arise that require special technology. Your banker from the Boatmen's will draw on the knowledge of a marketing specialist, bond specialist or a computer technician, whatever is necessary.

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to ask realtors if there is a need for loans by potential home buyers. They're in touch with the market and can give you a quick appraisal of the demand situation.

Lack of available funds may be a very legitimate reason. Many community banks, those doing especially good jobs, will have high loan-to-deposit ratios and literally may not have funds, because mortgage loans can tie up a lot of money in a hurry. But if we are to live up to our claim of full-service banks, the mortgage market is one we cannot ignore. The answer here is to develop a secondary market for loans. Make them so you can sell them, but

retain the servicing, thereby maintaining the customer contact vital to the bank.

Sale of home mortgages by a smaller bank in our smaller communities may not be an easy task. In fact, in the past it has been difficult if not impossible. Our bank has never been in the business of selling mortgages, so, personally, my knowledge is extremely limited on the subject. However, presently there are several agencies trying to improve the secondary market for home mortgages in smaller communities.

I think I might best illustrate what I have been trying to say by relating to you the experiences of our bank in

the home mortgage business. Shelbyville, Tenn., is like many small communities in America, and our bank is like many others, so our experiences may be of some value to banks in our size category.

Peoples National Story. I became affiliated with Peoples National in June, 1971. At the time, the bank had lost a president and a chairman within a period of 30 days. The bank had quite a few problems, such as an untrained staff, poor operating procedures, poor profits and a sizable batch of classified loans. We spent the last half of 1971 trying to put our house in order. We held training sessions for our staff; we hired an operations officer, wrote and implemented a loan policy and worked diligently on our classified loans. We found that many of the classified loans weren't really bad, and we corrected many of them by documentation, obtaining security where necessary and establishing repayment programs.

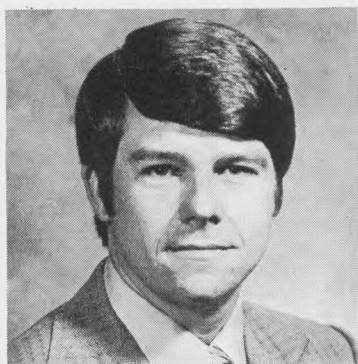
By the spring of 1972, we had the bank in pretty fair shape. All of our problems had not been solved, but we were well on our way. At the time, our loan-to-deposit ratio was about 50%. So we began to search for ways to employ our funds better and, thereby, improve earnings. Our economy wasn't expanding, so we had to tap a new segment of the existing market. We weren't making amortized mortgages—I don't know why. We had never made any, and my loan officers didn't know how to make such a loan. We noticed, however, that the local S&L was doing rather well, according to the records at the courthouse.

We got our four loan officers together and held classes in how to make mortgage loans. We taught them such things as credit investigation, loan documentation, appraisals and all the other things we needed to know to make such loans.

When we were ready, we personally visited all the local realtors and explained our program to them. This was our total marketing effort. Basically, we were going to make conventional mortgage loans, two-thirds of the appraised value with a maximum maturity of 20 years. Our initial objective was to see if we could generate \$1 million in such loans. When we had time to check on the volume, it was at \$2.5 million.

Today, we have \$6.2 million in regularly amortized loans on basically one-family, owner-occupied units. Our delinquency rate is 1.6%, and we have not had a foreclosure. These loans represent a third of our loan portfolio. Parenthetically, I should say that not all of our present loans represent new bor-

(Continued on page 86)



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Johnny Holleman (205/832-8370), a member of our correspondent banking team.

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...WHEN OUR BANK BURNED DOWN."

E. W. Evins, President
DeKalb County Bank & Trust Company
Alexandria and Smithville, Tennessee



FirstAmtennBankgroup

"One night in 1967, our main office in Alexandria burned to the ground. The next morning, before the ashes were even cool, Bill Crabtree and Barney Slayden from First American were down there to help.

"They found out what we needed to resume service. They called all over this part of the country to help us find the equipment we needed. And one day later, we were serving our customers out of temporary quarters.

"We rely on them totally. For investment advice, officer and teller training, loan evaluations, computer services . . . everything. And I've never asked them for anything that I didn't get. What more can I say?"

Thanks, Eddie.

If you get the feeling that you could be getting more out of your correspondent banking relationship, give us a call. 1-800-251-8514 in bordering states, 1-800-342-8240 in Tennessee. First American Center, Nashville 37237.



Member F.D.I.C.

Qualities Employees Should Cultivate To Improve Performance, Worth to Bank

By OLIVER H. HUGHES

IT WOULD be most helpful to any bank executive if he could call an employment agency and order his employees on a custom-made basis.

It would be nice to be able to pick up the phone and say, "I need another loan officer—just like the last one you sent. Nothing special, but I want him to be 35 years old, attractive, well educated, with five or six years of basic and well-rounded experience in a bank of substance—but a little smaller than ours. And, of course, I want the usual optional equipment. He must be completely loyal, sensitive to the feelings of people, curious, meticulously thorough and precise, completely up-to-date in his knowledge of banking and loan administration, aware of all the new regulations, extremely competitive and profit-oriented. Oh, yes, I want him to be innovative, imaginative and ambitious, too!"

Unfortunately, the people market simply doesn't work that way. You never know if an employee has the right qualities until you've hired him, put him on the firing line and observed him over a substantial period of time.

The qualities of the ideal employee go beyond the mechanical execution of the job requirements. These qualities are important in a clerk, a teller and a secretary, just as they are in a senior vice president.

Five qualities seem most important to me. They are loyalty, sensitivity, awareness, innovation and ambition.

These qualities are not inborn. They must be developed, proved and expanded with experience and not inconsequential effort, both on the part of the employee and his supervisor. As a bank chief executive officer, I expect my associates to aspire to these qualities and do their level best to acquire them, develop them and demonstrate them in their everyday conduct at the bank.

Let's begin with loyalty. It is many things, including a concern for the reputation and image of the bank. An important expression of loyalty is a sincere desire to give a full day's work for a full day's wages. If a person is willing to accept the bank's money, surely

he must expect to give the bank his best efforts during working hours.

But broader than this is management's concern for the reputation and image of the bank. No commercial organization is under closer scrutiny than a bank, both by the public and by the regulatory authorities. No other business is as sensitive to public and customer opinion. Management and employees share the responsibility of keeping their records clean and their character above reproach.

Loyalty begins with an obligation that ripens into what might be called a moral virtue. It ends with a sincere desire on the part of our associates to do everything possible to make themselves look good and to make the bank a more effective organization. We all bask in the reflected glory of a successful team effort, without which the bank could not function.

Sensitivity is a quality I would hope to find in my associates. All people have it to varying degrees. It's the manner in which our associates relate to our customers on a face-to-face basis. This area is critical to any bank's success. It covers the bank officer who is making a loan and is sensitive to suspect things not in the file, to the irregularities and to the personal problems and abilities of a borrower or fellow employee. It's the bookkeeper who is sensitive to figures that—for some reason—don't look right. It's the teller who sees something in the eye or detects the telltale change in the voice of a customer that signals trouble.

It's the recognition of problems before they become large, the faculty of anticipating the thoughts and wishes of a superior or subordinate before they're expressed.

Awareness becomes more important



Mr. Hughes is ch. & CEO of two Kansas banks—Merchants Nat'l, Topeka, and Citizens National, Emporia.

each day. Ours is a continually changing business, a dynamic business. We in banking are subject to the changing demands of society, the fickle tremors of our economy and the ever-tightening restrictions of increased government regulations.

To carry out any responsible position in the bank requires reading and study. If you keep abreast of the times and know what others have done in situations similar to those faced by your bank, you can't help but find many shortcuts in your work. It really pleases me when new thought-provoking information is brought to my attention by one of my associates. It is displeasing when new information has to be introduced by the CEO instead of by others, because the CEO is the only one who has done his homework. Every person in the bank can contribute to the decision-making process if he is aware of what's going on in the world.

Perhaps it's because I practiced law actively for a good many years before becoming a banker that I place so much emphasis on precision. Actually, precision is really a habit in the thought process. I would hope that all my associates could be completely hooked by the habit of being precise.

I have always required written memos. I may overdo it, and it may be annoying to some, but it's a great way to develop the thought processes! I keep expressing to my people that, if they will reduce the problem to writing, defining it in simple terms, nine times out of 10 the answer will become obvious.

Bank CEOs typically are busy, impatient people who must change subjects a dozen times a day. They have to depend on a steady flow of accurate, concise information on which to base decisions and to guide them in evaluating the decisions made by others. I don't want approximations, "abouts" or "maybes," although I know definite conclusions often are a matter of opinion. But the facts are not. All we need to do is to seek out the facts and state them simply.

The quality of innovation (or curiosity) is important. It is an extra-special quality and one that's developed in people in varying degrees. Certainly, some bank jobs tend to be repetitive and don't lend themselves to a great deal of inspiration. However, no matter what the task, I would hope that the person performing a routine job would be curious about questions such as why, how, is there a better way, do we even need to do it.

Innovation is closely related to initia-

(Continued on page 48)



**HARRIS
BANK®**

Consolidated Statement of Condition

ASSETS	June 30, 1975
Cash and Due from Banks.....	\$ 627,123,509
Time Deposits in Other Banks.....	210,532,612
Federal Funds Sold and Securities Purchased under Agreement to Resell.....	181,662,500
Investment Securities:	
U.S. Treasury Securities.....	320,886,014
State and Municipal Securities.....	419,307,003
Other Securities.....	10,301,086
Trading Account Securities.....	139,402,225
Loans.....	1,797,756,670
Direct Lease Financing.....	56,911,534
Customers Acceptance Liability.....	60,550,896
Bank Premises and Equipment.....	88,264,488
Other Assets.....	60,716,516
Total Assets.....	<u>\$3,973,415,053</u>
LIABILITIES	
Demand Deposits.....	\$1,223,149,768
Savings Deposits and Certificates.....	635,518,895
Other Time Deposits.....	686,445,783
Deposits in Foreign Offices.....	391,527,039
Total Deposits.....	<u>\$2,936,641,485</u>
Federal Funds Purchased and Other Short Term Borrowings.....	561,711,484
Acceptances Outstanding.....	60,664,637
Accrued Interest, Taxes and Other Expenses.....	43,625,431
Mortgage Payable.....	3,944,763
Other Liabilities.....	77,105,420
Total Liabilities.....	<u>\$3,683,693,220</u>
RESERVE FOR POSSIBLE LOAN LOSSES.....	\$ 40,814,450
CAPITAL	
Capital Stock.....	\$ 50,205,040
Surplus.....	83,879,160
Surplus Arising from Assumption of Convertible Capital Notes by Parent Company.....	24,100,700
Undivided Profits.....	90,722,483
Equity Capital.....	\$ 248,907,383
Total Liabilities and Capital.....	<u>\$3,973,415,053</u>

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- STANLEY G. HARRIS, JR.**
Vice Chairman of the Board
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President
- BENNETT ARCHAMBAULT**
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Harris Trust and Savings Bank

Wholly owned subsidiary of HARRIS BANKCORP, Inc.

MAIN BANKING PREMISES: 111 West Monroe Street, Chicago, Illinois 60690

OPERATIONS CENTER AND BANKING FACILITY: 311 West Monroe Street, Chicago, Illinois 60690

INVESTMENT DEPARTMENT REPRESENTATIVE OFFICES: New York; St. Louis; San Francisco

INTERNATIONAL OFFICES: London; Mexico City; Nassau; São Paulo; Singapore

Harris Bank International Corporation: 77 Water Street, New York, N.Y. 10005

Harriscorp Leasing, Inc.: 111 West Monroe Street, Chicago, Illinois 60690

Wholly owned subsidiaries of HARRIS TRUST AND SAVINGS BANK

ORGANIZED AS N. W. HARRIS & CO., 1882 • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION, FEDERAL RESERVE SYSTEM

Selling / Marketing

New 'Country':

HC Ads Feature Memphis: 'Central America's Capital'

A mythical country, known as "central America," has been created as the theme of an advertising campaign by First Tennessee National Corp. The HC's headquarters city, Memphis, has been declared the capital.

The capital of central America is in Memphis.

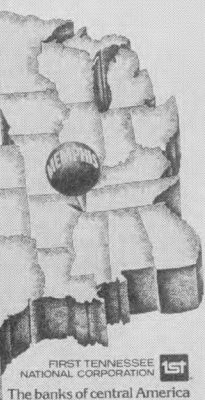
There are two ways to bank in the 18 states of central America. Use your money center banks in the mid, say in New York, Atlanta, Chicago, and Dallas, or find them in your attention to customers in central America.

Or have your main bank in Memphis, the capital of central America.

You never give Memphis a thought? First Tennessee is ready to fill the bag with the full range of corporate services and loan products. We are in a competitive position to handle regional banking for corporate clients in midwestern companies.

We have the hardware, the people and the programs to provide everything you need in a larger, distant city could. Not any better, but certainly as well. And we have the central location. Your foreign banks may know all about the other heart of California. But not know any better about central America.

Call a United Banker. Call James A. Kanner. ATN 525-4111.



Aimed at corporate treasurers in the 18-state territory shown in the accompanying illustration, the campaign seeks to promote the corporate and loan services provided by First Tennessee. Since the market area lies beyond the Mid-South, HC officials felt the "central America" theme would be appropriate.

A First Tennessee spokesman indicated that this was the first coordinated effort by the HC to promote its reputation as a regional banking institution, so the "tradition" of lead bank advertising was broken. First National, Memphis, is the corporation's lead bank.

Tigers Help Cats:

Banks' 'Free Zoo Spree' Merges Public Relations, Community Involvement

The four United Missouri banks in the St. Louis area are combining public relations with community involvement in their current "Free Zoo Spree" campaign.

The United Missouri mascot, a tiger, fits in well with the campaign theme, "Help the Tigers Back the Cats." One of the purposes of the program is to help the St. Louis Zoo meet its debts

Newspaper ads like these are telling St. Louisans about four St. Louis-area United Missouri banks' "Free Zoo Spree." Banks are offering free packages of tickets for three persons to St. Louis Zoo attractions to those opening or adding to checking and savings accounts at banks. Besides seeking new business, campaign's purpose is to help finance construction of zoo's Big Cat Country, which will feature animals as they would be in natural habitats. Note United Missouri tiger mascot, which fits in well with campaign theme, "Help the Tigers Back the Cats."

'We'll Find a Way' Is Theme Of Continental Bank Program

"We'll find a way" is the theme of Continental Bank of Chicago's new image advertising program that is designed to underscore the bank's commitment to excellence of service in meeting the financial needs of its customers.

The ads feature portraits and quotations of famous American industrialists and inventors coupled with paintings of their concepts and inventions as they appear in museums and other contemporary settings.

The first five ads feature Alexander Graham Bell, Charles M. Schwab, Henry Ford, Thomas A. Edison and Booker T. Washington.

First of Continental Bank's image ads features Alexander Graham Bell, who is quoted as saying, "Great discoveries and improvements invariably involve the cooperation of many minds." Sketch shows early adaption of Bell's invention, the telephone, as depicted at the Henry Ford Museum, Dearborn, Mich.

and to facilitate construction of the zoo's Big Cat Country, an open compound where lions and tigers will be able to live much as they would in their native habitats, yet still be viewed safely by the public.

The four banks—United Missouri of St. Louis, Ferguson and Kirkwood and United Missouri of Jefferson County, Arnold—offer an entertainment package to St. Louis Zoo attractions free of charge to anyone who opens a United Missouri Bank Blue Banner (checking) Account or opens a savings account of \$300 or more or deposits \$300 or more in an existing savings account. The package includes admission tickets for three persons on the Zoo Line Railroad and to the Children's Zoo, any two animal shows and free parking.

For the campaign, running June 24 through August 17, the banks are using newspaper ads and point-of-purchase materials only.



Trye Thee 76 Trial Package.

Because a penny saved is a penny earned.

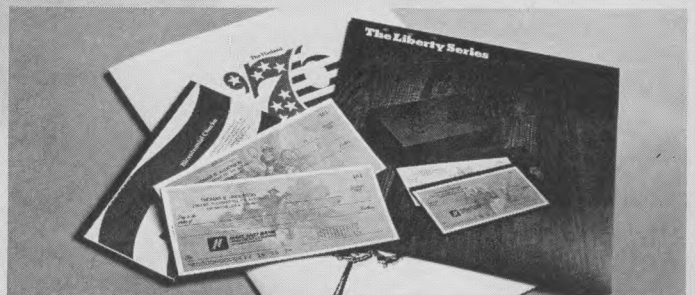
The new Liberty Series, Harland's Bicentennial line of commemorative checks, is the best way to tie your bank into the Bicentennial celebration and to sell your bank's present "free checkers" on personalized checking.

The 76 Trial Package consists of 50 Liberty Series checks and 12 deposit tickets, all fully personalized with the free check user's name and address. The package also includes a matching vinyl cover with the customer's name gold stamped next to a gold Liberty Bell.

The 76 Trial Package is sent to your free checkers along with a letter on your bank's stationery inviting them to participate in the Bicentennial with this complimentary order of personalized Liberty Series checks. The package also includes a reorder form, and

history has shown that most customers use it and begin using personalized checks. And that saves you money.

So, if you would like to rid yourself of the unnecessary bank expense of line checks, and at the same time help your customers celebrate the Bicentennial, write, call or talk to your Harland representative about the 76 Trial Package and what it can do for you.



H HARLAND

BANK STATIONERS, P.O. BOX 13085, ATLANTA, GEORGIA 30324

NATIONAL DETROIT CORPORATION



Parent Company of
NATIONAL BANK OF DETROIT

CONSOLIDATED BALANCE SHEET—June 30, 1975

ASSETS

Cash and Due from Banks (including Foreign Office Time Deposits of \$848,616,323)		\$2,360,835,771
Money Market Investments:		
Federal Funds Sold	254,550,000	
Other Investments	60,947,122	
		<u>315,497,122</u>
Trading Account Securities— At Lower of Cost or Market		18,259,147
Investment Securities—At Amortized Cost:		
U.S. Treasury	431,157,202	
States and Political Subdivisions	684,456,606	
Federal Agencies and Other	62,763,038	
		<u>1,178,376,846</u>
Loans:		
Commercial	1,959,559,782	
Real Estate Mortgage	852,859,787	
Consumer	260,541,839	
Foreign Office	468,288,372	
		<u>3,541,249,780</u>
Bank Premises and Equipment (at cost less accumulated depreciation of \$34,319,114)		64,810,887
Other Assets		139,150,150
Total Assets		<u>\$7,618,179,703</u>

LIABILITIES, RESERVE AND SHAREHOLDERS' EQUITY

Deposits:		
Demand	\$1,865,976,906	
Certified and Other Official Checks	654,745,689	
Individual Savings	1,184,333,940	
Individual Time	701,310,156	
Certificates of Deposits	751,666,124	
Other Savings and Time	33,870,637	
Foreign Office	1,215,795,452	
		<u>6,407,698,904</u>
Other Liabilities:		
Short-Term Funds Borrowed	\$481,322,320	
Capital Notes	100,000,000	
Unearned Income and Sundry Liabilities	152,422,179	733,744,499
Total Liabilities		<u>7,141,443,403</u>
Reserve for Possible Loan Losses		70,300,059
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	158,753,584	
Less: Treasury Stock—51,404 Common Shares, at cost	(2,317,343)	406,436,241
Total Liabilities, Reserve and Shareholders' Equity		<u>\$7,618,179,703</u>

Assets carried at approximately \$490,000,000 (including U.S. Treasury Securities carried at \$20,000,000) were pledged at June 30, 1975, to secure public deposits (including deposits of \$111,522,837 of the Treasurer, State of Michigan) and for other purposes required by law.

Outstanding standby letters of credit at June 30, 1975, totaled approximately \$14,200,000.

BOARD OF DIRECTORS

A. H. Aymond Chairman and President— Consumers Power Company
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Harry B. Cunningham Honorary Chairman of the Board— S. S. Kresge Company
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Austin Smith, M.D. Former Chairman— Parke, Davis & Company

STANDARD FORM 1199 (FRONT)

Authorization for Deposit of Social Security Payments

PLEASE PRINT (SEE OTHER SIDE FOR INSTRUCTIONS)

AUTHORIZATION FOR DEPOSIT OF SOCIAL SECURITY PAYMENTS

PAYEE/BENEFICIARY TO COMPLETE ITEMS A THROUGH H

A NAME OF PAYEE(S)
 I (we) _____ authorize and request the Social Security Administration to direct the net amount of the below indicated Federal recurring payment for crediting applicable to my (our) right to receive payment and revokes all prior payment direction notifications in effect with SSA until canceled by notice to me (us); however, this authorization will remain in effect with SSA until canceled by notice to me (us); however, this authorization designated reserves benefits from the Social Security Administration.

B NAME OF BENEFICIARY(IES) (The payee(s) authorized to receive benefits from the Social Security Administration.) _____

C CLAIM NUMBER _____

D TYPE OF PAYMENT _____

E TYPE AND NUMBER OF DEPOSITOR ACCOUNT TO BE CREDITED
 Enter "C" if Checking Account or "S" if Savings Account
 DEPOSITOR ACCOUNT NUMBER _____

F SUFFIX _____

G MAILING ADDRESS OF PAYEE (Number, Street, City, State, and Zip Code) _____

H SIGNATURE OF BENEFICIARY(IES) OR AUTHORIZED REPRESENTATIVE PAYEE OR WITNESS (SEE INSTRUCTIONS) _____ DATE _____

FINANCIAL ORGANIZATION TO COMPLETE BELOW THIS LINE

We, the below designated financial organization, hereby agree to receive and deposit sums for the payee(s) named herein, in accordance with 31 CFR Parts 246, 209, and 210. We understand that our account number shown for the payee(s) named herein will be included as additional identification on individual payment credits to his (their) account. We understand that the payee(s) named above has (have) the right to cancel this authorization and we reserve the right to cancel this agreement by notice to the payee(s).

I NAME OF FINANCIAL ORGANIZATION _____

J TYPE AND NUMBER OF DEPOSITOR ACCOUNT TO BE CREDITED
 Enter "C" if Checking Account or "S" if Savings Account
 DEPOSITOR ACCOUNT NUMBER _____

K OFFICE ADDRESS (Number, Street, City, State, and Zip Code) _____

L DEPOSITOR ACCOUNT TITLE _____

M ROUTING NUMBER _____

N CHECK DIGIT _____

O BRANCH DESIGNATION, IF APPLICABLE _____

P TELEPHONE NUMBER _____

Q AUTHORIZED SIGNATURE OF FINANCIAL ORGANIZATION OFFICER _____ TITLE _____ DATE _____

NOTIFICATION OPTION: NOTIFICATION SPACE IS PROVIDED IF REQUIRED. THERE IS NO FEDERAL NOTIFICATION REQUIREMENT. The amount of notification space is provided if required. Payment instructions should be provided before the notification space is filled. Payment instructions should be provided before the notification space is filled. Payment instructions should be provided before the notification space is filled.

MAILING PERIOD: _____ DATE _____

SOCIAL SECURITY COPY

FINANCIAL ORGANIZATION COPY

BENEFICIARY COPY

Social Security Direct Deposits Go Nationwide

By **ROSEMARY McKELVEY**
Managing Editor

DIRECT DEPOSIT of social security checks—formerly a pilot program in Georgia and Florida—now is being offered nationwide by the Treasury Department and the Social Security Administration through financial institutions. Under this second part of a three-phase project, social security recipients, *if they wish*, may sign up to have their monthly checks sent directly by the Treasury to banks or S&Ls of their choice. Just as the program is voluntary for recipients, so it is for financial institutions.

However, it's been pointed out that the direct-deposit program provides great opportunity for a bank to attract new business by convincing non-customer social security recipients to sign up to have their checks deposited directly to accounts in that bank. In addition, the project is good from a money-management standpoint because a bank is assured of receiving a specific sum of money regularly on a certain date each month. Besides, banks are service institutions, and this direct-deposit program is a service.

Another reason to take part is that direct deposit of social security checks is just the first such project. The Treasury has indicated that the new system will be extended to civil service, railroad retirement, veterans', employee

salary and other types of payments during the next few years. By participating in social security direct deposit, banks can become accustomed to direct deposit, iron out any difficulties that may arise and be ready for future direct-deposit payment programs.

The direct-deposit program was authorized by Public Law 92-366 enacted August 7, 1972, and is being carried out in three phases. Phase I consisted of two pilot programs:

The first began last November in Georgia and the second last April in Florida.

Phase II, which now is under way, allows social security recipients across the country to have their payments made directly to financial institutions of their choice. This phase starts in August in states west of the Mississippi River, except Minnesota; in September in Minnesota and the central and southeastern states and in October in the Northeast and the New England area.

Phase III will involve payment distribution through an electronic funds transfer system utilizing the Fed's communication and transportation facilities. Under Phase III, reserve accounts of member banks will be credited with the total amount of payments directed

to them and their correspondent non-member financial organizations via magnetic tape, card or paper media, according to their processing requirements. During this phase, a pilot project will be conducted in Georgia and Florida beginning late this year or early in 1976. After the pilot program is successfully completed, the Treasury and the Fed will begin conversion of direct-deposit payments to a nationwide electronic funds transfer system.

The Treasury has listed three objectives of the direct-deposit program:

1. Improved service to beneficiaries through elimination of check loss, theft and forgery, elimination of check-cashing problems and convenience of uninterrupted deposits.

2. Reduced operating and forgery costs to the financial community as well as increased deposits and new depositors, higher system efficiency and improved customer relations.

3. Reduced costs to the government in issuance and clearance of checks.

The Treasury currently issues 43 million recurring checks, 32 million of which are social security and supplemental security-income-benefit payments.

Although the Treasury admits it's difficult to establish exact goals for direct deposit, the department hopes that

monthly electronic funds transfer of recurring federal payments will be 40% of the current total check-issue volume by the end of 1979.

The Treasury is encouraging banks to promote direct deposit, but only under the following conditions:

1. Promotional material must make it clear that participation by beneficiaries is entirely voluntary.

2. Promotional material must not imply that the government assesses any charge against financial organizations or beneficiaries taking part in the program.

3. Promotional material must not imply that the government endorses any particular financial organization or any specific type of financial service.

4. Promotional material may indicate that the government has suggested the following potential benefits of direct deposit—

- Uninterrupted deposits during periods of absence from residence.
- Reduced risk of loss, theft or forgery of benefit checks.
- Elimination of problems associated with cashing benefit checks, such as travel to check-cashing facilities, standing in line, etc.

5. Promotional material must not indicate that the government in any way *guarantees* deposit on the regular payment date. Financial organizations that guarantee deposits must realize they do so at their own risk and should not expect reimbursement from the government if the beneficiary is not entitled to the payment involved.

6. Financial organizations are encouraged to offer incentives to direct-deposit customers as they see fit. Possible incentives might include reduced or no service charges, free money orders, free notary service, free checks, etc.

The American Bankers Association and various state bankers associations are helping their members prepare for this new era of banking. The ABA recently concluded a series of three seminars on direct deposit of social security payments for representatives of state bankers associations. Those who attended learned about the new program's details, its administration and procedural requirements. Many of the states, in turn, then scheduled or are now holding meetings on direct deposit. Treasury staff members are providing assistance at these meetings. Where such help is not available, ABA staff members or members of the ABA's Direct-Deposit Task Force are taking part whenever possible.

An ABA spokesman pointed out that the principal problem associated with direct deposit is education because

The direct-deposit program was authorized by Public Law 92-366 enacted August 7, 1972, and is being carried out in three phases.

there's always a problem organizing an industry the size of banking in a program of this magnitude. The ABA and the Treasury have spent considerable time disseminating information on the program, details on its procedures and alternatives and materials for education within banks. The problem, then, said the ABA spokesman, is to ensure that all banks are at least aware of the new program and are alerted to available educational material.

A number of materials are available from the ABA to assist banks in administering the program:

Guidelines for the Direct Deposit of Social Security Payments: An operational guide to assist a bank in establishing procedures to identify, handle and process federal recurring payments.

A Platform Officer's Guide to the Direct Deposit of Social Security Payments: A desk-top guide for a bank's customer-contact persons that provides quick references to customer benefits and procedures for beneficiary enrollment.

Marketing Guidelines for the Direct Deposit of Social Security Payments: A reference to assist the bank in identifying the market potential and customer benefits. The booklet also provides a profile of the prospective beneficiary and identifies specific marketing plans that may prove useful in selling the service.

What You Should Know About Direct Deposit of Social Security Checks: Attractive lobby brochures identifying specific benefits for a bank's prospective direct-deposit customer.

An Introduction to the Direct Deposit of Federal Recurring Payments: An introduction to the direct deposit of social security benefits and other federal recurring payments.

The Department of the Treasury Presents Direct Deposit of Federal Recurring Payments: An 18-minute slide and tape narrative presentation of federal recurring payments highlighting the social security program.

The above aids are available from the ABA's Order Processing Department, 1120 Connecticut Avenue, N. W., Washington, DC 20036.

The Treasury has produced the following materials to help a bank administer the program:

Direct Deposit of Federal Recurring

Payments: A booklet designed to assist a financial organization administer the program. It discusses agency relationships to financial organizations, completion of authorization forms and direct-deposit-account requirements.

A Training Guide—Implementing the Direct-Deposit Program for Federal Recurring Payments: A 105-page workbook for use in training financial institution personnel in program administration. The workbook includes descriptions, examples and self-study questions.

