MID-CONTINENT BANKER

(ISSN 0026-296X)

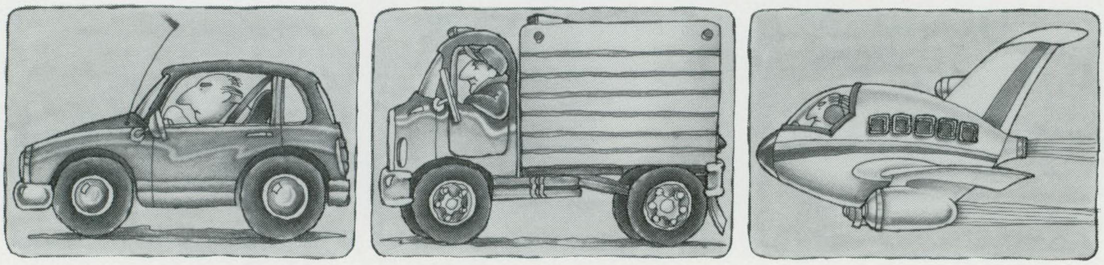
The Financial Magazine of the Mississippi Valley & Southwest

AUGUST, 1982

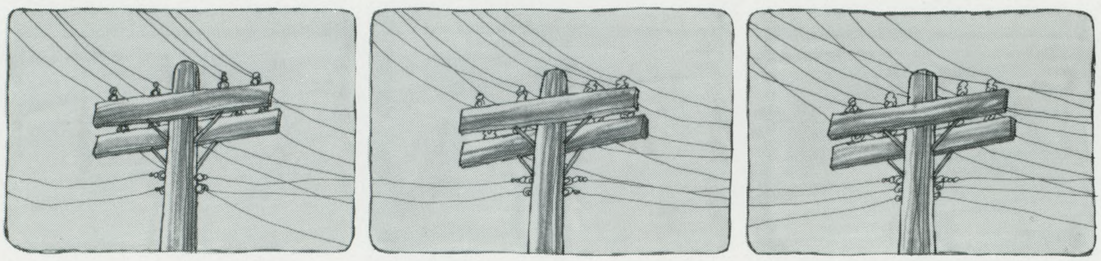
Rural Bank Invests in Its Community — See Page 44

Community Involvement and Agribusiness Issue

Liberty's Remote Data Capture is MORE THAN cars, trucks and planes.



It's Electronic Transmission over phone lines, too.



For Liberty's processing customers, ground and air transport of paper is being replaced by electronic transmission over phone lines at 4,800 characters per second. That means it takes no more than one minute to send 285,000 bits of information about balances, checks, deposits, loan payments and changes of address.

With special economical hardware installed in the correspondent bank, connected to Liberty's Data Center, all information for processing is transmitted at the close of business each day. The updated file is returned to the bank before opening the next morning.

No physical transport of items is necessary and the bank retains in-house possession of its own documents. Call Liberty's data people (405/231-7186) for the full story of "remote data capture" — another evidence of how Middle America is moving and Liberty is leading the way.

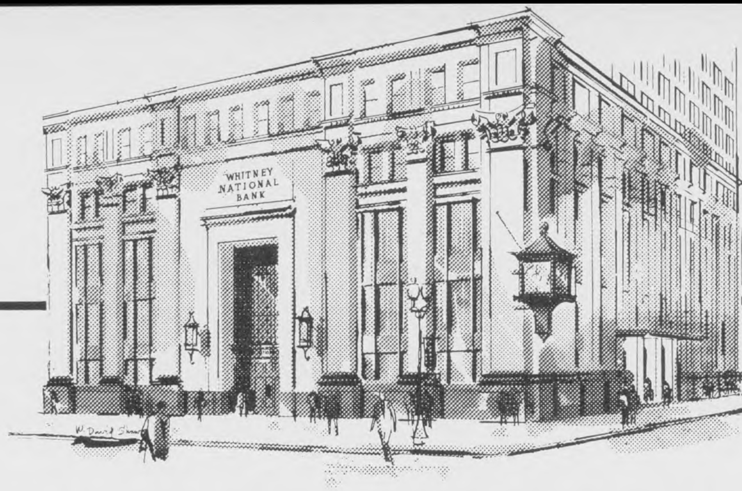
We Care About You

LIBERTY

THE BANK OF MID-AMERICA

Liberty National Bank and Trust Company • P.O. Box 25848
Oklahoma City, Oklahoma 73125 • 405/231-7186 • Member FDIC

MID-CONTINENT BANKER is published monthly by Commerce Publishing Co., 408 Olive, St. Louis, Mo. 63102, August, Vol. 78, No. 8. Controlled-circulation postage paid at St. Louis, Mo., and at additional mailing offices.



CONDENSED STATEMENT OF CONDITION

AS OF JUNE 30, 1982

RESOURCES

Cash and Due from Banks	$ 254,325,248.97
U. S. Treasury Securities	529,062,519.92
Obligations of States and Political Subdivisions	57,477,066.06
Federal Reserve and Corporate Stock	1,509,294.88
Federal Funds Sold and Securities Purchased Under Agreements to Resell	55,900,000.00
Loans	1,068,180,663.80
Less: Valuation Portion of the Reserve For Possible Loan Losses	9,482,097.12
	1,058,698,566.68
Bank Premises and Equipment	16,446,527.16
Other Real Estate	6,181,711.22
Customers' Acceptance Liability	326,620.48
Accrued Income Receivable	30,169,072.10
Other Assets	11,042,477.07
TOTAL	$ 2,021,139,104.54

LIABILITIES

Deposits	$ 1,534,884,963.44
Federal Funds Purchased, Securities Sold Under Agreements to Repurchase	263,560,000.00
Acceptances Outstanding	326,620.48
Dividend Payable July 1, 1982	5,347,680.00
Special Dividends Payable	2,158,296.94
Accrued Taxes, Interest and Expenses	29,807,612.59
Deferred Income Tax Portion of the Reserve For Possible Loan Losses	732,027.20
TOTAL LIABILITIES	$ 1,836,817,200.65

CAPITAL ACCOUNTS

Capital Stock	$ 2,800,000.00
Surplus	47,200,000.00
Undivided Profits	132,665,866.47
Capital Portion of Loan Loss and Securities Reserves	1,656,037.42
TOTAL CAPITAL ACCOUNTS	$ 184,321,903.89
TOTAL	$ 2,021,139,104.54

Whitney
NATIONAL BANK OF NEW ORLEANS
Established 1883

CORRESPONDENT QUIZ

1. Who has the fastest-growing Correspondent Bank Department in the South?

2. Who was the first to offer seminars on new banking regulations and laws featuring leading national advisors and government officials?

3. Who continues to offer those seminars and regular updates on how to maximize profits at no cost to correspondents?

4. Who offers correspondents special insurance programs at low group rates?

5. Who is big enough to handle every correspondent need, yet small enough to handle each one of them, one at a time, with expert personal attention?

6. Who gives you senior experience and expertise on everything...from transit, data processing, Visa and MasterCard, draft collection, investments, federal funds, safekeeping, credit assistance, loan participation, trust services, wire transfers and business referrals...to seasoned advice on advertising, marketing, personnel training and even the design and supply of bank facilities?

7. Who are you going to call at the following numbers? 1-800/582-6277, in Tennessee
1-800/238-7477, in other states

MEMPHIS BANK & TRUST

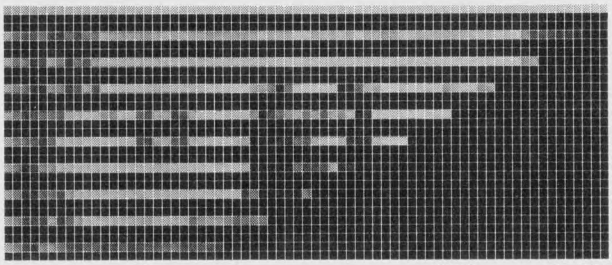
TO: Correspondents
FROM: Lynn Hobson, Gus Morris
Jim Newman
RE: Meeting your needs

Thought you might be interested in this. Remember, only one bank has all the answers...

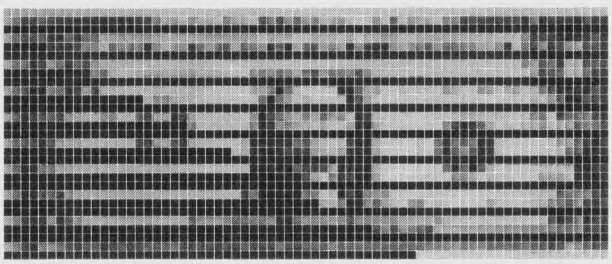
Lynn Gus Jim

Surefire wire.

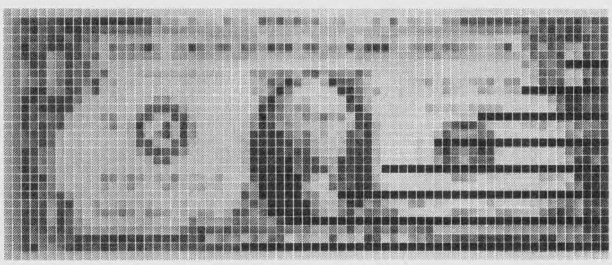
Money management. It's a matter of transferring the right amount to the right account at the right time. It's one of the things we do best at Commerce Bank.



The money management specialists at Commerce deal in a large volume of transfers averaging about one billion dollars a day. We have handled as many as one thousand transfers in a single day.



In a business where millions of dollars change hands each hour, you can't afford a bank that makes mistakes. In some cases we'll follow a wire transfer up with a phone call to make sure that funds have been deposited to the proper account. And, if there is a problem, it is resolved quickly, usually within the same business day.



Fast, accurate service from friendly professionals.

We think it's the surefire way to keep our correspondents happy.

Commerce Bank of Kansas City NA

MEMBER FDIC

(816) 234-2000 • 10th & Walnut • Kansas City, MO 64141

First Commerce Corporation and First National Bank of Commerce

New Orleans

Member FDIC

CONSOLIDATED STATEMENT OF INCOME

(In Thousands)

	Six Months Ended June 30, 1982	1981
INTEREST INCOME		
Interest and fees on loans and leases	**$33,559**	$32,284
Interest on obligations of states and political subdivisions	**2,581**	2,293
Interest on other investment securities	**15,715**	17,681
Dividends on corporate stock	**643**	857
Interest on short-term investments and bank deposits	**19,886**	22,148
Total interest income	**72,384**	75,263
INTEREST EXPENSE		
Interest on NOW account deposits	**888**	578
Interest on savings deposits	**2,307**	2,435
Interest on other consumer time deposits	**6,838**	5,463
Interest on time deposits of $100,000 and over	**11,736**	15,937
Interest on foreign branch time deposits	**829**	1,721
Interest on short-term borrowings	**23,516**	24,079
Interest on long-term debt	**495**	663
Total interest expense	**46,609**	50,876
NET INTEREST INCOME	**25,775**	24,387
PROVISION FOR LOAN LOSSES	**1,560**	2,190
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	**24,215**	22,197
OTHER INCOME		
Service charges on deposit accounts	**1,857**	1,573
Credit card merchant discounts	**1,651**	1,584
Computer services	**547**	564
Trust department fees	**949**	882
Other operating revenue	**2,225**	1,540
Total other income	**7,229**	6,143
	31,444	28,340
OPERATING EXPENSE		
Salary expense	**8,238**	7,294
Employee benefits	**2,049**	1,752
Total personnel expense	**10,287**	9,046
Net occupancy expense	**1,835**	1,481
Equipment expense	**1,892**	1,698
Litigation settlement		1,114
Other operating expense	**6,116**	4,725
Total operating expense	**20,130**	18,064
INCOME BEFORE INCOME TAX EXPENSE, SECURITIES TRANSACTIONS AND EXTRAORDINARY ITEM	**11,314**	10,276
INCOME TAX EXPENSE	**3,185**	2,650
INCOME BEFORE SECURITIES TRANSACTIONS AND EXTRAORDINARY ITEM	**8,129**	7,626
Investment securities transactions	**(5,528)**	(11,626)
Income tax effect	**2,543**	5,336
Net securities losses	**(2,985)**	(6,290)
INCOME BEFORE EXTRAORDINARY ITEM	**5,144**	1,336
EXTRAORDINARY ITEM		1,068
NET INCOME	**$ 5,144**	$ 2,404
EARNINGS PER SHARE		
Primary		
Income before securities transactions and extraordinary item	**$ 2.53**	$ 2.51
Income before extraordinary item	**$ 1.60**	$ 0.44
Net income	**$ 1.60**	$ 0.79
Fully diluted		
Income before securities transactions and extraordinary item	**$ 2.25**	$ 2.13
Income before extraordinary item	**$ 1.44**	$ 0.44
Net income	**$ 1.44**	$ 0.72
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	**3,216**	3,039

CONSOLIDATED BALANCE SHEET

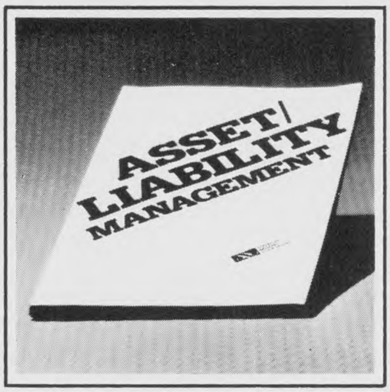
(In Thousands)

	June 30, 1982	1981
ASSETS		
Cash and due from banks	**$ 155,640**	$ 250,977
Due from banks - time	**152,509**	97,164
Investment securities:		
U.S. treasury securities	**214,894**	220,361
Obligations of U.S. agencies and corporations	**5,890**	10,017
Obligations of states and political subdivisions	**61,119**	61,777
Other bonds, notes, debentures and corporate stock	**15,382**	18,861
Total investment securities (market value $287,785,000 and $297,722,000, respectively)	**297,285**	311,016
Other short-term investments	**119,001**	118,550
Loans and leases	**465,192**	417,031
Allowance for loan losses	**(12,713)**	(10,269)
Unearned income	**(6,482)**	(9,949)
Total net loans and leases	**445,997**	396,813
Bank premises and equipment	**18,606**	14,327
Accrued interest on securities and loans	**19,994**	18,528
Other assets	**7,237**	13,564
Total assets	**$1,216,269**	$1,220,939
LIABILITIES		
Deposits in domestic banking offices:		
Demand deposits	**$ 345,940**	$ 447,742
NOW account deposits	**36,052**	26,464
Savings deposits	**85,576**	89,816
Other consumer time deposits	**115,791**	98,945
Time deposits of $100,000 and over	**190,025**	217,204
	773,384	880,171
Foreign branch time deposits over $100,000	**11,192**	21,798
Total deposits	**784,576**	901,969
Short-term borrowings	**326,740**	199,883
Accrued interest payable	**8,431**	9,183
Accounts payable and other accrued liabilities	**6,701**	23,773
Long-term debt	**11,227**	14,386
Total liabilities	**1,137,675**	1,149,194
STOCKHOLDERS' EQUITY		
Common stock, $5 par value		
Authorized - 10,000,000 shares		
Issued - 3,282,898 and 2,910,049 shares, respectively	**16,414**	14,550
Capital surplus	**42,875**	35,300
Retained earnings	**20,646**	23,318
	79,935	73,168
Less - 57,910 and 61,078 shares of common stock in treasury, respectively, at cost	**(1,341)**	(1,423)
Total stockholders' equity	**78,594**	71,745
Total liabilities and stockholders' equity	**$1,216,269**	$1,220,939

These financial statements are preliminary unaudited figures, and are subject to adjustment which may or may not be material.

Hang up the phone on time-sharing costs and make one final phone call that will buy the definitive software package in

Asset/Liability Management– The Baker Models™



Dr. James V. Baker is President and Chief Executive Officer of James Baker & Company.

His book, Asset/Liability Management by ABA has been recognized as perhaps the most authoritative work on the subject.

- Developed by Dr. James V. Baker, noted author, lecturer and adviser
- Inexpensive compared to the competition
- Operable on various microcomputers
- Completely user-friendly
- Training is included in the cost

For more information on The Baker Asset/Liability Models,™ call (405) 235-2120.

Or mail the coupon below.

Yes, I would like to receive your sample booklet and additional information. 30507-8A

Name ____________________

Title ____________________

Company ____________________

Street Address ____________________

City/State ____________________ Zip __________

Phone ____________________

Send coupon to James Baker & Company, Suite 1050, City Center Building, Oklahoma City, OK 73102.

JAMES BAKER & COMPANY

Who's built up more equity capital than any other financial institution in the tri-state area?

The answer is easy. It's NBD Bancorp. As of June 30, 1982, our Total Shareholders' Equity was more than $700 million. That's more equity capital than any other financial institution in Michigan, Indiana or Ohio. Our strong capital position means added protection for the depositors of NBD Banks.

Our lead bank, National Bank of Detroit, was established nearly 50 years ago. Since then our equity base—most of which has come from earnings—has grown consistently. We've reinvested these earnings in the company, making it possible for us to provide more loans, make more investments and meet more of the financial needs of the businesses and individuals in the communities we serve.

Today the NBD Bancorp family includes 18 banks with more than 200 branch locations. The same growth that has built our strong capital base has enabled us to pay out about 1/3 of our earnings to shareholders in the form of cash dividends—dividends that have increased steadily over the past 15 years. And we've consistently maintained high quality loan and investment portfolios. That's the kind of growth that benefits both our depositors and our shareholders.

For more information about NBD Bancorp, write to our Corporate Communications Department, or call (313) 225-2596.

NBD Bancorp, Inc. is listed on the New York Stock Exchange (ticker symbol NBD).

CONSOLIDATED BALANCE SHEET—June 30, 1982

(dollars in thousands)

ASSETS

Cash and Due From Banks	$ 957,963
Interest Bearing Deposits	2,453,878
Investment Securities—At Amortized Cost (Market value $1,124,530)	1,351,196
Trading Account Assets—At Lower of Cost or Market (Market value $29,501)	29,361
Money Market Investments	1,126,427
Loans:	
Commercial	3,555,763
Real Estate—Construction	26,101
Real Estate—Mortgage	1,220,398
Consumer	417,227
Foreign	646,708
	5,866,197
Allowance For Loan Losses	(72,260)
Unearned Income	(42,487)
Total Loans	5,751,450
Lease Financing	33,692
Premises and Equipment (at cost less accumulated depreciation of $103,775)	132,927
Customers' Liability on Acceptances	456,214
Other Assets	250,544
Total Assets	$12,543,652

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:	
Demand	$2,122,230
Savings	1,451,032
Time	674,983
Certificates of Deposit	1,107,721
Money Market Certificates	1,677,555
Foreign Office	1,728,008
Total Deposits	8,761,529
Short-Term Borrowings	2,292,226
Liability on Acceptances	456,214
Accrued Expenses and Sundry Liabilities	186,946
Long-Term Debt	124,677
Total Liabilities	11,821,592
Shareholders' Equity:	
Preferred Stock—No Par Value; 1,000,000 Shares Authorized, None Issued	—
Common Stock—Par Value $6.25; 20,000,000 Shares Authorized, 12,265,747 Shares Issued	76,661
Capital Surplus	183,659
Retained Earnings	465,221
Accumulated Translation Adjustment	(3,342)
Less Treasury Stock at cost—6,323 Shares	(139)
Total Shareholders' Equity	722,060
Total Liabilities and Shareholders' Equity	$12,543,652

Assets carried at approximately $761,000,000 (including U.S. Treasury Securities carried at $30,000,000) were pledged at June 30, 1982 to secure public deposits (including deposits of $46,000,000 of the Treasurer, State of Michigan) and for other purposes required by law.