A Leader's Guide—Implementing the Direct-Deposit Program for Federal Recurring Payments: An instructor's reference for conducting training seminars using the workbook.

These Treasury documents are available free of charge through the ABA's Order Processing Department or from the Treasury Department, Fiscal Service, Operations Planning and Research Staff, Madison Place and Pennsylvania Avenue, N. W., Washington, DC 20220.

"Let Uncle Sam Do It" is the title of an educational sound/slide presentation on direct deposit of social security and recurring federal payments now being distributed by the Graduate School of Banking at the University of Wisconsin. The slide show is intended for banker audiences and is a timely and authoritative review of the opportunities for and requirements of banks choosing to take part in the new program.

The 25-minute slide show, with cassette tape narration, is divided into four modules: orientation, operational considerations, marketing considerations and preparation (how to get ready). Any one or combination of these modules may be used independently. The presentation is compatible with and may be supplemented by available Treasury materials.

Further information on cost and availability can be obtained from the Graduate School of Banking, 122 West Washington Avenue, Madison, WI 53703.

The Bank Marketing Association has published a *Guide to Marketing Social Security Direct Deposits*. The booklet's purpose is to provide background and to stimulate ideas on this subject. It discusses product development, media selection, the large metropolitan bank with limited promotion budget, the smaller country bank with a large potential market, etc. Exhibits and charts accompany the text. Information on the booklet is available from: Information Services Department, Bank Marketing Association, 309 West Washington Street, Chicago, IL 60606. • •

Bank With Experience In Direct Deposits Answers Queries

GEORGIA is the state with the most experience in direct deposit of social security checks, having been chosen to undergo the initial pilot program last November. Another pilot project was started last April in Florida. Because financial institutions in Georgia now have about nine months' background in direct deposit, MID-CONTINENT BANKER editors posed some questions on the subject to Citizens & Southern National, Atlanta, one of the banks participating in the direct-deposit program. Following are the questions and C&S's answers:

1. *What are the particular problems associated with direct deposit of social security checks?*

A. One problem encountered at C&S involved getting the 1199 forms (authorization forms for social security direct deposit) filled out accurately and completely. We have found that this is best achieved by having that operation actually done inside a banking office by trained personnel. According to the initial procedure, the Social Security Administration (SSA) mailed these forms directly to recipients (actually, for testing purposes, the forms were mailed to only half the recipients in Georgia; the other half simply received stuffers announcing the service). Recipients completed the forms and mailed them on to the bank for processing. It's our understanding that because of the experience in this initial trial, the forms no longer will be mailed directly to recipients when additional states are added to the program. Instead, announcements of the service will ask each beneficiary to contact his financial institution to enroll in the plan. In that way, the financial

institution can help the customer fill out the form and avoid delays or problems that result from direct mailing to recipients.

B. Because C&S guarantees availability of deposits by a certain date each month, we have found that close follow-up with the SSA for changes in status of individual recipients is helpful. According to our guarantee program, we give deposit credit each month in the amount of the first regular check received under the program for deposit at C&S. There are cases when we will give a customer credit on the specified date, and later—when we receive the checks from the SSA—that customer's check will not be included or it will be in a different amount. This could be accounted for in a number of ways. The customer may have selected another financial institution to receive his checks. He may have redirected the SSA to send the checks to his home or his eligibility status may have changed, resulting in a change in benefits paid.

The customer may not have realized that he should have notified the bank of changes he initiated, or he simply may have forgotten to do so. Or notification from the SSA may have been

late in coming to us, or the check may have been omitted by mistake in the batch we receive. At any rate, any discrepancies between the deposits guaranteed and checks received by the bank are checked out immediately. We begin with the customer and try to phone him. If we can't reach him that way, we send him a letter asking whether there has been any change in his status or if, indeed, he was supposed to receive a check as usual. If there has been a change in status, we then make the corresponding changes in our records, with appropriate authorization by the SSA and the customer. If the customer was entitled to his regular check, and we didn't receive it, we send him a "missing check" notification form, which he signs and returns to us. Then, we forward this form to the SSA. On its receipt, the SSA sends the customer an official "tracer" form to sign and return so the agency can begin proceedings to trace or reissue the check. At the same time that C&S begins to contact customers, we also send the SSA a list of customers whose accounts appear to have discrepancies so the SSA can begin checking its records, too. This detailed and comprehensive follow-up is a necessary

C&S GUARANTEES THAT NEITHER RAIN NOR SNOW NOR GLOOM OF NIGHT SHALL KEEP YOUR SOCIAL SECURITY PAYMENT FROM ITS APPOINTED DEPOSIT DATE.



If you just can't afford to trust your social security check delivery to chance every month, trust everything to C&S.

We'll automatically deposit your social security money to your C&S checking or savings account on a certain day every month, whether or not we receive the check by that date. (It's the 1st of the month for supplemental payments, the 3rd of the month for regular payments.)

So if the mail's delayed or if you can't get to the bank, your social security gets to the bank anyway. And since your check goes directly to your account, you never worry about losing it or

having it stolen from the mailbox. C&S is glad to offer this guaranteed deposit service—and we put that guarantee in writing. Just come on by and we'll help you with the forms and everything. You'll walk out with one of the nicest social security benefits in years. From a bank with 24 hour instant Bankers that let you deposit or withdraw anytime, day or night.

A bank that has accounts insured up to \$20,000 by the FDIC. And a bank that believes that folks entitled to social security payments deserve some pretty special treatment.

Your checking account is free of all service charges and the delivery date is guaranteed if you use . . .

THE C&S SOCIAL SECURITY DIRECT DEPOSIT SERVICE

C&S

The Citizens and Southern National Bank, Macon

administrative detail for any bank that guarantees deposits.

C. We also have found that some customers don't fully understand the program. Some believe that once their checks are directed to a bank, all their social security records are transferred from their local SSA office to that bank and that the bank assumes the SSA's role.

D. Some misinterpret the *guaranteeing* of their deposits. They may believe this means guaranteed payment of their present social security benefits on an indefinite basis.

E. Others think that once they have signed the authorization form (1199), the money automatically is placed in their accounts as soon as the bank receives the form. They immediately begin to write checks on money they believe to be in their accounts. They don't understand that the SSA has to be notified and has to make changes in check distribution before funds become available in their accounts.

These "problems" are, by no means, representative of the majority of our direct-deposit customers, but they are all recurring situations we've had to deal with.

2. *Do beneficiaries have a choice as to what type of account their checks can be deposited in? That is, can they put them in savings rather than in checking accounts?*

Yes, they may elect to have their checks deposited into C&S checking or savings accounts, and the guaranteed deposit applies in both cases.

3. *What would you say is the average cost of obtaining one of these accounts?*

We have not yet done any studies on costs of soliciting these accounts. We can say that our promotional and advertising expenditures for this one service have had some practical limits set by our pre-existing schedule of promotions for other bank services and the relatively short lead time involved in launching this service. From the time we first met with the SSA to discuss social security direct deposit, there was a period of about 30 days before the first notices were mailed to social security beneficiaries in Georgia, and so we didn't take time to do studies and draw up elaborate promotional programs. We simply did what we believe was needed to get us ready to serve these customers and to notify the public that C&S was prepared to handle their accounts.

Most of our social security direct-deposit business has come through point-of-sale solicitation by staff members whose costs are sustained by their other functions in the bank. Thus, this

POS solicitation has not been an additional cost. More than 90% of our SSDD business has come from previously existing accounts; so the cost of opening new accounts has not been a factor thus far.

4. *What percentage of the people who sign up for direct deposit already have accounts at your bank?*

Ninety percent to 95% of the enrollees in social security direct deposit at C&S have had previously established banking relationships.

5. *Does your bank guarantee the money in these accounts, even if the checks have not arrived from the Treasury Department?*

Yes, C&S does guarantee the deposits both in checking and savings accounts. If, by the date of the next posting, we haven't received the check or don't have an explanation for the missing check, we debit the customer's account by the amount of the missing check.

General Comments. Education of bank personnel on SSDD is not a problem at C&S. Realizing a need for resident expertise at each of our banking locations, we prepared for this new service by training at least one SSDD specialist in each branch. That person also serves as the official contact to whom our SSDD Center relates any new information or updates on the program. In turn, the branch contact person has responsibility for keeping the other branch personnel informed.

As a general rule, most problems involved with getting the program to run smoothly have been identified and resolved. As we mentioned earlier, the close working relationship with both the customer and the SSA has been extremely valuable to us in being able to give the customer the best service we can.

For internal comparisons and for future promotional considerations, we'd like to see some figures from the SSA

Correction!

An error appeared in the "Agricultural News" column in the July issue of MID-CONTINENT BANKER. The column featured First National in St. Louis' recently organized agricultural financing department and the bank's plans to beef up its agricultural loan portfolio.

The MCB story said that First National would make a total of \$100,000 in loans to farm producers in the Midwest in the future and that such loans will account for about 10% of the bank's loan portfolio. This loan figure should have been \$10 million, not \$100,000.

MCB regrets the error.

and Treasury as to overall participation in our market area broken out both by financial institution and by social security recipients. This would help us measure our own effectiveness in the overall program and aid us in determining the course of future promotional activities. Response on the part of our customers who have signed up for the program has been good. Our SSDD Center reports that it has received calls from customers whose only reason for calling was to thank the bank for offering the service. • •

Shared EFT Facilities For Consumer Banking Planned in Midwest

Financial Communication Services Corp. has been formed to offer shared electronic facilities for consumer banking by mid-1976.

John G. Regan, FCS executive vice president, said the new service will be an electronic funds transfer system that will accommodate commercial banks in Missouri, Kansas, Illinois, Iowa and western Kentucky.

The not-for-profit corporation was formed last May 2 by 10 sponsoring banks: Boatmen's National, City Bank, First National and Mercantile Trust, St. Louis; Traders National and United Missouri, Kansas City; Commercial National, Kansas City, Kan.; Central Trust, Jefferson City, Mo.; First National, Belleville, Ill., and Davenport (Ia.) Bank.

Development of the system will continue through the end of this year, with implementation of the service set for the third quarter of 1976. It's anticipated that the network will include two different types of banking outlets for consumers—compact, point-of-sale (POS) machines at retail merchant outlets and free-standing, unattended automatic equipment in various 24-hour locations. Mr. Regan said that consumers will be able to transact their banking business from thousands of convenient locations throughout the five-state area.

Although the new firm is separate and distinct from Credit Systems, Inc., St. Louis, which is the Master Charge operating center for the same five-state area, the same officers and design personnel who developed the Master Charge program will be involved in the new program's design and implementation, according to Mr. Regan.



REGAN



Sgt. Charles Hale of Fort Worth National's guard force sits at console of bank's central surveillance and control console. TV monitors show what is going on in all areas of bank. Access to critical areas is controlled by magnetic door switches.

Electronics, Training, Relegate Guards To Behind-the-Scenes Duties at Banks

In writing the following article, the author encountered a problem in nomenclature. To most bank personnel, the term "security officer" means an official of the bank who is responsible for security. In days past, bankers referred to "bank guards" and meant an employee—frequently a retired policeman—who actually acted as a guard and carried a pistol. Today the term "guard" is rarely used; most banks prefer the term "floorman." And, on the other hand, corporations like Burns International and Pinkerton's, Inc., which supply "guards" for property, describe their employees of that type as "security officers." For the purposes of this article—to avoid confusion—a "security officer" is a bank official and a "guard" is a protection man, no matter what title the individual bank uses for such an employee.

THE BANK "GUARD" as such is an endangered species. In the St. Louis metropolitan area, there are more than 100 banks and—so far as MID-CONTINENT BANKER was able to determine—only three have "guards" and all three call them "floormen."

Bank security has become primarily a matter of electronics, eliminating the presence of guards in the bank lobby. In banks so equipped, every customer

By **ARTHUR C. NORRIS**
Contributing Editor

is familiar with the fact that he is constantly on television when he does business anywhere in his bank. Not so many are aware that pedal-activated movie cameras, and probably a score of various electronic devices are in use to protect him, his valuables, his money and his bank. Some are as relatively simple as the magnetic numbers on his checks; others are as sophisticated as the device that can "smell" smoke and give warning.

But despite all this Buck Rogers hardware, the fact remains that, in the words of one bank security officer, "The bank's first line of defense is the teller."

As he pointed out: "The professional thief who specializes in stealing from banks, either directly as the holdup-man or indirectly as the bad-check artist, is as knowledgeable about the bank's defenses as any bank security officer. When he 'cases' a bank, he looks for the teller who is not alert or slipshod. That is the window he approaches with his threatening note or forged check."

As a result, the banks themselves and the bank service agencies and associations have developed means of training tellers so that they may be less

likely to be selected as victims. And, also, so they may become valuable witnesses when a holdup occurs or a forged check is cashed.

One of the most widely used of such programs is that of the Bank Administration Institute (BAI), whose *Bank Security Manual* (\$8 a copy from P.O. Box 500, Park Ridge, Ill. 60068) is a compendium of bank security information. It starts with the requirements of the Bank Protection Act of 1968 and Public Law 90-389 and ranges through a profile of the bank security officer and his relationship with bank management, instruction and training of bank personnel, loss prevention and protection, required security measures and supplementary security measures.

Despite the gradual disappearance of the traditional "bank guard," the BAI states in its manual: "It is a proven fact that the use of guards is a definite deterrent to the potential bank robber. Some banks and law enforcement authorities have gone as far as to say the use of guards is one of the best protective measures a bank can employ to deter robbers and other crimes."

Visualize the lobby of the average downtown bank in a large city. Anywhere from 10,000 to 20,000 persons transact business in the lobby every

day, depending on the day's volume. In addition, if the bank's lobby represents a short cut for pedestrians between one street and another—as frequently happens when banks have multiple entrances—the volume of traffic may be doubled. Banks know their volume of customer traffic, but none, apparently, has tried to do more than guess at the number of people who merely pass through the lobby.

Consider three major downtown St. Louis banks—Mercantile Trust, First National and Bank of St. Louis. The lobby of each of these banks is a passageway from one downtown street to another a block away. In hot weather the bank lobby is air-conditioned; in cold weather it is heated; when rain falls, it is dry. As a result, thousands of pedestrians use the lobbies of these three banks as short cuts, to get warm, cool off or get out of the rain. Lobby traffic probably is doubled as a result, so that "guards" have 20,000 to 40,000 people passing under their inspection every day. And those same people—how many of them have larceny in their heart?—see the guards.

No security officer can say: "Our guards prevent holdups." How can anyone tell? Professional thieves do not write testimonials about the efficacy of a bank's protective system. But banks using guards know that these trained, self-effacing, helpful men frequently stop trouble before it starts. They can stop the drunk or the "wino" at the door. They can spot the crank and move up behind him before he makes difficulties for a teller. And they can act as guides for customers seeking certain departments or officers. In other words, the guard is essentially a solver of problems—all kinds of problems.

As one security officer exclaimed: "You'd be amazed by the number of 'kooks' that come into our lobby in the course of a week!"

Of course, bank security encompasses much more than the bank lobby. Other demanding areas are motor banks, parking lots and garages, data processing centers and, of course, the bank building itself after banking hours. Most such areas demand 24-hour protection to some degree, if only to watch for fire or such accidents as a leaking water or steam pipe that can cause damage.

For such purposes, many banks employ after-hours guards. In some cases, these men are employed and trained by the bank; in others, they are supplied by security services such as Pinkerton or Burns; in others, a bank may use guards of both types.

In his book, *Office and Office Building Security* (\$14.00 a copy, Security World Publishing Co., 2639 S. La

Cienga Boulevard, Los Angeles, CA 90034), Ed San Luis comments that "Office security evolved as a necessary staff function in the 1960s, a response to rising crime, violence and terrorism, compounded by drugs, unprecedented urban crowding, labor (and criminal) mobility and the 'revolution of rising expectation.'"

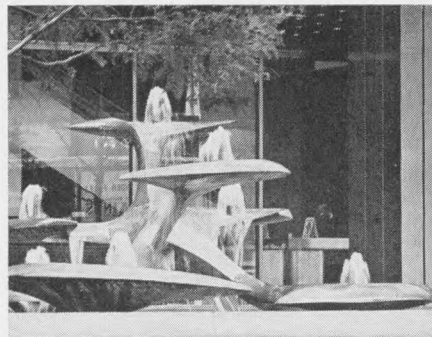
"Prior to that decade," he writes, "the office could have been said to be a safe place for business and for employees."

Read "bank" for "office" and the picture isn't much different. Specialists in bank holdups like John Dillinger and "Pretty Boy" Floyd received a great deal of newspaper publicity, but bank holdups were occasional spectacles nonetheless. Today the man who "holds up" a bank is usually a loner with a pistol, real or fake, who can write a threatening note and frighten a teller.

Although this article was begun with a statement that the bank guard is an "endangered species," evidence is available of a trend among banks, particularly larger banks, to return to an adaptation of the uniformed lobby guard.

As mentioned earlier, banks employ guards as after-hours watchmen even though they have none in the lobby during banking hours. Now a trend seems to be developing toward employing such uniformed men both as actual guards at strategic points within the bank and its premises and to monitor the "telltale" consoles of the highly sophisticated electronic equipment that has evolved out of the simple burglar alarm.

Harris Bank Unveils Sculpture



Reportedly the newest civic sculpture in Chicago's downtown district is this fountain-sculpture in Harris Bank's new plaza on the corner of LaSalle and Monroe. The bronze fountain stands 6½ feet high from its 22-foot diameter basin, and has a dark red granite base which carries out the color scheme of the interior of the bank's new west building. The unveiling was done by "Hubert," Harris' mascot-lion and featured music by a six-man brass ensemble comprised of members of the Chicago Symphony.

A case in point is Fort Worth National.

In August, 1973, with an impending move into a new 37-story tower, David McLelland, vice president and cashier, recommended that bank security be upgraded and expanded to include modernization of equipment and the selection, hiring and training of additional personnel to make possible security and fire protection 24 hours a day for both the bank and building tenants.

Carroll Sims, a forgery investigator in the bank's Master Charge department, was appointed security officer, with Gene Trammel as his assistant. At the same time, a security assistance committee was formed, composed of David McLelland, H. Finlay Watkins and Van Laird, vice presidents; Archie L. Nance, assistant vice president, and Archie Huffman, building manager.

Mr. Sims and Mr. Trammel spent several weeks traveling from bank to bank to review security procedures, electronic equipment and alarm systems. With the help of bank attorneys, this information was digested and application made for a State of Texas Security Guard license, the first granted under a new law. This license permits a force of 25 armed guards to function within bank confines.

Before being hired, each of the guards submitted to a special screening process by the personnel department. After being hired, each of them was given 84 hours of intensive training before the bank moved to its new quarters. This special training is believed to have been the first given by any Texas bank.

Subjects studied during the training course, which conformed to the criteria established by the Texas Commission on Law Enforcement Standards for Reserve Police Officers, included ethics, legal responsibilities, criminal law, interrogation, memory development, applied psychology, human relations with minority groups, recognizing and handling abnormal persons, drugs and the drug addict, disturbance calls, mob and riot control, robbery and extortion, bombs and incendiary devices. Also included was training in disaster operations, high-rise fires and escape techniques, first aid, use of chemical agents, communications and use of firearms.

The training was given by instructors from various law enforcement agencies. Included were the Texas Department of Public Safety, Fort Worth Police Department, Tarrant County Sheriff's Department, Federal Bureau of Investigation, Texas Rangers, Tarrant County district attorney's office and the Texas Law Enforcement Commis-

(Continued on page 41)

Back at the Fourth

Consolidated Balance Sheet

UNAUDITED) ASSETS	June 30,	
	1975	1974
Cash and Due From Banks	\$ 25,858,789	\$ 22,848,986
Investment Securities:		
U. S. Government	21,062,037	17,536,576
States and Political Subdivisions	20,010,152	17,819,866
Other Securities	174,228	721,736
Total Investment Securities	41,246,417	36,078,178
Trading Account Securities	1,167,550	1,599,978
Stock of Federal Reserve Bank	151,500	151,500
Federal Funds Sold	8,150,000	1,000,000
Loans	99,757,571	88,578,821
Land, Buildings and Equipment	1,841,380	1,887,484
Customers' Liability Under Letters of Credit	6,185,658	6,548,794
Accrued Interest Receivable	1,758,444	1,310,215
Other Assets	1,401,247	876,697
Total Assets	\$187,518,556	\$160,880,653
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Demand	\$ 56,962,125	\$ 47,288,573
Time	100,546,751	83,958,375
Total Deposits	157,508,876	131,246,948
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	4,200,000	6,400,000
Other Borrowed Funds	1,810,271	821,889
Letters of Credit Outstanding	6,185,658	6,548,794
Unearned Interest on Loans	1,212,992	1,480,340
Accrued Interest on Time Deposits	921,310	1,155,495
Other Liabilities	1,912,321	356,816
Total Liabilities	173,751,428	148,010,282
Reserve for Loan Losses	1,380,864	1,199,554
Capital Notes (7.5% due 7-1-80)	2,000,000	2,000,000
Stockholders' Equity:		
Preferred Stock, No Par Value, Authorized and Unissued 50,000 Shares	—0—	—0—
Common Stock, \$8 Par Value, 500,000 Shares Authorized, 317,625 Issued	2,541,000	2,541,000
Surplus	3,470,200	3,470,200
Undivided Profits	4,375,064	3,659,617
Total Stockholders' Equity	10,386,264	9,670,817
Total Liabilities and Stockholders' Equity	\$187,518,556	\$160,880,653

DIRECTORS

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DON BRADSHAW
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Kiska Oil Co.

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Chief Executive Officer
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Fox, Johnson & Baker,
Attorneys

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Gasoline

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Tulsa Tribune

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Investments

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T. D. Williamson, Inc.

FRANCIS J. WILSON
COL. U.S.A. (RET)
Water Resources Consultant

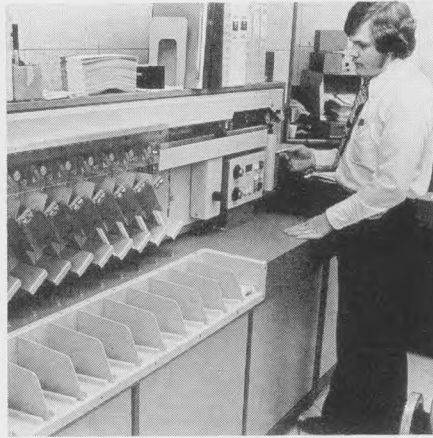
*Honorary Directors



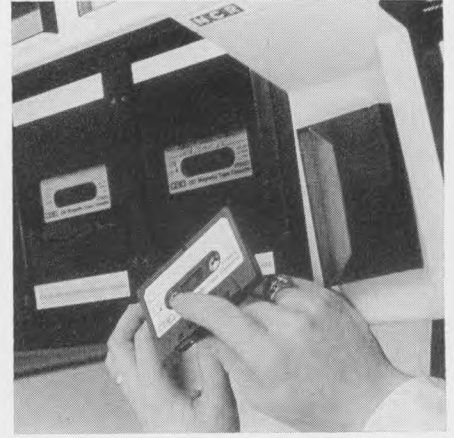
Member F.D.I.C.



DDA documents are proofed throughout day at Farmers State, Madisonville, Tex. Bank installed NCR MICR Data Capture System last year when its CIF program was implemented.



Nolan Glass, mgr. of Farmers State's data processing program, operates NCR 670 Reader/Sorter, which can handle up to 600 MICR documents per minute.



Daily reports are transmitted from Houston computer service company and are captured on magnetic tape cassette like this one by NCR 399 Accounting Computer.

An Automated Central Information File Proves Practical for \$15-Million Bank

HOW BIG does a bank have to be to cost-justify having an on-line, automated central information file (CIF)?

Farmers State, Madisonville, Tex., has assets totaling \$15.7 million and operates in a market area with 10,000 prospective customers in a 25-mile radius. The bank originally offered customers the option of having consolidated statements combining demand deposit, savings and certificate accounts and installment loans in August, 1974. Bank President Tom Thorn says that all but a few of the institution's customers have responded enthusiastically, and although only minimal promotion has been done, many prospects have walked in and asked about the new service.

"Frankly, we didn't think of one-statement banking as a marketing de-

vice," says Mr. Thorn, who has been at the Madisonville bank since 1969. "We decided on CIF because it gives us much more control, and it also allows us to greatly reduce the number of statements we print and mail. Also, before we open our doors each morning, we now know everything important about the previous day's activities, including who has written overdrafts. Furthermore, we have the information needed to make better decisions about how to handle these. This information also helps us do a better job of cross-selling."

The bank, which was founded in 1907, is located on a main route between Dallas and Houston. Houston is about 100 miles south, and Dallas is 150 miles in the opposite direction, Mr. Thorn notes. Madisonville is an agricultural community with a population

of around 2,500, and it's also a trading area for ranchers and farmers in several neighboring counties.

"We don't really compete with the bigger urban-area banks," Mr. Thorn says, "because they can't offer our service. Our customers can walk in to cash a check and chat about their financial needs."

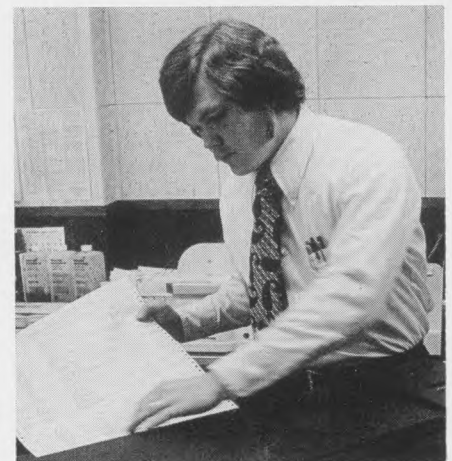
The bank automated its installment loan accounting in 1969 to improve control, Mr. Thorn recalls. Documents were carried by courier to a neighboring city, where the work was done by a computer service company. In 1973, when a decision was made to also computerize accounting for DDA, certificate and savings accounts, Farmers State selected First Security Financial Systems in Houston to do all its computer work.

The only problem, Mr. Thorn re-



LEFT: Nolan Glass enters master file changes onto magnetic tape through NCR 399 Accounting Computer. Machine is used off-line for accounting functions, including writing customer payrolls and accounts receivable, and it also functions as on-line terminal over leased phone wires to main-frame computer in Houston.

RIGHT: Mr. Glass receives daily reports summarizing previous day's financial activities, including all overdrafts and late installment payments. Thus, he has information needed for 8 a.m. management meeting.



Introducing the big door you can swing on a small budget.

The latest entry in Security's expanding series of quality vault doors is a masterpiece of value engineering—the Continental Vault Door.

For openers, it's priced right alongside the lowest-cost doors on the market. Exit further similarities.

The big difference is that Security has cut the cost without cutting out the important features. Something that the other door makers haven't gotten the hang of yet.

For example, the 3½-inch Continental is totally clad in gleaming, satin

finish stainless steel. With no raw steel edges. No painted or polished steel surfaces. Security is the only major manufacturer that delivers this kind of quality—a 20-year tradition of quality, in fact, covering literally thousands of vault door installations.

Another example: Security is still the only major manufacturer that offers the built-in emergency snorkel ventilator, a system that we pioneered 10 years ago. Today it's standard on all our vault doors, including the new Continental. The security measures of the Con-

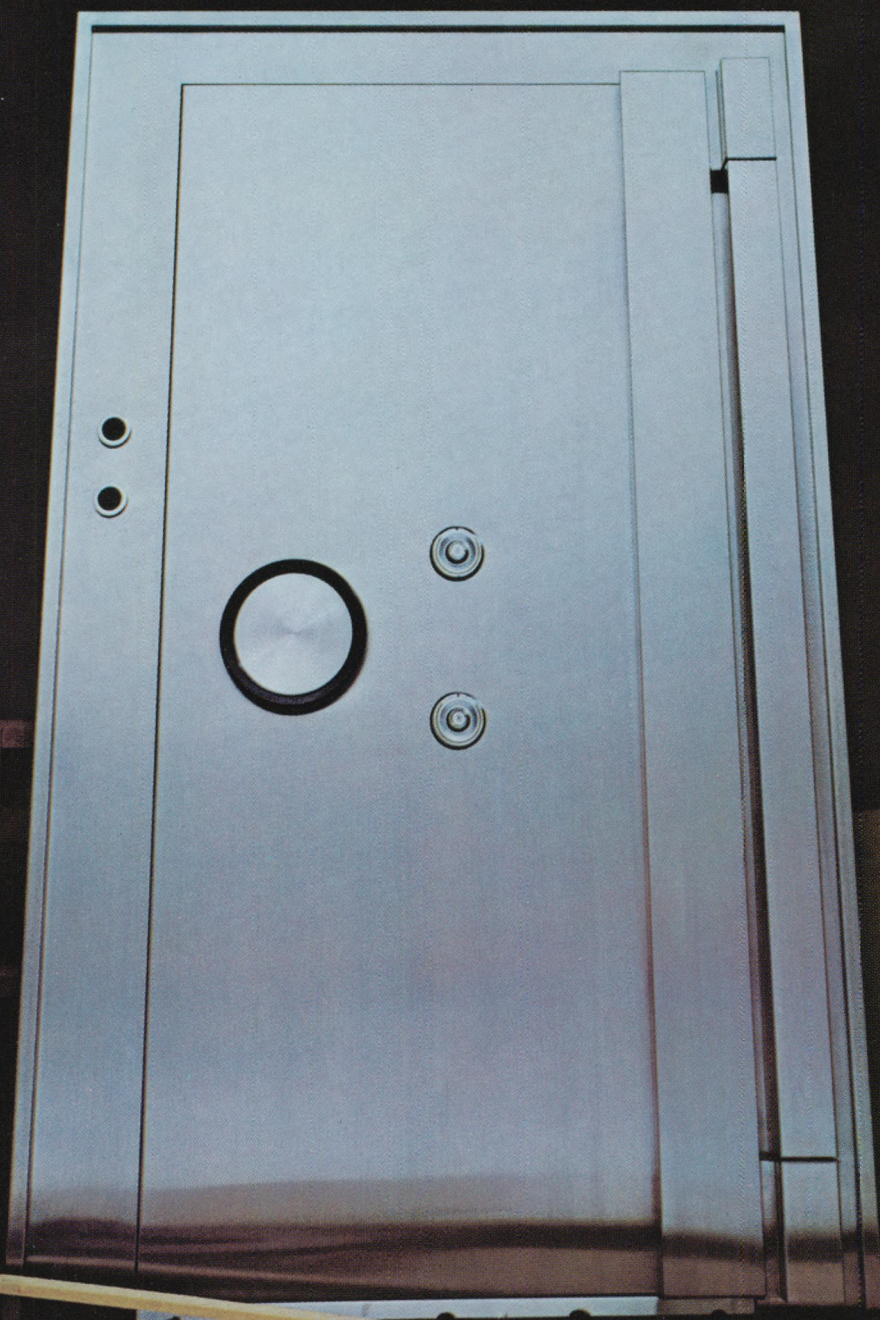
tinental are also truly formidable: all of Continental's specifications meet or exceed the 1968 Bank Protection Act.

If you've got an opening for a high-quality, low-cost vault door, the Continental can fill it fast—immediate delivery from either east or west coast warehouses.

To swing the best possible door deal, call or write for data on the new Continental Vault Door.

SECURITY CORPORATION 

2055 S.E. Main Street
Irvine, California 92705
(714) 979-9000



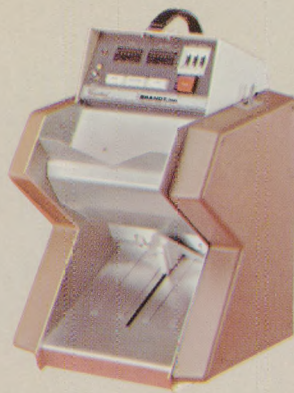


Handling checks... are costs going up hand over fist?

Misfiles, late statements and check clearing, error-filled shortcuts and employee drudgery. All part of manual statement preparation. And the cost chokes profits by the fistful.

Automated efficiency is the only answer to cutting costs as spiraling volume shrinks profits. And the only total answer is the Brandt Countess® Document Counter Endorser/Canceler.

The Brandt Countess handles up to 1,200 checks per minute with both batch and accumulative counting, automatic jam detection, Dry-Ink En-



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SINCE 1890

lates, was that original DDA documents had to be sent by bus to the computer service company, and they were returned the same way.

"We didn't like letting go of these documents, since anything could happen," Mr. Thorn admits. "The other thing was that even if everything was ready to ship when the bus left at around 4:30 p.m., we still didn't get our daily reports back until late the next morning. By then, we had our morning meeting, and so decisions had to be made piecemeal."

That was under the best circumstances. Once the buses didn't operate for three days because of icy roads, and other times DDA documents just weren't ready in time for the bus schedule, Mr. Thorn recalls.

To overcome both the anxieties and real problems related to shipping DDA documents long distances, Mr. Thorn was ready to consider an on-line data transmission system for enhancing the flow of information even before the NCR MICR Data Capture System was formally introduced last year.

"We were the second bank in the nation to install this system," Mr. Thorn states.

The system includes an NCR 399 Accounting Computer, an NCR 670 Sorter-Reader, an NCR 349-300 Impact Printer and on-line data communications equipment. Later, several peripherals were added. These include two NCR 796 CRT Display systems (one with a thermal printer capability) on-line to the main-frame NCR Century 201 computer storing the financial files, and an NCR 260 Thermal Printer, which is used for off-line data preparation.

The MICR Data Capture System was installed in August, 1974, when the CIF program was implemented. Nolan Glass, a new employee hired as an auditor, was trained on the job by NCR education specialists to manage the new department. "Two of us actually can run the system," Mr. Glass notes, "so there is always a backup, and we are currently training a third person."

Mr. Thorn felt that the investment could be justified just by the advantages of having better control, plus cost reductions for data preparation and statement printing off-site. However, the bank also offers correspondent services to other small banks, and the NCR 399 accounting computer is being used off-line to provide customers with payroll and accounts receivable services.

In addition to being a revenue producer, Mr. Thorn points out, the last allows the bank to provide customers with a valuable service. "You can bet

that if we are doing a company's or a city's payroll, we also are likely to get most of their banking business," he states.

Mr. Glass says that as many as 6,000 DDA documents are processed during peak days, although the average is around 1,900. He says that his day begins around 6:30 a.m., when daily reports are transmitted from Houston and are captured on a magnetic tape cassette by the NCR 399. This takes from 20 to 30 minutes.

Data captured on the tape cassette are used to drive the printer, which can produce up to 340 lines per minute. By 8 a.m., 91 of the daily reports, including statements, notices of insufficient checks and past-due loans are ready for a staff meeting.

"We can decide which checks to honor, which to send back and what other actions we want to take, on an individual basis," Mr. Thorn says. "If someone with a large overdraft also has a certificate or savings account sufficient to cover the amount, we might handle it one way. In other circumstances, we could make other decisions. The point is that we have all the information about everyone at our fingertips at a time when everyone is together before we open for business. We definitely are making better decisions."

After running the daily reports, Mr. Glass generally uses the NCR 399 off-line for service work. In addition to several payrolls, he says, there is an accounts receivable program for a medical group. Data are collected on a magnetic tape cassette either by entry through the NCR 399 keyboard or the NCR 260 terminal. The last was installed in April, 1975, Mr. Glass explains, to enhance the bank's data entry capabilities.

"This way, one of us can enter data on a magnetic tape cassette, while the NCR 399 is processing information or operating as a remote terminal or driving the printer," he explains.

Throughout the day, DDA documents are batched, checked for endorsements, copied onto microfilm and delivered to data processing. The first MICR run is made about noon through the NCR 670 Reader/Sorter, which can handle up to 600 documents per minute. These are validated; check-digit calculations are performed, and the documents are sorted into one of 11 pockets. During this procedure, pocket, batch and run totals are captured and printed out. Furthermore, data are also recorded on a magnetic tape cassette.

A second MICR run is made early in the afternoon. In addition, statistical data, master file changes and MICR rejections (the rejection rate is less

than 3%) are written onto a magnetic tape cassette through the NCR 399 keyboard. Between 3:30 and 4 p.m., data recorded on tape are ready for transmission to the main-frame computer in Houston. Within 30 minutes, Mr. Glass says, the computer sends back the daily proof verification, and he can close down.

The two NCR 296 CRT terminals were installed last April. One unit is in the lobby behind the tellers and the other at a drive-up window teller building located in the parking lot. With these terminals, tellers and bank officers can interrogate the computer master file on a real-time basis. Customers' accounts are current through the previous day's transactions, Mr. Thorn emphasizes.

The terminal in the main lobby also has a hard-copy capability in case a customer wants to see his current combined statement or if an officer wants it as other information, he adds.

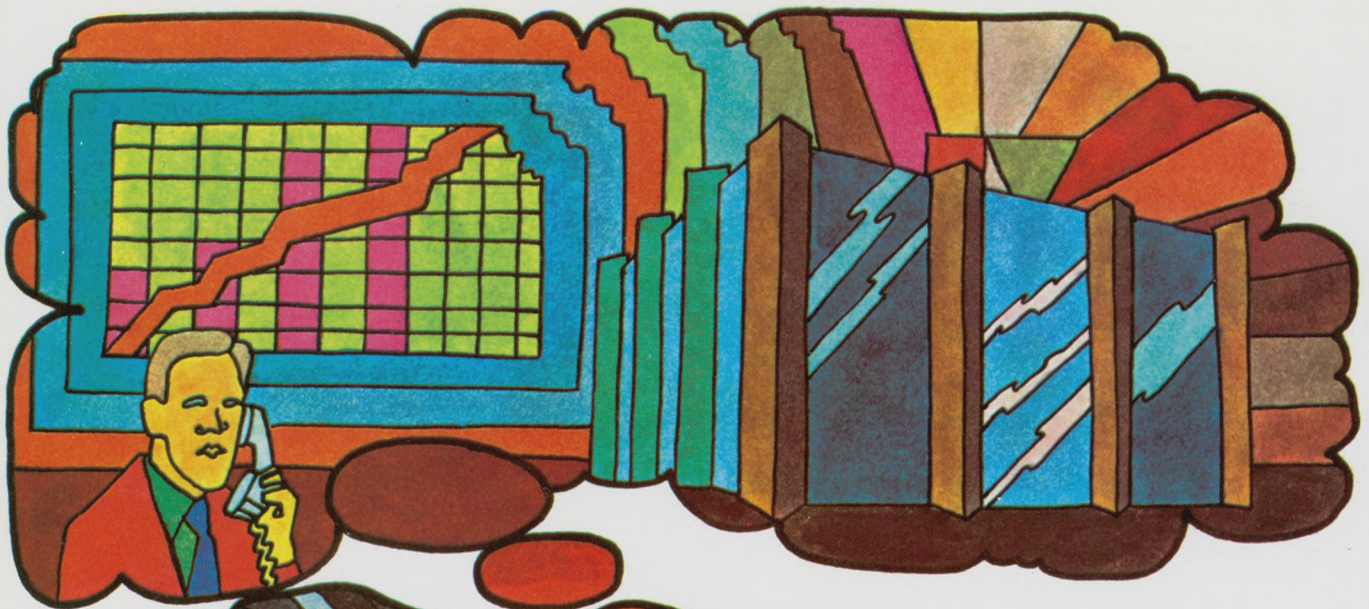
"We have made a fast and easy transition," he concludes, "and we haven't begun to tap our full potential. For example, now every time a customer comes into the lobby, we have a rapid way to determine exactly how much and what type of business he or she is doing with us. Our tellers and officers are going to be doing much more cross-selling. As far as I am concerned, there are no doubts about whether we can justify our investment in data processing. The question is how did we ever do without it?" • •

EDP Costing, Charging Problems Discussed in BAI Publication

The Bank Administration Institute has released a two-volume publication containing the results of a major effort to resolve the problems of EDP costing and charging. The new BAI report series, called *EDP Facility Accounting*, covers the general practices required for costing and pricing and the technical foundations on which the general practices have been constructed. The key technical advance on which the reports are based is a simple, unified concept called "software work."

Data in the report will provide the banking industry with a solid foundation for establishing unified banking practices in the vital area of EDP costing, said George W. Dennis, CBA, BAI chairman and senior vice president, Manufacturers Hanover Trust, New York City.

For further information, contact: Director of Research, BAI, P.O. Box 500, Park Ridge, IL 60068.



What's in it for me?

Why read anybody's statement of condition? Good question — but what better way can you judge a bank's ability to help you than to examine its own record of performance? The only thing you really want to know about any correspondent bank service is "What's in it for me?" and we're prepared to answer by phone or in person or both. Dial (316) 261-4441 for help from Tom Potter, Joe Stout, or Fred Swinson on any bank-and-Fourth service.

STATEMENT OF CONDITION - JUNE 30

	1975	1974
ASSETS:		
Cash and due from banks	\$ 93,826,943.60	\$ 68,846,056.43
Investment securities:		
U.S. Government obligations	21,304,260.38	20,044,751.55
Obligations of states and political subdivisions	46,970,322.22	42,168,927.32
Trading account and other securities	21,297,749.44	10,519,649.10
Federal funds sold	13,000,000.00	12,000,000.00
Securities purchased under agreements to resell	28,500,000.00	37,000,000.00
Loans, less unearned income of \$3,517,211.70 - 1975; \$4,111,888.74 - 1974	212,525,419.12	203,933,803.76
Bank premises and equipment	27,619,954.78	24,018,703.67
Other assets	5,961,534.49	4,224,615.78
	<u>\$471,006,184.03</u>	<u>\$422,756,507.61</u>
LIABILITIES AND CAPITAL FUNDS:		
Deposits:		
Demand	\$201,058,515.86	\$177,064,368.01
Time	153,585,001.99	141,337,694.47
Total deposits	354,643,517.85	318,402,062.48
Federal funds purchased	19,205,000.00	16,450,000.00
Securities sold under agreements to repurchase	43,490,290.57	37,764,480.64
Other liabilities	3,522,343.10	2,649,444.11
Total liabilities	<u>420,861,151.52</u>	<u>375,265,987.23</u>
Reserve for loan losses	3,498,819.93	3,127,026.78
Capital funds:		
Capital note, due 1981	10,000,000.00	10,000,000.00
Stockholders' equity	36,646,212.58	34,363,493.60
Total capital funds	<u>46,646,212.58</u>	<u>44,363,493.60</u>
	<u>\$471,006,184.03</u>	<u>\$422,756,507.61</u>

FOURTH NATIONAL BANK & TRUST CO. / WICHITA, KANSAS 67202 / MEMBER FDIC

TheFourth



U. S. Representative to Be Speaker At Kentucky Convention Sept. 7-9



TROUTMAN



PAGE



BRASHEAR

LOUISVILLE—Carroll Hubbard Jr., a member of the U. S. House Committee on Banking and Currency, will be a speaker at the Kentucky Bankers Association's annual convention at the Galt House here September 7-9. Representative Hubbard, a Democrat, is from Kentucky's First District.

ABA President-Elect J. Rex Duwe and Kentucky's new banking commissioner, John L. Williams Jr., also are scheduled to speak. Mr. Duwe, who will advance to ABA president during the ABA convention in October, is chairman and president, Farmers State, Lucas, Kan. Mr. Williams most recently was in the Kentucky and Tennessee bank relations section of the Small Business Administration. Before that, he was president, Farmers Bank, Princeton, Ky., and headed the KBA in 1972-73.

Registration will begin at 1 p.m. September 7 and continue throughout the convention, which will end with the

annual banquet the night of September 9.

Association officers. Harry B. Troutman, president, Stock Yards Bank, Louisville, heads the KBA this year. He entered banking in 1941, saw World War II service in the Navy and returned to banking. He became president of his bank in 1966. A graduate of the University of Louisville Law School, Mr. Troutman belongs to the Louisville and Kentucky Bar associations.

KBA President-Elect Leon Page joined Franklin Bank as cashier when it was chartered in 1958 and became president in 1965. Before going to the bank, he was on the research staff of the Kentucky Department of Revenue.

W. F. Brashear, KBA treasurer, is executive vice president, Hyden Citizens Bank, and a 1964 graduate of the School of Banking of the South, Louisiana State University, Baton Rouge.

The closed-circuit TV cameras have panning and zoom capabilities that enable the control room operator to read a license plate or even to see a signature.

Complex Alarm System

The control room is also the center for a complex alarm system covering all tellers, all magnetically monitored doors and various other areas, such as the building's fire alarms. Red and white lights, varied bell tones and buzzers have different meanings for the operator, who is able to dispatch help almost instantly via the radio control center.

Radio control can contact any member of the bank's guard force as well as the city police, fire department, weather bureau and the Texas Rangers. Anchored in the same system are 35mm

film cameras, which can provide a frame-by-frame movie of the subject.

Between Fort Worth National's highly trained guards and its maze of electronic equipment, any would-be holdup man or bad-check artist is in for trouble. Practicing his trade in the bank's lobby, such a crook would find himself on 14 television sets and several reels of film. As a result, his picture would be available almost immediately for circulation among city and state police and FBI officers.

Almost coincident with Fort Worth National's move toward increased security was that of Union Planters National, Memphis. The bank added small TV cameras in corridors and magnetic card readers at all access points at the data processing and records center which its personnel know as "the Annex." Entrance to working areas is now obtained by using a magnetic card that opens doors and is immediately "read" by central electronic equipment, which records use of the card and time at which it is used. This equipment also indicates that the access door has been closed correctly.

"The core of our system is the card access function," emphasized Grady Grinstead, communication coordinator of administrative services. "The rest of it is a combination of audio intercoms and closed-circuit TV. These more or less back up the card access capabilities and give the bank a well-rounded, flexible system. It means we have complete visual and audio communication with all critical points in the building."

Union Planters' system can spot the employee who is unfamiliar with the use of the plastic access card. In such a case, the monitor at central control pushes an intercom button, which enables the monitor to tell the employee how to use the card.

Basic to Union Planters' security procedures is its guard force. All guards are Pinkerton employees. In service are nine full-time guards, one of whom is a woman, and five part-time guards, one a woman. Both women monitor the electronic surveillance equipment. Guards are on duty 24 hours a day, seven days a week.

Union Planters has obtained a dividend from its sophisticated equipment. The new devices have pointed out work and traffic flow problems that were difficult to pinpoint before. In addition, they have enabled security personnel to devise emergency control plans that would save lives and reduce the chance of property damage in a fire or other disaster. • •

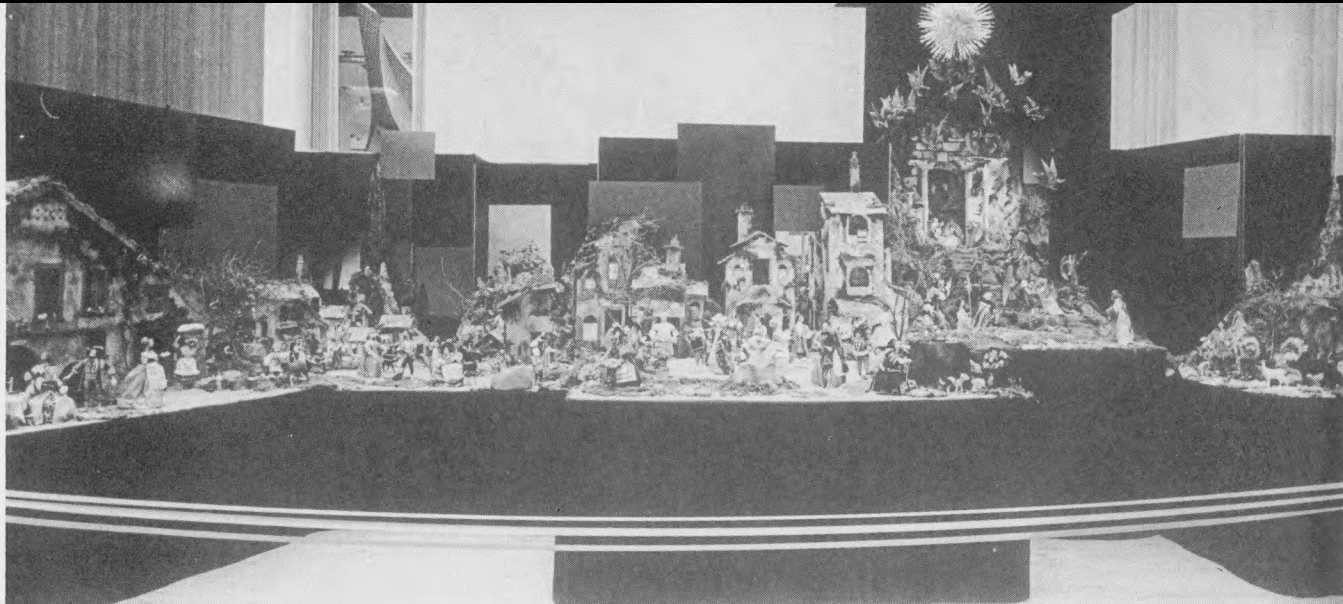
Guards

(Continued from page 34)

sion. Others were Fort Worth Civil Defense, Drug Abuse Center and Fort Worth Fire Department.

Bayard H. Friedman, president, described the training program as "one of the most important commitments the bank has ever made."

Backing the trained guards is sophisticated electronic equipment. In the central control area—which is enclosed by half-inch bullet-proof glass and protected by a series of electronically locked doors—are 12 closed-circuit television sets monitoring cameras strategically placed on the bank's premises. In addition, the control room has two video tape recorders which serve as a memory bank.



Overall view of Detroit Bank & Trust's Christmas crèche, encompassing 200 square feet, as it appeared at its initial showing last Christmas.

At Detroit Bank & Trust:

Christmas Crèche Captures Imaginations Of People in Greater Detroit Area

A UNIQUE Nativity scene, patterned after the popular crèche displays of 17th and 18th century Italy, attracted considerable attention in Detroit last Christmas—courtesy Detroit Bank & Trust.

Encompassing more than 200 square feet in the bank's exhibit area, the display included not only the traditional Nativity scene but hundreds of villagers, farm animals and outdoor scenery typical of a rural community in the Holy Land as it existed more than 200 years ago.

The elaborate display is not the property of the bank, but was arranged and conceived for the use of the bank by David Zeese and Donald Nagel of Fundamentals, Inc., a local creative design studio.

The display, which will be seen again this coming Christmas on an enlarged scale, features antique figurines carved several hundred years ago, with authenticated histories. Also included are historically accurate replicas of crèche miniatures as well as new figures.

Special clay materials were used in fashioning the heads which have facial expressions of various emotions—joy, surprise and tenderness. Even the hands were sculptured and body postures formed to conform to the emo-

tional expression on the faces of the figures.

In the crèche tradition, great attention was given to minute details, including creating miniature baked goods, tiny candelabrum, small brooms and other utensils.

The bank's assistant director of public relations, Jack E. Houseman, read numerous volumes on crèche history in order to write an extensive release which formed the basis for a handout given both to the public and the news media. Success of this venture can be measured in several ways: in terms of the crowds which this exhibit drew, comments on the questionnaires they filled out and the many special features which were carried by the media—including an article accompanied by color photographs which appeared in the Sunday rotogravure section of the *Detroit Free Press*. Filmed features were also presented, accompanied by Christmas carols and special photographic effects, on all three major Detroit TV stations.

Although it is now generally agreed among scholars that St. Francis of Assisi did not originate the idea of recreating the Nativity scene, there appears to be little doubt that he popularized an already existing custom.

The use of the crèche in this country

can be traced to the large immigration of Europeans to the U. S. in the 19th century. The tradition waned somewhat in the early part of this century but has enjoyed a renaissance in recent years. Some observers regard this rebirth of interest as a protest against the materialism which has arisen in connection with the celebration of Christmas and an attempt to recapture some of the spirit of more simple times.

Detroit Bank & Trust paid for the design concepts and time involved in setting up the Christmas crèche, which, by mutual agreement, remains the property of the design studio.

Although it is not an inexpensive activity, the costs involved were moderate compared to having to actually purchase and maintain an exhibit of this magnitude, said Charles J. Snell, vice president and director of retail marketing. In addition, he noted, the studio that created the crèche was further compensated by the extensive publicity the display received.

Each year the studio has agreed to follow the tradition of crèche from the 17th and 18th century and expand it until it becomes a full-sized Italian city, a project expected to take several years.

This will make the exhibit a "living" creation, changing in size and scope each year and eliminating potential



View of Nativity scene (also seen on the cover) shows some of hundreds of human figures used in Detroit Bank & Trust's Christmas crèche. Each figure is hand carved and bears expression registering emotion of character being represented.

comments from the public, such as "I saw that display last year, why don't they get something new?"

Through on-going exposure of information on this activity in national, state and local publications and newspapers and presentation of radio and TV features over local stations, a tradition of strong community support and involvement has been established for the bank, according to Mr. Snell.

The media have given extensive exposure to the display—which is just one of a series the bank has presented in its display area since the building was opened in 1964. The bank has tested public awareness of its exhibits by means of brief questionnaires placed close to the displays. The questionnaires reveal that people living within the metropolitan Detroit area think the displays are excellent and have come many miles to see them.

"The creation of such an exhibit area was simply an example of response to

a community need," reported Mr. Snell.

At the time of the dedication of the bank's new Main Office, a special lobby exhibit was devoted to Fort Lernoult—the Detroit area fort where the first American flag was flown over the city and which was originally situated on the same site as the bank's Main Office. While this exhibit was still on display, Detroit Bank & Trust began to receive a number of requests from non-profit organizations expressing a desire to make use of the area when this dedicatory exhibit was removed, Mr. Snell explained. These requests reinforced plans being considered to create an exhibit area which people might visit while banking and shopping in downtown Detroit.

Initially, the exhibits were rather low key and not widely promoted. They provided pleasant viewing for customers and others passing through the Main Office. Public response, however,

grew to such an extent that it was decided to seek out displays of greater magnitude with the primary emphasis still being on presenting exhibits featuring the activities of local organizations. This policy continues to be observed and has enabled the bank to generate a great deal of publicity about these groups and itself.

For banks considering setting up display programs, costs can be kept within reasonable limits, Mr. Snell said. Detroit Bank & Trust, with few exceptions, has not underwritten the cost of creating a display. Those exhibits which are shown have remained the property of the organization utilizing the bank display area.

Detroit Bank & Trust's Christmas crèche exhibit is enabling the bank to provide its trade area with an outstanding exhibit at relatively modest cost. In so doing, the bank is recapturing the true sense of Christmas—certainly a noble achievement. • •

'Trees of Christmas' Exhibit Illustrates Varying Traditions In Countries Around the World

By DANIEL H. CLARK
Editorial Assistant

WHY NOT give your bank's Christmas celebration an international flavor? That's what First National, Little Rock, has done the past three years. Results of the December events have been outstanding, according to a bank spokesman.

Judie Wiggins of the First National staff oversaw last year's construction of ornaments and the actual decoration work on the project, which involved 13 trees. Examples of trees from the U. S., Sweden and Denmark were to be found in the Main Office, while Brazil, Mexico, England, Finland, Japan, Lithuania, Russia, the Ukraine, Poland and Holland were represented by trees, each located in a different branch office.

"Trees of Christmas" was publicized in newspaper ads, a press release and a statement stuffer. The event also received coverage on television news programs and through the local school system. Special instruction sheets on fabrication of the ornaments were distributed by each of First National's offices.

Many people visited the bank and its branches during the display. First National gave a group of foreign college students a tour, with transportation from branch to branch provided

by a double-decker bus. Many teachers took their classes to all the branches and Main Office to view the trees.

A consignment of books—Abingdon Press' *The Trees of Christmas*—was sold at cost to anyone requesting a copy. Fifty books were contributed to libraries of Little Rock public schools.

One of the most unusual trees of the 13 was the Ukrainian design. Christmas trees from this border republic of the Soviet Union traditionally are trimmed with spiders spinning webs.

The Trees of Christmas reports that, after the Ukrainian family cleans every speck of dust from the house and a fresh coat of whitewash is applied to the exterior on Christmas Eve, it is hoped that a spider web will be found in the house the next morning, that being a sign of good luck. According to legend in that country, a poor old woman was unable to provide trimmings for her children's tree. When she awoke on Christmas morning, she found that the morning sun's first rays had turned the spider webs on the window to silver. She then had decorations, thanks to the good luck brought by the spider.

The Brazilian Christmas tree of today often is decorated like its counterpart in the United States, the book



At top, unusual Ukrainian tree in First Nat'l, Little Rock, display features "spider's" art. Legend in Soviet border republic holds that spider web in house on Christmas morning brings luck. Bottom, Brazilian tree is emulation of North American pines, trees not found in tropical climate. Native tree is stripped of foliage, uses paper for sagging effect, cotton for snow.

states. In earlier years, however, imitation pines were not available in that tropical country, so a native tree was stripped of its foliage and covered with paper in an attempt to emulate the North American tree. Strips of paper dangled from branches, simulating the gracefully sagging pine and spruce, while cotton served as snow.

The Nisse is a friendly barn elf or sprite that keeps an eye on animals in the barn or on domestic animals in town or country in Denmark, so one is usually found on or under that country's traditional Christmas tree. The Nisse looks much like Santa, with long white whiskers, red stocking cap and clothes, the book states.

An early American theme is planned for the coming season at First National, tying in with the approaching bicentennial. • •



LEFT: A senorita from First Nat'l, Little Rock, puts finishing touches on Mexican Christmas tree during last year's "Trees of Christmas" exhibit there. RIGHT: Young lassie admires English version of Christmas tree. Bank's exhibit included versions of 13 countries' trees.



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“Unlike the usual candles, records, cookie-cutters, etc., your Currier & Ives trays provided a new attraction and response. Club openings increased by 30%”

“In 1973 we opened 3100 accounts. Your trays helped us exceed 7700 this year”

“We initially ordered 1500 trays. All were sold out at \$1.00 each in two days”

“Never have our customers *and* employees been so stimulated by a premium item”

INCREASE DEPOSITS AND BANK TRAFFIC AND GET AN ADDED BONUS TOO

In use as a tray or wall decoration, neighbors and relatives see and comment on these unusual trays, your bank name mentioned endless times as a source (can't be bought in a store anywhere!), price-less goodwill advertising for your bank over many years!

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Christmas Shop-at-Hometown Promotions Channel Residents, Money to Local Shops

By DANIEL H. CLARK
Editorial Assistant

WHAT can a small-town bank do to keep more Christmas shoppers' dollars at home, increase its number of commercial accounts, help its officer call program and promote a good image to the citizenry? Many institutions report these results and more, using a program developed and marketed by Madison Avenue Associates, Nashville, entitled "Try (name of city) First."