Outstanding standby letters of credit at June 30, 1982, approximated $142,000,000.

NBD BANCORP BOARD OF DIRECTORS

Robert M. Surdam
Chairman of the Board

Charles T. Fisher III
President

Joseph G. Conway
Vice Chairman of the Board

Richard H. Cummings
Vice Chairman of the Board

A. H. Aymond
Director and Former Chairman
Consumers Power Company

Herbert H. Dow
Director and Corporate Secretary
The Dow Chemical Company

David K. Easlick
President
The Michigan Bell Telephone Company

Bernard M. Fauber
Chairman of the Board
K mart Corporation

Robert W. Hartwell
President
Cliffs Electric Service Company

Joseph L. Hudson, Jr.
Chairman
The Webber Foundations

Richard Manoogian
President
Masco Corporation

Agnes Mary Mansour, RSM
President
Mercy College of Detroit

Wade H. McCree, Jr.
Lewis M. Simes Professor of Law
University of Michigan

Don T. McKone
Chairman of the Board
Libbey-Owens-Ford Company

James H. McNeal, Jr.
President
The Budd Company

Thomas A. Murphy
Director and Former Chairman
General Motors Corporation

Irving Rose
Partner, Edward Rose & Sons

Arthur R. Seder, Jr.
Chairman and President
American Natural Resources Company

Robert W. Stewart
Chairman of the Board
Primark Corporation and Michigan Consolidated Gas Company

Peter W. Stroh
President
The Stroh Brewery Company

AFFILIATES

National Bank of Detroit and its international banking and financing subsidiaries, International Bank of Detroit and National Bank of Detroit, Canada; NBD Commerce Bank, Lansing; NBD Port Huron Bank; NBD Troy Bank; NBD Dearborn Bank; Grand Valley National Bank, Grandville; First State Bank of Saginaw; NBD Portage Bank; Peoples Bank & Trust of Alpena; Farmers & Merchants National Bank in Benton Harbor; West Michigan Financial Corporation and its banking subsidiaries, The Cadillac State Bank, First National Bank of Evart and NBD Northwest Bank, Kalkaska; National Ann Arbor Corporation and its banking subsidiaries, National Bank and Trust Company of Ann Arbor and Monroe County Bank; The Roscommon State Bank; Wolverine State Bank, Sandusky; American Business Finance, Inc.; NBD Mortgage Company; NBD Insurance Company; NBD Financial Services of Florida, Inc.; Michigan Capital and Service, Inc; NBD Financial Services of Michigan, Inc. (All banks members FDIC)

ADVISORY MEMBERS

Martha W. Griffiths
Partner, Griffiths & Griffiths

John R. Hamann
Former President
The Detroit Edison Company

Walton A. Lewis
Chairman of the Board
Lewis & Thompson Agency, Inc.

Robert B. Semple
Director
BASF America Corporation

NBD BANCORP

611 Woodward Avenue, Detroit, Michigan 48226

MID-CONTINENT BANKER

The Financial Magazine of the Mississippi Valley & Southwest

Volume 78, No. 8 **August, 1982**

FEATURES

DEPARTMENTS

REGIONAL MEETINGS

STATE NEWS

EDITORS

Ralph B. Cox ..... Publisher
Lawrence W. Colbert Assistant to the Publisher
Pamela Walsch Assistant Editor
Rosemary McKelvey .. Editor
Jim Fabian .... Senior Editor
Eleanor Wainwright Editorial Assistant

MID-CONTINENT BANKER Editorial/Advertising Offices

St. Louis, Mo., 408 Olive, 63102. Tel. 314/421-5445; Ralph B. Cox, Publisher; Marge Bottiaux, Advertising Production Mgr.

MID-CONTINENT BANKER is published monthly by Commerce Publishing Co., 408 Olive St., St. Louis, Mo. 63102.

Printed by The Ovid Bell Press, Inc., Fulton, Mo. Controlled circulation postage paid at St. Louis, Mo., and at additional mailing offices.

Subscription rates: Three years $27; two years $20; one year $12. Single copies, $2.50 each. Foreign subscriptions, 50% additional.

Commerce Publications: American Agent & Broker, Club Management, Decor, Life Insurance Selling, Mid-Continent Banker, Mid-Western Banker and The Bank Board Letter.

Officers: **Donald H. Clark**, chairman emeritus; **Wesley H. Clark**, president and chief executive officer; **James T. Poor**, executive vice president and secretary; **Ralph B. Cox**, first vice president and treasurer; **Bernard A. Beggan, David A. Baetz, Lawrence W. Colbert** and **William M. Humberg**, vice presidents.

Convention Calendar

Aug. 18-27: Conference of State Bank Supervisors School for Senior Personnel, Norman, Okla., University of Oklahoma.
Aug. 22-25: Independent Bankers Association of America Seminar/Workshop on the One-Bank Holding Company, San Francisco, San Francisco Hilton/Tower.
Aug. 22-Sept. 3: Conference of State Bank Supervisors Advanced School, Amherst, Mass., University of Massachusetts.
Aug. 29-Sept. 3: Independent Bankers Association of America Seminar for Senior Bank Officers, Boston.
Sept. 4-7: 50th Assembly for Bank Directors, Colorado Springs, Colo., the Broadmoor.
Sept. 7-10: Bank Administration Institute Cash Management Conference, New Orleans, Fairmont Hotel.
Sept. 12-14: Kentucky Bankers Association Annual Convention, Louisville, Galt House.
Sept. 12-15: ABA National Bank Card Convention, Miami, Fontainebleau Hotel.
Sept. 12-15: ABA National Personnel Conference, Atlanta, Hyatt Regency Atlanta.
Sept. 15-17: ABA 1982 Bank Planning Workshop, Denver, Denver Marriott City Center.
Sept. 19-21: Independent Bankers Association of America Commodity Marketing Seminar, Chicago, Bismarck Hotel.
Sept. 19-22: National Association of Bank Women Annual Convention, Los Angeles, Los Angeles Bonaventure.
Sept. 19-23: Bank Marketing Association Trust Marketing Conference, San Francisco, Fairmont Hotel.
Sept. 19-Oct. 1: ABA National Installment Credit School, Norman, Okla., University of Oklahoma.
Sept. 19-Oct. 1: Conference of State Bank Supervisors Intermediate School, Boulder, Colo., University of Colorado.
Sept. 26-30: Consumer Bankers Association Annual Conference, Marco Beach, Fla., Marco Beach Hotel/Villas.
Sept. 26-Oct. 8: Conference of State Bank Supervisors Advanced School, DeKalb, Ill., Northern Illinois University.
Sept. 29-Oct. 1: ABA Risk & Insurance Management in Banking Seminar, Denver, Denver Marriott/City Center.
Oct. 6-8: Dealer Bank Association Senior Funds-Management Roundtable/1982 Mid-Year Conference, Washington, D. C., Hyatt Regency on Capitol Hill.
Oct. 9-15: ABA Graduate School of Bank Investments, Norman, Okla., University of Oklahoma.
Oct. 9-15: ABA National School of Bank Investments, Norman, Okla., University of Oklahoma.
Oct. 10-15: Independent Bankers Association of America Bank Executive-Development Seminar, Muncie, Ind., Ball State University.
Oct. 16-19: ABA Trust Management School, Evanston, Ill., Northwestern University.
Oct. 16-20: ABA Annual Convention, Atlanta.
Oct. 24-27: Bank Marketing Association Annual Convention, Phoenix, Phoenix Civic Center.
Oct. 24-27: Conference of State Bank Supervisors Seminar for Deputy Supervisors/Senior-Management Personnel, Boulder, Colo., University of Colorado.
Oct. 24-29: ABA National Commercial Lending Graduate School, Norman, Okla., University of Oklahoma.
Oct. 28-29: Dealer Bank Association Public Finance Seminar, Dallas, Fairmont Hotel.
Oct. 31-Nov. 2: Independent Bankers Association of America Seminar/Workshop on One-Bank Holding Company, New Orleans, New Orleans Marriott Hotel.
Oct. 31-Nov. 3: Robert Morris Associates Fall Conference, Bal Harbour, Fla.
Nov. 2-5: Bank Administration Institute Mini-Micro Computers Conference, Dallas, Loew's Anatole Hotel.
Nov. 3-4: Consumer Bankers Association Most Common Violations Found in Consumer-Credit Examinations, Atlanta, Southern Conference Center.
Nov. 3-5: ABA International Banking Conference, New York City, Grand Hyatt New York.
Nov. 4-5: ABA International Personnel Information-Exchange Group, New York City, Grand Hyatt New York.

The Banking Scene

By Dr. LEWIS E. DAVIDS
Illinois Bankers Professor of Bank Management
Southern Illinois University, Carbondale

Financial Technology vs. Myopic Regulators

THE DECISION by a major oil firm to discontinue its credit-card operation has interesting implications for banking. It was stated that the oil firm's credit-card operation added about three cents per gallon to the cost of gasoline. Thus, in theory, this company should be able to price its gasoline three cents lower than competitors who continue to offer credit-card plans.

At a time when credit-card usage is increasing, one wonders whether a two-price structure may develop, as has occurred in some foreign countries — one for cash and another for charge purchases. Of course, the latter would be more expensive to the consumer.

We are seeing a recognition by regulatory agencies of the necessity to permit the financial segments of a regulated industry to come out of the Dark Ages.

The situation is even more complicated by the fact that joint debit/credit cards now are in place. Some joint cards are identified and identifiable as debit or credit cards by the casual viewer, but some are not.

In addition, one must keep in mind the changing technological structure of retail gasoline sales. In a number of European countries, the typical gasoline station is unmanned and is activated by an electronic credit/debit card. If such a development takes hold in the U. S., as is likely, the company that eliminated credit-card service would be forced to work out some alternative system.

Bankers with memories going back to the early 1930s recall that the gasoline industry was the first major developer of special-purpose credit cards. Thus, within half a century, an almost 360-degree change in policy has taken place.

While the early demise of the concept of plastic debit/credit cards is not foreseen, some new technological developments point to a shifting in modus operandi. Existing fund-transmission technology permits reading of voice patterns, scanning of fingerprints by cathode tubes and other confirming techniques, such as eyeball-scanning and pressure-sensitive signature reading. When any combination of methods is used, the need for a plastic card for entry for a credit or debit transaction no longer exists.

But more than that, we are seeing a recognition by regulatory agencies of the necessity to permit the financial segments of a regulated industry to come out of the Dark Ages. It is possible that some of these regulators have traveled abroad to see how much further advanced banking is in a number of nations than it is in the U. S.

France is well on its way in the utilization of what is called the "smart chip." While this plastic card looks like a typical U. S.-style credit/debit card, it has a greater amount of electronic flexibility. But the "smart chip," with only a four-K or eight-K memory, probably will be replaced soon with chips with many multiples of the existing K-memory factor.

Until now, Greek bankers have been considered competent, but not at the edge of emerging technology. However, Bank of Thessalia in Greece has leapfrogged over many banks by installing thousands of video-text terminals in business locations. Among the services video-texts permit are buying and selling currency, taking loan applications and providing typical banking activities normally found at home offices and branches. About the only service it doesn't provide is safe deposit.

Bank of Thessalia has taken a somewhat different stance from some banks in the U. S. that have tried to build home-banking terminal systems. In effect, the Greek institution has established thousands of branches in public business locations, thus ensuring a much greater utilization of terminals than normally would be the case with American home-banking programs.

The Greek bank leases its terminals to grocery stores, gas stations and shopping centers. Leasors offer the service at no cost to customers. However, the free charge to customers doesn't mean businesses will find the operation unprofitable. For one thing, the service should increase traffic volume.

Perhaps the major problem of myopic regulators is their mind-set in failing to recognize the fact that they lack the ability to regulate effectively in today's dynamic age of technology.

But more than that, part of the system consists of a revenue-producing advertising device that also provides information about restaurants, hotels and transportation systems.

The Greek system seems to have a lot more working for it than do its American counterparts. Part of the dilemma preventing American banks from offering such innovative services are regulations such as the Bank Holding Company Act and Regulation Y, which remove some of the attractiveness of such devices, including dispensing of public-interest advertising.

American bank HCs are quite astute and no doubt will be able to circumvent federal regulations through numerous techniques such as not owning, but leasing, devices — or changing the legal structure that inhibits

their use.

Keep in mind that one of America's largest banks had its spokesman suggest that maybe it should give up its bank charter and obtain a charter similar to those held by American Express or Merrill Lynch. If we look at recent decisions by financial-institution regulators, such as those controlling credit unions, we find there has been substantial removal of restrictions on credit-union-related activities. Whether this is desirable depends partly on whose foot the shoe is being tried.

Not only federal regulators can be criticized. Actions by some state regulators are mind-boggling. In New Jersey, where dozens of S&Ls already are in violation of reserve requirements and nine out of 10 have suffered losses and continue to operate in the red, there is strong political pressure to prevent commercial banks from taking over troubled S&Ls. Many politicians apparently prefer S&Ls to go through liquidation rather than be absorbed by banks.

The preceding is mentioned to make the major point that we do have advanced technology in the public interest, technology that would make for sounder, safer and more profitable transactions, yet we find that such technology is being held up at both the federal and state levels by well-intended, but misguided, individuals and agencies.

Regulations imposed by bank regulators prevent full utilization of existing technology. Regulations for the most part impede productivity rather than encourage it.

Purists may hold that American banks shouldn't provide commercials on banking terminals such as the Greek bank does. The answer may be for the bank not to own the terminals but to lease them from an advertising agency. The agency then would control development of the public service the terminals provide.

Perhaps the major problem of myopic regulators is their mind-set in failing to recognize the fact that they lack the ability to regulate effectively in today's dynamic age of technology.

What has happened to banks and other financial intermediaries is that technological developments have made many — probably most — regulations obsolete and counterproductive.

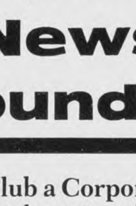
Nonfinancial intermediaries, being unregulated for the most part, have moved into the vacuum. Banks and other financial institutions will find them difficult to dislodge. • •

Corporate News Roundup

Christmas Club a Corporation. Renee Brett and Mike McNab have been given added responsibilities at this Easton, Pa.-based firm. Ms. Brett now is product manager/checks and outlook envelopes and continues her responsibilities for advertising/public relations. Mr. McNab has been made product manager/systems, members' envelopes and passbooks, as well as Full Service Bank Productions, Inc. He had been product manager/checks and check envelopes.

Bankers Card Corp. K. Kay Ulwelling has been named president of this Kansas City firm, which provides marketing and financial services to financial institutions throughout the Midwest. Bankers Card Corp. is a subsidiary of Electronic Funds Transfer Systems, Inc., of which Ms. Ulwelling is a director. EFTS plans an electronic network deploying automated teller machines and point-of-sale terminals in retail locations in the greater Kansas City area under the name "Unitel." Ms. Ulwelling will be responsible for service support of "Unitel."


ULWELLING


McNAB


BRETT

Kanney Marketing Services. This Bohemia (Long Island), N. Y.-based firm has announced appointment of three sales personnel. Albert J. Partenheimer has been named vice president, responsible for national sales management. Before joining Kanney, he spent 10 years with W. M. Dalton & Associates, Newton, Pa., where he was senior vice president in charge of sales. Philip C. Gordon and Robert Dahlhausen also have joined Kanney's sales force, both coming from W. M. Dalton.

Infoware, Ltd. This recently formed, Nashville-based firm is said by its organizers to be the first of its kind, exclusively devoted to researching, screening and marketing high-quality desktop computer software to financial institutions. It was founded by Allen Hardin, formerly vice president/EFT division, Financial Institution Services, Inc. (FISI), also in Nashville, and Wayne Nystrom, former FISI director/product development. The firm also announced that it has reached an agreement with Aurora Systems, Madison, Wis., to become Aurora's exclusive marketing agent for its Money Center Accounting Program.

Associates Commercial Corp. Allen A. Preble has been elected vice president of this Chicago-based company. He will serve as manager/midwestern region for the firm's business loans division. Mr. Preble has more than 25 years of commercial-finance experience, serving most recently as Chicago region manager, Security Pacific Business Credit, Inc.

Texas Heller Western. Richard L. Philson has been appointed senior vice president of Texas Heller Western, a full-service commercial-finance subsidiary of Walter E. Heller Western, Inc. Mr. Philson has responsibility for overall supervision of the Texas Heller Western operating units, which include headquarters in Dallas and offices in Houston and San Antonio. Mr. Philson has held key posts in the commercial-finance industry since 1958.

Promoting momentum in Correspondent Banking.

Mercantile Bank is proud to announce the promotion of Rob Ivey to Senior Vice President of Correspondent Banking. In recognition of Mr. Ivey's accomplishments at Mercantile, we feel we're not only gaining a valuable department head, but also our correspondent banks are gaining momentum.

MercantileBank

Mercantile National Bank at Dallas
Dallas, Texas 75265
Member Mercantile Texas Corporation
Member FDIC

Fed Answers Reg Questions

John W. Rosbrugh, examiner in the St. Louis Fed's consumer and community affairs department, answers common questions about federal regulations affecting most banks. Information given here reflects Mr. Rosbrugh's opinions, not necessarily those of the St. Louis Fed or the Board of Governors.

ELIGIBILITY requirements for NOW accounts were announced on August 14, 1981, and became effective September 16, 1981. The Federal Reserve continues to receive numerous questions concerning the eligibility of various nonprofit and government organizations to maintain such accounts.

Regulation Q, Section 217.157, clarifies the rules concerning the class of depositors eligible to maintain NOW accounts at member banks. Attention should be directed to subsections (c) and (d) of this interpretation for information on the requirements for nonprofit organizations and government units, respectively, and are printed here.

(c) Nonprofit Organizations.

(1) Under the Act, a nonprofit organization that is operated primarily for religious, philanthropic, charitable, educational or other similar purposes may maintain a NOW account. The Board regards the following kinds of organizations as eligible for NOW accounts under this standard if they are not operated for profit:

(i) organizations described in section 501(c)(3) through (13), and (19) of the Internal Revenue Code (26 U.S.C. (I.R.C. 1954) Section 501(3) through (13) and (19)); and

(ii) homeowners and condominium owners' associations described in section 528 of the Internal Revenue Code (26 U.S.C. (I.R.C. 1954) Section 528), including housing cooperative associations that perform similar functions.

(2) All organizations that are operated for profit are not eligible to maintain NOW accounts at member banks.

(3) The following types of organizations described in the cited provisions of the Internal Revenue Code are among those not eligible to maintain NOW accounts:

(i) credit unions and other mutual depository institutions described in Section 501(c)(14);

(ii) mutual insurance companies described in Section 501(c)(15);

(iii) crop financing organizations described in Section 501(c)(16);

(iv) an organization created to function as part of a qualified group legal services plan described in Section 501(c)(20);

(v) farmers' cooperatives described in Section 521; or

(vi) political organizations described in Section 527.

(d) Governmental Units. Under the Act, governmental units generally may not maintain NOW accounts. The Board believes that some governmental units are operated primarily for philanthropic, educational or charitable purposes, and that such entities should be regarded as eligible to maintain NOW accounts. For example, a governmental unit, regardless of form of organization, may maintain a NOW account if the funds are in the name of or are used solely for schools, universities or colleges, libraries, hospitals or other educational or medical facilities.