The program consists of several elements:

- Red and green buttons imprinted with the "Try . . . First" logo, superimposed over a Christmas tree. The buttons are worn by bank employees and local merchants and can be handed out to the public.

- Peelable vinyl window stickers for display in the windows of shopkeepers. They bear the same inscription and tree as the buttons.

- Foamcore counter cards with Santa's picture. His bag has the inscription "Santa Thanks You for Shopping In . . ."



Bank of Gainesville (Mo.) distributed these foamcore counter cards to local merchants as part of its "Try Gainesville First" Christmas promotion. Also given to store owners as part of successful bank-sponsored shop-at-home campaign were buttons, window stickers, shopping bags.



J. Clifton Stilz (r.), v.p. & t.o., Winchester (Ky.) Bank, discusses "Try Winchester First" holiday promotion with local store operator T. L. Beckham.

- Plastic shopping bags imprinted with a likeness of Santa saying "Save gas this Christmas! Shop at Home."

Also included in the program are a tape with a musical jingle for radio spot announcements, camera-ready newspaper ads, several sizes of logos and letters explaining the program to merchants. A supply of press releases about the program completes the package.

Many institutions using the campaign have found it an effective way to keep shoppers' Christmas dollars in the community. Eufaula (Ala.) Bank has reported increases in deposits of sales taxes: about \$17,200 was received in 1971; by 1974, that figure had increased to nearly \$27,000. Bank officials estimate that, based on the 1% tax rate there, at least \$800,000 in additional money was spent in Eufaula last Christmas.

McHenry (Ill.) State officials have been told by local storekeepers that, because of the "Try McHenry First" promotion, shoppers in that town have increased their holiday shopping in McHenry by as much as 90%, while they frequented local shops for only 20% to 40% of their Christmas gifts in the past.

Many of the banks that use the campaign report great enthusiasm on the part of all involved. Officials at Jackson County Bank, Seymour, Ind., found that their people who were to distribute "Try Seymour First" packets to lo-

cal storekeepers began the job with a "here's another extra I have to do" attitude. That outlook changed, a bank spokesman reported, when it was seen what a great reception the program was getting in town.

Many institutions found that merchants began to work more closely with one another, while some store owners banded together and continued the

(Continued on page 48)

Bank-Merchant Campaign Scores

Officials at Highland National, Newburgh, N. Y. were able to enlist about 175 local merchants in its "Shop Your Hometown First" campaign. Purpose of the program was to keep Christmas gift-buying dollars at home and help the local economy by creating more jobs, improving the standard of living and making a wider selection of merchandise available.

What the Newburgh public saw during the pre-Christmas promotion were window decals and buttons, to be worn by bank employees and merchants, imprinted with its campaign theme. In addition, "Christmas Bucks" were distributed, tying in with \$600 in cash prizes for six weekly drawings. Since the winning serial numbers of the bills were at the bank's new accounts desk, there were ample opportunities to sell Christmas club accounts and other services.

Store owners in Newburgh were invited to contribute a gift or certificate having a value of \$10 or less for a "Treeful of Presents" grand prize. All shopkeepers participating in the promotion were named in the bank's newspaper and radio advertising.

How well did the campaign work? Officials at Highland National found the benefits of such a promotion to be numerous. Besides the added revenue in the local stores, a bank spokesman said it presented an opportunity to call on existing potential commercial accounts. And Christmas club accounts, even though the 50 cent club had been dropped, showed a dramatic rise.

Every Director and Officer Needs a Copy of . . .

Conflicts of Interest

For Directors and Officers of
Financial Institutions

By LEWIS E. DAVIDS, Hill Professor of Bank Management,
University of Missouri

With A. Ruth Davids, Senior Research Associate

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The BANK BOARD Letter

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MID-CONTINENT BANKER for August, 1975

THE BANK BOARD LETTER

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Total Enclosed \$

Name

Bank

Street

City, State, Zip

(Please send check with order. In Missouri, add 4½% sales tax.)

program on their own after the holiday season. Scott County State, Scottsburg, Ind., received a letter from a local businessman, part of which said, "I personally saw customers in my store I hadn't seen here for years. Several remarked to me that the 'Try Scottsburg First' thing caused them to stop and think that out-of-town businesses do not pay our teachers, help maintain our churches and hospitals, etc."

Another bank, after beginning the program, learned that local merchants had initiated a Christmas parade and three drawings for \$200 and a fishing car—an old, low-priced auto for weekend journeys to the country—in conjunction with the bank's "Try . . . First" program.

Butler (Mo.) State received requests for the kits from filling stations and restaurants on the edge of town that hadn't originally received them. A non-customer even blew the bank's horn, writing a letter to the editor of the local newspaper that praised Butler State's civic-mindedness. • •



Robert R. Thompson, e.v.p., and Roy T. Charles, pres., both of First State, Rolla, Mo., display promotional materials for "Try Rolla First" promotion.

Win a Rebate:

Gift Certificate Drawing Helps Keep \$ at Home

First National, Deerfield, Ill., joined forces with the town's Chamber of Commerce and the Common Merchants Association to organize a "1974 Christmas Gift Guide" drawing, which was designed to keep more gift dollars in local shops.

Deerfield shoppers entered their names in the contest at participating businesses and became eligible for special store drawings, which were held on December 7 and 8. On the 10th, en-



Dick Richter (l.), e.v.p., First Nat'l, Deerfield, Ill.; Harriet Jacobs, pres., Deerfield Common Merchants Assn.; and Bob York, sec., Deerfield Chamber of Commerce, display some of winning coupons in "1974 Christmas Gift Guide" drawing. Bank and two organizations sponsored program, which shoppers entered at participating businesses in town, bringing traffic into stores. Gift certificates, prizes in drawing, totaled \$500.

tries from all stores were brought to the bank, where \$500 in gift certificates were awarded.

The certificates were redeemable for merchandise purchased on or before December 31 at any place of business that took part in the promotion.

Improve Performance

(Continued from page 24)

tive. It is often the end product of imagination. It's almost always a result of self-analysis. It poses questions like, How can I improve myself? How can my role in the bank function become more significant? How can my department become more efficient? How can our area of the bank produce more profit? How can we better satisfy our customers? How can we reduce needless costs and expenditures?

I expect my employees to ask these questions of themselves. I would suggest that no one let any single thing pass that he doesn't understand. Ask questions. All of us around the bank

would be glad to explain the whys and wherefores of each thing that goes on.

All new ideas are not practical. In fact, many or most of them will be discarded. But never should new ideas be ignored by a bank CEO. I think the most wasteful and unfortunate asset we could possibly have is the inert employee, the obviously capable and competent person who knows and does his or her job capably and yet is totally satisfied to do things as he or she was first taught, without ever questioning the whys or wherefores. This is the person who makes absolutely no move to improve the level of his performance or the effectiveness of his role in the bank operation.

Finally, we come to ambition. The dictionary defines ambition as "an eager or inordinate desire for superiority, power or attainment." That isn't a bad definition for a quality I would like to think all employees in my bank possess. I would hope that each would aspire to better jobs, more responsibility, greater rewards. I'd hope that they would be competitive and would want the job of the person on the next rung of the ladder. Ambition often is really a matter of pride.

I would suggest that maybe the most important quality often lacking in employees is curiosity—seeking to understand the definition of the job in its broader implications in the community. Anyone who makes a strenuous effort to cultivate curiosity can be assured of improving his performance and, equally important, he'll have a lot more fun! If he doesn't have some fun as he goes his way, maybe he should do something else. • •

Raising a Racket in Skokie, Ill.



Tennis has come to Skokie, Ill., in a big way, according to officials at Old Orchard Bank, and part of the mania is due to the bank's promotion for savings deposits and checking accounts which features tennis balls as premiums. The tie-in is the Old Orchard Center's First Annual Tennis Championships Tournament. Old Orchard is a suburban shopping and office complex northwest of Chicago. Pictured (l. to r.) are fans Debbie Seiden and Fraser Grimes of Old Orchard Bank; Charlotte Danstrom, dir., Old Orchard Associates; and George O. Podd Jr., bank pres.

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CONFERENCE ON PLANNING AND EXECUTION OF POLICY
FOR SENIOR BANK OFFICERS

Tan-Tar-A Resort & Golf Club
Osage Beach, Missouri
October 12-15, 1975

Director: Donald M. Carlson
Co-Director: George H. Hempel

CONFERENCE PROGRAM

TIME	TOPIC OR ACTIVITY	SPEAKER
Sunday, October 12		
4:30— 6:00 p.m.	Conference Registration	
6:00— 7:00 p.m.	Reception	
7:00— 9:00 p.m.	Banquet and Talk—PLANNING FOR PERFORMANCE AND PROFITS—THE USES AND VALUES OF PLANNING	Eugene L. Swearingen
Monday, October 13		
8:30— 9:15 a.m.	CHOOSING TERM GOALS—SIZE OF MARKET, MARKET SHARES, RATE OF GROWTH AND PROFIT OBJECTIVES	Gerald R. Sprong
9:15— 9:45 a.m.	ORGANIZING TO ACHIEVE OBJECTIVES	Robert Y. Empie
9:45—10:00 a.m.	Coffee Break	
10:00—10:45 a.m.	TECHNIQUES OF PLANNING AND EVALUATION	T. Carter Hagaman
10:45—11:15 a.m.	Panel—Q & A	
11:15—12:45 p.m.	Discussion Groups and Laboratories	
1:00— 2:30 p.m.	Luncheon and Talk—THE ECONOMY AND PLANNING	Darryl R. Francis
2:30 p.m.	Voluntary Laboratories and Discussion Groups and FETS Workshop	

FOR SENIOR BANK OFFICERS

CONFERENCE ON PLANNING AND EXECUTION OF POLICY

for Presidents, Other Senior Bank Management and
Selected Directors of Small and Medium-sized Banks



TAN-TAR-A RESORT & GOLF CLUB
OSAGE BEACH, MISSOURI
OCTOBER 12-15, 1975

Sponsored by
The Foundation of the Southwestern Graduate School of Banking

- Part I — Planning Strategy and
Executive Control of Growth,
Expenses and Profits
- Part II — Manpower Development for
Growth and Continuity
- Part III — Planning the Banking House,
including Site Selection,
Facility Sizing, and Financing
- Part IV — Scheduling Capital Requirements,
Valuation of Bank Stock, and
Marketing of Bank Issues

	Eugene L. Swearingen	8:30— 9:15	Fred T. Brooks
	Ronald A. Terry	9:15— 9:45	
	Coffee Break	9:45—10:00	
	Charles H. Fletcher	10:00—10:30	
	B. THE FUTURE BANKING HOUSE—EVALUATING SITES AND DESIGNING AND SIZING FACILITIES		Chairman:
	Wayne Stemmer	8:30— 9:30	James H. Denman
	Coffee Break	9:30— 9:45	
	STRATEGIES IN FINANCING FACILITY EXPANSION; LEASE—OWNERSHIP ALTERNATIVES		
	John W. Bowyer, Jr.	9:45—10:30	
10:30—12:30 p.m.	Discussion Groups and Laboratories		
2:30 p.m.	Voluntary Laboratories and Discussion Groups and EFTS Workshop		
6:30— 7:30 p.m.	Reception		
7:30— 9:30 p.m.	Dinner and Panel—REGULATORY APPROACHES TO CAPITAL ADEQUACY		PANEL: Hempel, Thompson, et. al.
Wednesday, October 15			
8:30— 9:00 a.m.	PROJECTING CAPITAL NEEDS		T. Carter Hagaman
9:00—10:00 a.m.	BANK STOCK VALUATION AND MARKET MAINTENANCE—THE FINANCIAL AND LEGAL IMPLICATIONS		John W. Bowyer, Jr. (Financial) John S. Monroe (Legal)
10:00—10:15 a.m.	Coffee Break		
10:15—10:45 a.m.	CAPITAL STRUCTURES AND STRATEGIES		Edward K. Dunn
10:45—12:15 p.m.	Discussion Groups and Laboratories		

COUNSELORS

Fred T. Brooks	Robert V. Shumway
James H. Denman	Quinton Thompson
Richard B. Johnson	William S. Townsend

Conference on Planning and Execution of Policy

Register the Following Persons:

Registrant Name and Title	Bank or Firm	Address & Town	To be Accompanied by Spouse: Name
1. _____	_____	_____	<input type="checkbox"/> _____
Size of bank represented (Total Resources _____)			
2. _____	_____	_____	<input type="checkbox"/> _____
Size of bank represented (Total Resources _____)			

Total Deposit Remitted (\$25 per registrant)\$ _____

The deposit of \$25.00 applies to the \$300 fee. It will be refunded if a registration is withdrawn before pre-conference materials are mailed (about September 12, 1975.) The Registrant's fee covers pre-conference materials, a post-conference book containing conference proceedings, and receptions and additions to standard menus provided under the hotel's American Plan.

The \$75 fee for a spouse accompanying a registrant covers actual cost per person of receptions, luncheons scheduled as part of the Conference, and supplements to dinners added to the standard American Plan menu.

Mail To: The Foundation of The Southwestern Graduate School of Banking
SMU Box 1319
Dallas, Texas 75275

Faculty

John W. Bowyer, Jr., Professor of Finance, Graduate School of Business, Washington University, St. Louis, Missouri

Fred T. Brooks, President, Merchants State Bank, Dallas, Texas

Donald M. Carlson, President, Elmhurst National Bank, Elmhurst, Illinois

James H. Denman, President, Citizens State Bank, Nevada, Missouri

Edward K. Dunn, Jr., General Partner, Alex Brown & Sons, Baltimore, Maryland

Robert Y. Empie, President, Stock Yards Bank, Oklahoma City, Oklahoma

Charles H. Fletcher, Senior Vice President, Mellon Bank, N.A., Pittsburgh, Pennsylvania

Darryl R. Francis, President, Federal Reserve Bank, St. Louis, Missouri

T. Carter Hagaman, Vice President, Corporate Financial Counseling Department, Irving Trust Company, New York, New York

George H. Hempel, Professor of Finance, Graduate School of Business, Washington University, St. Louis, Missouri

Richard B. Johnson, President, The Foundation of the Southwestern Graduate School of Banking, Dallas, Texas

John S. Monroe, Associate Director, Bank Administration Institute, Park Ridge, Illinois

Robert V. Shumway, Regional Director, Federal Deposit Insurance Corporation, St. Louis, Missouri

Gerald R. Sprong, President, American National Bank, St. Joseph, Missouri

Wayne Stemmer, General Manager, Citicorp Realty Consultants, Inc., New York, New York

Eugene L. Swearingen, Chairman of the Board and Chief Executive Officer, Bank of Oklahoma, Tulsa, Oklahoma

Ronald A. Terry, Chairman of the Board and Chief Executive Officer, First Tennessee National Corporation, Memphis, Tennessee

Quinton Thompson, Regional Director, Federal Deposit Insurance Corporation, Dallas, Texas

William S. Townsend, Chairman of the Finance Department, School of Business Administration, Southern Methodist University, Dallas, Texas

THE FOUNDATION OF
THE SOUTHWESTERN GRADUATE
SCHOOL OF BANKING
SMU Box 1319
Dallas, Texas 75275

What is the Assembly?

The purpose of the Assembly for Bank Directors is: to increase the director's understanding of how he can serve his bank; to indicate the ways in which the director can best serve as a representative of his bank in the community; to provide better understanding of, and respect for bank management's functions; and to acquaint the director fully with issues of critical interest to his bank and banking.

Between 1968 and the fall of 1975, twenty-two Assemblies have taken place. While the program listed here is specifically for the Phoenix Assembly, other Assemblies follow a similar format. Subjects for discussion are determined by trends and issues in banking at the time of

each Assembly.

Any inside or outside bank director, advisory director, prospective director or senior bank officer is invited to attend the Assemblies, and past registrants are invited to attend again occasionally. Bank directors, senior officers, senior level bank supervisors and bank educators throughout the United States have acclaimed the Assemblies program. The Assemblies are endorsed by the American Bankers Association, the Independent Bankers Association, and by various state associations.

Three will be conducted during 1976.

THREE ASSEMBLIES IN 1976

24th at The Sheraton—Waikiki and Royal Hawaiian, Honolulu, Hawaii, February 1—6
25th at the Broadmoor, Colorado Springs, Colorado, September 4—7
26th at The Breakers, Palm Beach, Florida, November 28—December 2

SCHEDULE & EVENTS

TWENTY-THIRD ASSEMBLY FOR BANK DIRECTORS

The Arizona Biltmore
Phoenix, Arizona
November 5—8, 1975
Director—James B. Mayer
DIRECTORS' PROGRAM

TIME	TOPIC OR ACTIVITY	SPEAKER
Wednesday, November 5		
3:30—5:00 p.m.	Registration	
5:00—5:15 p.m.	THE FOUNDATION AND THE ASSEMBLY	Leonard W. Huck
5:15—5:45 p.m.	EVALUATING MANAGEMENT	Eugene L. Swearingen
6:00—9:00 p.m.	Reception and Banquet	
Thursday, November 6		
8:30—9:00 a.m.	LEGAL RESPONSIBILITIES OF DIRECTORS	S. Rex Lewis
9:00—9:30 a.m.	CREDIT ADMINISTRATION	Roy D. Hartmann
9:30—10:00 a.m.	WHAT A SUPERVISOR EXPECTS	Frank Wille
10:00—10:15 a.m.	Coffee	
10:15—12:00 p.m.	Discussion Groups	
12:00—6:30 p.m.	Open	
6:30—7:30 p.m.	Reception	
7:30—9:00 p.m.	Dinner and Talk—THE CHALLENGE OF BANKING	Jack T. Conn
Friday, November 7		
8:30—9:00 a.m.	COMMITTEE ORGANIZATION OF THE BOARD	B. Finley Vinson
9:00—9:30 a.m.	PLANNING—HOW THE DIRECTOR CAN HELP	Robert Y. Empie
9:30—10:00 a.m.	REPORTING TO THE BOARD FOR PROTECTION	Paul M. Horvitz
10:00—10:15 a.m.	Coffee	
10:15—12:00 p.m.	Discussion Groups	
12:15—2:00 p.m.	Luncheon and Talk—A REGULATOR LOOKS AT THE BANKING FUTURE	James E. Smith
2:00—5:45 p.m.	Open	
5:45—9:00 p.m.	Hayride and Steakfry	
Saturday, November 8		
8:30—9:00 a.m.	THE MARKETING FUNCTION AND THE DIRECTOR	Terry E. Renaud
9:00—9:30 a.m.	NEW HORIZONS FOR BANKING	John J. Balles
9:30—10:00 a.m.	THE ECONOMIC OUTLOOK	R. Gene Conatser
10:00—10:15 a.m.	Coffee	
10:15—12:00 p.m.	General Discussion Groups	
Special Groups	A. NEW BANKS	Laskowski, Loader
	B. TRUST BUSINESS	Stocker
	C. LEGISLATION AND POLICY	Empie, Shine, Vinson
12:00 p.m.	Conclusion of the Assembly	
	Counselors	
William H. Baughn	Leonard W. Huck	Clifford F. Loader
Fred T. Brooks	Oran H. Kite	A. A. Milligan
James H. Denman	Edward S. Laskowski	Will Mann Richardson
Michael Doman		
		Craig Robinson
		Henry M. Shine, Jr.
		Edward E. Stocker
		Quinton Thompson

SPOUSES' PROGRAM

TIME	TOPIC OR ACTIVITY	SPEAKER
Wednesday, November 5		
6:00—9:00 p.m.	Reception and Banquet	
Thursday, November 6		
10:00—2:00 p.m.	Tour and Luncheon at Carefree Inn	
6:30—7:30 p.m.	Reception	
7:30—9:00 p.m.	Dinner and Talk — THE CHALLENGE OF BANKING	Jack T. Conn
Friday, November 7		
10:00—10:30 a.m.	WHAT BANKING IS ABOUT	Eugene L. Swearingen
10:30—11:30 a.m.	TRUSTS AND YOU	Will Mann Richardson
12:15—2:00 p.m.	Luncheon and Talk — A REGULATOR LOOKS AT THE BANKING FUTURE	James E. Smith
5:45—9:00 p.m.	Hayride and Steakfry	

The Board of The Foundation of The Southwestern Graduate School of Banking

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Leonard W. Huck, Executive Vice President, Valley National Bank, Phoenix, Arizona
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B. Finley Vinson, Chairman of the Board, First National Bank, Little Rock, Arkansas

Faculty of the Twenty-Third Assembly

DIRECTOR

James B. Mayer, Chairman of the Board and Chief Executive Officer, Valley National Bank, Phoenix, Arizona

FACULTY

John J. Balles, President, Federal Reserve Bank, San Francisco, California
William H. Baughn, Dean, School of Business, University of Colorado, Boulder, Colorado; and, Director, Stonier Graduate School of Banking
Fred T. Brooks, President, Merchants State Bank, Dallas, Texas
R. Gene Conatser, Vice President of the California Division, Bank of America, NT&SA, San Francisco, California
Jack T. Conn, Chairman of the Board and Chief Executive Officer, Fidelity Bank, N. A., Oklahoma City, Oklahoma
James H. Denman, President, Citizens State Bank, Nevada, Missouri

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Robert Y. Empie, President, Stock Yards Bank, Oklahoma City, Oklahoma
Roy D. Hartmann, Executive Vice President, Security Pacific National Bank, Los Angeles, California
Paul M. Horvitz, Director of Research, Federal Deposit Insurance Corporation, Washington, D. C.
Leonard W. Huck, Executive Vice President, Valley National Bank, Phoenix, Arizona
Richard B. Johnson, President, The Foundation of The Southwestern Graduate School of Banking, Southern Methodist University, Dallas, Texas
Oran H. Kite, Chairman of Loan Policy Committee, Retired, Republic National Bank, Dallas, Texas; and Chairman, Commercial Banking Major, Southwestern Graduate School of Banking
Edward S. Laskowski, D. D. S., Palatine, Illinois; and Director, First Bank and Trust, Palatine, Illinois
S. Rex Lewis, Partner, Howard, Lewis, & Petersen, Attorneys at Law, Provo, Utah
Clifford E. Loader, Director, American National Bank, Bakersfield, California
A. A. Milligan, President, Bank of A. Levy, Oxnard, California
Terry E. Renaud, Chairman of the Board and President, The Twin City Bank, North Little Rock, Arkansas
Will Mann Richardson, Senior Vice President and Trust Officer, Citizens First National Bank, Tyler, Texas
Craig Robinson, President, Citizens Bank of Oregon, Eugene, Oregon
Henry M. Shine, Jr., Executive Vice President, California Bankers Association, San Francisco, California
James E. Smith, Administrator of National Banks, Comptroller of the Currency, Washington, D.C.
Edward E. Stocker, Executive Vice President, and Senior Trust Officer, Continental National Bank, Fort Worth, Texas
Eugene L. Swearingen, Chairman of the Board and Chief Executive Officer, National Bank of Tulsa, Tulsa, Oklahoma
Quinton Thompson, Regional Director, Federal Deposit Insurance Corporation, Dallas, Texas
B. Finley Vinson, Chairman of the Board, First National Bank, Little Rock, Arkansas
Frank Wille, Chairman, Federal Deposit Insurance Corporation, Washington, D. C.



THE ARIZONA BILTMORE—PHOENIX, ARIZONA

Registration

The \$300 registration fee covers all materials, receptions, banquets, luncheons and all lectures, discussion sessions and other scheduled activities. A \$25 deposit which is applied toward the total registration fee of \$300 is required with each registration. The \$100 fee for spouses covers evening receptions, banquets, scheduled luncheons, lectures, and special activities.

Directors are responsible to the hotel for their accommodations and miscellaneous expenses. Hotel accommodation forms will be sent registrants from the Assembly office, which will be returned to the hotel.

Tours are being arranged for the Directors and their spouses at no additional cost.

REGISTRATION FORM TWENTY—THIRD ASSEMBLY FOR BANK DIRECTORS

The Arizona Biltmore
Phoenix, Arizona
November 5—8, 1975

NAME: _____ Name called by: _____

Business Address: _____ Phone _____
Company P.O. Box City, State, Zip

Profession or Principle Business Interest _____ Title _____

Home Address: _____ Phone _____
Zip

Wife Will Attend? _____ If yes, wife's name: _____

Bank Directorship held in: _____

President: _____ Size of Bank? _____

Number of Directors on Board: _____ Number of years on Board: _____

Bank Address: _____
P.O. Box City State Zip

Directors Committees on which I have served: _____

Main Interest: Credit Area _____ Trust Area _____ Other _____

Deposit (\$25.00) Attached: _____ Total registration fee (\$300) enclosed: _____ Wife's registration fee (\$100) enclosed: _____

The registration fee covers all materials, receptions, and scheduled banquets, luncheons; and all lectures, discussion sessions and other scheduled activities.

(Please make checks payable to: The Foundation of the Southwestern Graduate school of Banking. Mail to: The Assemblies for Bank Directors, P.O. Box 1319 at S.M.U., Dallas, Texas 75275.)

ADDRESS CORRECTION REQUESTED

THE ASSEMBLIES FOR BANK DIRECTORS
Southern Methodist University
P.O. Box 1319
Dallas, Texas 75275

THE FOUNDATION OF THE SOUTHWESTERN GRADUATE SCHOOL OF BANKING ANNOUNCES

Assembly for Bank Directors

The Arizona Biltmore, Phoenix, Arizona
November 5-8, 1975



Banks Can Boost Christmas Club Sales With Employee Incentive Contests

LOOKING for a way to beef up your bank's Christmas club accounts? No matter what size your bank is, an employee incentive contest might be just the thing to make your bank's Christmas club account totals soar.

Individual competition has been found to be the best method. This enables the use of a handicap scoring method, in which a teller receives less points than a secretary, to keep employees with less public contact in the running.

If the bank is large enough, employees can be divided into teams, with each team made up of employees with little public contact, more public contact and direct public contact.

Many middle- to large-size banks do best with intramural contests. Tellers who come in contact with customers often form one division. Loan or trust department employees with less public contact are placed in another division. A third division is made up of behind-the-scenes people like bookkeepers or secretaries. Office and/or branch competition can be added to teams or intramurals for extra incentive.

A contest of this sort should be special. It should have a name and an unusual angle.

A contest of this sort should be special. It should have a name and an unusual angle. Try the "twist" and run the scoring system backwards by starting everyone with a high score and subtract for clubs sold and points made.

Make terminology colorful and make sure the bank's name is in the contest title. Such a title could be "First National's Society for the Prevention of Christmas Bills."

Kick off the contest with a meeting of all employees. Give out contest packs, a decorated envelope containing

The material in this article is taken from the Christmas Club Advertising and Promotion Portfolio, prepared by the Financial Systems Division of Rand McNally & Co., Chicago, under the direction of Jack Leengran, product manager.

the rules. Include the opening and closing dates of the contest (usually no longer than three months), contest organization, scoring, policy on accounts opened by immediate family of contestants (the usual policy is to welcome accounts, but not count them in competition). Announce the prizes, the promotions planned and the details of the awards ceremony to be held at the end of the contest.

If you use the handicap system, give a head start to employees with less opportunity to meet the public during office hours. Thus, a secretary might receive 10 points for selling a club, while a teller receives only five points. A semi-contact division employee could receive seven points per club.

Discourage contestants from selling five \$1-per-week clubs in lieu of one \$5-per-week club. Count the class of club sold in your scoring; for example: 10 points for a bookkeeper selling a \$25 club, seven points for a loan department employee and five points for a teller. A \$50 club will bring 20 points to a bookkeeper, 14 points to a loan employee and 10 points to a teller.

Each employee should keep a daily tally listing the customer's name and class of club opened. Contest proctors or team captains should collect the tallysheets each week and circulate the results in a weekly contest newsletter.

If the contest is organized around bowl drawings, distribute club advertising "join" cards to employees. They identify their cards with their initials or names and they are free to circulate as many cards as they wish. When a club is opened as a result of one of the cards, the employee puts his card into the bowl and may receive points from a special drawing.

To keep a bowl drawing contest

open to everyone, set a quota for each type of employee group. For example, a teller must sell eight clubs to qualify and may put a card in the bowl for every fourth club sold. A semi-contact employee must sell five and adds his name for every third and a lesser contact contestant must sell three clubs and adds his name for every other club sold.

An alternative is to use three separate bowls, one for each division. Employees may receive credit for every club sold, since they compete only against their own division.

Another variation is the use of a points-quota system, whereby each team or team-division must sell a percentage of the total goal. The team coming closest to completing its percentage wins. Office and/or branch competitions find this acts as an extra incentive.

Encourage team competition through identification and team spirit . . . Use props . . . small musical notes, small model autos.

Make it important to be a winner. Award individual and team prizes often, either weekly or every other week. Hold surprise drawings, contest meetings. Feature stories about winners in the bank newspaper. Interview high scorers for the secrets of their success and coordinate newspaper and other advertising media with the contest theme.

Encourage team competition through identification and team spirit. Choose teams through the scramble system—type lines from a well-known song or poem on pieces of paper. Everyone picks a line and teams form by putting the song together.

Use props. Give everyone a symbol for their team. Plastic musical notes,

(Continued on page 60)

ABA Publishes Christmas Club Report; 19 Million Started Accounts in 1974

NINETEEN million Americans opened Christmas club accounts in 1974, an American Bankers Association publication stated recently. The report went on to say that the average club member saved \$205 over the 12-month period, for a grand total of \$3.75 billion.

About 45% of all financial institutions now offer interest on Christmas club accounts, while, previous to 1971, most did not. The ABA has found that customers who don't receive interest on their accounts still feel them to be worthwhile, due to the psychological pressure involved with turning in a coupon with the deposit, forcing individuals with little or no self-discipline to take part in a systematic savings plan.

The ABA report also shows Fed statistics which indicate that only those banks with deposits of over \$200 million—2.7% of the nation's total—make a profit on the accounts, a figure that applies only to institutions that *don't* pay interest. Why? Simply, maintenance costs for Christmas club ac-

counts are larger than the profit that would come from investing such small amounts of money. According to the Fed study, the service is generally used as an attraction to gain new accounts and as a "premium" for established customers.

The maximum interest, as set by law, is 5% per annum on such accounts. The effective yield on interest paid by them is affected by frequency of compounding and crediting. Daily compounding offers the best return, followed by monthly, quarterly and annual methods.

The ABA says that, comparing 1973 and 1974, total deposits in Christmas accounts were up 12%, or \$400 million, from 1973. The total number of club members went up 6% in 1974, and the average depositor saved \$23 more than in the previous year. The average 1973 account held \$182. Amounts of deposit by contracts vary—the low being 50 cents a week—and they move up the scale in graduated amounts. • •

with equal amounts of red, green, yellow, orange, etc., gumdrops. All the "reds" are one team, the "greens" another. The color picked by an employee determines the team on which he will serve.

Try a "choosing chimney," a variation of the game of "fish." Cover a shoebox with brick-like contact paper and fill the box with different Christmas lapel decorations (assorted festive pins). Contestants then select a decoration at random and teams are formed as a result.

Award plenty of prizes. In the awards for points, include categories for most clubs sold, highest dollar amount sold and runners-up. Prizes can vary from gag gifts for weekly winners to a three-minute phone call to anywhere in the nation before 6 p.m. Hold a pancake supper with the losers serving the winners. Give cash prizes, theater tickets, savings bonds or gift certificates from local shops. Try to give each participant a small gift.

Bowl drawings may be for cash or gifts. One bank holds 10 drawings in each of three divisions. Each drawing is a different sum representing amounts from \$10 to \$100 and up.

Another bank has a sweepstakes board that weekly winners draw from. The team or branch winning that week gets the board and everyone takes a number, with each number representing a prize or money.

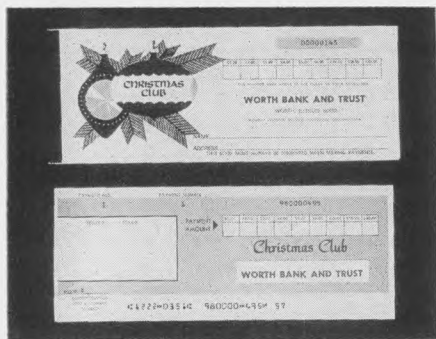
Finish your contest with a flourish. Hold an awards banquet for the entire staff or make those employees eligible for the banquet who have sold at least 10 clubs. Include a program at each person's place at the table. If a points contest is being held, list the winners—both weekly and grand prize winners. Hold surprise drawings or give surprise awards at the banquet.

If a banquet is not held, announce the winners at a large meeting and hold a surprise drawing or give extra prizes at the meeting. Make it worthwhile for everyone to attend.

Follow through when the contest closes with a thank you note to all par-

'All Class' Coupon Offered For Christmas Accounts

An "all class" coupon design for Christmas clubs has been introduced by Rand McNally, Chicago. The design is said to offer banks more economical Christmas club operations.



The "all class" concept, according to Rand McNally, permits financial institutions to purchase coupon books in relation to total number of clubs rather than inventory books in class denominations. Savings of 20% or more can be achieved through the purchase of fewer books, according to the firm.

Coupon books are not class identified until sold and then the outside front

cover is check-marked to provide the customer with the amount of regular payment.

Operation with the "all class" coupon requires proof encoding of dollar amount in MICR. Other fields can be pre-encoded as with class type books. The new coupon can also be used with a manual posting system. The coupon is a standard six-inch document to permit uniform handling in automated or manual systems.

The new coupon is said to make it easier for a customer to pay more than the originally agreed amount since the coupon is not marked with a dollar figure until the payment is made. Thus, tellers can be instructed to take only one coupon no matter how much the customer pays.

Christmas Club Sales

(Continued from page 59)

small model autos, and other inexpensive novelties that are easily displayed or worn as lapel decorations can serve as visual reminders of the contest and keep enthusiasm strong.

Hold a gumdrop grab. Fill a bowl

Steins as Club Premiums

Boatmen's National, St. Louis, found an effective way to help induce people to join its Christmas club last year. The bank offered a free "Christmas Stein" as a premium.

The steins, which were of crystal, were imprinted with a drawing of Eads Bridge, a local landmark. The word "Christmas" was printed above the structure's likeness, while the logo, "St. Louis 1974," was found below.



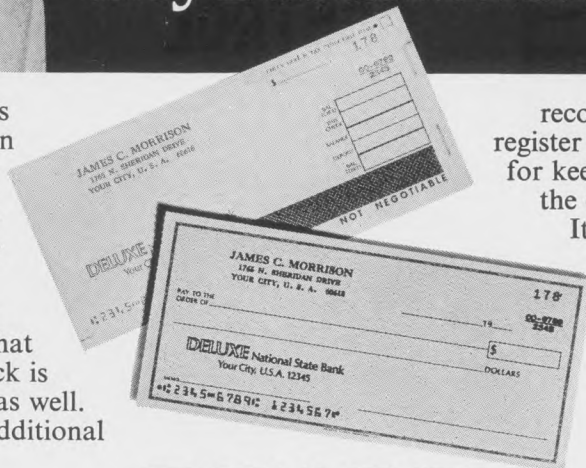
This is one check they'll both remember

The check this proud father is handing his daughter is not an ordinary check. It's a Deluxe Duplicate Check. She gets the original, "Thanks, Dad." And he gets an exact copy of the check for his records.

Here's how it works. Each check is bound with a copy that requires no carbon. As a check is made out . . . a copy is made as well. Your customer then has an additional

record-keeping tool. A conventional register is included and can still be used for keeping the balance if preferred . . . the copy just makes it a little easier.

It's not for everybody, but it may be just what some of your customers need. Find out what your customers really want. And don't overlook the unforgettable check . . . DeLuxe Duplicate Checks for personal accounts.



DELUXE

CHECK PRINTERS, INC.

SALES HDQTRS. • P.O. BOX 3399, ST. PAUL, MN. 55165
STRATEGICALLY LOCATED PLANTS FROM COAST TO COAST

ticipants. Include a wrap up report on the contest that includes the total number of new clubs opened, their dollar value, a list of the winners, and, when possible, a comparison with figures for past contests. Ask for suggestions on improving next year's contest and set a goal for the next contest.

You'll probably find the staff members can hardly wait to start the new contest! ••

Capital Building Blocks

(Continued from page 7)

A look at S&L and insurance HC development shows that the concept of severability is more feasible with them, since the strong link of the lead institution's name isn't as closely identified with the subsidiary company as with bank HCs. To that extent, a failure of one is quite likely to precipitate the view that other parts are equally endangered. This can be viewed by some as a dilemma and by others as financial statesmanship.

Stated somewhat differently, the fail-

ure of a severable part of nonbank HCs may become somewhat easier. Additionally, the consequences may not be as severe, since a bank HC might be more likely to permit an affiliate to go through the wringer of bankruptcy. Yet, with the bank HC, the identification of the HC's name with the affiliate banks and the affiliates' nonbank services being performed by the HC puts enough pressure on top management to keep the affiliate from failing.

Obviously, some small bank HCs can fail without jeopardizing the entire structure, but in the case of the Franklin National failure, one must recall that the incident precipitated some unusual action by regulatory agencies to minimize the impact of that failure. Agencies have been criticized by some, but I feel that many of them deserve credit for their actions.

It would be unwise for bankers to continually expect that regulatory agencies will be willing to step in and rescue an HC's failing subsidiaries. Bank HCs should try to provide a standby facility which would be able to come to the rescue of any member that is jeopardized financially.

The recent recommendation by the Independent Bankers Association of America that unit bankers be willing to infuse capital, in the form of insured CDs, into unit members suffering liquidity problems is an illustration of a type of cooperation that should be considered in the possibility of a crisis affecting bank HCs. ••

A New Case:

S. Holmes Solves Mystery Of Disappearing Papers

Readers of MID-CONTINENT BANKER may remember how Irving Trust, New York, called in Sherlock Holmes to solve "The Case of the Errant Securities, the Whimsical Whorls, the Bloody Dirk and the Irving" some time ago. Just released is a new Holmes adventure-parody which sells another of Irving Trust's services in a "novel" way.

Entitled "The Case of the Telltale Stain, the Ghastly Repast, the Hound of Wembley and the Irving," the tongue-in-cheek booklet deals with the subject of indenture trusteeship agreements.

In this second in a series of informational literature featuring fictional characters, Sherlock Holmes and Dr. Watson are called in to find out why Wembley M. Wembley's St. Bernard continually eats his master's agreements. Using a few available clues, the case is solved and Irving Trust's message is relayed in a way that a spokesman calls "anything but ho-hum."



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Your veteran American National specialists handle correspondent problems with the exacting control of a 20-game winner.

Immediate collection, efficient handling of excess paper, and correspondent services such as advice on such specific problems as agriculture and livestock financing are the results of this skilled handling of your correspondent banking requirements ... the American Way.

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AMERICAN NATIONAL BANK

6th and Francis St. Joseph, Missouri Phone 816-233-6141

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

YOU CAN'T KEEP A GOOD MAN DOWN.

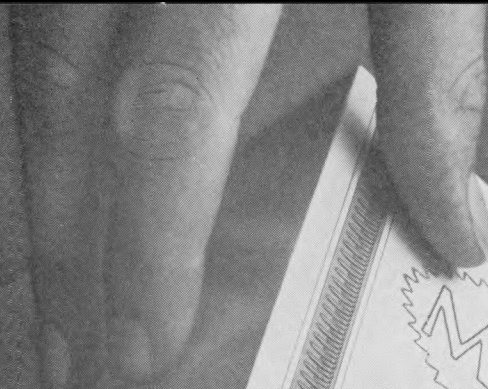
On June 1st, Dave Ramsay joined the ranks of Howard Hughes, Waldor Pepper, Harvey Smidlap and thousands of other daring Americans who have braved the sky in pursuit of a way to reduce travel time.

Dave received his pilot license, and he's ready to fly, anywhere, anytime with a complete kit of outstanding correspondent banking services that can help make your home town bank an "ace" in the world of banking.

Look him up, % American National Bank and Trust Company, Correspondent Division, Chattanooga, Tenn. 37402. Phone him at 1-(800) 572-7308 if you're in Tennessee or 1-(800) 251-6266 if you're in an adjacent state.

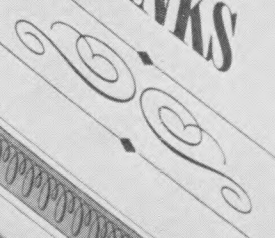
Jack and the Gang



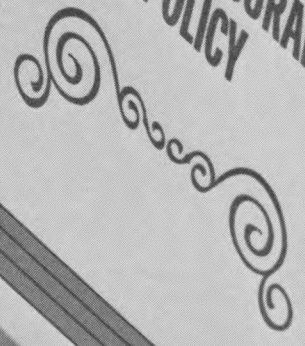


MGIC

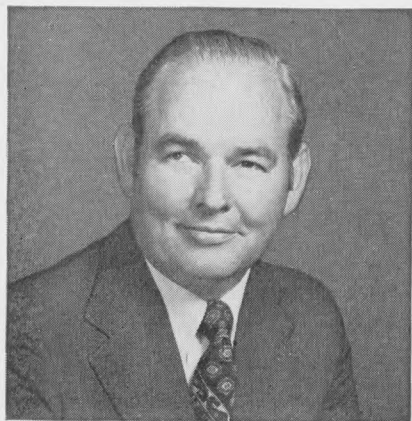
**DIRECTORS'
& OFFICERS'
LIABILITY
INSURANCE
POLICY
FOR
BANKS**



**GENERAL
DIRECTORS' & OFFICERS'
LIABILITY INSURANCE
POLICY**



“MGIC gives us more Directors’ & Officers’ liability coverage than any other insurer, at a reasonable premium.”



Dale L. Jernberg, Exec. V.P. and Director, National Bank of Washington, D.C. tells how MGIC provides coverage for directors and officers, plus an exclusive combination of key features tailored to a bank's needs.

Did you analyze coverage offered by a number of D & O liability companies?

“Yes. Four besides MGIC. And very thoroughly. We found that types and quality of coverage varied all over the lot. But only MGIC provided a complete protection tailored to our bank's needs. And for a reasonable cost.”

How do MGIC's features compare with the others?

“Their various plans, limits of liability, and deductibles offer extremely attractive options. The \$5 million policy we have with MGIC protects all directors and officers. In any case covered, it pays 100% over the deductible limits we selected.

“Also, when we indemnify to the extent permitted by law, MGIC's coverage has far fewer exclusions than many other insurers. This ‘waiver of exclusions’ is most important to us.

“In our judgment, MGIC's D & O liability coverage is by far the best value we could buy. Other companies just couldn't provide us the kind of protection that MGIC offers.”

How do you feel about your right to participate in selection of counsel in the event of a lawsuit?

“It is very important. MGIC would give us a free hand to choose counsel, subject to their approval.

They also could advance legal fees in the event of a costly lawsuit which is covered. And they would cooperate with us to counter unfavorable publicity that could be damaging to the named individuals and to our bank.”

Do you find greater awareness of your specific needs and greater flexibility in MGIC's D & O policy?

“Absolutely. The other policies seemed pretty general, and not tailored to a bank's needs. MGIC, on the other hand, really knows the financial community, because they're part of it. This, coupled with the fact that they did their ‘homework’ before the initial proposal, proved the key to our decision. MGIC thoroughly knew what we needed and the result is a very secure feeling that we have the best D & O liability insurance we could buy.”

MGIC

**Totally tailored
D & O liability protection.
And we mean total.**

MGIC Indemnity Corporation
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MGIC Plaza, Milwaukee, WI 53201

How Banks Celebrate Christmas

A potpourri of ideas adaptable to most banks

12 Days of Christmas:

Bank Helps Those in Need: Collects Food and Money

Union National, Little Rock, provided a new meaning for the "12 Days of Christmas" last year. As its gift to the community, the bank inaugurated a pre-Christmas promotion covering the 12 working days preceding the holiday, encouraging use of its Main Office and branches as collection points for non-perishable food for distribution to needy families.

Working in conjunction with several charities, the bank also agreed to match the cash value of all gifts brought in during the period. The money was used for last-minute purchases of perishables to balance the menu in each food bundle.



(From l.) Robert Connors, e.v.p., Union Nat'l, Little Rock, bank staffer Judy Crume and Beverly Fennell of St. Francis House look over one day's collection of food donated during "12 Days of Christmas." Bank, St. Francis House, other charities cooperated in collection, distribution of food for needy during Christmas season.

To encourage people to contribute, ads were run daily in all the media. Each office had an open house day with refreshments and those who visited were invited to register for a door prize.

Officials indicated that response to the program was so good that the "12 Days of Christmas," 1975, will be set aside for another collection and distribution of food for the needy.

Christmas Is an Electric Train



Millikin Nat'l, Decatur, Ill., provided the crowning touch to this Christmas tree display last December. The layout featured an HO-gauge electric train set, complete with miniature town with illuminated lights, homes, stores, industry and railroad yards. Children who visited the display were treated to candy, balloons and coloring books. A Millikin Nat'l tradition is Christmas concerts given by local school choral groups that perform in the lobby prior to the holidays.

Variety of Interests:

Public Invited to Share Bank's Holiday Fete

Here's an institution that invites its customers to "Share Your Bank's Christmas." State Bank of Rensselaer (Ind.) is its name and its variety of holiday-oriented promotions are planned to include everyone.

Last Christmas, State Bank's lobby was decorated by the local flower shop. Besides the flowers, a Christmas tree was to be seen. The major lobby attraction, however, was a "Santa's Workshop" that was the creation of a local family. It featured handmade and commercially available items and portrayed Santa and his elves at work in the kitchen.

State Bank co-sponsored a free show at the local theater for the town's children. Walt Disney cartoons and a live animal act were the headliners.

The bank served as the depository agent for a community project, "Old Fashion Christmas," which gave the public the opportunity to contribute to a fund for the needy.

A State Bank official indicates that the Christmas club membership increased substantially over the past year. Those joining received a free 9-inch "tall-boy" candle, while a tote bag was offered to those who merely inquired about the club. Currier and Ives trays are slated as this year's premium.

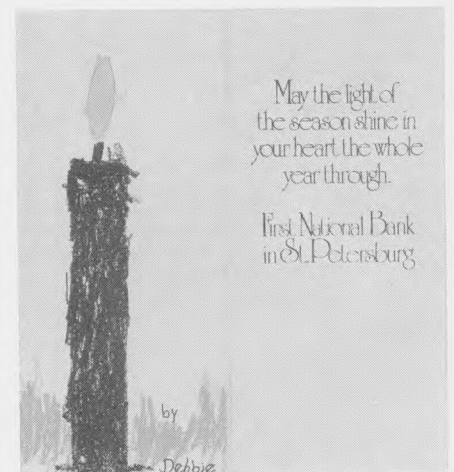
Season's Greetings:

Work of Retarded Child Is Bank's Christmas Card

Officials at First National, St. Petersburg, Fla., instituted a search for a Christmas card to send to employees and those on its mailing list. Nothing they found in the commercial market was right, since a "season's greeting" card was preferred to a "religious" one.

Donald Pendley, marketing officer at the bank, heard that a local organization, the Pinellas Association for Retarded Children (PARC), had sold Christmas cards in the past that were designed by its students. First National set up a contest with PARC's approval and the winner was to receive a \$25 savings bond.

After PARC teachers had picked the five best of the children's works, bank officials chose a design by Debbie Simoneaux, a drawing of a single, burning candle. Debbie is a student at



Christmas card used by First Nat'l, St. Petersburg, Fla., was designed by a student at Pinellas Assn. for Retarded Children, a local organization. Entries submitted in contest among students at school vied for \$25 savings bond.

Try Culpeper First was undoubtedly the most successful marketing effort we've ever tried. The real bonus was the low cost."

Burton Stacy, President
The New Bank of Culpeper



When Burton Stacy heard about the "Try (Your Town) First" program, he knew it was a natural for Culpeper. Located within a short driving distance of Richmond and Washington, D.C., Culpeper merchants suffered every year, when local residents did much of their Christmas shopping in the nearby large cities. Things changed last year. The bank sponsored the "Try Culpeper First" program, a tested, proven program for keeping local shoppers at home at Christmastime. This copyrighted program enabled the bank to provide each merchant in Culpeper with the means to promote hometown shopping within his store, in the local newspaper, and on the area radio stations. The bank provided everything. It was a marketing masterstroke. The local newspaper commended the bank in an editorial. Letters to the editor praised the community spirit of the bank. Both the radio station and the local newspaper provided free press coverage. And the local merchants loved it. The bank was helping put money in their pockets.

Says Burton Stacy, "We not only gained their goodwill, but a part of their business."

HOW YOU CAN SPONSOR THE "TRY (Your Town) FIRST" PROGRAM

When you sponsor the "Try (Your Town) First" program, you'll find that several things will happen:

- You'll keep needed dollars at home *and in your bank*.
- Your bank will be a hero to local merchants, and will probably pick up new commercial accounts.
- You'll have an officer call program that works.
- You'll receive free publicity in an amount that will surprise you.

THE SECRET IS TOTAL COORDINATION

We know, of course, that encouraging people to "shop at home" is nothing new. Your Chamber of Commerce has tried. Or the downtown merchants association. Maybe your bank has even made a stab at it.

And that's precisely why we've put it all together. In the course of working with nearly 300 communities on this program, we've learned what makes a shop at home program go. It takes colorful promotional materials, for one. The kind that every merchant is proud to display (and the kind of quality materials that only volume buying makes possible). Most important, it takes *total coordination*. That's why we provide you with material in all media. You'll give every merchant a kit which includes posters for his window, counter cards for display shelves, buttons for his employees, vinyl stickers for his front door.

When you make it possible for every merchant to push the "Try (Your Town) First" program in his advertisement.

He may include the program logo in all his regular newspaper ads. And he can have the local radio station record his regular radio spots on top of the customized, "Try (Your Town) First" jingle. Your merchants will appreciate that kind of effort.

But we want to bring the general public into the act, too. And we want them to realize who's making it all possible — YOU!

So we provide you with a press release for your local newspaper. Generally, the newspaper will run a front page article about your sponsorship of the program...along with a photo of one of your bank officers pinning a button on a local merchant's lapel. We also provide you with newspaper ads that announce the program, and your reasons for sponsoring it, to the general public. And don't forget the radio spots. Posters for your bank lobby. And a complete operations manual, so that you can take advantage of the many successful ideas for implementing the program that have been generated by participating banks.

Total coordination. It makes the difference between success and failure. *Your program will be a success.*

BUT DOES IT REALLY KEEP DOLLARS AT HOME?

Ask Milton Dean about that. Milton bought the program for the Eufaula Bank and Trust Company mainly as a public relations effort. Then he saw what it could do in dollars and cents for Eufaula and for his bank. The sales tax figures told it all:

JANUARY 1971	\$17,201.85
JANUARY 1972	\$18,992.10
JANUARY 1973	\$18,525.28
JANUARY 1974	\$26,565.34

What did the big jump in Christmas season sales represent? Since sales taxes in Eufaula are 1% of sales, that meant that the year the "Try Eufaula First" program was introduced, *an extra \$800,000 was kept at home*. The program was successful in causing Eufaula residents to think about shopping at home. Before heading out of town to do their Christmas shopping they tried Eufaula first.

In McHenry, Illinois, the McHenry State Bank reports, "We had several people comment that they did as much as 90% of their shopping in town this year. In other years, they had done as little as 20% to 40%."

Goodwill among merchants. New commercial accounts. Favorable public reaction. Extra dollars staying in town. These are the things you can expect from the "Try (Your Town) First" program.

And you and your bank will be the hero.

FOR FULL INFORMATION ON THE 1975 "TRY (YOUR TOWN) FIRST" PROGRAM, ATTACH YOUR BUSINESS CARD AND SEND TO:

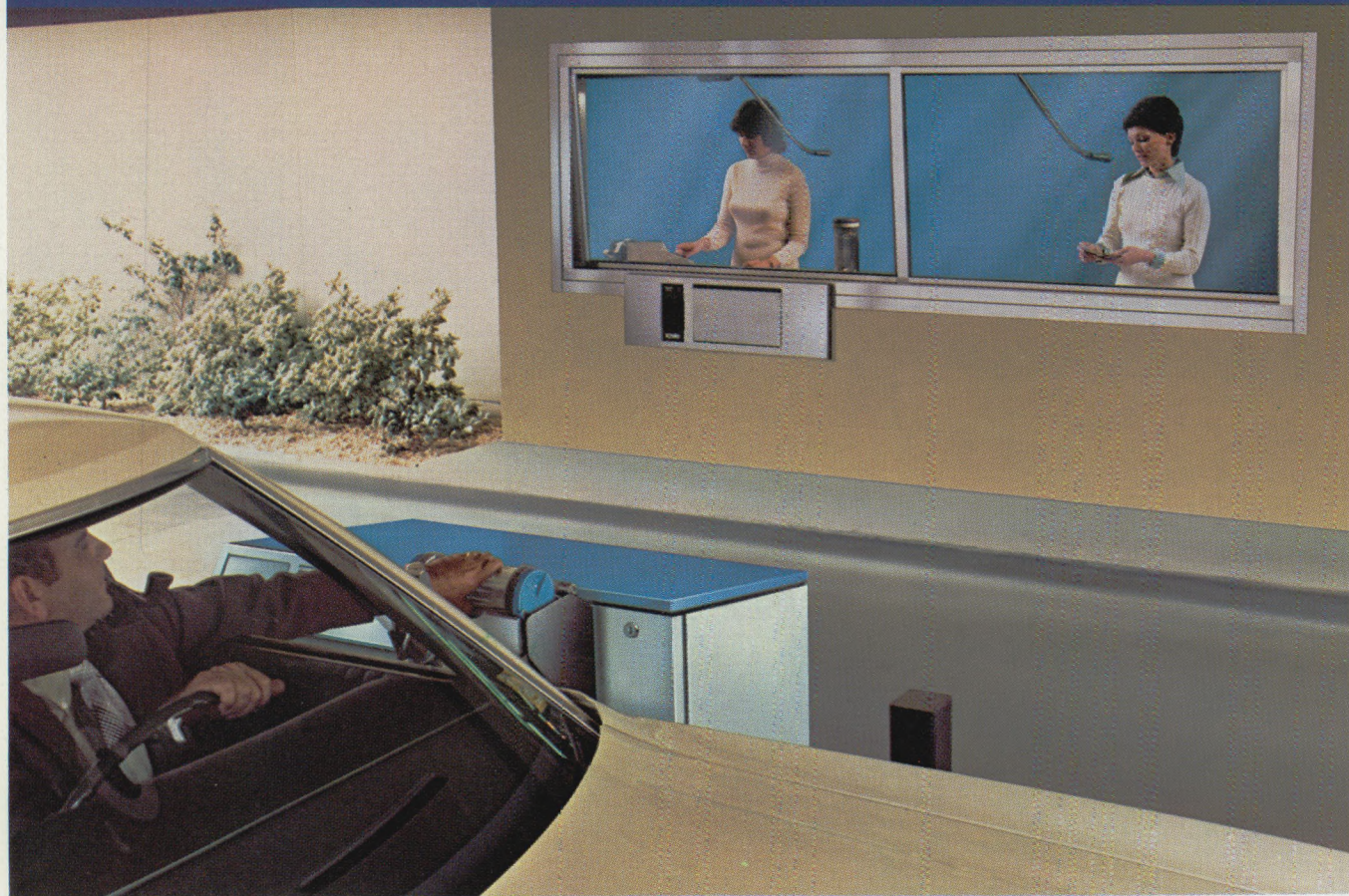


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Mosler helps you see eye to eye with your drive-up customers.



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When you install a Mosler Vistra direct-vision window system, a couple of things become perfectly clear. The customer and the teller.

Vistra windows are new, top to bottom. Outside, the look is clearly contemporary, and as inviting to customers as a window can be. The teller call button, microphone and speaker are clustered in a single sleek panel.

Inside, the system is functionally engineered to make the most of your drive-up facility. New fingertip controls, top-mounted for maximum teller efficiency. A clean, uncluttered work surface. Even improved weather-stripping.

With three different configurations, there's a Vistra window right for your particular application. Each is compatible with all Mosler direct-vision transaction systems. And each is available as an "equipment package" to save you money over separately purchased components.

The new Mosler Vistra windows. Look into them. You'll get a whole new outlook on drive-up banking.

Mosler

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Hamilton, Ohio 45012



The Mosler Traffic Commander. For optimum performance, complete the Vistra window system with any of several Mosler "Traffic Commander" systems and accessories. Automatically, they match waiting customers with unoccupied tellers. Even a traffic cop can't control drive-up traffic better!

PARC's Peter Pan School. The finished card was used by the bank last year and copies affixed to easels were displayed in First National's lobby during the holiday season.

Can-O-Cash:

Money 'Wrapped' in Tin Makes a Novel Gift

Those who received gifts purchased at First National, Amarillo, Tex., probably thought Santa to be especially "canny" last Christmas. The bank's offering to the season's gift market was money sealed in a #2 size tin can, called Can-O-Cash.

At First National, all a customer needed to do was stop by the bank and buy crisp, new money for his gift—the can was free—and an employee would seal the bills in the can as he watched. Each Can-O-Cash was decorated with a red and green Christmas label.

Cost of the novel gift—an idea conceived and marketed by Advertising Concepts, Inc., Wichita—is 50 cents, but many banks, such as First National, don't charge customers for them.

Wachovia Bank, Charlotte, N. C., is one that charged the customer, but it added a twist. All money collected throughout its 18 branches was contributed to the city's charitable "Empty Stocking Fund" and 3,000 of the items were sold last year, for a total of \$1,500.

Other items can be placed in the can: watches, rings, gloves, etc. One bank reported sealing two tickets to Nashville in a Can-O-Cash, while another related the story of a businessman who bought the cans for a different way to present employees with their Christmas bonus checks.



Customer at First Nat'l, Amarillo, Tex., fills Can-O-Cash with coins for Christmas present as bank employee seals can on machine. Novel gift can be opened only with can opener, prevents pre-Christmas "peeking." Plastic snap-on lid is provided with Can-O-Cash, converting it to coin bank.

Currier & Ives:

Trays Draw Customers; Christmas Clubs Swell

Looking for a premium that will cause your bank's Christmas club memberships to swell? Many institutions have found the answer in 14-inch, oval serving trays which are imprinted with reproductions of Currier & Ives' 1868 prints depicting the four seasons.



"Spring" is theme of this Currier & Ives reproduction on 14-inch metal serving tray marketed as Christmas club premium by Fabcraft, Inc., Frenchtown, N. J. Other seasons, copies of 1868 prints, are depicted on four-color, enamel-finished trays.