It should be noted that other supervisory agencies have adopted the same rules for their institutions.

St. Joseph Market Day Set for September 8

ST. JOSEPH, MO. — The 26th annual market day, co-sponsored by First Stock Yards and First National banks, will be held on September 8.

Registration will begin in the lobby of First Stock Yards Bank at 9 a.m. Morning activities will include a tour of the Missouri Valley Walnut Co. Luncheon at the Hoof & Horn Steak House will include a report on the current day's livestock market.

The afternoon program will begin at 2 p.m. at the St. Joseph Country Club. Principal speaker will be Frank S. Hough, professor of economics at Graceland College, Lamoni, Ia. His topic will be "Self Worth vs. Net Worth." A panel discussion on various agricultural commodities and price trends will follow Dr. Hough's remarks.

A social hour and steak dinner will conclude the event.

Fellowships Established To Honor Cummings

Two fellowships to the Stonier Graduate School of Banking have been established to honor the late John J. Cummings Jr., Rhode Island banker who gave more than 20 years of service to the ABA.

The fellowships were established by the ABA's board of directors and the board of regents of Stonier.

The fellowships will be awarded each year, beginning in 1983, to two professional staff members in the executive or legislative branches of federal or state government. Those selected will attend a two-week resident session of Stonier at Rutgers University, New Brunswick, N. J.

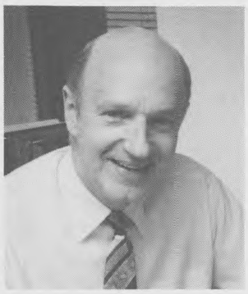
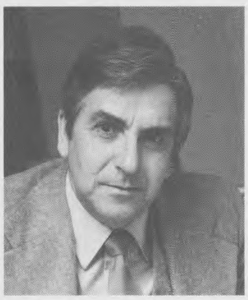
Mr. Cummings served as chairman of Stonier's board of regents from 1980-82. He also served as vice chairman of the ABA's government relations council and chairman of the corporate planning executive committee.

Profit Improvement in Banking is a new brochure available at no cost from Arthur Andersen & Co., which says it details a comprehensive profit-improvement program to increase bank revenue and reduce costs. Write: Communications Distribution, Arthur Andersen & Co., 69 W. Washington St., Chicago, IL 60602.






Among every 100 auto loan borrowers, there are nine insurance delinquents. Yours?

Statistical fact. Hidden in your loan portfolio, nine ordinary people — through simple negligence or whatever other reason — can rip your installment loan profitability to ribbons.

Vendors Insurance Agency, VIA, was established to protect lenders against losses sustained if uninsured "rolling collateral" assets are severely damaged or destroyed.

Even more important, VIA's "watchdog" computer service keeps a continuous eye on your auto loan portfolio to make sure "nine percenters" *never* hide in your files again. Weekly computer reviews (delivered to your installment loan department) keep you constantly aware of insurance delinquencies. Uninsured borrowers are notified and warned. If no appropriate action is taken, a Certificate of Single-Interest insurance is issued to the lender, costs chargeable to the borrower.

It's as simple as that. If the idea of keeping installment loan profit at optimum is important to you, call or write us. We'll give you details immediately.

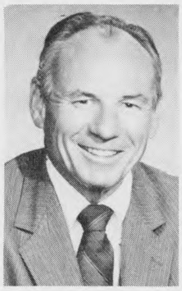
via

VENDORS INSURANCE AGENCY
Home Office: 55 E. Monroe Street
Chicago, Illinois 60603 312/346-6400

VENDORS INSURANCE AGENCY IS A MEMBER COMPANY OF INTERSTATE NATIONAL CORPORATION
ONE OF THE FIREMAN'S FUND INSURANCE COMPANIES

NEWS OF THE
BANKING WORLD

DOUGHERTY



CRIGGER

DODGE

William H. Dougherty, vice chairman, Southeast Banking Corp. and Southeast Bank, Miami, has been elected chairman, Bank Administration Institute. He succeeds George D. Norton, executive vice president/cashier, Philadelphia National. The new BAI chairman-elect is Rayburn S. Dezember, chairman/CEO, American National, Bakersfield, Calif. Elected secretary/treasurer was John S. Poelker, president/chief financial officer, Citizens & Southern Georgia Corp., Atlanta. These three officers, plus Ronald G. Burke, BAI president, make up the executive committee of the institute's board.

Douglas W. Dodge, executive vice president, Mercantile-Safe Deposit & Trust, Baltimore, was elected president, Robert Morris Associates, in the association's annual election August 6. He succeeds John D. Mangels, president, Rainier National, Seattle. Jack R. Crigger, executive vice president, American National, Chattanooga, Tenn., was elected first vice president. Elected second vice president was Glenhall E. Taylor Jr., executive vice president, Wells Fargo Bank, San Francisco.

James F. Lordan, senior vice president, State Street Bank, Boston, has been elected president, National Automated Clearinghouse Association (NACHA). In that post, he heads the executive committee and board. W. Robert Moore, senior vice president, Chemical Bank, New York City, was NACHA president, 1981-82, and continues on the association's executive committee. Other newly elected NACHA officers are: vice president, J. Robert Brubaker, senior vice president, Equibank, Pittsburgh, and secretary/treasurer, Garry L. Singer, associate director for the NACHA support staff at the ABA's headquarters in Washington, D. C. Messrs. Brubaker and Singer also are on NACHA's executive committee.

James Rubenstein has joined the Bank Marketing Association, Chicago, as director of editorial services. Most recently, he was managing editor, *Bank Letter* newsletter, a publication of Institutional Investor, Inc. Before that, Mr. Rubenstein was Midwest Bureau chief, *American Banker*. In his new post, he also is editor, *Bank Marketing*, the BMA's monthly periodical. In addition, Mr. Rubenstein will edit other association newsletters and publications in the communications division, reporting to Charles Bartling, vice president.

Larry D. Wright, formerly vice-president/manager, lending division, First Galesburg (Ill.) National, has joined First City Bank-Almeda Genoa in Houston as president. The bank is a subsidiary of First City Bancorp. of Texas, headquartered in Houston. Mr. Wright had been with the Galesburg bank since 1972 and, before that, spent six years with Irwin Union Bank, Columbus, Ind.

PREMIUM POWER
We've got it!

PREMIUM COLLECTION FOR 1982
from Christmas Club a Corporation

A full set of high-impact, top-quality premiums to choose from. A selection to spark your imagination and fire up the sales you need for a really successful promotion. Look at "Christmas Cub" leading the way. He's the focal point of our fabulous Christmas Club program. Build *your* club around him for "the beginning of fond memories." Choose from scores of other appealing premiums, too, for year-round use, all contained (but bursting to be your star attraction) in this brand new Premium Collection.

Ask your Christmas Club representative, or send for your copy today. Better yet, call Renée Brett, (800) 523-9334 New York, New Jersey, Maryland, Delaware; (800) 523-9440 all other states except Pennsylvania; (215) 258-6101 Pennsylvania residents. P.O. Box 20, Easton, PA 18042

christmas club
a corporation
The Original

High-Priority Problems That Face Farmers In Planning Estates

By Neil E. Harl*

SINCE enactment of the Economic Recovery Tax Act of 1981, slipping farm-commodity prices, rising costs and softening land values have been at center stage. Less pressing problems have been shunted aside.

But time continues to tick away. And some may pay a high price if death should occur before estate plans have been reshaped to fit the new rules.

For farm couples renting their land to a tenant, eligibility for installment payment of federal estate tax is a matter of the type of lease in effect at death. And increasingly, it's the *second* death that's the more important. That's when the big tax bite usually comes.

In the paragraphs following, we look at four high-priority areas. *These should receive planning attention as soon as possible.*

Review property ownership. For years, the way property has been owned — between husband and wife — has been a matter of major concern in farm estate planning. The big problem has been joint tenancy (in some states, it's tenancy by the entirety) with its right of survivorship. At the death of the first co-owner, the survivor receives complete ownership of the property.

The 1981 tax act made several changes in this area:

• First, the new federal-gift-tax rules make it possible to break up old joint tenancies or tenancies by the entirety *with no federal-gift-tax liability*. It's important to watch out for state gift tax (in the dozen states that have a state gift tax) and possible recapture of investment tax credit. But at least the federal-gift-tax worry has been eliminated.

• The new 100% federal-estate-tax marital deduction makes it possible to zero out federal-estate-tax liability if all property is left to the surviving spouse at death. That's true even if the property is in joint tenancy or tenancy by the entirety.

But the big problem still is the federal-estate-tax liability at the second death *unless there has been some planning before the first death*. For those with combined estates of roughly $500,000 or more, it's generally a good idea to: (1) move to equal-sized estates with tenancy in common and (2) leave at least part of the estate in trust with a life estate to the surviving spouse. At a minimum, it's usually advantageous to do that at least to the extent of the unified credit in the estate of the first to die. That's $225,000 for deaths in 1982, rising to $600,000 for deaths after 1986.

For those with larger estates, it pays to take an even closer look at how much property should be left to the surviving spouse outright and how much in trust.

Review the will. There are several reasons wills drawn or last revised before the 1981 tax act should be reviewed now.

• Many wills limit the federal-estate-tax marital deduction — to the greater of $250,000 or 50% of the federal-estate-tax adjusted gross estate. A few wills drafted before 1976 are even more restrictive — limiting the marital deduction to 50% of the adjusted gross estate.

If it's an advantage to have a larger marital deduction, the will should be revised accordingly. Language calling for the "maximum marital deduction" means maximum under the *old* law and not maximum under the new law unless the will is revised or state law is amended to change the result.

Some may want to structure their wills to make it easy for the estate representative to elect Q-TIP — that's "qualified terminable-interest property." Basically, it's a way to qualify a life estate left to the surviving spouse for the federal-estate-tax marital deduction. It means the property owner can control the ultimate disposition of the property. Traditionally, the surviving spouse has been free to dispose of property qualifying for the federal-estate-tax marital deduction.

Many wills limit the federal-estate-tax marital deduction — to the greater of $250,000 or 50% of the federal-estate-tax adjusted gross estate. A few wills drafted before 1976 are even more restrictive — limiting the marital deduction to 50% of the adjusted gross estate.

A good reason for using a trust for Q-TIP arrangements: If property is left in a legal life estate (not in trust), it appears the property isn't eligible for special-use valuation at the second death. There's an amendment in the Technical Corrections Act to deal with the problem, but it hasn't passed yet.

• Many wills use the term "adjusted gross estate" in specifying how much property is left to the surviving spouse. That term was repealed in 1981 as part of the marital-deduction revision. Therefore, wills should be revised to define the term (if it continues to be used in the will) unless the state legislature acts to provide a definition, as

* *Neil E. Harl is Charles F. Curtiss distinguished professor in agriculture and professor of economics, Iowa State University, Ames. He also is a member of the Iowa Bar.*

Iowa has done.

Installment payment of federal estate tax. For farm couples renting their land to a tenant, eligibility for installment payment of federal estate tax is a matter of the type of lease in effect at death. And increasingly, it's the *second* death that's the more important. That's when the big tax bite usually comes.

To be eligible for the 15-year stretch-out in payment — with 4% interest on the first $345,800 of federal estate tax less the unified credit — it's necessary to have an "interest in a closely held business." A cash rent lease, even to a family member as farm tenant, fails the test. It takes a crop-share or livestock-share lease coupled with substantial involvement in decision making under the lease. Recent rulings indicate the involvement can be by the landowner — or by an agent or employee of the landowner. In one ruling, activities of a bank as agent for the landowner were sufficient for eligibility. That suggests the involvement could be by a farm manager as agent of the landowner.

Note that the determination of what is a closely held business is made in the instant before death — not five of the last eight years before death, for example. And there's no requirement that the "business" be maintained for a specified period after death — but disposition or withdrawals after death of half or more terminate installment reporting.

The interest in the closely held business must exceed 35% of the adjusted gross estate. That's another requirement to keep in mind in doing pre-death planning.

Special-use valuation of land. Rules for special-use valuation of land for federal-estate-tax purposes pose different but equally important pre-death-planning opportunities. Again, it's usually the second death that's the most important. The marital deduction and unified credit often will take care of the federal-estate-tax problem at the first death.

In more than half the cases, the wife is the second to die. Conditions of eligibility for special-use valuation at the wife's death, therefore, should be viewed as at least as important as at the husband's death. Unfortunately, much of the planning focuses only on the husband's estate-planning problems.

Here are the major pre-death problem areas:

- The "qualified-use" test requires that the decedent or a member of the decedent's family have an equity interest in the farm operation. The test must be met (1) at the time of death, (2) five or more of the last eight years before death and (3) during the recapture period after death (except for a two-year grace period immediately after death). That means cash-rent leases to a family member as tenant are acceptable *in the pre-death period*. The tenant has the necessary equity interest in that case. There's a different rule after death and cash-rent leases are not permitted during the recapture period except during the two-year grace period.

(Continued on page 38)

Private Annuity Can Help Farmers Reduce Their Estate Taxes

A FARMER'S biggest asset usually is his land, but the value of this asset can dwindle alarmingly on his death because of estate taxes. In the accompanying article, Neil E. Harl, Charles F. Curtiss distinguished professor in agriculture and professor of economics, Iowa State University, Ames, discusses four high-priority areas in estate planning that should be addressed by farmers and their spouses.

In addition to suggestions made by Professor Harl, there is another device available to farm families who want to whittle down their estate taxes. This device is called the private annuity.

A private annuity is an arrangement whereby an individual sells property (farmland) to another individual (usually a younger relative) in return for periodic payments for the rest of the seller's life. The big estate-planning benefit of the private annuity — according to the ag extension service of Texas A&M College and a newsletter published by William S. Fry & Co., a Dayton, O., CPA firm — is that as soon as the seller transfers property for the annuity, he has given up all interest in the property *and, therefore, has eliminated estate taxes on his property*.

These annuities are called "private" because the buyer must not be in the business of selling annuity contracts. For instance, an insurance company cannot be involved.

The biggest problem for farmers who use this estate-planning tool is that the payments for farm and ranch land must reflect the current fair-market value of the land, age of the seller and annuity-table interest rates. For example, for a seller who is about 60, annual payments need to be about 10% of the property value per year.

Because farmland often doesn't generate that much net income after taxes for the purchaser to pay the seller, many people give up the idea of using private annuities. However, this device can work if only part of a farm is sold on a private-annuity basis. This is true particularly if the buyer is the tenant on other land owned by the seller. Income from the other land can be used to pay the seller, and it's possible to adjust rental rates from the other land so the buyer has adequate funds to pay the seller.

Any farmer considering a private annuity should consider, of course, its pros and cons:

1. If the seller lives beyond his life expectancy, total payments may be more than the property's actual value.
2. No lien can be retained by the seller to guarantee periodic payments. Otherwise, the land would not be excluded from the seller's gross estate for estate-tax purposes.
3. If the buyer should die before the seller, the buyer's estate must continue to make the periodic payments.
4. If the buyer holds the property until the owner's death, the buyer's income-tax basis in the property will be the total annuity payments made.
5. For the seller, each annuity payment is part return of basis, part capital gain and part ordinary income. These three categories should be computed before a contract is made to see what income-tax effects would be for both buyer and seller.

As can be surmised from the above, nearly every private annuity is unique, and farmers thinking of using this device should consult an attorney in setting one up.

Financial Futures: A Tool for Ag Banks?

AGRICULTURAL BANKS traditionally have enjoyed a high degree of insulation from movements in national interest rates because of their localized deposit structure and stable operating environment that have characterized the entire banking industry since the 1930s. However, says an article in the May issue of the *Economic Review* of the Kansas City Fed, ag banks now face new challenges that transcend the increased risk all banks are encountering in today's more volatile interest rate-environment.

If a decision is made to use financial futures, an appraisal must be made of the bank's capability to implement and manage their use.

The article was written by Mark Drabenstott and Anne O'Mara McDonley of the KC Fed's economic research staff. They point out that rural financial markets have been transformed in recent years by a combination of two factors:

First, deregulation of the banking industry through the Depository Institutions Deregulation and Monetary Control Act of 1980 has placed rural ag banks in more direct competition for funds with urban banks and depository institutions.

Second, rural savers have gained access to a wider assortment of savings instruments since the late 1970s. Thus, rural community banks have been under increasing pressure to replace their non-interest-bearing demand deposits with higher-yielding deposit accounts, such as money-market certificates. Consequently, these banks no longer hold a large pool of demand deposits with which to insulate themselves against adverse movements in national interest rates. Ag banks, therefore, faced with increased competition and integration of rural financial markets, are being affected significantly by volatile interest rates.

What do Mr. Drabenstott and Ms. McDonley suggest in their article? That the financial-futures market is an effective way of reducing interest-rate risk. As they say in the article, financial futures have their roots in agricultural-commodity-futures markets. These markets evolved because of the need to reduce the risk associated with uncertain prices for future purchase or sale of a particular commodity. An ag producer can reduce the risk of price fluctuations by hedging, which is establishment of a position in the commodity-futures market opposite from that held in the cash market. Similarly, say the authors, a bank may reduce the risk of adverse interest-rate fluctuations by hedging in the financial-futures market.

Seven percent of ag banks surveyed recently by the KC Fed currently use financial futures, and another 15% said they were planning to use the financial-futures market and had taken significant preparatory steps.

According to the survey, financial futures are the least-used tool for managing interest-rate risk, even among user banks. Instead of using financial futures, the majority of ag banks surveyed have responded to increased interest-rate volatility by employing traditional risk-reducing techniques. The two most common methods used are variable-interest-rate loans as an alternative to fixed-rate loans and shortening maturities of assets to more nearly match that of liabilities. Another method frequently employed is use of market interest rates other than the national prime as benchmarks for adjusting loan rates.

The survey also provides information on two major issues of concern to banking: accounting treatment of financial futures and their regulation. Current accounting guidelines appear to discourage use of financial futures because of the disruptive effect on banks' financial statements, and regulatory guidelines are not clearly defined with regard to the distinction between hedging and speculating.

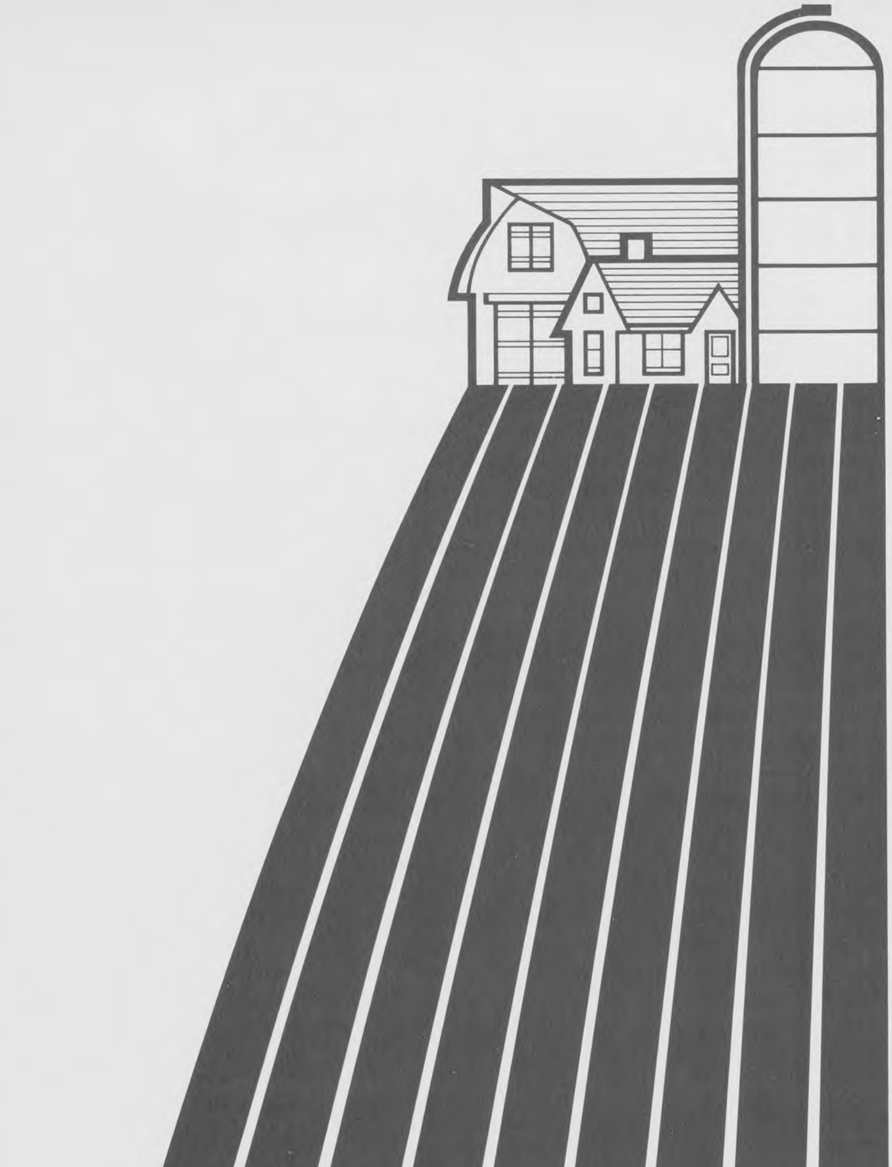
The authors point out that how each issue is resolved will have a lasting impact on the degree to which banks adopt financial futures as a risk-management tool.

Because current users of financial futures tend to be large banks, say Mr. Drabenstott and Ms. McDonley, there's a question as to whether they are a suitable tool for rural ag banks. Survey responses indicate that despite their size, smaller ag banks may become regular users of financial futures. Nearly three-fourths of nonuser banks replied that a better understanding of uses of financial-futures markets would motivate them to seriously consider their use. This, continues the article, suggests that many small banks consider financial futures a viable tool, but simply lack the expertise to become involved. The large number of small rural banks attending informational seminars on financial futures further demonstrates an attitude of developing interest by these banks.

Because current users of financial futures tend to be large banks, there's a question as to whether they are a suitable tool for rural ag banks.

The KC Fed article contains this advice in determining whether financial futures will be a suitable tool in managing interest-rate risk: First, compare use of financial futures against the effectiveness of traditional risk-management tools. If a decision is made to use futures, an appraisal must be made of the bank's capability to implement and manage their use. A bank may find that a financial-futures program will place excessive time demands on personnel or that expertise is lacking to carry it out effectively. In this case, a smaller bank may find employment of outside consulting services to be a more efficient means of directing a hedging program. However, the article warns, the bank's board still must take final responsibility for a hedging program.

Although the KC Fed's survey showed that few banks are using the futures market now, the authors predict that with the uncertain economy, "Agricultural banks, with their background in commodity futures, may turn increasingly to financial futures as an appropriate risk-management tool." • •



When your agricultural customers need additional help. We make things grow.

Now and then, when you need help with your better agricultural customers, it's nice to be lined up with the First National Bank of Kansas City

We've been lending money to farmers and the agricultural community for years and years. As a matter of fact, we have two officers who do nothing else.

Sometimes, as much as you want to help make things grow for your customers, you need help doing it. That's when you should contact us. We can help you help.

Call and ask for any of our correspondent officers.

FIRST NATIONAL
CharterBank
KANSAS CITY

10TH AND BALTIMORE □ BOX 38 □ KANSAS CITY, MO 64183 □ (816) 221-2800 □ MEMBER FDIC

Banking Group Formed To Buy Farm Loans From Affiliated Banks

AN ag-service company has been formed to purchase agricultural loans from affiliated banks. It's called MABSCO Agricultural Services, Inc. (MASI). It is a subsidiary of MABSCO Bankers Service, which is owned by 13 state bankers' associations representing 6,700 banks.

The 13 sponsoring states are: Arkansas, Illinois, Kansas, Missouri, Oklahoma, Colorado, Iowa, Michigan, Minnesota, Nebraska, North and South Dakota and Wisconsin.

MABSCO Bankers Service was formed early this year to provide an integrated financial-service program for customers of MABSCO's member banks. The program is called Financial Management Account, and its components include bank, money-market-fund and brokerage accounts, bank lines of credit and other bank-sponsored products. MABSCO developed it in conjunction with Fidelity Management Group, Boston.

MASI, its new subsidiary, started operation in mid-July with a limited testing program, which is projected into this October. Two or three banks in each of the 13 states are taking part in the program, which is designed to work out procedures and fine-tune policies. During the pilot program, says Jim C. Potter, MASI's executive vice president, who is headquartered in Des Moines, Ia., a marketing and educational program is being started for all banks in the MABSCO region.

Mr. Potter emphasizes that when MASI buys loan participations from affiliated banks, the loans will have to meet a reasonable standard of credit-worthiness and in no way are to be construed as distress loans or subpar.

As Mr. Potter puts it, "We propose to fill a need for overline and liquidity pressure and do not intend to become a 'risk-transfer'-oriented source of credit."

Lonnie G. Doan, a newly elected director of MASI and executive vice president, Olney (Ill.) Trust, also told MID-CONTINENT BANKER that MASI will handle only "first-class loans" because the program won't work if bad loans are made.

MASI, continues Mr. Potter, essentially is a service company in that it will purchase loan participations on behalf of the ultimate credit institutions in accordance with contractural guidelines. These guidelines will include specific credit criteria worked out by MASI's directors.

Mr. Potter says that each bank participating in MASI will purchase capital notes ranging from \$3,000 to \$12,500, depending on the size of a bank's deposits.

When MASI's services are available to all participating banks by the late fall of 1982, according to Mr. Doan, MASI will buy participations in short- to intermediate-term operating and equipment loans originated by affiliated banks.

"We expect the company loan volume to exceed \$100 million within one year of operation and to increase substantially thereafter," Mr. Doan predicts.

Mr. Doan, who also heads the Illinois Bankers Association's agricultural division, sums up MASI's purpose like this: "Officials feel that the ag-service company will provide a new source of money for the agricultural segment of the economy and are enthusiastic in bringing this new service to the banking community. The purpose from the beginning of the task-force study has been to ensure a steady and reasonably priced supply of money for agriculture." ● ●

MASI Officers/Directors

William Crawford, president, First National, Frederick, Okla., was elected chairman of MABSCO Agricultural Services, Inc. (MASI) at its organizational meeting in Des Moines, Ia., May 13.

Other officers chosen are: vice chairman, Harry Argue, executive director, North Dakota Bankers Association, Bismarck; president, Edward L. Tubbs, chairman, Maquoketa (Ia.) State; executive vice president, Jim C. Potter, Des Moines, and secretary/treasurer, Leslie W. Peterson, president, Farmers State, Trimont, Minn.

In addition to Messrs. Crawford, Argue, Tubbs and Peterson, the following were elected to MASI's board: Waldo F. Mottaz, chairman/president, State Bank, Hallsville, Mo.; Lonnie Farmer, chairman/president, First State, Davidson, Okla.; Lonnie G. Doan, executive vice president, Olney (Ill.) Trust; Marlin D. Jackson, chairman/president, Security Bank, Paragould, Ark.; Greg LeGare, Bank of Osseo, Wis.; Bill Cook Jr., president, Beatrice (Neb.) National; A. Edwin Baur, senior vice president, First National, Kalamazoo, Mich., and Neil Milner, executive vice president, Iowa Bankers Association, Des Moines.

DIDC's New Short-Term Account Fails to Please Bank Groups

THE ABA and Independent Bankers Association of America (IBAA) have been on opposite sides of the fence on some banking issues. However, both groups disapprove of the June 29th action taken by the Depository Institutions Deregulation Committee (DIDC). At that time, a new short-term account was authorized, to take effect September 1.

The account, proposed by DIDC Chairman Donald Regan, Secretary of the Treasury, has these essential features:

- A minimum $20,000 daily balance, with the interest rate tied to the 91-day T-bill rate for thrifts and 25 fewer basis points for commercial banks. However, the rate is to be reduced to the passbook rate if the average balance falls below the required minimum.
- A maturity range of from seven to 31 days.
- New deposits permitted at any time, but must be held in the account for the full maturity period.
- No sweeps allowed into or out of the account.
- No third-party transactions allowed.
- A penalty must be levied for early withdrawal of funds.
- No loans to depositors to meet the required balance.
- The account cannot be used as collateral for a loan.
- The account is nonnegotiable.

FDIC Chairman William Isaac, a DIDC member, argued against Secretary Regan's proposal, saying it was ineffective, and offered his own alternative "money-market account." However, he was outvoted four to one and so became the only dissenter on the committee.

Mr. Isaac's proposed "money-market account" was a deregulated, no-maturity account, which permitted unlimited withdrawals, but only three transactions monthly. Initially, he would have set the minimum at $20,000, with the minimum balance to be gradually reduced to zero by October 1, 1983. He said his account was needed because "it has liquidity" and added that Secretary Regan's account would be "ineffective because the minimum is too high; the rate is not high enough, and it won't be competitive because it has no liquidity."

The ABA, in a special edition of its *Bankers News Weekly*, dated July 6, said of the new account: "It's abundantly clear that the DIDC is unwilling to fulfill its responsibility in blatant contradiction of the deregulatory philosophy of the Reagan Administration. The ball now is clearly in Congress' court to resolve these inequities before additional damage is done to this nation's communities and the banks trying to serve them. In the meantime, the securities industry continues to be the winner at the expense of local communities and borrowers."

The ABA stressed that it now would seek legislative remedies because the "DIDC no longer counts."

The IBAA maintains the DIDC "has put the gun to commercial banks' head and cocked it."

"The Committee's blatantly discriminatory action against banks, championed by Treasury Secretary Regan, is government irresponsibility at its worst," charges IBAA President Robert McCormick, president/CEO, Stillwater (Okla.) National. "Banks are expected to agree to compete against S&Ls, which are given commercial-banking powers, but not the regulatory obligations banks must shoulder. In exchange, we are instructed to take on faith the DIDC's future adoption of a nonexistent instrument we're told will enable us to compete against money-market mutual funds. The DIDC hasn't earned that faith.

"Commercial banks are being made to pay for mistakes the government made in locking S&Ls into fixed-rate mortgages and made to endure the government's regulatory permissiveness with money-market mutual funds.

"Any claim the Administration may have had to promoting orderly deregulation of the financial industry now has been proved fraudulent," the IBAA head observes. "Politics has gained the upper hand over deregulation. And it's bad politics at that." ● ●

'Remove Shackles' — CSBS

WASHINGTON, D. C. — A "non-event" is how the Conference of State Bank Supervisors (CSBS) describes the new short-term account created June 29 by the Depository Institutions Deregulation Committee (DIDC). The account is described in the accompanying article.

In a statement issued July 6 by CSBS's president, Michael D. Edwards, supervisor of banking in Washington state, said, "From points of view of commercial banks and the states, the new certificate of deposit created by the DIDC is a non-event. It falls far short of being competitive with money-market mutual funds, and it certainly will not slow significantly the outflow of funds from most states into a few money-market centers."

Mr. Edwards said this dilemma facing an across-the-board federal solution can be solved by selective solutions at the state level. He then pointed to his own state and to South Dakota, which already have approached the DIDC with initiatives tailored to their respective states' needs, initiatives, he added, that would not do violence to the safety and soundness of their thrifts. Other states, he added, are contemplating similar initiatives, and many more would take steps best suited to their citizens' needs if they thought they had a chance to get DIDC approval.

"States are doing their part," he concluded, "and ask the DIDC to remove the shackles now keeping state initiatives from serving their citizens."

'Hurry Up' Bank Sign Order Completed in Record Time

"Dear Federal Sign. We need 375 new signs in 30 days. And we need them installed at 50 locations. And we need old signs removed."

That was the gist of an order given to the sign manufacturer by InterFirst Corp., Dallas-based HC in mid-March. The HC had just changed its name.

To get the job done on time, Federal Sign utilized 73 vehicles to accomplish both dismantling of old signs and installation of new signs. Three of the firm's major production facilities were pressed into service to meet time restrictions.

The new signs were up by mid-April!

Ideas to Strengthen Farm Economy Submitted to Ag Dept. by ABA

A LIST of recommendations and policy considerations that the ABA believes can help improve and strengthen the farm economy and certain Farmers Home Administration (FmHA) programs has been submitted to Agriculture Secretary John R. Block by the ABA.

Meeting with Secretary Block recently were Michael E. Fitch, vice president, Wells Fargo Bank, San Francisco, and Alan R. Tubbs, president, First Central State, DeWitt, Ia., executive-committee members of the ABA agricultural bankers division.

Secretary Block was told that commercial bankers are concerned about their farm customers and are eager to work with the department and others from the private lending community to find solutions to farmers' problems.

Although bankers have not noticed a rash of bankruptcies or forced liquidations, they are seeing an increase in the number of voluntary liquidations of farm operations. The answer is not more loans, but improved income, the bankers said. They also recommended development of foreign markets for U. S. farm commodities.

The ABA's recommendations are as follows:

- The ABA supports the Administration's basic philosophy and the idea of a reduced budget for the FmHA. Programs that duplicate coverages should be eliminated.
- Interest rates on FmHA loans should not be subsidized because subsidization causes a drain on the overall federal budget. Rates on FmHA direct loans should be based at the cost of money to the U. S. Treasury and allowed to float with the Treasury's cost of funds. Guaranteed loans should be set at a market rate at which no alternative direct-loan program would be available.
- The ABA continues to support the transition from a disaster-loan program to a self-supporting crop-insurance program. The federal crop-insurance program should be implemented expeditiously and on a sound business basis to cover all major crops in every agricultural county of the U. S.
- The FmHA should not be a competitor of the private-lending sector, but act as a lender of last resort for those who do not meet credit standards of the private-lending sector but who have a reasonable chance to succeed under close supervision and extended loan terms.
- In addition, the FmHA should work to eliminate abuses by farmers taking advantage of certain subsidized loan programs primarily by establishing stronger credit-elsewhere standards.
- The ABA encourages the FmHA to provide a greater proportion of guaranteed loans. These loans would be utilized for borrowers in a short-term adverse economic situation, but who have a reasonable chance of success. They can be serviced by private-credit sources to help alleviate heavy demands on understaffed county FmHA offices.
- A graduation program to move farm operators who have succeeded in their operations and are financially healthy from the FmHA to the private-lending sector is supported. This graduation process, however, needs "stronger teeth" to make certain those who can qualify for private credit are moved to that sector.
- To facilitate this graduation process, private lenders are willing to work with these farm operators on a guaranteed-loan basis during a transition period.
- Realizing that many FmHA offices

CORRESPONDENT BANKING. WHO HAS THE KEY TO PROFITABLY APPLYING YOUR IDLE FUNDS?

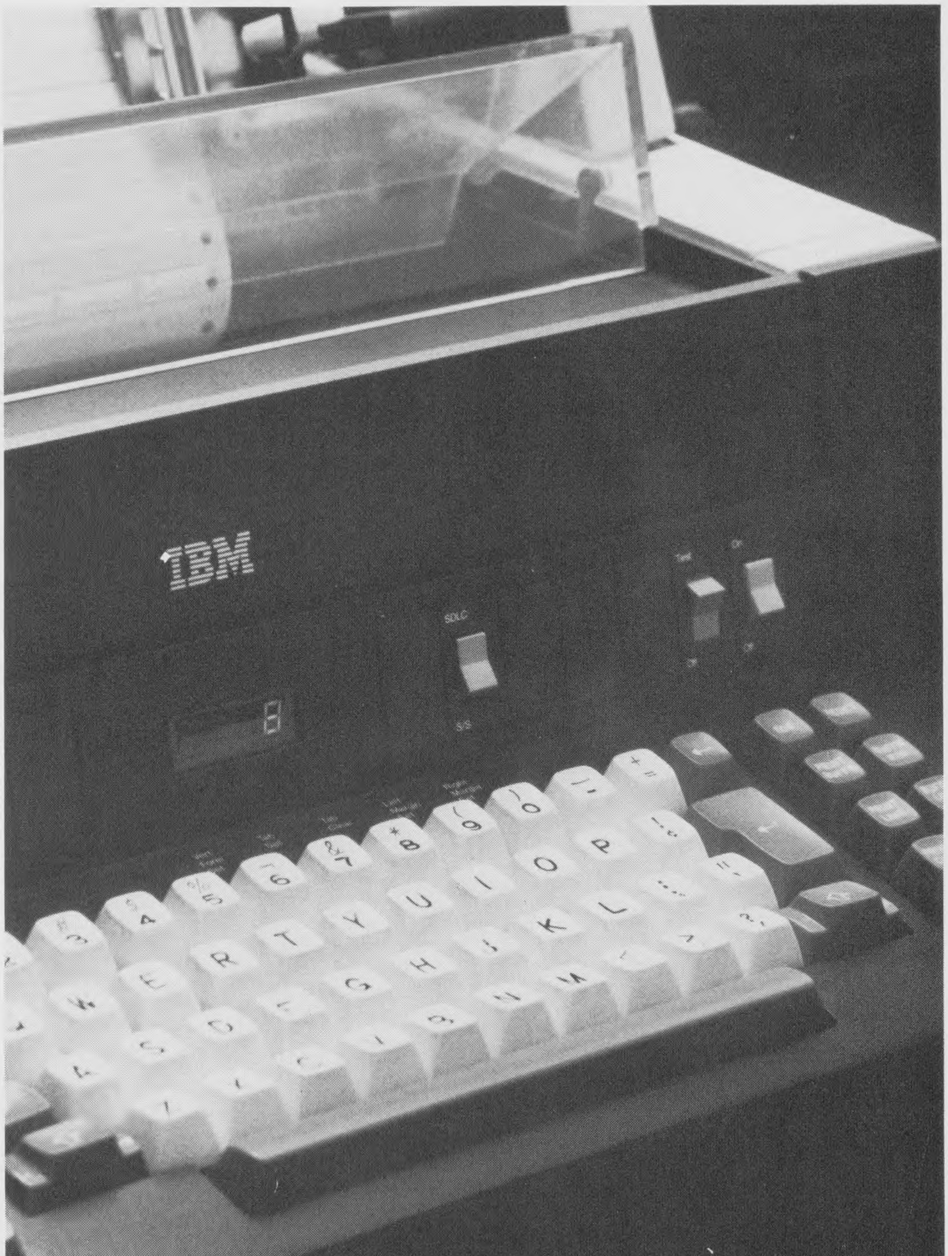
At Fourth, correspondent banking is advanced, high-speed communications and computer technology. It's rapid, smooth transactions when your needs are critical.

It's financial resources. For loan participations. For cash letter services. For quick check clearances. It's having the solid funding to ease your liquidity problems.