Marketed by Fabcraft, Inc., Frenchtown, N. J., the four-color, metal trays are exclusive to the market area and aren't available in retail stores. How well do they "sell" the product? Here are some banks' results:

- Two banks surveyed had Christmas club increases of over 54% after offering the premiums.
- One small-town institution reported an increase of 1,000 accounts over the previous year.
- Another bank's accounts grew from 3,000 in 1973 to over 7,700 in 1974.
- An institution that sold the trays for the self-liquidating price of \$1 each exhausted its original supply of 1,500 in two days; at the end of the promotion, over 9,000 had been purchased.

Make Kids Happy:

Banks Court Goodwill With Santa Letters

Banks can be Santa Claus to the children in their trade areas by offering personal letters from Santa in their lobbies during the holidays. Numerous banks, including Bank of New Orleans, have featured holiday displays that encourage customers to select any one of four colorful letters from Santa that are stored in the display.

Customers are asked to address and stamp the letters, which come in colorful envelopes, and then drop them in

any mailbox. The letters are usually offered at no charge.

What are the benefits of such an offer? Customers like it because they have the opportunity to make children happy through a simple act and a postage stamp. It provides the bank with an economical way to attract customers to the bank and establish an atmosphere of goodwill. And it gives the bank an opportunity to do some low-key advertising, since each envelope is imprinted with the bank's logo on the backside.

The service is available from Coast Merchandising Co., Los Angeles.

By Customer Demand:

Limited Edition Plates Are Popular Offering

Continental Bank, Chicago, has found an extremely popular Christmas-time premium in the limited edition collector's plates it offers each year. The plates are free with a deposit of \$300 or more.

Last year was the third such offering, featuring sketches by Chicago artist Franklin McMahon, "Chicago's Lakefront in Winter" and "A Chicago Summer Evening."

Also offered was the 1973 edition, at a price of \$20, which was decorated with sketches of the Lincoln Park Zoo and the Wrigley Building. The 1972 edition, available for \$40, pictured two of the Windy City's other landmarks, the Water Tower and Belmont Harbor.

Customers had the option of having the plates mailed to them and hardwood frames were available for \$16.

Bank Gives Dinners to Needy



Instead of exchanging gifts, personnel at Commercial Bank, Olivette, Mo., contributed to a fund, purpose of which was to buy Christmas dinners for needy families. J. Michael Searles (r.) presents fund check to Olivette City Manager Vernon G. Boxell while bank staff looks on.



Employee choir at Worthen Bank, Little Rock, entertains bank visitors with Christmas music. Senior citizens (at r.) were bussed by bank to Main Office for final noon performance of choir before holiday.

House Choir:

Employees in Spotlight During Holiday Songfest

Worthen Bank, Little Rock, is filled with singing voices in the weeks prior to Christmas because, for the past three years, many of the bank's employees have taken part in a choir.

Bank officials, feeling that the goodwill generated by the performances of the house choir during the two weeks leading up to Christmas Eve could be fortified even more, began transporting the elderly to branch banks during that period last year.

As a special present, senior citizen-customers were picked up by the bank and driven to the Main Office so they could hear the choir the last Friday before the holiday.

Gift Depositories:

Younger Bank Customers Get Christmas Stockings

Farmer City (Ill.) State Bank found a Christmas lobby display that not only was different, but generated extra traffic. Staff members constructed Christmas stockings for a showing in the bank. The stockings served as prizes for a drawing in which bank customers under the age of 12 participated. The winners received their awards in time for Christmas Eve.

Farmer City State provided felt in green, red and white, plus a \$2 allowance for "stuffers" to staff members wishing to try their hand at creating a stocking. Resulting were conventional stockings, as well as more creative

ones shaped like boats, submarines and angels. One resembled the Snoopy doghouse of comic strip fame.

The craftwork was displayed on pegboards in the lobby, serving as a new addition to the bank's traditional activities, which include free color photos of the children with Santa and a one hour radio program featuring the local high school chorus singing seasonal music in the lobby.

Dress-A-Doll Contest:

25-Year Holiday Tradition Expands for Bicentennial

Now a tradition at many banks, large and small, during the Holiday season, the Dress-A-Doll™ program is being expanded in honor of the nation's 200th anniversary. Richard Stebbins & Associates, the program's originators and marketers, is located in Wayzata, Minn.

This is how the 25-year old marketing program works: A bank sponsors a contest, wherein customers make clothes for dolls provided by the institution. The institution sponsoring the event is provided by the Stebbins firm with the dolls and a complete promotional package, plus ideas and suggestions based on the firm's years of experience. Each year, participants enter the finished products in one of six categories and all dolls entered are eventually distributed to needy children in the home-town area.

This year, a seventh category, bicentennial dress, was created for the program. The winning dolls in that classification will go on a nationwide tour for display in participating banks during the year.

Dolls clothed in elegant plush blue velvet and plumed satin headdresses, emulating that of Abigail Adams, probably will be seen, a contrast to those dressed in traditional pioneer fashion: gingham aprons, cotton bonnets and leather-laced shoes. Another highly probable "entrant" will be Betsy Ross, displaying her handiwork.

Something for Everyone:

Dollhouse Display, Choirs Are Popular Attraction

Bank of St. Louis used some lobby displays last Christmas that were difficult for customers to overlook: a counter top doll house collection and concerts by guest choirs.

The daily attraction from December 9 to 31 was an extensive collection of dollhouses and miniatures displayed on the bank's counter tops. Contributed by various private and commercial sources, many of the buildings in the exhibit were made at the turn of the century and are completely furnished.

The collection contained two log cabins, an English Tudor style house with wood furniture of the 1930s, a Bavarian house and others. A Noah's Ark also was included.

One of the dollhouses was a one-room school house that was built in 1900 by a person with a great deal of knowledge of the subject: he, his wife and his daughter all taught in the real-



ABOVE: Visitors to Bank of St. Louis last Christmas were treated to extensive display of doll houses and miniatures in lobby. Collection was donated by private and commercial parties, contained pieces made at turn of century. BELOW: Bank's other holiday attraction was noontime choir concerts. All singers were members of St. Louis Christmas Carol Assn. Shown is choir from local high school, gathered around displays of miniatures on tabletops.

life version of the one-room country school.

About 25 local schoolgirls ranging in age from five to nine years were on hand for the exhibit's official opening. According to a bank spokesman, the girls, as well as 99% of the others viewing the doll houses, enjoyed the display immensely.

Six local choir groups, members of the St. Louis Christmas Carol Association, entertained at the bank each noon for a week. During one of the performances, the association's record album, "A Saint Louis Christmas," was on sale.

Southwest Happenings:

Banks Dress for Season And No Two Are Alike

Each member bank of Southwest Bancshares, Houston-based HC, celebrated the Christmas season in its own way last year. Buildings were decorated, children received gifts, choirs sang and wassail was served. In all, eight different banks participated in the HC-wide festivities.

Bank of the Southwest, Houston, HC lead bank, had its 19th annual "Christmas Kitchen." Retired employee Ruby Goodson portrayed Granny, who knitted while supervising the warming and serving to visitors of thousands of gingerbread men and gallons of wassail. Sitting near the front window of the kitchen, Granny talked with guests, telling them of the old-fashioned appointments used in the display.

Long Point National had counter decorations featuring the Three Wise Men. The center of the lobby was the location for a large white Christmas tree that served to greet incoming customers.

First National, Longview, held an open house, during which an employee served punch while choirs from local schools entertained the staff and visitors.

Another variation was provided by garlands of live greenery and poinsettias that filled the lobby of Houston Intercontinental National. The plants were given to employees after the season.

"Don't Miss the Train":

Armchair Engineers Sought For Christmas Promotion

A savings promotion, new to First National, Chicago, last Christmas, featured an American Christmas tradition in its choice of premium. The bank offered a 102-piece Tyco HO-gauge elec-



"Don't miss the train" was the catchphrase at First Nat'l, Chicago, last Christmas. Shown is B. B. Morrison, locomotive shop superintendent, Illinois Central Gulf Railroad yard, lining up replica of IC road freight diesel engine in front of real thing. Miniature is part of bank's premium offering of last holiday season. Customers could purchase 102-piece Tyco electric train set for \$19.95 and \$250 deposit.

tric train set for \$19.95 to customers depositing \$250 or more, and it proved to be a popular item, according to a First National spokesman.

The "Super Over & Under" set included a miniature diesel engine with operating headlight, five cars with accessories, 26 pieces of track, a trestle set, line poles, signs and a power pack.

Advertising for the premium began November 17 and featured the logo, "Don't Miss the Train." The promotion appeared in newspapers and on radio and TV, while a display booth was set up at the Northwestern Railroad station in Chicago.

Kindergarteners Help Open Bank



The Sterling Heights Office of Manufacturers Bank, Detroit, found a different way to celebrate its Christmas grand opening. Sixty local kindergarteners were invited to help decorate the bank's old fashioned Christmas tree with hand-made ornaments. Pictured is Jerry Klecun, officer in charge at Sterling Heights, as he hoisted a kindergartener so she could place an ornament on the tree. Looking on is John Bascom, Macomb County regional head for the bank.



How much love can you seal in a #2 tin can? Over 800 banks and S & L's sealed everything from diamond rings, car keys, Savings Account booklets and cash in Can-O-Cash. Over one million happy customers have paid 50¢ each to have their gift sealed in the holiday labeled can. It takes a can opener to get the goody inside, and Can-O-Cash will be the topic of conversation Christmas morning. Can-O-Cash is SELF-LIQUIDATING and includes all ads, displays, sealer and personalized imprinted labels featuring your firm.

Reserve your exclusivity today!

Opened can converts into year 'round savings bank with plastic snap-over slotted lid included with can.



"Can A Gift" your customers LOVE IT . . .
and so will you!
It's your BEST

CHRISTMAS
CUSTOMER RELATIONS PROGRAM

Ship FREE sample to:

Name _____ State _____ Zip _____
Address _____
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advertising concepts, inc. 6572 east central / wichita, kansas / 67206 / (316) 684-0461

'The Nutcracker':

Over 10,500 Attracted By Ballet Performance

More than 10,500 people attended the four sold-out performances of Tchaikovsky's "Nutcracker" Christmas ballet sponsored by First National, Little Rock, last year.

A production of the Little Rock Ballet of the Arkansas Arts Center, matinee and evening performances of the ballet were held December 12 and 13.

D. Cater Cranford directed the ballet and the Arkansas Symphony, con-



This is scene from Tchaikovsky's ballet, "The Nutcracker," as presented last December by Little Rock Ballet of the Ark. Arts Center under sponsorship of First Nat'l. Anne Butron and Robert Barnett of Atlanta Ballet Co. were guest stars, Ark. Symphony provided music, about 12,000 attended performances.

ducted by Kurt Klippstatter, provided the music.

A dress rehearsal was held the evening of December 12 and over 1,500 attended, bringing the audience total to about 12,000.

The Cincinnati Kid:

Children's Accounts, News Highlight Holiday Promotion

Here's a good gift for a no account kid: a bank account at First National, Cincinnati. That was the gist of one of that bank's Christmas promotions last year. An employee newspaper was another means of spreading the institution's word during the holiday.

Ads for First National pictured a boy destroying his presents under the Christmas tree. It was accompanied by copy that said a savings account with the bank wouldn't break the next day, would never need batteries and involved no difficult assembly.

Gift envelopes were supplied to bank customers during the promotion and, according to a bank spokesman, thousands were distributed.

Over 1,400 house newspapers, with news of banking schools, employee anniversaries, puzzles and cutouts for the

The Perfect Gift for a No Account Kid.

A savings account at The First National Bank of Cincinnati. It won't break the day after Christmas. You never have to buy batteries for it. And best of all, you don't have to put it together.

We'll even take care of the giftwrapping. If you open a savings account for someone on your gift list right now, you'll receive the passbook in a plastic case, attractively packaged in a gift envelope.

For stocking stuffers we have Christmas envelopes you can stuff with cash.

If there is a no account kid (or two) on your gift list, play Santa... and Ho Ho Ho all the way to the bank. We can help.

First
National
Bank
CINCINNATI

Ads for First Nat'l, Cincinnati, advised that a bank account-Christmas present couldn't be broken, never needed batteries.

children, were printed and given to First National personnel. Officials found the paper to be a success, because the bank received numerous requests for extra copies for use in schools, church groups and youth organizations.

What's Our Angle?

Just the latest in passbook design...

The days of the "plain old passbook" are gone forever. Passbooks today are colorful, attractive, and distinctive—Rand McNally passbooks that is.

Your Rand McNally representative can show you samples of the exciting passbooks we've designed for our customers, and he can help you design something truly distinctive for your operation.

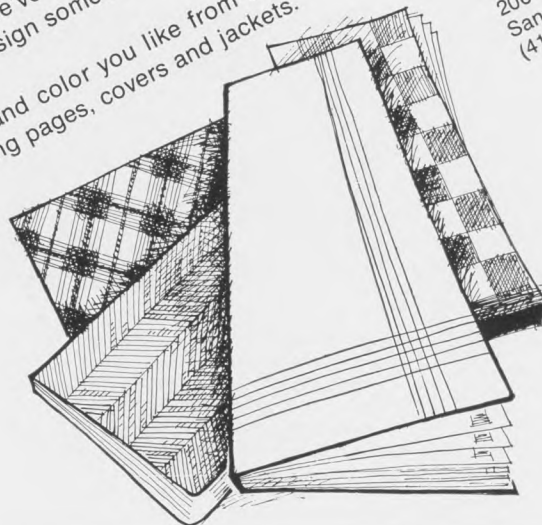
Pick the style, size, and color you like from our attractive assortment of posting pages, covers and jackets.

Our Financial Systems Division is constantly creating new products to serve the world of banking and finance. Let us help make your job easier.



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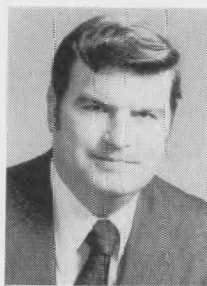




Art Krebs
Arkansas-Louisiana



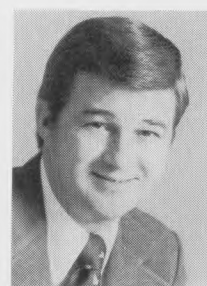
Ben Adams
Missouri



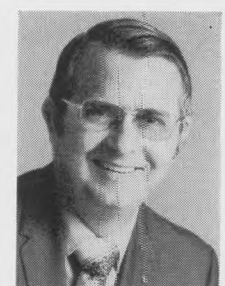
Jack House
Iowa



Duncan Kincheloe
Texas-Oklahoma



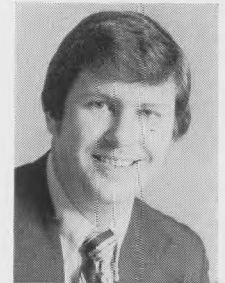
Paul Libbert
Missouri



Verne Schweder
Kansas City Metropolitan



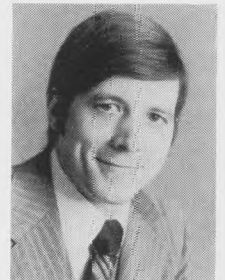
Jack Beets
Kansas



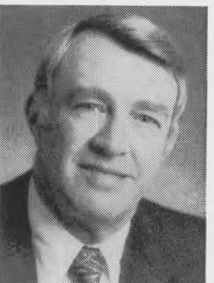
Phil Straight
Nebraska-Colorado



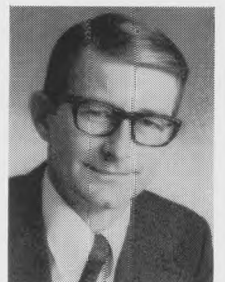
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We have a tiger in your territory.



Our symbol of strength and solidity is getting us everywhere.

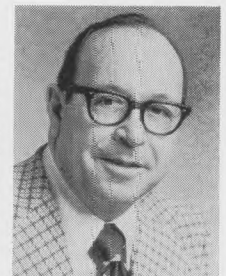
People like a leader. And when that leader can also get behind a problem and give it a push toward a practical solution—well, that's United Missouri Bank for you.

And for you, all the way.

We are ready to come to you

to help you with your credit overlines, to help you design your pension and profit sharing plans, to help you with your municipal and government bond portfolios, and to show you the many ways our expanded agribusiness department can help you with your farm customers.

Call us at 816-221-6800.



Dave Van Aken
Kansas

united missouri bank of kansas city, n. a.

None of the others come close.

In San Antonio:

Choir, Children's Party Make Christmas Merry

A house choir and a children's party with presents from Santa Claus were the ingredients that must have made a merry Christmas for many in San Antonio last year. Frost National sponsored the events.

The house choir performed in the lobby for a half hour, beginning at 12:15 each afternoon, from December 16 until the 24th. The group presented contemporary and traditional carols, including "Do You Hear What I Hear," "Little Drummer Boy" and "Feliz Navidad."

The choir was comprised of 40 people from departments throughout the bank, while other Frost National personnel accompanied them on piano and guitars.

The bank's Copper Coin Cafeteria was the site of the eighth annual Frost National children's party last December 19. The youngsters, who were from local children's homes and foundations, were treated to refreshments and joined in a sing-along.

The highlight of the party was a visit from Santa Claus, who talked with the



ABOVE: Frost Nat'l, San Antonio, sponsored house choir, directed by staffer Lucy Evans, accompanied by personnel on piano, guitars. Group performed each noon before Christmas in bank lobby. BELOW: Santa visits with youngsters during bank's 8th annual children's Christmas party. Children, from local foundations, receive results of Dress-a-Doll and Build-a-Model (truck) contests, refreshments and join in sing-along with Frost Nat'l staffers.

youngsters and gave each a doll or toy truck.

Frost National purchased the dolls for its annual Dress-a-Doll contest, which involved personnel, who designed and made the outfits. Model truck kits were the raw materials for a Build-a-Model contest, with staffers doing the assembly and decoration on each.

A panel of judges from the local news media selected three winning dolls in each of four categories and three winning trucks. Cash prizes went to the creators of each.

Child Decorators:

Bank Commissions Students For Tree Decorating Job

Christmas tree decorators are expensive, aren't they? Not so, say officials at the Cottonwood Branch of Salt Lake City's Zion First National, who commissioned local elementary school students to decorate the bank's two trees at 25 cents per decoration.

Nearly 1,000 third- through sixth-grade children participated in the program, hanging 853 ornaments for a total of \$213.25. The money was used by the students to augment school facilities.

Bank officials estimated that the decorating cost would have been triple the amount paid the children, had professional decorators been hired. One added bonus was the number of comments received about the trees.

Another bonus was the ecological help provided by the young decorators. Ornaments were fashioned from waste materials—tuna fish cans, cottage cheese lids, egg cartons and shoe boxes—which were cut, pasted and made beautiful by the young people.

Zion First National president Roy W. Simmons felt the program to be such a success that all branches of the institution will offer the tree decorating jobs to local students during the coming Christmas season.

Step Into the Past:

'Williamsburg Christmas' Is Bank's Opening Theme

What could be more representative of the old colonial South and its hospitality than Williamsburg, Va.? When the building for Opelika (Ala.) National was remodeled in the fashion of the Federalist period and had Christmas as the season for its grand opening, bank officials felt a Williamsburg-style Christmas would be the perfect theme for the December 9-13 event.



Lobby of Opelika (Ala.) Nat'l was decked out in regalia of the past during bank's "Williamsburg Christmas" opening last year. Behind tellers is clock from bank's original 1854 building, flanked by swags of boxwood dotted with apples. Fresh evergreens with red ribbons are draped on brass chandeliers. Decorations and permanent accouterments follow Federalist design of structure.

The outside of the building was decorated with boxwood wreaths tied with red ribbon. In the lobby, customers were treated to mugs of hot wassail. Furnishings and artifacts from Opelika National's original 1854 structure, along with boxwood swags dotted with red apples and a 15-foot blue spruce decorated with handmade colonial ornaments and strands of popcorn and cranberries, were to be seen.

Over 75 poinsettias, congratulatory gifts from banks in Alabama and Georgia, completed the lobby's holiday decor.

Each afternoon, as the business day drew to a close, a drawing for a \$100 "Merry Christmas" cash prize was held. On the event's final day, a \$500 grand prize was given to a lucky registrant. Over 10,000 people entered the drawing, according to a bank spokesman.

Thursday evening, December 12, was the date on which Opelika National stockholders and bankers from throughout the state were invited to a "Williamsburg Christmas" cocktail buffet. Over 450 gathered in the dual-level lobby for a traditional feast of Virginia ham, homemade colonial breads, cranberry garnish, crabmeat Georgian in miniature patty shells, natural cheddar cheese wreaths, cured sausage and corn muffins.

Guests were greeted at the institution's entrance by young members of bank officers' families dressed in colonial livery, while young women in federalist farthingales checked coats in the foyer. Entertainment was provided by singers who strolled through the crowd and sang carols of the colonies.

MID-CONTINENT BANKER for August, 1975

Morgan Guaranty Trust Company

OF NEW YORK

Consolidated statement of condition - June 30, 1975

Assets

Cash and due from banks	\$ 3,963,586,434
Interest-bearing deposits at banks	3,082,459,542
U. S. Treasury securities	1,275,793,904
Obligations of U. S. government agencies	129,773,461
Obligations of states and political subdivisions	842,111,114
Other investment securities	458,668,967
Trading account securities - net	663,968,984
Federal funds sold and securities purchased under agreements to resell	170,690,375
Loans	13,245,412,867
Premises and equipment - net	128,553,223
Customers' acceptance liability	729,736,290
Other assets	712,258,708
Total assets	\$25,403,013,869

Liabilities

Demand deposits	\$ 6,329,743,828
Time deposits	3,788,794,739
Deposits in foreign offices	8,507,144,597
Total deposits	18,625,683,164
Federal funds purchased and securities sold under agreements to repurchase	3,015,423,054
Commercial paper of a subsidiary	95,261,317
Other liabilities for borrowed money	515,007,777
Accrued taxes and expenses	317,879,268
Liability on acceptances	730,828,356
Dividend payable	23,750,000
Convertible debentures of a subsidiary (4¼%, due 1987)	50,000,000
Mortgage payable	15,393,258
Other liabilities	435,465,414
Total liabilities	\$23,824,691,608

Reserve for possible loan losses \$ 256,819,258

Capital accounts

Capital notes (6¾%, due 1978)	\$ 100,000,000
Capital notes (5%, due 1992)	85,000,000
Stockholder's equity:	
Capital stock, \$25 par value (9,500,000 shares)	237,500,000
Surplus	427,085,000
Undivided profits	471,918,003
Total stockholder's equity	1,136,503,003
Total liabilities, reserve, and capital accounts	\$25,403,013,869

Assets carried at \$2,064,498,000 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

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The International Nickel Company
of Canada, Limited

Holiday Sundays:

Special Christmas Hours Are Now a Bank Tradition

Because of good public reception to Sunday bank hours last Christmas season, officials at Northwest National, Chicago, have indicated that "Family Banking Hours" will again be held this coming year.

Bank officials felt that people would enjoy banking after church, and since Northwest National is located near a shopping center, business was brisk.

Fred W. Heitmann Jr., bank president, indicated that the move was mainly a goodwill program, since not much new business arose during the Sunday hours and, judging from the number of regular customers coming in, it was found to be worth repeating.

'Calhoun's Christmas':

Puppet Opera Is Sponsored By Bank and University

What is made of wood, converses in song and has a former Metropolitan Opera star for a "mother"? It's one of the characters in the cast of the puppet opera, "Calhoun's Christmas," which was conceived, written and directed by Blanche Thebom of the University of Arkansas, Little Rock (UALR).

The children's play, cosponsored last Christmas by Worthen Bank, Little Rock, was given on the campus of the university, which was its other sponsor.

University students presented the



Main characters in 45-minute musical comedy "Calhoun's Christmas," sponsored by Worthen Bank and U. of Ark., both of Little Rock, are (from l.) Curtain Face, the cat; the little boy, Joey; Calhoun, the hound; and a cross-caricature between an opera soprano and Mae West, Powder Pigeon. Puppet opera was staffed by university students, performed there during last holiday season.

45-minute opera daily from Thanksgiving until Christmas and the public was invited. Profits from ticket sales went toward a project Miss Thebom has developed, called MOPPET: Mini Operas Produced with Puppets for Effective Theater.

The production featured a hound, Calhoun, who was forbidden by his master to bay. He learns to talk instead, and befriends a small boy, a cat, a bird and others. The puppets were made by a 17-year-old native of Atlanta, James Rowland.

The play was staffed by UALR students who learned to manipulate the puppets and handle the staging and production design from a professional puppeteer from an Atlanta amusement park.

Campus Choir Performs in Bank



Entertaining downtown Christmas shoppers in the lobby of American Nat'l, Chattanooga, last year were the Chamber Singers from the University of Tennessee. The 25-member choral group is part of the Singing Mocs, the chorus at the Chattanooga-based school. Glenn Draper, director of choral music at the university, is seen leading the choir.

Christmas Awards:

Bank Holds Holiday Party, Honors 170 Years' Service

Last year's annual Christmas and awards party held for employees of Belleville (Ill.) National honored a total of 170 years of service. Employees with five to 25 years' tenure were given jeweled pins, while one who had logged 35 years with the bank received a microwave oven. Another employee had been with Belleville National 45 years and was given an automatic television/radio/clock set and a trip for two to the place of his choice.

To provide a historical gauge for the party-goers, Louis E. Tiemann, bank executive vice president and MC for the event, cited some of the prevailing prices in Belleville during the pre-depression year, 1928, when Belleville National opened for business. A local market offered smoked haddock at 30 cents per pound, ham was 25 cents a pound and Belleville Motor Sales was selling a new Whippet-six coach for \$695.

Customer-Bank Charity Project



How to get bank customers into the act at Christmas time! Northern Indiana Bank, Valparaiso, enlisted the aid of its customers and came up with an attractive Christmas lobby display, featuring a Dress-A-Doll contest. Customers were given dolls by the bank and were asked to make clothes at home. After being displayed at the bank, the dolls were distributed to little girls at Christmas by the Porter County Welfare Department. Pictured are the winners with their creations.

Varied Activities:

Awards, Charities, Singing Are on Holiday Program

Choirs and charitable work are typically associated with pre-Christmas bank programs, but how can an institution let its staff know that it is appreciated? National Boulevard Bank, Chicago, supplements its usual seasonal doings with a lobby display of staff awards.

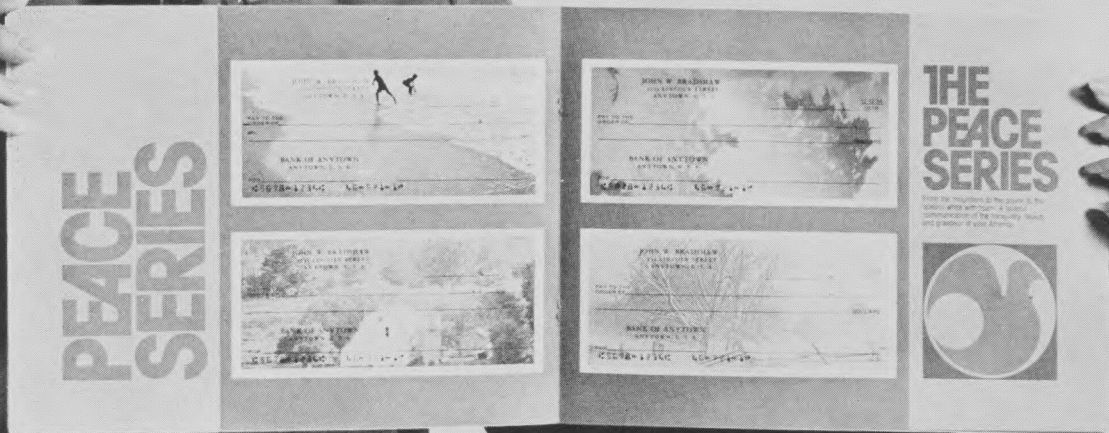
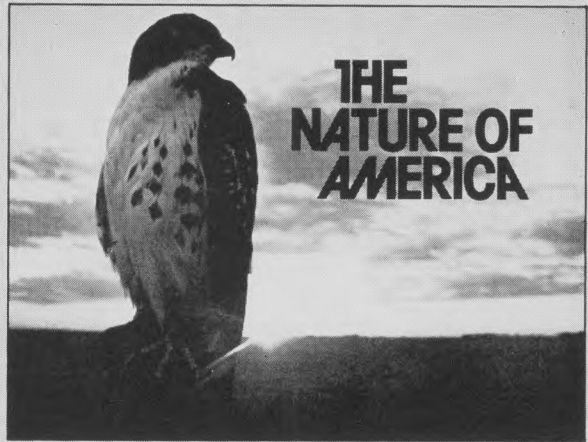
The institution set up a lobby showing of over 50 awards presented to staffers with five to 20 years' service. Customers were invited to inspect the display.

In addition, National Boulevard served as a depository for several Christmas funds. Working in conjunction with two Chicago radio stations, over \$150,000 was collected for charity.

Seasonal Plates Are a Hit



Shown with poster announcing Christmas plate display at Heritage/Olympia Bank, Chicago Hts., Ill., are (from r.) Gail Boyle, customer service dept.; Meilyn Donohue, public rel. coordinator and sec. to pres.; Scott Hunter, v.p.; and Diane Natale, Mr. Hunter's sec. Plates were of English Ironstone Staffordshire with an engraved Christmas scene and border and could be purchased for \$2.25.