It's people. Specialists. Talented professionals who have insight through research on complex federal regulations. Who understand and recognize special needs. Who are committed to building personal, professional relationships.

Correspondent banking. Intelligently applying, through research and technology, your investable funds to produce the maximum return for you.

To us, it's that simple.



FOURTH
NATIONAL
BANK

THE FOURTH NATIONAL BANK OF TULSA
515 SOUTH BOULDER
TULSA, OKLAHOMA 74103
(918) 587-9171
MEMBER FDIC

are understaffed, which delays loan processing for as much as six months, the ABA supports the establishment of a certified-lenders program for the FmHA along the line of the Small Business Administration's (SBA) certified commercial-lender program. The SBA program takes into account a bank's loan volume, portfolio quality and performance with low loan losses.

- The FmHA should work with other lenders in a cooperative effort to simplify and standardize documentation forms for the guaranteed-loan program. An ABA task force is willing to work with the FmHA to bring this about.
- The FmHA should standardize loan criteria utilized by all districts and strive for uniform implementation of policies.
- The FmHA should be more flexible in establishing more realistic procedures in respect to handling the sale of assets, restructuring debt and use of subordinations and assumptions.
- The banking community realizes one way to stretch FmHA resources is utilization of subordinations during certain circumstances. The agricultural banking sector pledges its cooperation to assist by this means.
- The banking community as well as the cooperative farm credit system conduct credit and loan management programs for their constituencies. The ABA encourages the FmHA to pursue a strong training program for its personnel, with particular emphasis on coping with problem loans. ● ●

Agricultural Finance From Lender's Viewpoint Is Subject of Book

"Lending to Agricultural Enterprises," by Thomas L. Frey and Robert H. Behrens. Hardcover, 475 pages, 1981, $30. Publisher: Bankers Publishing Co., 210 South St., Boston, MA 02111.

A comprehensive handbook on agricultural finance was published late last year. It's titled "Lending to Agricultural Enterprises," and its authors, Thomas L. Frey and Robert H. Behrens, wrote it from the lender's point of view. They provide detailed discussions and procedures on such subjects as:

- How to analyze financial statements, calculate repayment capacity and structure loans to different types of farm, ranch and agribusiness operations.
- What legal documents should be used in ag lending.
- How to advise a borrower on business organization, insurance programs and retirement plans.

There are 36 pages of appendices with samples of everything from loan policies and legal documents to a borrowing base certificate. Tables and charts illustrate discussions of topics, which include loan-amortization schedules, the "lend-or-lease" decision and financing the hedger in agriculture. A bibliography and index for locating topics quickly also are features of the book.

Mr. Frey is professor of agricultural finance, University of Illinois, and has B.S., M.S. and Ph.D. degrees in agricultural economics. He also is a certified public accountant and accredited rural appraiser.

Mr. Behrens is vice president/senior loan officer, Commercial Bank, Champaign, Ill., and began his career in 1959 as a loan representative with the Production Credit Association. In 1965, Mr. Behrens moved to commercial banking, where he has been in charge of both commercial- and installment-loan operations and has written policy and procedure manuals. He also has written a book, "Commercial Problem Loans," published by Bankers Publishing Co.

Key Factors Revealed In Selecting a Bank

Free checking is the primary consideration for selection of a financial institution, according to results of a nationwide survey by A. J. Wood Research Corp.

Availability of free checking was the single most frequently mentioned factor, considered important by five out of six respondents and rated as the single most important factor by more than one out of four respondents.

In selecting an institution for a savings account, high interest was by far the key factor, considered important by about half the respondents.

Low interest rates on loans are the most important consideration in deciding where to borrow, with four out of five respondents rating them important and more than two out of five considering them the single most important factor.

Each of these economic considerations, however, pertains only to the individual service. On an overall basis, friendly personnel, capable management and safety/reliability are most important in selecting a financial institution. Physical location serves primarily as a screening device — if a bank is not adequately convenient, it will not even be considered.

Little Bank in Little Town in Big State Has Huge Effect on Its Community

ALTHOUGH people are used to hearing that everything in the state of Texas is huge, the community of Booker, Tex., is an exception. It boasts only 1,200 persons and until recently didn't have a single grocery store.

The same might be said of First Bank, Booker's only bank. When compared with banks in Houston and Dallas, First Bank is pretty small with $90 million in assets (although that's not bad for a community of 1,200!).

But there is one thing about First Bank that is huge — its service to Booker and the surrounding area.

Glen E. Lemon, president/CEO at First Bank, has a philosophy that goes like this: "The future of community banking depends on exactly how effective we are with our customers." Mr. Lemon, who recently was elected vice president of the Texas Bankers Association, is fully aware that "there's more business leaving our communities in the form of money going to money-market mutual funds and other things than we can possibly conceive. It's up to us to exert the effort to get it stopped."

His method of accomplishing his goal for his bank is to determine what the customer of the future really wants. Mr. Lemon thinks this customer will be looking for a bank that serves and cares for its community. "He's going to be looking for the bank that utilizes every available opportunity to compete in offering services that will help his particular asset base grow. He will want a bank that expresses a sincere and genuine interest in him as a customer personally."

And that's the kind of bank Mr. Lemon has in First Bank. The bank has $76 million in deposits, a loan portfolio of about $60 million — $15 million in installment loans and $12 million in agricultural loans. Another $27 million is in the loan portfolio of the bank's agricultural credit corporation, which was set up to make it unnecessary for ag customers to be sent out of town to secure loan funds.

Mr. Lemon's leadership in providing banking services for the community has resulted in the following accomplishments:

- The bank led the way in renovating the downtown area of Booker. Loans at 5% simple interest were offered, which brought the bank a lot of publicity but few takers. According to Mr. Lemon, most merchants had enough money in their checking accounts to remodel their store fronts. "They just needed a plan" to get it done, which the bank provided.
- The bank sponsors an annual agricultural tour to show off outstanding farming activities in the Booker area.
- The bank is responsible for the town getting its only grocery store. It came to the attention of Mr. Lemon that a young man wanted to return to Booker to open a store, but he needed financing. The bank arranged for a Small Business Administration loan. Now residents of Booker can grocery shop in town.
- Another SBA loan was arranged to enable a bank customer to build a meat-packing house, which has since become the largest employer in Booker.
- The bank's lobby has been made into a social center of sorts. Every day there is free coffee for customers and free popcorn every Friday. In addition, the bank has facilities in its lobby for customers to check market prices and commodity futures.
- The bank supports an aggressive student-loan program because Mr. Lemon feels such loans are good investments for the future of Booker and First Bank. The bank has made loans to almost 350 students in the past 15 years totaling about $750,000. All but four loans have been — or are being — repaid.

Glen E. Lemon, pres./CEO, First Bank, Booker, Tex., told about his bank's community service at recent annual convention of Arkansas Bankers Association. Mr. Lemon is v.p., Texas Bankers Association.

- The bank doesn't neglect its personnel. Two or three Saturday retreats are conducted annually to enable bank staffers to participate in planning for the future.
- Officers meet at 7 a.m. every Monday to discuss activities for the week in the bank and the community, such as those sponsored by churches and schools. After the officers meet, the entire bank staff gathers for announcements prior to the bank's opening.
- An organized program encourages outside directors to accompany bank officers on visits to farm customers. Periodic visits are made to all bank customers by all members of the regular board and the development board. The bank maintains a 24-member board of directors and a 22-member development board.
- An annual meeting is held for women who work at the bank. It's open to wives of bank personnel and directors, too. Topics discussed include banking in general and the role of women in banking in particular.
- The bank maintains a management-succession committee composed of eight outside directors divided into four two-man teams. Once a year, a team interviews each bank officer on a confidential basis seeking ideas, suggestions and complaints. The committee makes a no-names report to the CEO.
- Each Christmas the bank hosts a hospitality week that includes refreshments in the lobby and telephone calls by a bank employee to every customer of the bank. Those called are wished a Merry Christmas, are thanked for their business and are invited to stop by the bank for refreshments.
- The bank has gained recognition through concerts given by its 36-member singing group, known as the "Bank Notes." More than 300 concerts have been given in six states in the past 12 years.

These varied services prove that a small bank in a small town in a big state can do big things for its community!

A Four-Bank Project To Improve Area That's Deteriorating

THE Community Reinvestment Act requires financial institutions to help meet credit needs of their communities. However, it doesn't spell out how to do it.

Therefore, Central National of Cleveland, like most banks, has developed its own methods over the years, helping wherever it can to replace community confrontation with community commitment.

The bank's most innovative community program became reality last December. In cooperation with three other Cleveland banks and the Buckeye-Woodland Community Congress, a local neighborhood group, Central National formed the Buckeye-Woodland Community Development Corp. (CDC) in a deteriorating neighborhood on Cleveland's east side. It was approved in February by the Comptroller of the Currency after a finding that the CDC's activities would be "predominantly civic, community or public in nature and not merely private and entrepreneurial," as required by the Comptroller's Interpretive Ruling 7.7480.

Although it is the 10th CDC to be approved since 1978, Buckeye-Woodland is the nation's first multi-bank CDC, according to a Central National spokesperson.

"In addition to meeting the Comptroller's requirements," says Donald C. Reed, Central National vice president and full-time community development officer, "we believe this local business/community partnership represents a positive response to the President's call for the private sector to assume more of the responsibilities traditionally held by the public sector."

Equity Funding. The Buckeye-Woodland CDC is funded by the four participating banks through equity investments totaling $70,000, of which Central National's share is $50,000. The other banks are BancOhio National, Society National and Union Commerce.

The new CDC will operate for profit, but during its first three years, profits will be reinvested in the corporation. Its goal for the first year is to acquire and rehabilitate four deteriorating houses in a four-square-block target area and make them available for resale to community residents. The target area was selected jointly by the banks and community representatives.

A goal for the second year is to complete the necessary research and planning to start a neighborhood-commercial-district revitalization program.

Work on the first house to be rehabilitated began Saturday, April 24, with an all-day "cleanup party." Bank officials pitched in with residents to remove boards from covered-up windows, pick up trash indoors and out and tear down a garage that couldn't be saved.

Community Commitment. In spite of the present condition of target houses, the CDC's sponsoring banks are committed to striving to make affordable, permanent financing available to potential buyers. For this reason, their respective mortgage departments are taking part in the selection and rehabilitation decision-making process. This also gives buyers reasonable prior assurance that the houses, when completed, can support sufficient mortgages.

Four-year data on area house-sales volume and prices indicate that, with careful control of costs, it will be possible to sell the rehabilitated houses at prices sufficient to cover costs and make a small contribution to the CDC's capital.

Although capitalization has been provided by the four banks, the BWCDC truly is a community organization. Its success will depend not only on financial support of the banks, but also on personal involvement of neighborhood residents, businesses and civic organizations.

To that end, the corporation's board is structured to have input from all sectors. Of its 15 members, six represent participating banks; six are from the local community and three from local government. Local members were recommended by the neighborhood group to the stockholding banks for election.

Board members and officers were elected at the corporation's initial organizational meeting in February. Of the five officers, three are from Central National: Douglas E. Price, vice president/manager, branch-banking division, who was elected chairman; Preston K. Gnagey, vice president/assistant controller, elected treasurer, and Mr. Reed, elected executive director. The other two offi-

Bankers and local residents combine their efforts to pull down condemned garage during cleanup party at first house targeted for rehabilitation by Buckeye-Woodland Community Development Corp. Part of house is visible at left.

cers — president and secretary — represent the community.

Representing the other banks on the board are Jerome G. McClain, vice president, Society National; Bunn S. Rhea, assistant vice president, BancOhio National, and Robert C. Werner, vice president, Union Commerce.

Representatives of the local community include homemakers, the owner of a small diner and the president of a large auto dealership. Three Cleveland councilmen represent the public sector.

The board retained a local housing consultant, who had helped select the four target houses, to train corporation staff members in housing-rehabilitation techniques. Three committees were formed to help the board and to help achieve even more widespread community involvement: *community advisory*, made up of neighborhood residents, clergymen, educators and businesspeople; *technical advisory*, made up of volunteer experts from such fields as marketing, accounting, law and finance, and *planning*.

> **"We believe this local business/community partnership represents a positive response to the President's call for the private sector to assume more of the responsibilities traditionally held by the public sector."**

Betting on BETI. The corporation shares office space with the Buckeye Evaluation and Technical Institute (BETI) in a building made available by the auto-dealer board member. BETI, established by the Buckeye-Woodland Community Congress early this year, is a nonprofit organization providing assistance with market research and neighborhood-outreach programs. Eligible to receive tax-deductible contributions and support from foundations, BETI already has received such support from the John Hay Whitney Foundation of New York City.

CDC officials hope that, as skill levels of the BETI staff increase, they will assume full responsibility for rehab-specification writing, contractor selection, job supervision, etc.

Also realizing the importance of BETI's activities to the success of the CDC's first-year plan, participating banks have given financial and other aid, including donations of office furniture and equipment and clerical support.

Some Lessons Learned. Asked for some insider tips of value to other banks going the CDC route, Central National's Mr. Reed says, "We are finding the business of acquiring vacant properties is a lot more difficult than we expected. Some owners can't be located. Some properties belong to speculators who want outrageous prices. Some are 'lost' in governmental mazes. Other CDCs should be aware of this and give it more attention in the planning stages than we did."

Mr. Reed adds that support of a strong, grass-roots neighborhood group is essential to success.

"Without a strong street club to watch over an acquired property, you will be robbed blind or have to spend so much money on fences, dogs and alarms that you'll lose money on every house," he warns. "Extremely tight cost control is vital. As another example, it's easy to add so many 'desirables' to a house that it costs far more than it can be sold for."

Still, the mood at Central National is optimistic, as is shown by this observation by Mr. Price: "Because the Buckeye-Woodland area has relatively few major businesses and a declining housing stock, the CDC could make a significant contribution toward an improved quality of life for people living there. We as bankers must realize that one key to maintaining neighborhoods in communities where we do business is to create financing opportunities for low- and moderate-income residents."

Planning Estates

(Continued from page 22)

For leases to unrelated tenants before death — and for all leases after death — it takes a crop-share or livestock-share lease. It appears that a non-material-participation crop share or livestock-share lease meets the qualified-use test.

• The "material-participation" test requires that the decedent or member of the decedent's family have participated materially in the operation for five or more of the last eight years before the earlier of retirement, disability or death. For a surviving spouse who inherited qualified real property from a deceased spouse, "active management" substitutes for material participation.

The material-participation test thus poses few, if any, problems after retirement *if the material-participation requirement was met before retirement*. Before retirement, it's necessary either to rent the land to a member of the family as tenant (with the material-participation requirement met by the tenant) or to have a material-participation crop or livestock-share lease to an unrelated tenant.

There is a problem at the second death.

Example: Henry Jones retired March 1, 1979, from 40 years of farming and started receiving social security benefits. The farmland was rented to an unrelated neighbor under a non-material participation-crop-share lease. At Mr. Jones' death in 1984, the material participation test would be met — material participation for at least five years of the last eight before retirement. If the land is left to his wife, Mary, who dies in 1986, the question is whether the material-participation test will be met in her estate. As the law stands now, her estate is not likely to be eligible. Her estate must show material participation (by Mary or a member of her family) or active management (by Mary) for five or more of the last eight years before her death. Apparently, active management by Henry from 1979 through 1984 would not count as active management for Mrs. Jones at her death in 1986. Moreover, active management by Mrs. Jones before 1984 doesn't count because she was not a "surviving spouse" (which is required for the active management test) until 1984.

The Technical Corrections Act would solve the problem by allowing material participation by a retired spouse (before retirement) to be "tacked on" to active management or material participation by the surviving spouse to qualify property for special-use valuation in the surviving spouse's estate.

Conclusion. Decisions as to type of lease and decisions on whether to sell or make a gift of property before death are highly important for estate-planning purposes. The message is clear: Rules from the 1981 tax act created opportunities, but it takes planning to convert those opportunities into reality. • •

Wells Fargo Credit Corp. Lance L. Weaver has been named vice president/corporate asset management in this firm's Scottsdale, Ariz., headquarters. He joined the company in 1981 as a product manager. He formerly was a consumer banking officer, Maryland National, Baltimore.

Neighborhood Rehabbing: One Bank's Philosophy

Donald E. Lasater, Ch., Mercantile Trust, St. Louis, outlined his bank's neighborhood-redevelopment philosophy at recent Cities' Congress on Roads to Recovery in Cleveland.

MERCANTILE Trust, St. Louis, has made a substantial commitment to the inner city and the financing of its redevelopment, said Mercantile's chairman, Donald E. Lasater, to attendees at the recent Cities' Congress on Roads to Recovery, held in Cleveland.

According to Mr. Lasater, the bank's area of concentration has been the central core of St. Louis. Reasons for selecting that area include:

- It offers a good mixture of existing commercial and residential structures.
- It provides good existing infrastructure, including transportation networks to the downtown area.
- It's historically the growth corridor of the city — the center of the city's physical integrity.
- It contains inexpensive acquisitions due to blighting.
- It addresses diversified markets, including residential and commercial uses.

Mercantile Trust made its commitment to the redevelopment of the central core area for the following reasons, Mr. Lasater said:

- Mercantile is the largest bank in St. Louis and isn't going to be moving; therefore, it makes good economic sense to assist in the redevelopment of areas surrounding the bank.
- A properly administered program could be a good source of profitable lending opportunities.
- As commercial and residential areas are redeveloped, they attract new business and individuals into the city and, therefore, increase the bank's potential customer base.
- Urban lending helps the bank comply with various governmental regulations, such as the Community Reinvestment Act.

Mr. Lasater said the bank's strategy is to take a leadership role in each area in which redevelopment is going on; to act as a catalyst in each area; to identify leaders in the redevelopment business and support them 100%; to stay informed in all areas and neighborhoods of the city and identify the leaders in these areas; to become involved in the process of city government and become familiar in the ways a local community development agency works; to consider a diversified redevelopment portfolio that includes large residential and commercial projects as well as individual rehab projects and projects of not-for-profit groups.

He added that Mercantile Trust isn't afraid to be creative within prudent lending standards.

Basic techniques and requirements for making sound redevelopment and construction loans in urban areas include the following, Mr. Lasater said:

- Apply and follow all underwriting procedures normally used for construction lending.
- Make every effort to determine the structural integrity of a building.
- Take a long, hard look at the location of the proposed redevelopment.
- Make sure, particularly in larger projects, that a strong general contractor is handling the job.
- Be sure the borrower has the financial stability necessary to support the hidden pitfalls found in these types of projects — pitfalls such as cost overruns, construction delays, slower-than-anticipated market acceptance.
- Encourage the borrower to use an architect who is sensitive to urban neighborhoods and experienced in redevelopment projects.

Whenever possible, Mr. Lasater said, redevelopment projects should be coordinated with the public sector. This permits the maximization of block grant funds that can provide for off-site public improvements such as streets, sidewalks and landscaping. It also permits the use of other available assistance, such as grants for exterior renovation.

He stressed that the key to successful urban development is to tailor development strategies to the peculiarities of the existing stock, leadership, market and geographic characteristics and political environment of each area rather than attempt to impose a solution on an area.

Mr. Lasater described Mercantile's participation in various redevelopment projects in St. Louis:

- *Lafayette Square*. The bank has made hundreds of loans totaling more than $4 million since 1976 in this area of once-elegant mansions that had deteriorated. Property values have risen from the $500 that would purchase almost any shell building in 1976 to more than $90,000 for rehabilitated homes in 1980-81.
- *Soulard*. Mercantile has financed a number of home-owner rehabs in this neighborhood, but the largest impact has been from financing a single developer who renovates investment property on a scattered-site basis. Rentals have gone from an average of $80-$100 per month to from $250-$425 per month in rehabbed structures.
- *Hyde Park*. Mercantile has made or commited loans to rehab more than 60 units of Section 8 housing in this neighborhood. Mercantile formed a community development corporation designed to stimulate interest in the neighborhood through a professional marketing, research and information program.
- *Pershing Land*. With Mercantile's financing assistance, about 1,000 rental units have been rehabbed; several former apartment buildings have been converted to condominiums and 100 duplex units are planned as the first new subdivision within the city in 50 years. Commercial development also is underway. ● ●

New Twist to Corporate Giving Developed by American Express

CORPORATE giving is something most banks are locked in to. Benefits include publicity for the bank and improvement of the bank's community as a desirable place to live and conduct business.

But recent economic conditions have put the squeeze on corporate profits and, often, on a bank's ability to contribute to various civic organizations that depend on donations for their existence.

This situation prompted management of American Express to come up with a new angle on corporate giving — one that enhances the donor's bottom line rather than reacting adversely on it.

The concept is to donate a portion of a firm's increased profits due to new business generated by a campaign to support one or more cultural or civic activities.

For instance: American Express donated more than $100,000 to an organization that runs Mount Vernon, home of the nation's first President. And, in making the public aware of its support for Mount Vernon, American Express originated a substantial amount of advertising in the local media that served to focus attention on Mount Vernon and its need for financial support, as well as for American Express products.

Early this year, American Express announced what it termed "a major new program combining marketing with corporate philanthropy, designed to assist worthy causes facing inflationary costs and funding cutbacks." The program provided customers of American Express with an opportunity to help raise funds for Mount Vernon by using their American Express cards or purchasing American Express travelers cheques.

The firm announced that a donation would be given to Mount Vernon for each American Express card transaction taking place in the Washington, D. C., area for a three-month period.

"The company expects that Washington-area residents, visitors and businesses will help American Express raise considerably more than $100,000 for Mount Vernon," said Louis V. Gerstner Jr., vice chairman at American Express. "And we intend to support this effort with a substantial amount of advertising, both for Mount Vernon and for American Express."

Major businesses in the area launched joint promotions in response to American Express' initiative.

Here's how the plan worked: Three cents was donated each time an American Express card was used in the area; $2 was given for each resident whose application for a new American Express card was approved during the campaign; 5¢ was donated every time American Express travelers cheques were purchased.

Ads announcing the program told the public that contributions by American Express would help keep down the cost of public admission to Mount Vernon. "Our donation will go toward further development of the two-century-old estate, until now supported solely by admission charges to visitors and private contributions, with no government funding of any kind," Mr. Gerstner said.

Ad promotes sales of American Express travelers cheques in Washington, D. C., area to support Mount Vernon, home of George Washington. Ad lists all financial institutions in area selling cheques. For three months, American Express made donation to Mount Vernon whenever cheques were sold.

One of the ads promoting the program featured the names of every financial institution in the Washington, D. C., metropolitan area that offered American Express travelers cheques. The catchy headline for the ad read: "Be a pillar of Mount Vernon. Buy some American Express travelers cheques."

"Giving by corporations is not a new phenomenon," said William M. McCormick, president, American Express Consumer Financial Services Group. "However, American Express was looking for new ways of contributing to worthwhile local enterprises, given the cutbacks in both private and public funding, and in view of escalating costs that affect nonprofit institutions as much as commercial enterprises. The use of marketing dollars by major companies to both support local causes and build businesses could be a much-needed new source of funding for worthwhile causes of all kinds."

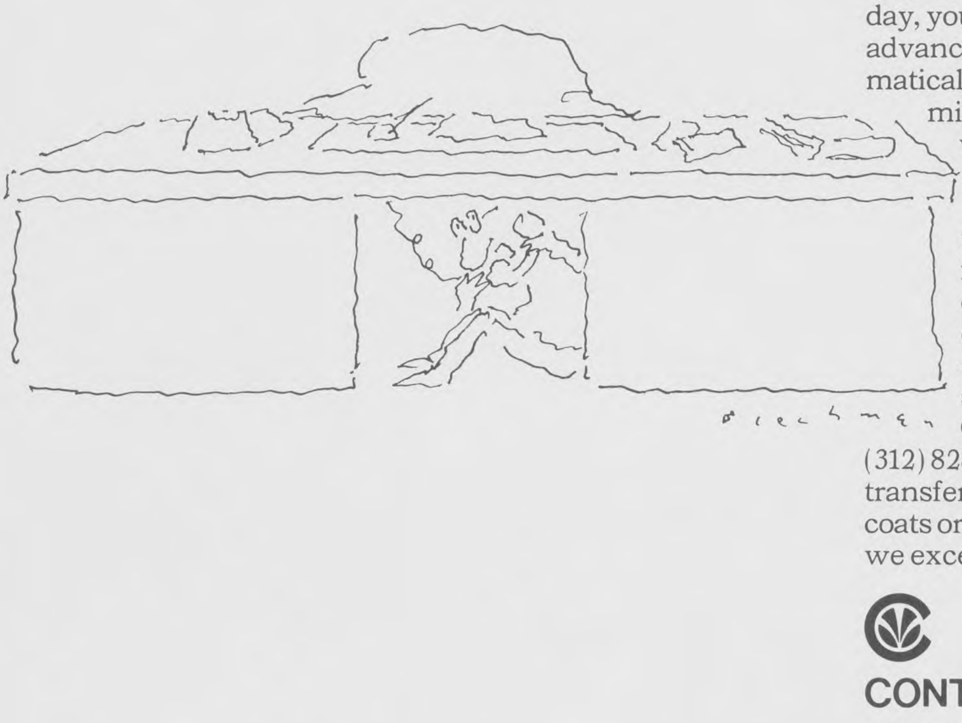
The success of American Express' corporate-donation program has prompted the firm to conduct programs in other areas of the nation.

Three programs were conducted in Texas recently. One in Houston netted $89,000 for the Theatre Under the Stars. The Dallas Ballet received $104,000 and the Museum of Art in San Antonio benefited by a $41,000 donation.

Five programs were conducted in California, with the most successful resulting in a donation of $108,000 to the Neighborhood Arts Program/Festival in San Francisco. The donation enabled the festival to continue its operations.

American Express recently concluded a program in St. Louis to assist the Arts and Education Council of Greater St. Louis. Newspaper, magazine and TV ads explained the program, complemented by point-of-purchase advertising in restaurants, hotels, retail shops and department stores. A $65,000 donation resulted. In addition to the types of new business mentioned earlier in this article, the St. Louis program included donations for doing business with Shearson/American Express: a $1 contribution for each commissionable transaction and $5 for every new account opened.

We're blowing our cover on wire transfers.



All banks transfer money. But nobody talks about it. It's one of those quiet, ignored sort of services. We think it's time wire transfer got the limelight it deserves.

Each year we transfer upwards of 10 trillion dollars. So wire transfer is certainly important to us. And it's important to you, too. Delayed transfers mean delays in your investments.

Fast is what you want. And with us, you'll get it. We can make transfers at supersonic speed. You may call it magic. We just call it progress. But actually it's called electronic transfers.

Not only are they faster, they're more convenient. Instead of spending hours on the phone each day, you can authorize transfers in advance. They'll be handled automatically. Electronic transfers can minimize your aggravation while maximizing your efficiency.

Whether you choose the electronic mode of transfer or the traditional phone or mail, you can be sure we're over-cautious about errors, absolute sticklers about security.

Call E. Gerald Gale at (312) 828-6781. And ask about wire transfer. We may not wear trenchcoats or carry cryptic decoders, but we excel at this secret service.

CONTINENTAL BANK

125th ANNIVERSARY

Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60693

Atlanta • Chicago • Cleveland • Dallas • Denver • Detroit
Houston • Los Angeles • Minneapolis • New York
San Francisco • Seattle • White Plains.

Million-Dollar Loan-Fund Sale Boosts Economy of Bank's Area

ONE MILLION dollars have been invested in the economy of Ida Grove, Ia., by Ida County State. And the payoff for the bank's trade area is expected to be about $5 million, considering retail-dollar turnover.

The bank made its investment in an unusual manner — it offered the funds in the form of loans bearing a 10% rate! The program was launched early in February and was advertised to continue until the $1 million was spoken for, which was estimated to be July 1.

But so many people in the area saw the benefits of low-interest funds that the pot was completely empty by early June.

James Lipton, president of the bank, says there were a few strings tied to the loan funds: Borrowers had to be customers of the bank and had to be credit worthy; funds had to be spent with merchant-customers of the bank; borrowers had to provide the bank with proof of purchase, and a down payment of 25% was required (but items purchased could be used as collateral).

The 10% rate was guaranteed for one year. After that time, it reverts to the bank's variable rate. Loan limits were $7,500 maximum and $100 minimum and loans were in the form of joint checks to buyer and merchant.

Mr. Lipton launched the program because "we were looking for a way to help stimulate our own economy, as well as to assist our individual customers and our retail-merchant customers.

"We hit on this plan because it helped both of those segments of our customer base as well as contributing to the overall benefit of our local economy."

At the time the program was announced, Mr. Lipton commented that the times might not be the best for some people to be incurring debt, "but there are some who must purchase items and goods regardless of current conditions, so we hope this helps them."

He added that the program was expected to cost the bank about $75,000, but the assistance it would provide the bank's customers and the local economy "will pay off in the long run." He said he considers the loan program to be an investment in the future of Ida Grove.

About 300 customers took out loans and the funds were spent among 50 to 60 merchant customers of the bank.

Since Ida Grove is a farming community, the major portion of loans was farm related. The largest amount ($324,865) was used to purchase feed and fertilizer. Another $240,155 went toward the purchase of automobiles; $144,206 was used to buy livestock; almost $100,000 went for machinery; $64,872 was used for home-improvement loans; $47,809 went for seed purchases; $38,572 for fuel and oil; $15,222 for furniture and appliances and $29,034 for miscellaneous items.

One car dealer was so thrilled with the response to the program that he wrote Mr. Lipton a thank-you letter in which he stated the increased business has made it a pleasure to go to work in the morning.

"We feel our program has been a tremendous success from the positive reports we have received from merchants and customers alike," Mr. Lipton says. "This program was just another example showing it *does* make a difference where you bank."

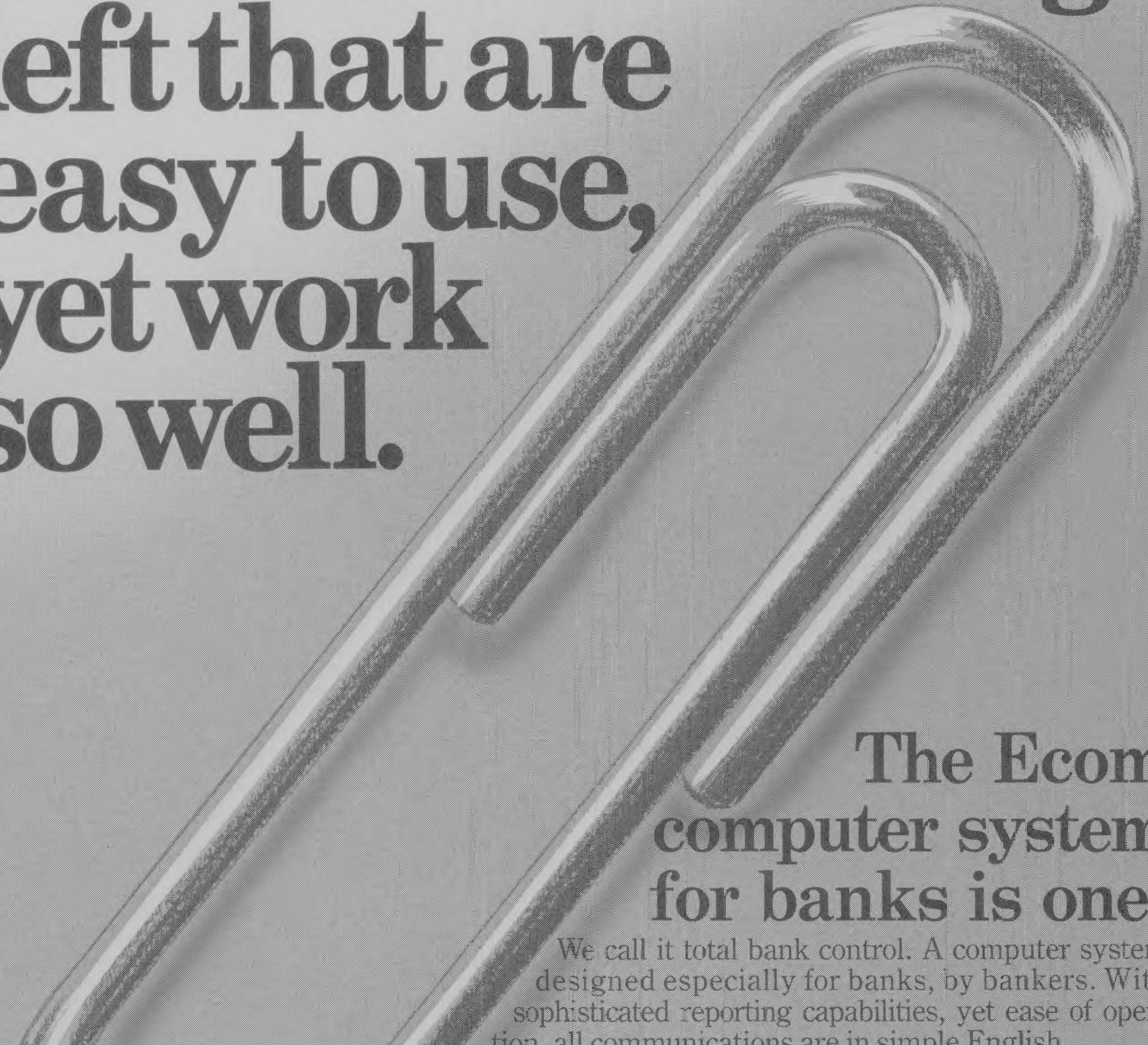
Ida County State had about $50 million in deposits at the end of 1981. It's one of two banks in the community of Ida Grove. ● ●

Ad announced availability of $1 million in loan funds at 10% rate to customers of Ida County State, Ida Grove, Ia. All funds were contracted for within four months.

Toy Banks in Spotlight

Toy banks are not a thing of the past! Chicago City Bank recently assembled this display of antique and contemporary toy banks, some of which were contributed by employees. Customers were asked to select the most unusual bank. The bank employee donating the winning toy received a prize. At the exhibit's conclusion, customers participating in the balloting were eligible for an at-random drawing.

Mr. Bank President, there are few things left that are easy to use, yet work so well.



The Ecom computer system for banks is one.

We call it total bank control. A computer system designed especially for banks, by bankers. With sophisticated reporting capabilities, yet ease of operation, all communications are in simple English.

As an Authorized Digital Computer Distributor we can give you the best of two worlds: hardware from Digital Equipment Corporation, the leading manufacturer of interactive computer systems; and application software and services from Ecom Systems, Inc. Contact Dennis J. Davis, Ecom Systems, Inc., 2500 Mt. Moriah Road, Suite 245, Memphis, TN 38115, (901) 794-5501.

ecom

ECOM SYSTEMS, INCORPORATED

AUTHORIZED
digital®
COMPUTER DISTRIBUTOR

Community Development: *Does It Pay Off for Banks?*

"THOSE banks that are most active in local economic development are very profitable," says a HUD-funded study by the Council for Northeast Economic Action, Boston, an independent, nonprofit research organization.

Following is a collection of articles detailing how banks have been actively working within their communities to develop projects, assist organizations with projects and meet community needs.

Tourism Promoted

What is the tourist worth to a community? Ask any banker located near Table Rock Lake or Lake of the Ozarks (Mo.), and he'll probably say, "He's our best crop!"

But to the entire state of Missouri or cities like St. Louis and Kansas City, the tourist dollar often is overlooked in favor of a new manufacturing plant or an expansion of other industry.

Richard Ford, president of Centerre Bank, St. Louis, stated recently that "tourism is more than a visitor coming to town, eating in a restaurant and staying in a hotel. All business benefits from a thriving tourism and travel industry," he noted.

That's why his bank focused on tourism last year in its annual economic development program. At that time he stated: "Few people realize that tourism ranks as one of Missouri's top three industries." He noted that travelers spent $3.9 billion in Missouri (1980), generated $117 million in state tax revenues and $47 million in local tax receipts.

As part of its annual economic program, Centerre Bank (formerly First National) brought together representatives of all facets of the tourist industry to gain widespread support of statewide opportunities afforded by the tourism industry.

In one of its previous economic programs, Centerre Bank focused on port development on the St. Louis riverfront. St. Louis is second only to New Orleans in total economic activity as a Mississippi River port.

Playlets for Louisville

Involvement in the arts is important at Louisville's Liberty National. The bank joined in partnership with Actors Theatre this year to produce the "Liberty Mini Fest," a group of playlets, each five to 10 minutes long, that were performed at many locations throughout the city in May. The project proved to be an innovative way to introduce theater arts to the community. Pictured are two actors performing one of the playlets, to the delight of Liberty National's Chairman Frank B. Hower Jr.

Toning the Muscles

The first annual "Corporate-Fitness Week" was sponsored recently in Chicago by Continental Bank. Displays and lectures on health-related topics were held throughout the week.

Sixteen other Chicago-area corporations participated in activities designed to promote the concepts of health and fitness among employers and individuals.

During the week, business and health-related agencies encouraged individual and corporate participation in fitness programs and promoted awareness among healthy employees of the tangible benefits, which include lower medical and insurance costs, decreased absenteeism and increased productivity and job satisfaction.

The week's activities culminated with the first annual corporate 6.2-mile race, which attracted more than 300 runners.

Continental Bank's medical director, Dr. Joseph C. King, said, "We are hosting this first-time event because we feel that employees involved in health-related programs are more fit, will ultimately do a better job and also live longer."

Cowtown Run Attracts 3,500

Marathons are for runners and banks are for money. So what's a major downtown Fort Worth bank doing sponsoring one of the area's top marathons?

Generating a lot of support for the community, say officials at Fort Worth National. The bank was one of the sponsors of the annual Cowtown Marathon and 10K Run early this year. The bank has been involved in the run since its inception four years ago and involvement among bank personnel is almost total. Employee involvement is one of the unexpected benefits the bank gains from marathon sponsorship.

More than 50 employee volunteers signed up to assist during this year's race. They served as course monitors, working registration booths and helping in first-aid stations. Some also served as volunteer committee chairmen.

As a sponsor, the bank helps pay for advertising, T-shirts, salaries for off-duty police and the grand prize — a trip to the Boston Marathon.

The bank values its exposure within the community and across the country. "Our contribution is helping make Fort Worth a better-known place and bringing outside people into the city," said a spokesperson. About 3,500 participated in this year's race, coming from every state in the U. S.