Now your customers can select from the New Kansas Bank Note

The Nature of America

CHECK BROCHURE

A brilliant full-color brochure that shows your customer exactly what every check will look like in full detail.

The selection is complete and outstanding. Sixteen subtle scenic views of America, seven individualized standard safety paper choices, end stub checks, desk book checks and business checks in standard or custom design. Our wide variety of colorful covers are also shown in full color.

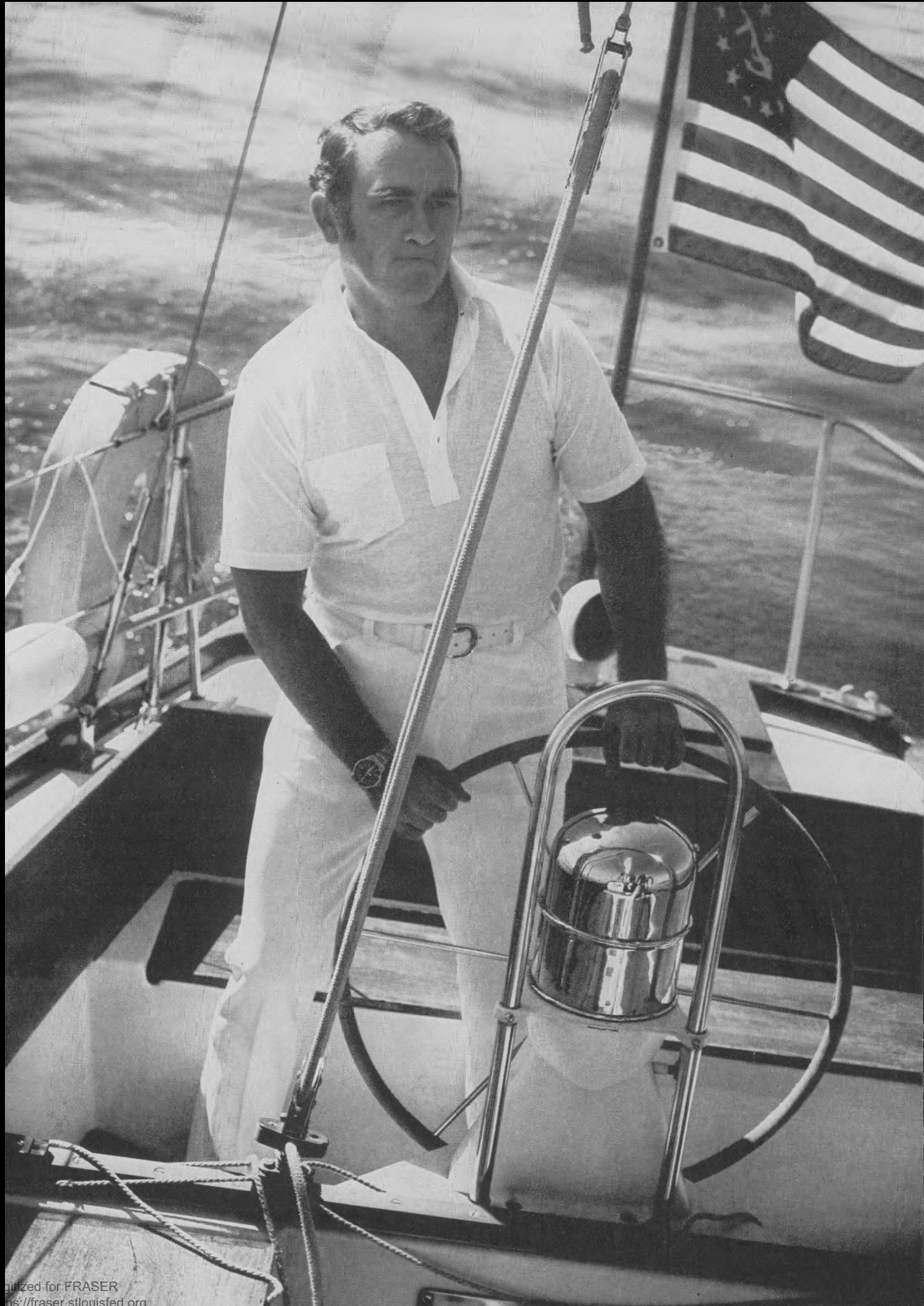
The brochure is designed for easy reading with capsule comments detailing the benefit features to your customer. It is a marketing and advertising strategy that not only enhances your bank image but should greatly reduce consumer selection time. Put a new spark in your customer service and image. Call or write for your brochure sample today.



KANSAS BANK NOTE COMPANY

FIFTH & JEFFERSON STREETS • FREDONIA, KANSAS 66736 • 316-378-2146

For your total bank printing needs.



Will your teller jeopardize this \$70,000 customer?

He's one of your best customers. A man with a \$10,000 secured loan, a \$55,000 commercial mortgage and a \$5,000 home improvement loan.

But when he comes in to buy travelers cheques, does your teller sell him just the run-of-the-mill brand?

If so, your best customer's chances for a trouble-free trip may be jeopardized.

Your teller should recommend American Express® Travelers Cheques. They are the world's No. 1 cheque. And for good reason.

1. American Express Travelers Cheques are good at more hotels, more restaurants, more retail shops and more gas stations across America than any other travelers cheques.

2. American Express Travelers Cheques are supported across America by an "Emergency Refund"SM system that never closes.* Never. (Some travelers cheques' refund systems can be closed as many as 120 days a year. That's about a third of the time.)

3. American Express Travelers Cheques are supported by a network of travel offices around the world. They can come to the aid of your customer should a problem ever develop.

4. American Express Travelers Cheques *Courtesy Card* offers your best customers a very special advantage. Issued by one of your officers, this card enables your customers to cash personal checks up to \$250 for the purchase of American Express Travelers Cheques at most American Express Company, subsidi-

ary or representative offices around the world.

You can assure your best customers of a source of emergency funds should the original amount purchased prove to be insufficient.

Help keep your best customers your best customers. To make certain your tellers are aware of the advantages of American Express Travelers Cheques, clip out the box below and send it to your head teller for distribution.

After all, good customers are hard to find.



Attention Tellers

- American Express Travelers Cheques are good at thousands of hotels, restaurants, gas stations and retail shops across America where other travelers cheques aren't.
- American Express Travelers Cheques are the only Travelers Cheques backed by a refund system that never closes.
- American Express Travelers Cheques are supported by travel offices around the world.
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*Only American Express Travelers Cheques can provide your customers extra service. Across America emergency refunds of up to \$100 are available at night, on weekends and holidays.

American Express Travelers Cheques

American Express Company

Direct Equipment Leasing by Banks: A Legal Overview

SINCE direct leasing as a relatively new method of bank financing involves the appraisal of several financial characteristics that are relatively new to banking, such as potential residual value and the investment tax credit, it is appropriate to present a lawyer's view of bank leasing. My discussion will focus on two issues which I believe are central to the bank lawyer looking at leasing by his bank client: first, the leasing of personal property as "doing business" in other states; and second, some of the federal tax considerations which should be looked at in a potential leasing situation.

Whenever a bank lessor is presented with a proposal to lease equipment to a lessee in a state other than the one in which the bank is located, it is confronted with the question of whether it is necessary to qualify under the state "doing business" statutes.

The difficult question is whether the bank lessor is required to obtain a certificate of authority from other than the state in which it is operating if its property is leased to others in such foreign state. The question is an important one, since failure to obtain such a certificate of authority where such a certificate is required will, in most states, bar the bank from using the courts of that state to maintain an action against the lessee.

This issue of qualification in a foreign state has to do with the ability to transact business therein and not necessarily with the taxing jurisdiction of the foreign state. Thus, it should be noted, local property and other taxes may accrue, notwithstanding the fact that the bank is not required to qualify to do business in the foreign state, since the contacts with the foreign state for taxing purposes require a lesser standard than those for doing business.

By **GERALD L. FISHMAN**
Partner
Sachnoff, Schrage,
Jones & Weaver, Ltd.
Chicago

Under the commerce clause of the U. S. Constitution, state qualification statutes, by their nature, are regulatory and cannot be imposed upon entities engaged exclusively in interstate commerce. To my knowledge, there are no judicial cases which specifically discuss whether leasing is "commerce" in the constitutional sense, but I would say that generally it is safe to assume so. Thus, if a lease is created without other contacts in the state, it may come within the protection of the commerce clause, and a nonqualified foreign lessor may maintain a suit in the lessee's state.

Of the 50 states, 42 are what we call "cure" states and eight are "non-cure" states: In the "cure" states, if the bank is, in fact, required to qualify to do business, it can generally have recourse to the courts against its lessee even if it did not initially qualify, provided that it "cures" its lack of qualification.

Since many banks do not like to call their lawyers in every case on seemingly standard transactions, a number of banks have adopted the general policy of not leasing personal property outside their home state. Ordinarily, however, a corporation which owns personal property and leases it to others in a foreign state is not required to qualify because of the leasing alone. Since bank leases of personal property to customers do not involve service contracts and repairs, there is typically very little lessor contact with the foreign state.

If the bank lessor, however, were to enter into a number of leasing arrangements in a particular foreign state, the

qualification issue would be considerably greater, and in this latter instance I would expect that the lawyers would indeed be called.

Very few states deal with the leasing of personal property in their statutes directly. Connecticut and Pennsylvania have codified the general rule that the mere act of leasing will not require qualification. Florida, West Virginia and Wisconsin, on the other hand, have enacted statutes which provide specifically that an unlicensed foreign corporation may not hold or dispose of property in the state.

There are some Missouri decisions which seem to say that mere leasing of equipment in the state will not subject the lessor to the foreign business qualification requirements, but that if the foreign corporation engages in such matters as inspection or repair of the leased equipment, such contacts with the state would bring the foreign corporation to the point of being required to qualify.

There are a number of cases which hold the qualification statutes do not apply to national banks, either on the grounds that they do not come within the definition of "foreign corporation" or that as federal instrumentalities they cannot be regulated by the various states. However, there is still a question as to whether these decisions would be equally applicable to direct leasing by national banks.

I should now like to turn to a brief discussion of the federal tax considerations involved in direct leasing by banks. In lease transactions it is important, for tax purposes, to have what is considered to be a "true" lease. If we have a true lease, the lessor will realize rental income which will be taxed as ordinary income and he will further be considered the owner of the equipment and therefore entitled to claim depre-

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ciation deductions and any applicable investment tax credit. The lessee, on the other hand, will be entitled to a deduction for the full amount of the rent and will not be required to capitalize the asset on his books, although under recent accounting interpretations, the leasing arrangements may have to appear in footnotes to the balance sheet.

If the transaction is considered to be a conditional sale as opposed to being

a "true" lease, then gain or loss will be recognized by the lessor, which will either be capital or ordinary, depending on the character of the asset in the hands of the lessor. The lessee will not be entitled to a deduction for rent but will be entitled to the deductions for depreciation and any applicable investment credits, since he will be deemed to be the owner of the equipment.

It is important that the bank lease form be designed to permit the bank, as the lessor, to obtain the tax benefits of depreciation and the investment tax credit. The position of the Internal Revenue Service (IRS) is set forth in Revenue Ruling 55-540, and review of this ruling is basic in setting up any direct leasing program. The ruling states that the question of whether a particu-

(Continued on page 83)

Variations on the Direct-Lease Theme

ONE MEANS of equipment leasing in which banks often become involved is in providing financing in so-called leveraged lease transactions.

In a typical leveraged lease transaction, a third party lessor generally puts up a certain amount of equity, such as 20% of the purchase price, for the machinery or equipment to be leased, and borrows the remainder of the cost of such machinery or equipment from a financial institution such as a bank or a group of financial investors in the form of a nonrecourse loan, typically secured by the equipment, the lease and the rentals due thereunder, thereby "leveraging" its capital investment.

In such transactions, the bank is basically making a commercial loan and looks to the collateral which is the subject matter of the lease and to the credit of the ultimate lessee for repayment of the loan. Leveraged lease transactions generally involve the expenditure of substantial sums, thereby requiring the participation of several lenders, and as a result, requiring rather extended documentation.

At base, the following documents are usually involved:

- An agreement between the owner-lessor and lessee regarding the purchase of the equipment and ultimate obligation to lease the equipment to the lessee;

- An order placed by the lessee for the purchase price of the equipment which is assigned to the lessor and assumed by it;

- A loan agreement or the equivalent which provides the borrowed funds, together with the required secured nonrecourse note evidencing the borrowing; and

- A security agreement between the lender and the lessor whereby the lessor grants a security interest in the equipment covered by the lease, the lease itself and rental and other payments due the lessor thereunder. Of course, a UCC financing statement should be filed as required to perfect

such a security interest.

Depending on the size and character of the transaction, quite often one may also find trustees getting involved on behalf of both the lessor and the group of lenders. In these latter situations, there would also be trust agreements, trust indentures and so on.

A recent but growing variation on the bank leasing theme has been the advent of banks offering participations or setting up syndications of equipment lease transactions. This phenomenon is a product of the times. As the turns of domestic and world economies have tended to negate investment in more traditional vehicles, such as those provided by the stock market, investors in increasing numbers have turned to putting their money into yield situations with tax sheltered advantages.

There has been a boom, for example, in real estate tax shelter syndications and participations. Some imaginative banks and other lessors have utilized participations in equipment leases in the same manner.

For example, equipment leasing might be an avenue for the high-tax bracket individual whose retirement in three or four years will put him in a lower tax bracket, thereby permitting him to absorb what will become by that time ordinary income. In the interim, of course, he will get certain tax shelter and sheltered cash-flow advantages.

In other words, in addition to equipment leasing becoming another major financing tool for the bank lessor or lender, it could be utilized to satisfy another need, that of building additional customer relationships through syndication participations in the leasing transaction to customers, much like some banks do with mortgage participations.

It must be remembered, however, that syndications or the offering of participations in equipment lease transactions among investors may be deemed to be "securities" under both federal

and state securities laws.

Generally, there are exemptions for banks dealing in securities on a fiduciary basis and for securities issued or guaranteed by banks, but before attempting to syndicate or to invite participations in a lease transaction with others, especially nonbank investors, it is strongly suggested that competent securities counsel be consulted with respect to questions such as requirements for registration of the participations with either the SEC or the state blue sky law commissioners, or their exemption therefrom; the requirements of registering the syndicator as securities broker-dealers; the impact of the Investment Company Act of 1940 on the potential transaction and various other securities laws—matters not generally thought of in the commercial industry.

Over the last few years, for example, the real estate industry has been jolted by the notion that dealing in real estate participations or syndications may be dealing in securities for purposes of the federal and state securities laws, requiring registration not only of the interests or participations as securities, but also the individuals as securities broker-dealers and salesmen.

Unfortunately, securities laws have come to pervade commercial life almost to the same extent as tax laws have. I am sure I don't have to remind you of certain prohibitions, such as the Glass Steagall Act, which inhibit banks from going into the securities business. Also, as you are well aware, the entire area of banks dealing in securities on various levels which, since the great depression, have been reserved for investment bankers, is under serious study. Suffice it to say that we may see some explosive changes in this area with respect to banks in the future. And the offering of leasing and other participations by banks to its customers and others may well have a positive impact upon the situation in making this a substantial profit center for banks.—
Gerald L. Fishman. • •

Equipment Leasing

(Continued from page 82)

lar agreement is a true lease or a conditional sale or other form of conveyance depends upon the intent of the parties as evidenced by the provisions of the agreement read in light of the facts and circumstances existing at the time the agreement was executed. It goes on to state that no general rule applicable to all cases can be set forth. Ruling 55-540 does, however, set down the following facts as indicative of intent to create a purchase and sale rather than a true lease agreement:

- Portions of the periodic payments are specifically made applicable to an equity interest to be acquired by the lessee;
- The lessee will acquire title after making a certain stated amount of payments under the agreement;
- The total amount of payments which the lessee is required to make for a relatively short period of use constitutes an inordinately large portion of the total sum required to be paid to secure the transfer of the title;
- The rental payments materially

exceed the current fair rental value of the item. The IRS feels that this may be indicative of the fact that the payments include an element other than compensation for the use of property (that is, interest);

- The property may be acquired under a purchase option at a price which is nominal when compared to the value of the property at the time when the option may be exercised, as determined at the time of entering into the lease agreement, or which option payment is a relatively small amount when compared to the total payments which are required to be made under the lease.

In addition to the above initial criteria established by the IRS for determining whether a transaction is a lease or a conditional sale, there have been various judicial criteria which have also evolved. For example, when the total rental payments under a purported lease (usually paid over a relatively short period in relation to the useful life of the equipment) have been shown to be equal to the original selling price of the equipment, plus an interest factor, the courts have not been unknown to construe the transaction as a conditional sale rather than a lease. In such cases, the large rental payments have usually been coupled

with a low or nominal purchase option at the end of the initial lease term. But such a characteristic has not been always necessary for the courts to construe the transaction as a sale.

Furthermore, where the option price at the end of the lease term is unrealistically low in relation to the anticipated fair market value of the property at the time of exercise, the courts have tended to characterize the transaction as a conditional sale rather than as a lease. In such situations, the courts have generally felt that the lessee is under economic, if not a contractual, compulsion to exercise the purchase option. Thus, the courts have felt that the lessee intended to acquire the equity interest from the beginning of the transaction.

If, on the other hand, the option price bears some reasonable relationship to anticipated fair market value at the time the option becomes exercisable and the rental payments are reasonable, the courts are likely to conclude that the transaction is in fact a true lease.

The IRS has established some guidelines which support the anticipated tax benefits of the true lease situation. These are that the estimated useful life of the equipment must be greater than the lease; the assumed residual value

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of the equipment at the end of the lease must be at least 15% of the original cost; rental payments must be level, no balloon payment at the end; and as can be seen from what I have noted above, the lessee may not have an option to buy the equipment at less than the fair market value at the time the option comes into existence. In addition, certain artificially contrived transactions simply having tax avoidance motives in mind have been set aside as being sales and not leases.

Generally, the lease must also indicate both in form and in substance that the lessor does not intend to relinquish ownership of the equipment upon transfer of the equipment to the lessee. The lessor must reserve to itself the possibility of benefiting from any value which the equipment may possess at the end of the lease term and take the corresponding risk that the equipment may be worth less than its anticipated value at that time. Provided these conditions are met, the arrangement to transfer the equipment for use by the lessee would ordinarily be regarded by the IRS as a true lease.

Thus, as mentioned above, the lessor in a true lease situation will realize rental income to be treated as ordinary income, but as owner of the property

will be entitled to deductions for depreciation and to claim any applicable investment tax credit. In many instances, accelerated and bonus depreciation deductions may be taken with respect to the equipment. These depreciation deductions, together with the investment tax credit, can serve to shelter otherwise taxable income of the banklessor on which, as noted before, a bank may be more than likely able to fully capitalize.

The investment tax credit was first enacted into law in 1962 and has been available or suspended for varying periods of time since then.

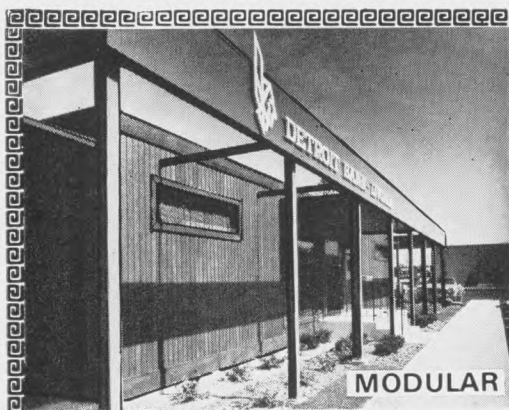
Property which qualifies for the investment tax credit is called new or used "Section 38" property. The term is defined in Section 48 of the Internal Revenue Code to mean depreciable or amortizable property having a useful life of three years or more and which is (a) tangible personal property or (b) other tangible personal property meeting certain requirements. I should point out that the 1971 amendments to the Revenue Code included certain livestock as being eligible for the investment tax credit.

By virtue of the Revenue Act of 1971, the full tax credit will be available only if the property has a useful

life of at least seven years. If the useful life is less than three years, there is no credit; if three years but less than five years—a third of the maximum credit is available, and if five years but less than seven years—two-thirds of the maximum credit is available.

The regulations promulgated under the Internal Revenue Code provide that the taxpayer may determine the useful life of depreciable qualified property for the purposes of computing the investment tax credit under the class life system or the individual useful life system. The 1971 amendments to the Internal Revenue Code require that the useful life of qualified property for the purpose of computing the investment tax credit shall be the same as computing the useful life used in computing the allowance for depreciation for the taxable year in which the property is placed in service.

I should also note that there is a cost limitation imposed on used Section 38 property. In the case of used Section 38 property, not more than \$50,000 thereof placed in service by the taxpayer during the year may be eligible for the investment tax credit. In addition to such limitation for used Section 38 property, there is an overall limita-



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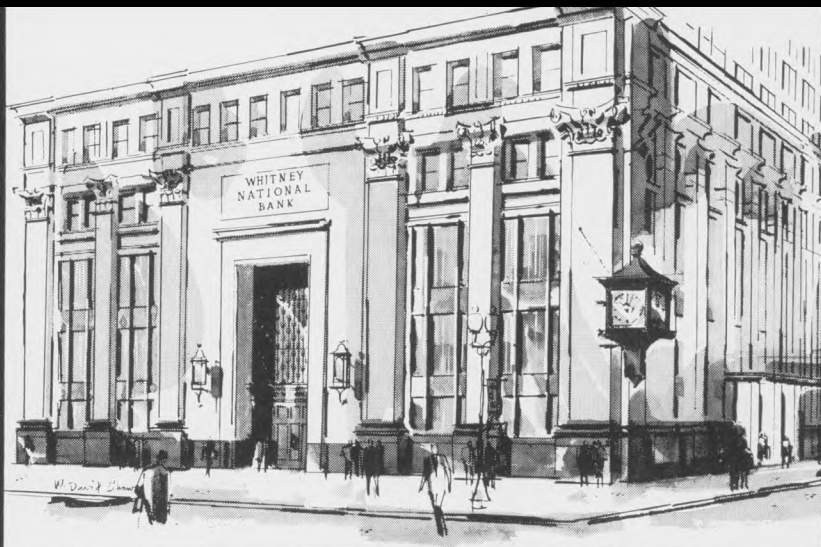
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RESOURCES

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U. S. Treasury Securities	233,864,283.32
U. S. Government Guaranteed Securities	84,457,125.14
Obligations of States and Political Subdivisions	64,979,372.03
Stock in Federal Reserve Bank	1,500,000.00
Federal Funds Sold and Securities Purchased Under Agreements to Resell	60,000,000.00
Loans	578,890,910.23
Bank Premises and Equipment	9,358,188.30
Other Real Estate	174,125.63
Customers' Acceptance Liability	219,097.41
Accrued Income Receivable	11,177,832.83
Other Assets	6,874,874.23
TOTAL	\$ 1,189,726,228.17

LIABILITIES

Deposits	\$ 964,074,338.50
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	102,460,000.00
Acceptances Outstanding	219,097.41
Dividend Payable July 1, 1975	1,081,358.00
Special Dividends Payable	3,577,352.44
Accrued Taxes, Interest and Expenses	15,485,472.35
TOTAL LIABILITIES	\$ 1,086,897,618.70

RESERVES

Reserve for Possible Loan Losses	\$ 11,007,160.79
Reserve on Securities	812,384.95
TOTAL RESERVES	\$ 11,819,545.74

CAPITAL ACCOUNTS

Capital Stock	\$ 2,800,000.00
Surplus	47,200,000.00
Undivided Profits	41,009,063.73
TOTAL CAPITAL ACCOUNTS	\$ 91,009,063.73
TOTAL	\$ 1,189,726,228.17

tion on the amount which may be claimed for any one taxable year for all Section 38 property, used or new. The maximum amount of credit allowable for any one taxable year as a result of eligible Section 38 property placed in service during that year cannot now exceed \$25,000 plus 50% of the tax liability for that year in excess of \$25,000.

There are also special rules for parties to a lease transaction regarding the possibility of passing through of the investment tax credit to the lessee. A lessor of new Section 38 property may elect to treat the lessee as having acquired such property and to claim the investment tax credit applicable to such property. This procedure is rarely followed when the bank is the direct lessor because it is generally the bank which can fully utilize the investment tax credit against its tax liability. There are, however, transactions where third party lessors are involved who cannot completely utilize the investment tax credit as owners of the property and it may be passed along to the lessee for use by the lessee as a tax shelter. This certainly has a direct impact on the end result economics of the lease transaction. Pass through of the investment tax credit also plays an important part in leverage leasing transactions.

Although there are many complexities relating to intricate federal income tax issues, properly documenting the transaction, whether leasing may involve the bank in "doing business" in other states, and, indeed, calling into play the provisions and requirements of the federal and state securities laws, all of which would seem to make equipment leasing transactions by banks somewhat more complicated than traditional financing methods, there is no question in my mind but that a bank also has a significant opportunity for additional profit, both through tax benefits and the eventual realization on the residual value of equipment leased. In addition, equipment leasing by banks affords them the additional opportunity to provide services to their customers more flexibly and creatively. • •

Most Mo. Lenders Peg Loan Rates Under Maximum

A recent survey of Missouri mortgage lenders reveals that only 8% of the 400-plus lenders responding are charging the new maximum interest rate of 10% on mortgage loans. This compares with the fact that 85% of the lenders were charging the maximum rate of 8% prior to a 2% increase in the state usury rate authorized by the legislature earlier this year.

Purpose of the survey, made by the School of Business at the University of Missouri in cooperation with the Missouri Bankers Association, was to determine if lenders were exercising restraint in regard to the new usury ceiling. Approximately 50% of the lenders responded to the survey.

An even 50% of the lenders reported charging 9% simple interest on mortgage loans with 15% charging the former maximum of 8%.

The usury increase legislation also specified that lenders could charge no more than one point on mortgage loans. The survey reported that the vast majority of respondents does not charge any points, while 26% charge one point and 2% charge one-half point.

Other facts revealed by the survey include the following:

- More than 50% of respondents charge closing costs of \$50 or less.
- The average mortgage loan is for about 80% of the property price.
- More than 80% of mortgage funds are loaned inside the state.

Real Estate Loans

(Continued from page 22)

rowings; a small portion represents classified loans converted to mortgage loans with a repayment plan.

Needless to say, our program was a success beyond our wildest expectations. We have made many new friends to whom we sell other bank services, and, most important, our profits have increased substantially.

For an indication of the housing activity of commercial banks, the June 30, 1974, call report figures are quite revealing. For banks in the \$50-million-deposit-and-under category, the figures show approximately one-third of total loans in real estate loans. A further analysis shows that 63% of the real estate loans are for one-to-four-family dwelling units. This shows that 21% of all loans held by banks under \$50 million are on one-to-four-family units. If we expand our calculation to include all banks, we find that one-to-four-family

units represent 57% of all real estate loans; that real estate loans represent 26% of all loans; or one-to-four family units represent 15% of all loans held by the commercial banking system on June 30, 1974. It should be pointed out that the "all-bank" totals include the "under-\$50-million-deposit banks," and that the figures are, therefore, weighted by inclusion of the smaller banks.

For the under \$50-million-dollar banks, VA- and FHA-guaranteed loans represent less than 5% of the one-to-four-family units financed. In other words, 95% or better would be conventional loans. The conclusion to be drawn here is that either (1) smaller banks have shied away from the guaranteed programs or (2) the smaller banks have not had a ready market outlet for mortgage loans or (3) that the guaranteed loans that have been made have been sold. I suspect that all three of these are valid and that the sale of loans plays a significant part in the holdings, because the figures for the larger banks (\$100 million and up) show a much higher percentage of guaranteed loans in their portfolio than do the smaller banks.

In assessing the real estate lending activity of commercial banks, we should not overlook the large number of bank loans that have been sold and are now held by investors outside the banking system.

Summary. I think that commercial banks can be somewhat proud of the job we are doing in real estate financing and, at the same time, realize that there is much more that we can do. All of us know of bankers who are sitting on a 45-50% loan-to-deposit ratio, who

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don't make real estate loans. We need to educate these people as to this potential source of good bank investments and to the community service that can be rendered by such loans. We also need to develop a broader market for this type loan so that we can make them, sell them and have the funds to make some more.

In closing, let me state the one great concern I have for the housing industry. When there's a turnaround in the economy, demands for funds—from the federal government down to average citizens—are going to be exceedingly great. Every sector of our economy is going to need money, and housing will have to be in there bidding for its share. Inflation and high interest rates could well push home ownership out of the average citizen's reach. It's going to take the best efforts of all of us to see that not only housing, but all of our customer's needs are met. ••

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Bank presidents, other senior officers and selected directors are invited to the conference, which is designed for banks with resources from \$10 million to \$250 million. Topics will include: "Planning Strategy and Executive Control of Growth," "Expenses and Profits," "Manpower Development for Growth and Continuity," "Planning the Banking House, Including Site Selection, Facility Sizing and Financing" and "Scheduling Capital Requirements, Valuation of Bank Stock and Marketing of Bank Issues."

Further information may be obtained by writing Dr. Richard B. Johnson, President, Foundation of the Southwestern Graduate School of Banking, SMU, Box 1319, Dallas, TX 75275.