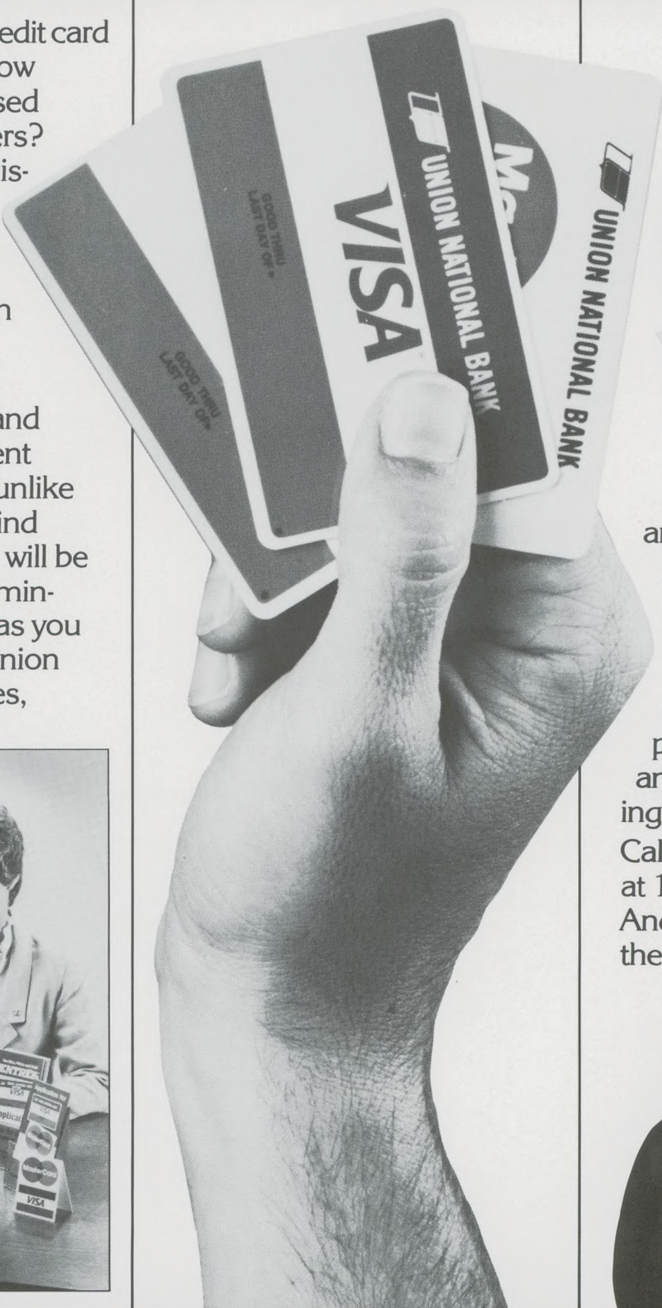
(Continued on page 48)

HOW TO WIN AT CARDS.

CHOOSE UNION FOR YOUR PARTNER.

Why switch credit card partners? How about increased profitability, for openers? We offer substantial discounts which, alone, should warrant your immediate interest. But, that's not all Union has to offer.

We'll help set up your credit card program and advise you to any extent you desire, however, unlike relationships of this kind with other banks, you will be free to design and administrate your program as you see fit. Additionally, Union will provide all supplies,



brochures, plastics and sales training support.

Many more profitable benefits to yourself and your customers are afforded by Union's advanced credit card processing technology and superior data processing capability.

Call Ralph McMaster soon at 1-501-378-4322.

And we'll put our cards on the table.

Union National Bank of Little Rock

Community Development (Continued)

So Proudly They Wave

Encouraging citizens to fly the American flag is a priority at Republic Bank, Tulsa. The bank recently kicked off its third annual "Fly Your Flag" campaign by donating 25 U. S. flags to Tulsa nursing homes and a historic Betsy Ross flag to a local American Legion post.

In addition to the new nylon 3x6-foot flags, packets containing flag pins, "I'm proud" bumper stickers and booklets on U. S. presidents were given to nursing home administrators to take to their residents.

"We feel strongly that senior citizens who are bedridden should be able to take part in flying our American flag and appreciate as much as anyone the true meaning of patriotism," said bank President R. R. Bastian III, when the flags were presented.

A year ago, the bank donated 31 flags to Tulsa fire stations.

Republic Bank donated the Betsy Ross flag to the American Legion post's permanent collection of historic flags. The collection was on exhibit at the bank for a month prior to the Fourth of July holiday.

Calling all Good Citizens

Searching for a community's good citizens can be a formidable task, but with the help of various community residents and officials, Planters Bank, Salina, Kan., had no trouble compiling a roster of worthy individuals as candidates to receive its Good Citizenship awards for 1982.

Nominations were solicited early in May by a selection committee consisting of representatives from the mayor's office, a civic organization, the local media and the bank. There was no shortage of worthy nominees nor of appreciative Salinans who took time to write nominating letters.

The award fund was established through a $10,000 trust fund contributed by the bank in 1976. Interest earned on the fund is used for the cash awards each year. The $1,500 available this year was divided three ways and winners' names were engraved on a commemorative plaque honoring all recipients. The plaque hangs in the government center.

A Worthwhile Fire?

At first it was a disaster — when the historic Wort Hotel burned in Jackson Hole, Wyo. — but the fire may have been a blessing in disguise! The 40-year-old hotel has been restored, upgraded and now meets current building-code requirements.

Original efforts to reconstruct the damaged structure were frustrated by persistent financing problems until First Wyoming Bank of Jackson Hole facilitated the purchase of $4.1 million of industrial revenue bonds.

Initially, hotel reconstruction was to cost $3.25 million, but as plans changed, the cost increased to $4.1 million. It was then that First Wyoming Bank and other affiliates of Wyoming Bancorp., the state's largest multibank holding company, stepped into the picture.

Now, in addition to having covered costs of the hotel restoration, the bond issue also provided for construction of a convention center. The center and the hotel now will attract more visitors to Jackson Hole as well as provide meeting rooms for local organizations.

Military veterans will remember that old warning: "Fire in the hole!" Looks as though this time a fire in Jackson Hole paid off!

Bears Cheer Kids

Children patients at three hospitals in Oklahoma City were cheered by the arrival of six-foot teddy bear gifts early this year. The bears were donated by Liberty National, Oklahoma City. They had been on display at the bank in connection with a premium offer. Shown delivering a bear to a happy patient are Latricia Harper (l.) and Linda Moore, bank officers.

Promoting Awareness

"What I Plan to Contribute to My Community in My Lifetime" was the ambitious title of 100 essays submitted in a recent competition for high school seniors sponsored by Lincoln National, Fort Wayne, Ind., in cooperation with a local radio station.

Five finalists were selected, each receiving a $100 scholarship award. One of the five subsequently was awarded a $2,500 scholarship.

Purpose of the competition was to promote awareness and scholarship in the young people of the greater Fort Wayne community. Judging was by a panel of educators.

Gathering the Yen

How would your bank's staff react to an influx of customers from a country halfway around the world — customers whose mannerisms and customs were alien to Americans? Chances are, many employees wouldn't know how to act and the bank would run the risk of insulting its new-found customers.

When Murfreesboro (Tenn.) Bank acquired a $25-million annual payroll account for a new Nissan auto plant being built in the area, it commissioned a local farmer whose wife is Japanese and who once worked for the State Department in Japan to sensitize employees to Japanese customs.

The bank also arranged home mortgages for some of the 70 Nissan executives and supervisors who were overseeing the auto plant's construction.

The plant is located in Smyrna, Tenn., but Murfreesboro Bank just happened to have opened a branch that turned out to be the nearest bank to the plant site. It was a lucky break for the bank, admits bank Chairman Jack O. Weatherford, but subsequent moves by the bank to provide needed financial services to Nissan personnel were based on sound planning.


This is
Wheat
Country
"Kansas has earned world-wide reputation as the producer of high yield quality wheat.
Hutchinson National Bank and Trust Company has earned the reputation as the professionals in Correspondent Banking.
So, when it comes to Grain Drafts, call the specialists at Hutchinson National Bank and Trust Company."
Dean Johnson
Dean Thibault
Dru Richard
Hutchinson National
bank and trust company
ONE POLARIS PLAZA, HUTCHINSON, KANSAS
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

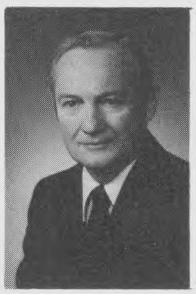
DIDC, Sales-Training Techniques On Tap for Kansas Regional Meetings

Six-Meeting Schedule Will Begin September 21 in Dodge City

FEDERAL regulating bodies and sales techniques will be spotlighted at next month's regional meetings of the Kansas Bankers Association. Final program arrangements were not complete at presstime. The meetings will be held from September 21 to 29.

Format will be similar to that at last year's meetings. Each regional will begin with a county agricultural key-banker luncheon, beginning at 11:30 a.m. Registration will begin at 1:15 p.m. and the general sessions will run from 2 to 5:15 p.m.

Regional vice presidents will preside at the CEO sessions. Principal topic at these sessions will be the inaction of federal regulators, specifically the Depository Institutions Deregulation Committee (DIDC). This body, established by Congress to deregulate banking, has been severely criticized by bankers for not coming up with products bankers can use to compete with money-market funds. KBA President John G. McNay, president, City National, Pittsburg, is expected to take part in these sessions for CEOs.



McNAY

The middle-management and supervisors' session will be presided over by regional secretaries. A program will be presented by Hay Training Co., Philadelphia, that will cover sales techniques for bankers, customer-oriented product knowledge information and how to make effective business-development calls.

Following the general sessions will be a refreshment break, then the social hour, then the annual banquet. Banquet speakers will be Newt Hielscher and Robert Henry. Both are humorists with messages. Mr. Hielscher will speak at regions One, Two and Four and Mr. Henry will appear at regions Three, Five and Six.

Regional Calendar

September 21 — Region Six — Dodge City — Dodge City Community College.
September 22 — Region Five — Hays — Fanchon.
September 23 — Region Three — Manhattan — Kansas State Student Union.
September 27 — Region Two — Chanute — Neosho County Community College.
September 28 — Region Four — Wichita — Century II.
September 29 — Region One — Lawrence — University of Kansas Student Union.

Schedules, names of regional vice presidents and secretaries of the KBA regions are:

Region One, September 29, afternoon session and banquet, University of Kansas Student Union, Lawrence; regional VP, Jerry Bredwell, president, Commercial State, Bonner Springs; regional secretary, Dennis Meyer, executive vice president, Patrons State, Olathe.

Region Two, September 27, afternoon session, Neosho County Community College, banquet at VFW Hall, both in Chanute, regional VP, W. G. Bodley, president, Bank of Commerce; regional secretary, Paul Viets, president, Citizens National, Independence.

Region Three, September 23, afternoon session and banquet, Kansas State University Student Union, Manhattan; regional VP, David Fowler, president, First State, Burlingame; regional secretary, Jeffrey J. Holmes, president, Riley State.

Region Four, September 28, afternoon session and banquet, Century II, Wichita; regional VP, W. Newton Male, chairman/president, Prairie State, Augusta; regional secretary, Don Grimood, chairman/president, Segwick State.

Region Five, September 22, afternoon session location to be announced, banquet to be at the Fanchon, Hays; regional VP, Jean Noel Jr., chairman/president, First National, Glasco; regional secretary, R. D. Jones, president, Farmers National, Oberlin.

Region Six, September 21, afternoon session, Dodge City Community

Regional Vice Presidents


MALE


FOWLER


BREDWELL


BODLEY

College, banquet at Holidome Convention Center, both in Dodge City; regional VP, Keith Scott, president, Valley State, Syracuse; regional secretary, Boyd Mills, executive vice president, Home State, Lewis.

Jerry Bredwell, VP of Region One, entered banking in October, 1967, at Ranchmart State (now First Continental), Overland Park. He joined Commercial State, Bonner Springs, as president, in March, 1977. He also is CEO.

W. G. Bodley, VP of Region Two, has been a banker since May, 1958, and has been at Bank of Commerce, Chanute, since that time. He began his career as vice president and was named chairman in March of this year.

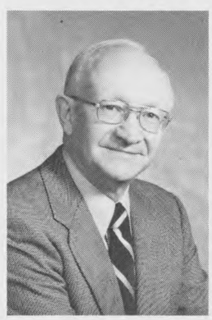
The banking career of David Fowler, VP for Group Three, goes back to 1943, when he joined Home State, Arcadia. He became an assistant national bank examiner in 1958 and joined Metcalf State, Overland Park, in 1962. He was named cashier/director at First State, Burlingame, in 1964 and has been president/director since 1974.

W. Newton Male, VP for Group Four, joined Boulevard State, Wichita, in 1953 to begin his banking career. He joined Prairie State, Augusta, in 1960 as cashier, was named president in 1978 and chairman this year.

Jean Noel Jr., VP for Region Five, began his banking career with First National, Topeka, in 1970. He joined First of Glasco in 1976 as executive vice president.

Keith S. Scott, VP for Region Six, joined his present bank, Valley State, Syracuse, in 1958 as cashier. He was named president/CEO in 1971. • •

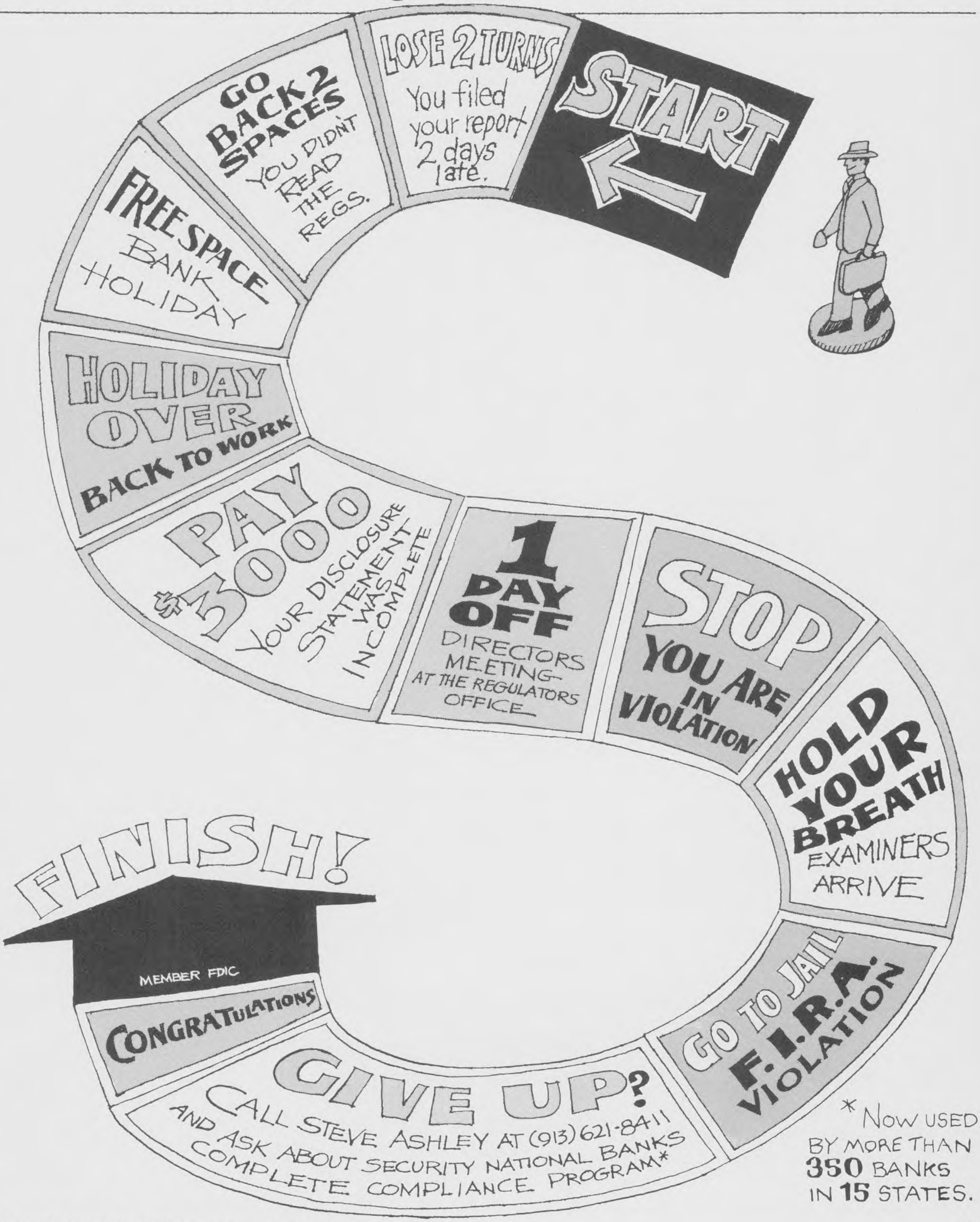
M. Max Dickerson Dies



M. Max Dickerson, 67, v.p. and head of the correspondent banking department, Commercial Nat'l, Kansas City, died suddenly of a heart attack July 6. He joined the bank in 1958 after having been a county agricultural agent for Stevens, Leavenworth and Brown Counties. He was a director of the 4-H Foundation and a former pres., Kansas Association of Bank Agricultural Representatives. Mr. Dickerson also was on the boards of Kendall State, Valley Falls; Edwardsville State; Hoxie State and Decatur County Nat'l, Oberlin. He was a member of the board of governors of the Agricultural Hall of Fame in Bonner Springs.

COMPLIANCE

The new board game for bankers that will test your nerve in a battle for survival in the Regulation Jungle



* NOW USED BY MORE THAN 350 BANKS IN 15 STATES.

Demand for Financial Executives Rises Slightly in Second Quarter

DEMAND for executives in the financial-services industries rose slightly to 28% of the national executive demand in the second quarter of 1982, according to Korn/Ferry International's 42nd quarterly National Index of Executive Vacancies. This represents an increase of 1% from last quarter and an increase of 2% over the same quarter last year.

"The demand for financial executives in both the East and the West is significant," said Windle B. Priem, managing director of Korn/Ferry's financial services division. "Financial executives in such areas as corporate finance, mergers/acquisitions and bond trading — areas that are income-generating — are in higher demand than, for example, loan officers. There is also a need for corporate financial executives who are able to assess a corporation's financial position and spending and to guide it carefully in recessionary times."

Nationally, corporations sought CEOs at record levels during 1982's second quarter. CEOs accounted for 16% of total executive demand, double the 8% of the year-ago quarter.

"Boards are moving aggressively to protect corporate assets and profits during this recessionary period by removing executives who are not performing and seeking proved top managers," reported Lester B. Korn, chairman, Korn/Ferry. He said that a high rate of turnover in the top ranks of U. S. corporations can be expected to continue over the next quarter, with many executive posts remaining unfilled.

The National Index of Executive Vacancies is based on a quarterly survey of Korn/Ferry's 750 clients, said to be among the nation's largest corporations and nonprofit organizations such as universities and government agencies.

General managers continued to be the executives most in demand during the second quarter, with 27% of the total, up from 25% for the same quarter last year. General managers historically compose the largest category of executives hired each quarter, but more are recruited during recessionary periods than during expansionary times, according to Mr. Korn.

Financial executives were in second place with 17% of demand, down from 23% in last year's second quarter.

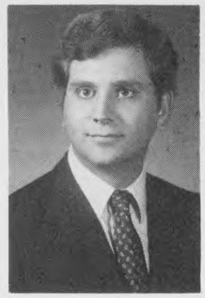
Demand for marketing and for sales executives slid from 21% last year to 16% in this year's second quarter. "This trend indicates that most firms today are protecting current share of market while holding back on expansion of new-product introductions and geographical expansion," Mr. Korn stated.