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Dean Witter & Co. <small>Incorporated</small>	Dain, Kalman & Quail <small>Incorporated</small>	Piper, Jaffray & Hopwood <small>Incorporated</small>	

NEWS

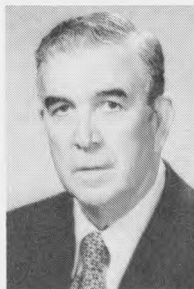
From the Mid-Continent Area

Alabama

■ W. DAN PUCKETT has been named vice president and investment division manager at Central Bancshares of the South, Inc., Birmingham, HC for Central Bank, Birmingham. He joined the HC in 1970. At the bank, Henry A. Hornfeck has been elected vice president-cashier, having supervisory responsibility for the operations division. He joined Central Bank in 1974.

■ JESSE S. DOYLE has been promoted to vice president in charge of commercial loans; B. J. Gray, to vice president and branch coordinator; and Carl J. Austin, to assistant vice president at Bank of Huntsville. Mr. Doyle joined the bank in 1974; Mr. Gray, in 1966; and Mr. Austin, in 1973.

HULSEY



■ BOB T. H. HULSEY has been elected vice president and petroleum department manager at First National, Mobile. He has served as a petroleum consultant, headquartered in Houston, since 1965.

■ MATTHEW J. DICK has rejoined First National, Opp, as public relations and marketing consultant. Since leaving the bank 43 years ago, Mr. Dick has worked for a local cotton mill, retiring as vice president.

■ W. TOM JOHNSON has been promoted to assistant vice president at Central Bank, Montgomery. He will continue to serve as manager, Forest Hills Branch.

■ THE COMPTROLLER has approved a move by Birmingham Trust National to acquire the Jackson Co., Birmingham, a mortgage banking company.

Arkansas

■ MERCHANTS & PLANTERS BANK, Camden, has assumed the deposit liabilities of Bank of Chidester, according to the FDIC. M&P Bank opened a branch July 3 in quarters formerly occupied by the closed Bank of Chidester. All depositors of the latter bank now are depositors of M&P Bank of Camden. Bank of Chidester was closed July 1 by State Banking Commissioner Harvel C. Adams. The subsequent purchase and assumption transaction was made possible with help from the FDIC. The transaction, said the FDIC, avoids the necessity for a statutory payoff of the approximately 904 Bank of Chidester depositors and prevents financial loss and delay to any depositors whose funds exceeded the statutory insurance limit of \$40,000.

New Junior Bankers' Officers



Elected 1975-76 officers of the Jr. Bankers Section of the Ark. BA during the group's annual educational conf. were (seated, from l.): historian, Joanne Graham, a.v.p., First Nat'l, Camden; pres., Ralph White, a.v.p., Arkansas Bank, Hot Springs; and v.p., Bart Lindsey, mktg. off., First Nat'l, Helena. Standing (from l.) are: parliamentarian, Jim Sugg, First Nat'l, Fayetteville; sec., Charles Blanchard, a.c., First State, Conway; and treas., B. J. Rush, a.v.p., First Nat'l, Stuttgart.

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AIR LINES

Ark. Banking School Top Students, Class Officers



LEFT: Philip Hesse (l.), a.c., Bank of Weiner, and Harold Hardwick (c.), Bank of Brinkley, receive certificates of recognition as the top students in the basic/intermediate class of the Ark. Banking School from John Dominick, curriculum dir. The school is sponsored by the Ark. BA. RIGHT: Elected class officers were (from l.): sec., Sandra Kay Petrus, teller, Citizens Bank, Carlisle; treas., Thomas A. Brewer, loan off., First Security, Searcy; pres., John Raymer, mkgt. off., Simmons First Nat'l, Pine Bluff; and v.p., Patsy Buford, a.c., First Nat'l, Marianna. The school was held June 15-20.

■ METROPOLITAN NATIONAL, Little Rock, has announced construction of the Base Line Banking Office in southwest Little Rock. It will have 2,140 square feet of space, four-teller walk-up service and three drive-up stations. To retain the property's residential character, officials say several large oak trees will be preserved and the tract's rear will be screened by cedar fencing.

■ WORTHEN BANK, Little Rock, has opened the Hillcrest Branch, with Larry Holcomb as manager and loan officer. Highlight of the grand opening was the giveaway of over 300 rib-eye steaks.

Illinois

■ MICHAEL J. WHELAN has been elected vice chairman at Drovers National, Chicago. Succeeding him as president and CEO is Philip M. Lewin, who also has been named a director. Mr. Lewin went there from Continental Illinois National, Chicago, where he served as vice president.



WHELAN

■ RONALD F. LORENZ and Jeffery E. Miller have been promoted to assistant vice presidents at National Boulevard Bank, Chicago.

■ ELMHURST NATIONAL has opened its new drive-up facility. It reportedly has over 8,100 square feet of space, six drive-up and six walk-up windows. Equipment includes Diebold electronic and automated devices.

■ W. WALTER BOOTHE has been elected vice president-retail services at Central National, Rockford, while Richard L. Welton has been named controller. Mr. Boothe joined the bank in 1966 and Mr. Welton, in 1974.

■ MICHIGAN AVENUE NATIONAL, Chicago, has opened its new walk-in, drive-up facility at 72 East Randolph. During the July grand opening, daily awards were made of 10 silver dollars and a grand prize of 72 of the coins arranged in a silver wine cooler. The dollars were uncirculated and minted in the 1880s.

■ PHILIP J. CARLSON has been elevated to vice president, banking department, at Northern Trust, Chicago. Named second vice presidents were Andrew B. Bernhardt, Robert A. Lennox, Harry R. Olsen and Thayer Rudd Jr., banking department, and J. Terrence Murray, Gifford H. Hampton III, John J. Borland and James P. Giambalvo, trust department.

■ REX A SINQUEFIELD and Harold L. Arbit have been named second vice presidents, trust investment division, at American National, Chicago.

Indiana

■ ROBERT E. GLANT, investment division, has been elevated to assistant vice president at Indiana National, Indianapolis.

■ MARY T. BERGERSON has been elected vice president, marketing, while Thomas L. Plimpton has been named vice president and trust officer at American Fletcher National, Indianapolis. Named assistant vice presidents, Indiana division, were Jeffrey C. Lind, D. David Murdock and C. Michael Wright.

■ EUGENE A. SMITH has been named senior vice president at First National, La Porte, going from Toledo (O.) Trust.

■ ROBERT C. LAUE has been elected president, First Bank, Indianapolis. He formerly served as executive vice president and joined the bank in 1960.

■ CLYDE A. McDANIEL has taken a leave of absence from his duties as president at Union Bank, Franklin. He will continue as a consultant and director with the bank.

■ JAMES F. THOMPSON has been promoted from assistant vice president to vice president, commercial department, at Merchants National, Indianapolis. He serves as division executive, credit and loan operations, and joined the bank in 1966.

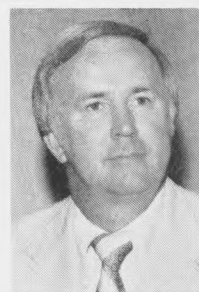
■ DIANA OLSEN has been elected assistant trust officer, while David Hunter has been named assistant investment officer at Northern Indiana Bank, Valparaiso.

Kansas

■ C. W. BARBER has been elected vice president, operations, while Charles J. Wolf has been named vice president, commercial loans, at Kansas State Bank, Wichita. Mr. Barber has been with the bank since March, while Mr. Wolf joined Kansas State in 1974.



WOLF



BARBER

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cial centers throughout the country.

Our Automatic Funds Program—a unique reporting system that gives him today's information today on available deposits.

Our Deposit Analysis Service—a periodic, computerized analysis that provides

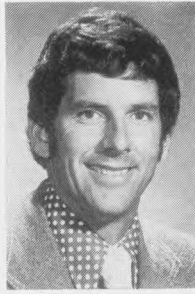
complete, accurate data on deposit activity.

End result: Dave has more money available to invest for more profit. You could too. Our Trial Cash Letter will help. To set it up, contact your Calling Officer at: The Northern Trust Bank, 50 S. LaSalle St., Chicago 60690. (312) 346-5500.

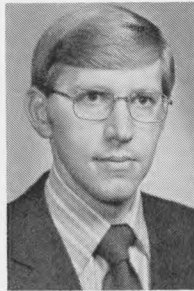
The Northern Trust Bank
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GLASS



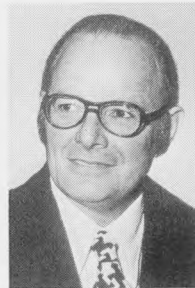
BRADLEY



ODLE



MAKALOUS



TRUE

True Is Guest Speaker At Sept. 11-12 Seminar Of Kan. Young Bankers

OVERLAND PARK—Herbert True, management consultant and president, Team International, will be the guest speaker during the Kansas Bankers Association's Annual Young Bankers Seminar at Glenwood Manor, September 11-12. Over 200 bankers are expected to attend.

The meeting will begin with 11 a.m. registration on the first day, followed

by a noon reception. A brochure and registration form will be mailed to all Kansas bankers, or may be obtained by contacting Conference Chairman Peter Clune, vice president, Roeland Park State, Kansas City.

Dr. True, the event's featured speaker, is the author of the book, *Laughing Oil*. He also has served on the teaching staffs of Notre Dame, the U. S. Army Management School and the Management Center of Cambridge, Mass.

Young Bankers' officers include: president, Mike Glass, vice president and cashier, Southwest National, Wichita; vice president, Dale A. Bradley, executive vice president and cashier, Citizens State, Miltonvale; secretary, Terry Odle, vice president, First National, Salina; and treasurer, Ray Makalous, correspondent bank officer, First National, Topeka.

■ ROBERT L. HAYS has joined Central State, Hutchinson. Mr. Hays, who went there from Bank of Jacomo, Blue Springs, Mo., serves as vice president, commercial loan department. Leonard R. Yoder has been promoted from assistant cashier to cashier at Central State.

■ JACK C. WEDGE has joined Planters State, Salina, as vice president-data processing. He went there from IBM.

Kentucky

■ JOHN A. HENDERSON JR. has been elevated to assistant vice president and manager at Louisville Trust's Taylor Banking Center, while John Wesley Compton has been named assistant treasurer, installment loan department. Richard G. Thomas has re-joined Louisville Trust as trust investment officer.

■ JO T. "TOP" ORENDORF has retired as chairman and senior trust officer at Citizens National, Bowling Green. Succeeding him as chairman is John P. Hines, who remains president and CEO. William J. Parker, a director, has been named vice chairman, while John D. Grider has been pro-

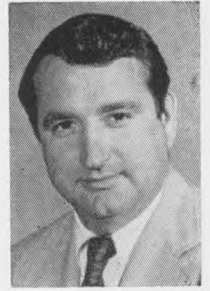
moted to vice president-senior trust officer and will serve as board secretary. Mr. Orendorf had been with the bank since 1941; Mr. Hines, since 1950; Mr. Parker, since 1967; and Mr. Grider, since 1974.

Louisiana

■ PHILIP E. DOOLEN, auditor, Whitney National, New Orleans, has been named a district director of Bank Administration Institute (BAI). He will coordinate membership services in District Eight, which includes Louisiana, Texas, Arkansas, Oklahoma and New Mexico.



DOOLEN



FAULK

■ E. WARD FAULK has been promoted to executive vice president and group executive, corporate banking, First National Bank of Commerce, New Orleans. Ronald E. Hagan has been named senior vice president and group executive, operations, while A. Peyton Bush III has been elevated to vice president and manager, international credit and operations. Named vice presidents at First NBC were James P. Conner, trust, and Michael A. Flick, real estate and special credits.

Mississippi

■ GENEVIEVE F. BROWN, assistant vice president, Brookhaven Bank, has been installed as president of the Mississippi Federation of Business & Professional Women's Club, Inc.

■ KATE GENTRY, Patricia Ladner, Prat E. Cambre and L. Clinton Ncaise

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CITIZENS PLAZA—LOUISVILLE, KENTUCKY



Member FDIC

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have been named assistant loan officers at Hancock Bank, Gulfport, while John V. Dugan III has been appointed assistant cashier.

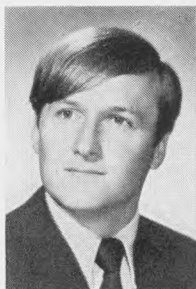
Jamaican Trip Is Bank Prize

A trip for two to Montego Bay, Jamaica, was the grand prize during a promotion centered around the name change of First National, Meridian, to First United Bank of Mississippi.

The contest, which ran through June, evidently was quite popular, because officials say 35,000 registrations were made for the drawing.

Missouri

■ **STEPHEN K. RICK** has been elected vice president at Mercantile Trust, St. Louis. He joined the bank in 1968 and serves in commercial banking. In addition, Mercantile Trust has received regulatory permission to establish a drive-up, walk-up facility in the Gravois Plaza Shopping Center in south St. Louis. John H. Schweitzer, assistant vice president, has been named its head.



RICK



WILCOX

■ **WILLIAM M. WILCOX**, who works out of Harris Bank of Chicago's St. Louis office, has been promoted from assistant vice president to vice president in the municipal bond division.

■ **G. WAYNE THOMAS** has joined Boatmen's of West County, Ballwin, as vice president. A banker since 1961, Mr. Thomas most recently was with Commerce Bank, St. Louis.

Died: Robert F. Jackson Sr., 76, chairman of Commercial Bank, Lexington, July 6. After serving three banks in Kansas, he joined Commercial Bank in 1928 as cashier. Mr. Jackson was elected president in 1941 and chairman in 1969. His son, Robert F. Jackson Jr., is president, First National Charter Corp., Kansas City.

'Market Day' Sept. 10

First Stock Yards Bank, St. Joseph, has announced plans to hold its 19th annual "Market Day" September 10.

Registration will begin at 9 a.m. in the bank lobby and will be followed by a tour of Peachtree Doors, Inc., St. Joseph.

A luncheon is planned at the Feeder Pig Auction Center, and it will feature a report on the current day's market.

The afternoon session is set to begin at 2 o'clock at the St. Joseph Country Club, with guest speaker Samuel D. Addoms, executive vice president and treasurer, Monfort of Colorado, Inc., Greeley. His topic will be "Will There Be Cattle Feeding in 1985?"

A panel discussion of present and future trends in livestock and grain marketing is scheduled for 3 p.m. Final events of the day will include a 4:30 social hour and a 6 o'clock steak dinner.

■ **EUGENE F. EVERETT** has been elected president and chief operating officer at Union National, Springfield, succeeding Evans McReynolds, who remains chairman and CEO. Mr. Everett, who has been with the bank since 1952, also serves as regional representative for Boatmen's Bancshares, Inc., St. Louis.

■ **D. THOMAS CHAPMAN II** and **E. Marsh Douthat III** have been promoted to vice presidents at First National, Kansas City. Mr. Chapman manages the transit department and joined the bank in 1963, while Mr. Douthat joined First National in 1971.



DOUTHAT



CHAPMAN



EVERETT



PALMER



HARMS

■ **THOMAS L. PALMER** and **Ernest Harms** have joined Traders National, Kansas City, as vice presidents, correspondent banking. Mr. Palmer most recently held a similar position at Bank of St. Louis, while Mr. Harms went to Traders National from Oppenheimer Industries, Inc.

■ **DAVID L. KIRKLAND** has been named assistant vice president at First National, St. Louis, while **George L. Crowley** has been appointed data processing officer and **Edward J. McHugh Jr.** has been named time finance officer.

■ **REX SEDWICK** has been promoted to vice president at United Missouri, St. Louis. He joined the bank in 1973.

Pine Lawn Bank Moves

Pine Lawn Bank, located in the St. Louis County suburb of Pine Lawn since 1920, finally has moved to Ladue, also in St. Louis County, at 8866 Ladue Road just east of the Innerbelt (Highway 725) in compliance with a Missouri State Bank Board order. The bank now is called Ladue-Innerbelt Bank & Trust Co.

Missouri Finance Commissioner William Kostman had appealed the board's order in the Cole County Circuit Court, Jefferson City, and had been joined in that appeal by three Clayton banks and the city of Pine Lawn. The Cole County Court affirmed the bank board's order, and Commissioner Kostman eventually appealed this order to the Kansas City Court of Appeals.

In the bank counsel's opinion, said Ladue-Innerbelt Bank President Douglas Dodds, Commissioner Kostman had no standing in the Court of Appeals since the city of Pine Lawn and all the contesting banks had withdrawn from the case after the Cole County Circuit Court's affirmation in August, 1974. The bank, long delayed in the requested move and, according to Mr. Dodds, "suffering greatly from the inflation in costs in the ensuing four years," decided to wait no longer. Mr. Dodds pointed out that, in the six weeks after the move was announced to its depositors, the bank finds itself still holding 90% of its former deposits despite the move of some eight miles.

"No man knows Missouri or Missouri banks better than Larry Lumpe."

Now. Talk to the man who really understands your needs—because he's been there himself. Larry Lumpe, past President of three Missouri Banks and the Missouri Bankers Association, is now senior vice president of our Correspondent Bank division and heads the Missouri Group.

Larry brings special understanding to your banking needs. The unique understanding that can only come from shared experience. So whatever the size of your bank or community, he knows what you're talking about.

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COMMERCE BANK
of Kansas City ^{NA} Member FDIC

10th & Walnut



■ RICHARD E. FISTER, formerly president and CEO, Continental Bank, Richmond Heights, has been named president, Tower Grove Bank, St. Louis, replacing Robert J. Gaddy, who also has resigned offices and directorships in TG Bancshares (the TG Group), St. Louis, HC for the two banks. Succeeding Mr. Fister at Continental is Roy R. Heimbürger, formerly vice president and controller, ABC Bank Group, St. Louis. In addition, Robert M. Conway has been promoted to executive vice president at Tower

Grove Bank, continuing as senior loan officer. Mr. Gaddy is a former Missouri Bankers Association president.

■ ERIC EBERHARDT and Larry Swanson have been named assistant vice presidents, metropolitan division, at Commerce Bank, Kansas City. Mr. Eberhardt, formerly with Bank of the Commonwealth, Detroit, joined the bank in June, while Mr. Swanson joined it in May, coming from Bank of Oklahoma (formerly National Bank of Tulsa).

■ JAMES R. THOMPSON has been elected assistant vice president and installment loan department manager at Missouri State, St. Louis. He went there from Chippewa Trust, St. Louis.

■ JOHN C. LANHAM has been appointed administrative assistant at American Bank, De Soto.

ed Mrs. Archuleta as assistant manager at the Cerillos Road Branch. Ralph Fleming has been appointed assistant manager, Cordova Road Office. He was supervisor of the installment loan adjusters and an installment loan interviewer.

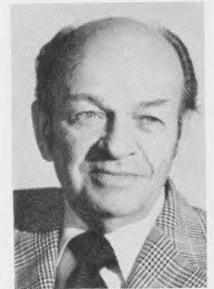
■ FIRST STATE, Gallup, has opened its new branch office at Zecca Plaza, with Lucille Martinelli as manager. Opening ceremonies featured tours of the facility, refreshments and door prizes. The office includes five inside teller windows, two drive-up windows and what reportedly is Gallup's first walk-up window.

Oklahoma

■ ORVIS H. RUNDELL, senior vice president, Liberty National, Oklahoma City, has been elected a director of Liberty National Corp. and Liberty Financial Corp., HC affiliates, Oklahoma City, and an advisory director at the bank. He has been with Liberty National 37 years and has served as board secretary since 1956.



PAUL



RUNDELL

■ HOMER PAUL has been named president and CEO at Nichols Hills Bank, Oklahoma City, a new bank. Mr. Paul formerly was with Liberty National, Oklahoma City, which he joined in 1959. He served in the trust department until his 1965 appointment as vice president, correspondent banking. Two years later, he was appointed director of Liberty's business development, commercial division. In another Nichols Hills appointment, G. T. Blankenship, former state attorney general, was named chairman. The bank is scheduled to open in mid-fall.

■ KEITH WIEGAND has been named assistant vice president in charge of the credit department at Fourth National, Tulsa. He formerly was a senior bank examiner for the FDIC in Peoria, Ill.

■ JOHN G. YOUNT and Raymond E. Miltz have been elevated to vice presidents at First National, Tulsa.

MID-CONTINENT BANKER for August, 1975




Pictured following recent changes at TG Bancshares' banks are: seated (from l.) Richard E. Fister, pres., Tower Grove Bank, St. Louis; Roy R. Heimbürger, who replaces Mr. Fister as pres. and CEO, Continental Bank, Richmond Heights; and R. William Smith, pres., Bank of House Springs. Standing (from l.), Robert M. Conway, e.v.p., Tower Grove Bank, promoted from sr. v.p.; John D. Weiss, ch. & pres., TG Bancshares, St. Louis; and Lon C. Frank, e.v.p. and gen'l mgr., Financial Computing Corp. of Mo. All are affiliates of TG Bancshares.

New Mexico

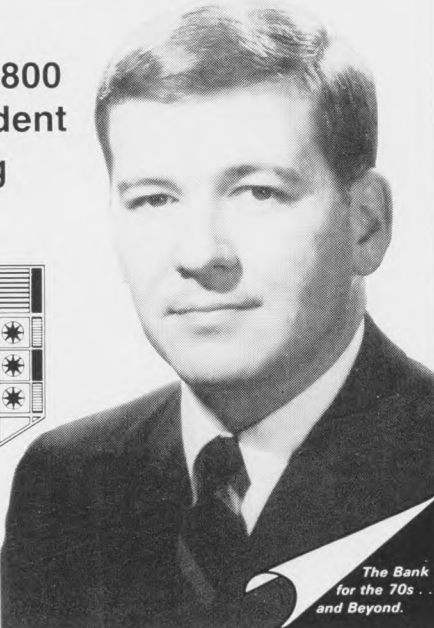
■ FIRST NATIONAL, Santa Fe, has announced some staff changes. Dora Archuleta has been named manager of the branch at Cerrillos Road and St. Michael's Drive, replacing David A. Ater, assistant vice president. Mr. Ater has been transferred to the Main Office and given new responsibilities. Assistant Cashier Clyde Leyba has succeeded

helps
Bryan Williams make things happen

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Banking



MAIN AND TEXAS
LUBBOCK, TEXAS
MEMBER F.D.I.C.



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

ROWLAND



■ GEORGE E. ROWLAND JR. has been appointed senior vice president and commercial lending officer at Boulderbank, Tulsa. He went there from Worthen Bank, Little Rock, where he was vice president and correspondent department manager.

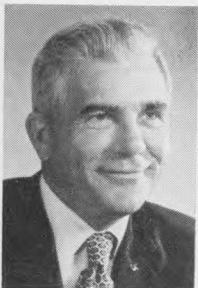
■ I. OCTAVIO HERMIDA, Jack Jordan and Ben Rippey have been promoted to assistant vice presidents at Liberty National, Oklahoma City.

■ JOHN ERVIN, vice president and trust officer, Fidelity Bank, Oklahoma City, has retired. He joined the bank in 1956.

Tennessee

■ CHARLES G. YOUNG JR. has been elected executive vice president at Commercial and Industrial Bank, Memphis, while Michael G. Jones has been named vice president and manager of the correspondent department. Mr. Young previously was with United Missouri, Kansas City, where he retired as chairman in 1971. One year later, he became president, Texas Bank, Dallas, a position he left for C&I. Mr. Jones formerly was with the correspondent division of First National, Memphis.

■ L. QUINCY McPHERSON has been elected vice chairman at Union Planters Corp., Memphis, parent company of Union Planters National, Memphis. He also has been named executive vice president at the bank, going from First Railroad & Banking Co., Augusta, Ga., where he served as presi-



YOUNG



JONES

dent. Also named executive vice presidents at Union Planters National were William A. Dick, Rudolph H. Holmes III, Benjamin W. Rawlins and James F. Springfield.

■ JEFFERSON H. DYER, formerly vice president, First American National, Nashville, has been named president at First American Bank, Knoxville. Both banks are affiliates of First Am Tenn Corp., Nashville. Mr. Dyer joined the bank in Nashville in 1955.



DYER



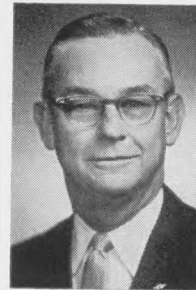
McPHERSON

■ FIRST TENNESSEE NATIONAL, Memphis, is seeking permission to open an office in downtown Nashville. Tentatively scheduled to open late this year, the facility will occupy about 11,400 square feet of space in the Public Square Co. Building.

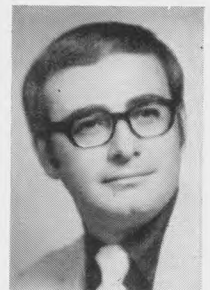
Texas

■ CHARLES W. BAKER, senior vice president and manager, correspondent bank and southwestern accounts department, at Texas Bank, Dallas, has retired. He will continue to work with the department on an advisory basis. Replacing him is Daniel A. Flynn, senior vice president. Mr. Baker has been in banking 47 years, 28 of which he has served Texas Bank. Mr. Flynn joined the bank in 1972, going there from his position as state senior bank examiner.

■ WILLIAM D. BREEDLOVE, in charge of general banking services, and Richard M. Hart, in charge of trust services, have been advanced from senior



BAKER



FLYNN

STATEMENT OF CONDITION FIRST PASADENA State Bank

PASADENA, TEXAS

AT THE CLOSE OF BUSINESS JUNE 30, 1975

RESOURCES

Cash and Due from Banks	\$17,908,464.37	
Securities	33,066,732.07	
Loans		\$ 50,975,196.44
Federal Funds Sold		67,871,466.85
Real Estate, Furniture and Fixtures		7,000,000.00
Other Resources		2,752,056.83
TOTAL		3,040,206.84
		<u>\$131,638,926.96</u>

LIABILITIES

Capital Stock	\$ 2,500,000.00	
Certified Surplus	2,500,000.00	
Undivided Profits and Reserves	9,812,504.82	
Deposits	116,826,422.14	
TOTAL		<u>\$131,638,926.96</u>

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

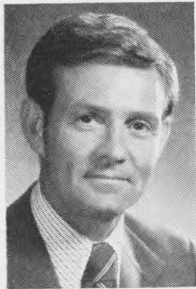
JAMES B. CLARY
G. M. MAGEE

CARROLL D. DAVIDSON
W. E. MARSH

B. F. HOLCOMB
WENDELL F. WALLACE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

vice presidents to executive vice presidents at First National, Dallas. Floyd M. Baird, Bryan P. Dixon, Melvin L. May and James E. Paschal have been promoted to vice presidents-trust; Marla M. Miller, to vice president-international; and Gary S. Utkov, to vice president-investments.



BREEDLOVE



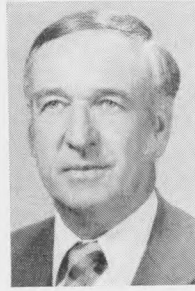
HART

■ WILLIAM R. GOERTZ has been promoted to vice president, correspondent banking, at Capital National, Austin. He has been with the bank since 1963 and has major responsibility for the central Texas area.

■ LAWRENCE J. TUCKER has been elected senior vice president, to manage and coordinate the newly formed sales and correspondent division at State National, Corpus Christi. Prior



GOERTZ



TUCKER

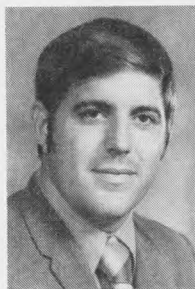
to joining State National, he was president and CEO, Corpus Christi S&L, a position he held for seven years.

■ WILLIAM M. GOODYEAR, who travels in Texas, has been promoted to second vice president at Continental Illinois National, Chicago. Mr. Goodyear joined the bank in 1972.

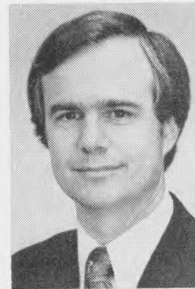
■ OTIS ROGERS has been promoted to senior vice president/operations at Capital National, Houston. Elevated to vice presidents were Michael G. Poe, correspondent banking; Thomas F. Murrah and Michael D. Boxberger, national accounts; and Robert T. Jarrard and Lynne L. Arnold, trust officers. Prior to his promotion, Mr. Rogers was vice president and senior operations officer.

■ ELAINE K. BUTLER has been promoted to correspondent banking officer at Capital National, Houston.

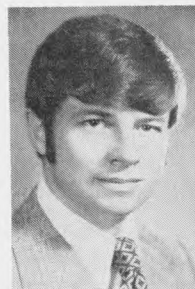
■ STANLEY R. REBER, formerly director, business analysis and forecasting, the Conference Board, New York, has joined Texas American Bancshares, Inc., Fort Worth, as a vice president and economist.



POE



ROGERS

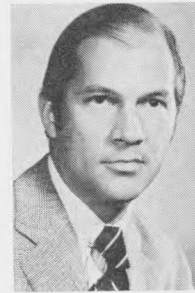


REBER



GOODYEAR

■ A. DOSSETT McCULLOUGH has been elected vice president in charge of business development at Cullen Center Bank, Houston. A co-founder, senior vice president and director of First of Texas, Inc. (now Rauscher Pierce-First of Texas, Inc.), Mr. McCullough also has been associated with other financial and real estate firms in the Houston area.



McCULLOUGH



COOKE

■ RICHARD F. BOOKS has been named vice president and trust officer at Fort Worth National, while David C. Cooke has been elevated to assistant vice president. Mr. Cooke, with Fort Worth National since 1970, is with the correspondent division.

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