The intensely competitive financial services industry sought the greatest number of executives during the second quarter with 28% of demand. This group, which includes commercial banks, insurance firms and brokerage companies, is aggressively hiring senior executives to direct expanded product and marketing activities, Mr. Korn said. And international banks are recruiting American managers to enlarge their U. S. business.

The East increased its lead in executive hiring during the second quarter with 36% of demand, up from 32%. The West also gained, going from 30% to 35%. The Southwest remained stable at 11%. The Midwest dropped slightly, from 18% to 15%, while the Southeast suffered the greatest decline, sliding from 9% to 3%. • •

John J. Mallon, president, Hastco Engineering/Construction Co., Inc., has been elected to the board of Admire Bank, Emporia.

Eldon L. Green has joined Iuka State as vice president/loan officer. He formerly was loan officer/security officer, Peoples Bank, Pratt.



LONGMIRE

Robert H. Longmire has joined Kansas City's Commercial National as marketing director. Most recently, he represented sales/promotion areas for Oceans of Fun, where he moved after serving in the marketing department of Worlds of Fun. He is a lifelong resident of Johnson County.

Duane A. Lankard has been named correspondent bank representative/agricultural and correspondent banking, Merchants National, Topeka. He was graduated cum laude with a B.S. in agricultural economics from Kansas State University in May.

Fidelity State, Topeka, has elected two new assistant cashiers — June Blush and Phyllis Garbisch. Mrs. Blush is teller supervisor at the main bank and in charge of the CD function there. Mrs. Garbisch is supervisor/item processing department.

ATM Transactions Highest At College-Campus Sites

Do college campuses make good sites for ATMs? According to the people at Marine Midland Bank, New York, they do.

Of the 28 busiest ATMs in the bank's 115 machines statewide, 15 are in or adjacent to private or state educational institutions.

The bank's market surveys show that many students never use checks, preferring to use ATMs for withdrawing or depositing money and keeping track of their balances, says Paul E. Ruch, executive vice president in the bank's national retail banking division.

The bank recently recorded its first one-million-transaction month in its ATM network.

THE COMPETITION IS COMING!
THE COMPETITION IS COMING!

TheFourth IV

YESTERDAY'S CUSTOMERS ARE BECOMING TODAY'S COMPETITION.

TheFourth IV

IF IT'S NOT ONE THING, IT'S ANOTHER.

TheFourth IV

IT'S OPENING YEAR FOR A BRAND NEW SHOW.

TheFourth IV

PUSH IS COMING TO SHOVE.

TheFourth IV

EVERY BANKER FOR HIMSELF JUST DOESN'T WORK ANYMORE.

TheFourth IV

RUNNING AHEAD OF SCHEDULE.

TheFourth IV

SAILING IN "UNCHARTERED" WATERS.

TheFourth IV

TOMORROW HAS ARRIVED.

The evidence is everywhere.

But it's most apparent with the new attitude of your customers, as they look for additional expertise and new dimensions in financial services.

And if you don't meet the challenge, others will try. Because the rewards are great and deregulation has made it an open ballgame with formidable competition. Including savings and loans, stock brokers, credit unions, finance companies and even national retail chains.

Without question, everybody wants a piece of the action. But you still have a leg up, because research shows that customers continue to place their greatest confidence in a bank.

But to stay ahead you must stay up. And one clear way to incorporate the required technology, innovations and programs into your operations is a strong correspondent relationship with the biggest, strongest bank in Kansas.

All it takes to put The Fourth to work for you is a call to Joe Stout, Tom Potter, Wayne Becker or Pam Rubin.

And do it quickly. Before today turns into yesterday.

YOUR FUTURE IS AT THE FOURTH

IV

THE FOURTH NATIONAL BANK AND TRUST CO.
WICHITA, KANSAS 67201 / (316) 261-4441
MEMBER FDIC

In Gulfport, Miss.

15-Story Structure Opened; New Home for Hancock Bank

15-story Hancock Plaza is said to be tallest building between New Orleans and Mobile, Ala. Park-like area features pool, benches. 400-car garage adjoins building.

THE TALLEST structure between New Orleans and Mobile, Ala., and the tallest coastline building between Port Arthur, Tex., and Tampa, Fla., was opened in Gulfport, Miss., recently as the new home and headquarters of Hancock Bank.

The $15-million, 15-story One Hancock Plaza is located in the heart of downtown Gulfport and houses a ground-level shopping area, banking facilities and offices through the seventh floor, with nonbanking office space on the upper floors. The top floor is reserved for a restaurant and private dining club.

The building is constructed on pilings driven to a depth of 100 feet. It stands 206 feet above ground level and covers a gross area of 249,200 square feet. More than 12,000 cubic yards of concrete and 1,280 tons of reinforcing steel were used in the superstructure. The building contains 1,103 windows.

Mexican travertine marble was used for walls and floors on the first, second, third and seventh floors. Indicot brick, Italian marble strips and blue-chip marble terrazzo were used in the first-floor mall area.

One Hancock Plaza's many design features include an abstract outline of the Mississippi Gulf coastline from Hancock County to Jackson County. The design is carried thematically from an outside courtyard through a ground-floor lobby area.

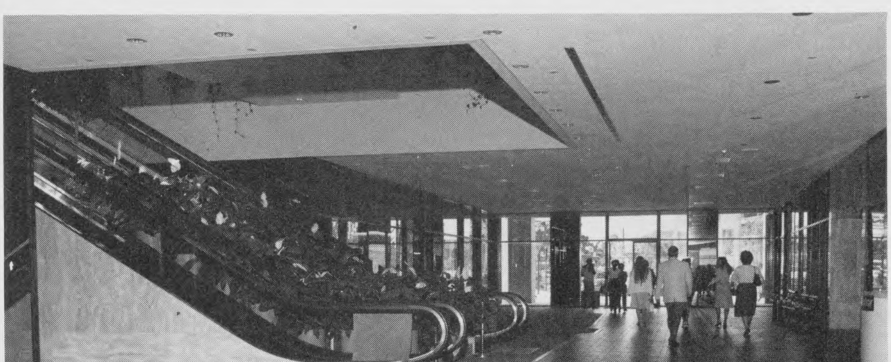
The first piling for the structure was driven in June, 1979. Topping-out ceremonies were held in October, 1980. The bank began moving into the new building last November and by the end of December all departments had been relocated from the bank's former eight-story home to the new building.

Following recent dedication and ribbon-cutting ceremonies, the bank building was open for guided tours, refreshments, souvenirs and registration for almost $10,000 in cash and merchandise prizes that were awarded during the open-house event.

Open-house activities included a free carnival with rides for children adjacent to the bank property, a series of musical events, an art exhibit and contest, employees' tours of the building, an employee reception and tours for stockholders.

During the open-house weekend, cash drawings were held every five minutes and merchandise prizes were awarded periodically.

Merchandise prizes included 20 popcorn machines, eight personal TV/radio combinations, four ceiling fans, four microwave ovens and two boats. Awarding of a grand prize of an all-expense-paid trip for two to either Mexico or Las Vegas climaxed the festivities. ● ●



TOP: Teller line at Hancock Bank in Hancock Plaza features arched windows, marble fixtures and floor. View is from third floor level down to second-floor-level lobby. BOTTOM: Ground-level shopping plaza provides access to escalators that lead to banking floor on second level.

Federal Sign proudly presents its

CREDENTIALS

The SELECTION OF THE RIGHT SIGN SUPPLIER is critical to—

- **Increase Customer Traffic.**
- **Project Your Best Image.**
- **Assure Enduring Quality.**

Federal Sign has the largest resources and capabilities to satisfy full signage needs. Whether for one location, a regional or national program.

RESPONSIBILITY:
The nation's premier sign company since 1901.

MOST FACILITIES:
Twelve strategically located manufacturing, sales and service locations.

LARGEST NUMBER OF SIGN PROFESSIONALS:
Over 500 employees.

BEST EQUIPPED:
The industry's largest fleet of company-owned service and installation vehicles.

SUPERIOR DESIGN CAPABILITIES:
Large design staff to interpret your needs and desires.

PROFESSIONAL PLANNING:
Comprehensive site survey as only Federal Sign can do it, with complete engineering and marketing criteria.

FAMILIARITY WITH YOUR NEEDS:
With its tens of thousands of successful signage programs, chances are Federal Sign has met challenges similar to yours and has the experience to find the best solution.

FULL LINE ELECTRONIC DISPLAY LINE:
Federal Sign produces and services its own fine line of electronic message systems and time and temperature displays.

IN-HOUSE LEASING PROGRAM:
with its many benefits.

For a free identification "idea booklet," write:
Federal Sign
140 E. Tower Drive
Burr Ridge, Illinois 60521

Or call Toll Free: 800-323-7431

FEDERAL SIGN
Division Federal Signal Corporation

Increase Is Noted In Placement of Grads Of Banking Institute

ST. LOUIS — Fifty-two graduates of the Institute of Banking/Financial Markets at the Business School of Washington University here had accepted positions with 25 different financial institutions as of June 15. So reports Jess B. Yawitz, director of the institute.

This figure, he says, compares with 33 students last year. Among MBAs, 43% of the graduates joined financial institutions. The comparable figure for undergraduates is 48%.

"While we have experienced a large increase in total number of students selecting financial institutions," Professor Yawitz continues, "the fourfold increase in the undergraduate area is particularly encouraging.

According to Professor Yawitz, 41 financial institutions interviewed on campus this year. This was an increase of six over last year. He points out that he's quite proud of the diversity represented by this group in terms of size, geography and type of institution.

"We're quite pleased with our placement experience this year. In light of the fact that we're now recruiting a significant number of students into the Business School because of the financial-institutions program, I have no doubt this strong placement record will continue."

The institute was started in 1980, with 15 major banking and financial institutions as sponsors. More have become sponsors since then. The institute has a threefold purpose: 1. To strengthen ties between Washington University and key banking and financial institutions across the country. 2. To facilitate efforts by financial institutions to attract first-rate graduates of Washington University and encourage and support research by the Business School faculty. 3. To plan and promote periodic seminars for practitioners in the broad areas of banking and finance.

New Faculty Appointment

ST. LOUIS — Dr. Nicholas Dopuch of the University of Chicago will join the accounting faculty at Washington University's Business School beginning with the 1983-84 school year.

During 1982-83, he will continue as a full-time faculty member at the University of Chicago. However, as he has done in three of the past four years, he again will direct a series of research seminars in accounting for Washington University.

Bank's Letter of Credit Helps In Historic Hotel Renovation

COMMERCIAL BANKS can play a pivotal role in financing urban-revitalization projects by helping to secure tax-exempt bond issues through issuance of letters of credit. So says American Development Corp., a Los Angeles-based real estate development firm.

With collateral provided by a bank's letter of credit, American Development recently facilitated issuance of tax-free short-term revenue bonds through the city of Springfield, Ill., to provide approximately $4.9 million in construction financing for renovation of the historic St. Nicholas Hotel.

In the renovation, the 189-room hotel will be transformed into a mixed-use complex of 94 rental apartments and more than 15,000 square feet of retail/office space. The project is being done as part of an extensive downtown-redevelopment project in Springfield.

St. Nicholas Hotel, Springfield, Ill., is being renovated into apartment building with retail/office space through program involving issuance of letter of credit by bank.

The name of the bank involved in the project has not been made public.

"By providing collateral to help finance multifamily-housing projects," says T. Michael Wiley, senior vice president/regional manager, American Development Corp., "financial institutions have the opportunity to participate in a new way in the real-estate arena and serve as catalysts in exciting urban-redevelopment projects."

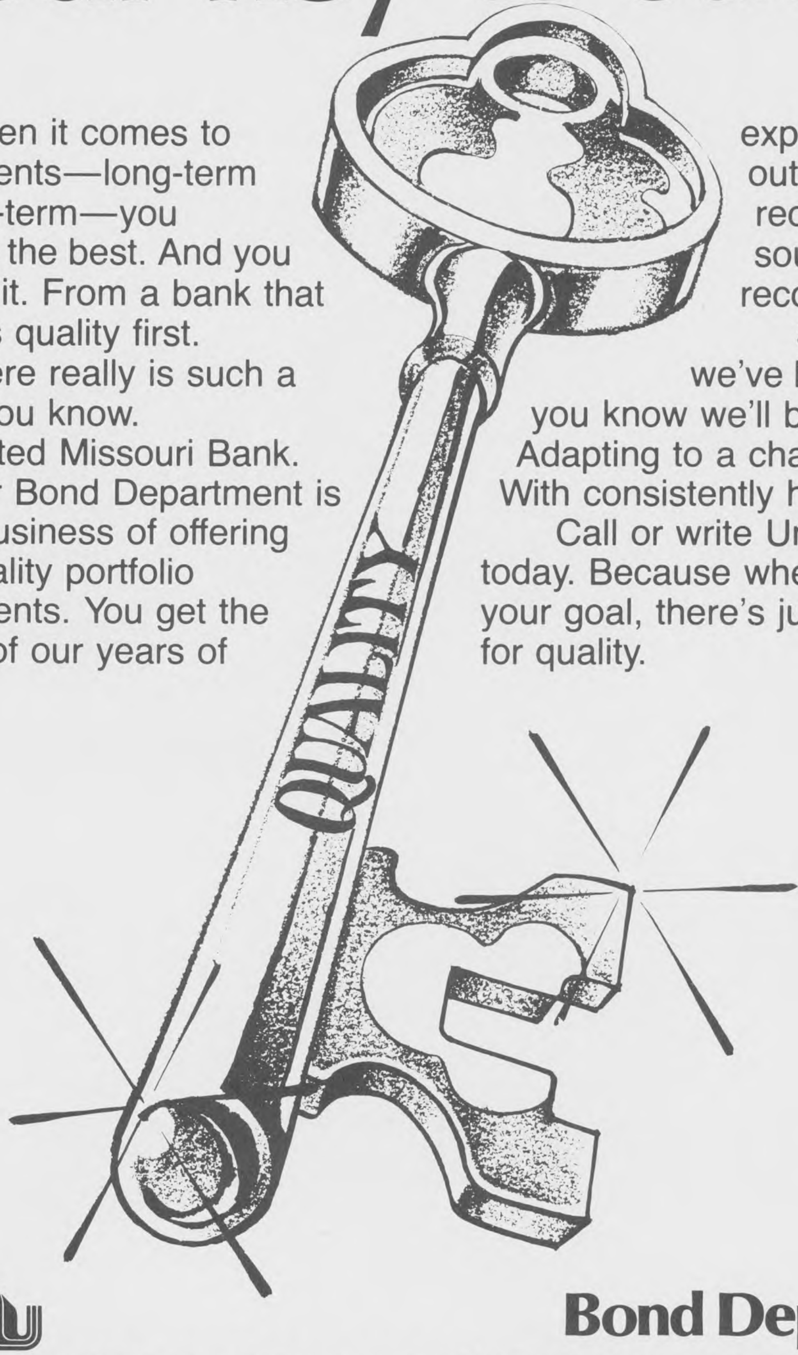
As is being done in Springfield, he points out, commercial banks can help secure tax-exempt bond issues by issuing letters of credit.

While a local bank's letter of credit would not suffice in obtaining a rating if the bank was not of sufficient size, says Mr. Wiley, its "underwriting" of the project would allow a rated bank to "wrap" the local bank's letter of credit with its own, thus obtaining the rating. Banks in major money-market centers, like New York City and Chicago, he went on, are looking for the endorsement of the local financial community in most cases before agreeing to participate.

When a bond issue is sold through a bank or investment banker, its proceeds then are escrowed with the trustee for disbursement during construction.

"This cooperative and creative approach involving the financial community creates a viable, exciting development, the effects of which may create a positive influence for years to come," Mr. Wiley points out. "When rehabilitation is involved, the concept becomes even more beneficial as it results in preservation of architecturally and historically significant structures."

Quality. Your key to success.



When it comes to investments—long-term or short-term—you deserve the best. And you can get it. From a bank that stresses quality first.

There really is such a place, you know.

United Missouri Bank.

Our Bond Department is in the business of offering high quality portfolio investments. You get the benefit of our years of experience. And our outstanding track record for providing sound bond portfolio recommendations.

Since the 1920's, we've been here for you. And you know we'll be around tomorrow. Adapting to a changing financial world. With consistently high standards.

Call or write United Missouri Bank today. Because when success is your goal, there's just no substitute for quality.

Bond Department

UNITED MISSOURI BANK of Kansas City, n.a.

Member FDIC

United we grow. Together.

10th and Grand, P.O. Box 226, Kansas City, Missouri 64141 • (816) 556-7200

No Regionals for Missouri Bankers; 'Fall Festivals' Planned Instead

THERE won't be any regional meetings in Missouri this fall! However, there will be eight "fall festivals," a name the Missouri Bankers Association has given to what used to be the regionals.

In registration material sent out by the MBA, the association describes the revamped series of meetings in this way:

"All the excitement of a brand-new program to replace MBA regional meetings . . . cocktail reception, free beer, picnic fare and the most extraordinary entertainment program of its kind in the world."

Despite the renaming of the regionals, there will be a serious side in the form of business meetings in the afternoon preceding each festival. During these meetings, there will be a legislative session, during which a report will be given on a study by two University of Missouri/Columbia staff members on how usury laws affect banking both from the standpoint of banks and consumers. The study has been made by Drs. Walter Johnson and Adam Gehr.

In addition, new regional officers will be elected during the business meetings.

The highlight of the entertainment will be concerts by Up With People, an energetic cast of musical performers who have sung before millions in more than 42 countries. The cast provides uplifting family entertainment by presenting a medley of hit tunes, international folk songs and original music. The 1982 edition of Up With People will feature music of the '60s — Motown, surf music, hootennany and the Beatles — as well as favorites from the "Roaring '20s."

Up With People is a nonprofit educational organization made up of students from all over the world, ranging in age from 17 to 25. All races, religions

First Week

Sept. 13 — Region 4 — Kansas City
Sept. 14 — Region 3 — St. Joseph
Sept. 15 — Region 2 — Chillicothe
Sept. 16 — Region 1 — Kirksville

Second Week

Sept. 20 — Region 7 — Springfield
Sept. 21 — Region 6 — Sikeston
Sept. 22 — Region 5 — St. Louis
Sept. 23 — Region 8 — Jefferson City

Up With People, musical performers, will be highlight of "fall festivals" to be held instead of regionals by Missouri Bankers Association. Group of young people will entertain each MBA region next month. Group is pictured at Great Wall of China.

and economic backgrounds are represented. They spend 11 months traveling all over the world — an average of 35,000 miles. The original group was founded 12 years ago.

Aside from entertainment (at 8 p.m.) by Up With People, each MBA fall festival will feature a cocktail reception at 6 p.m. and dinner at 7 p.m.

The following bankers have served as MBA regional officers during the past year:

Region One — Dale E. Van Huss, who entered banking in 1962 at Paris National and went to Bank of Lancaster in 1976 as president. He became president/chairman/CEO in 1979.

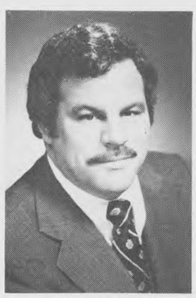
Region Two — Bob Stinson, a banker since 1964, when he joined Peoples Bank, Mercer. He became assistant vice president in 1966 and executive vice president in 1969.

Region Three — John E. Karn, who was elected chairman last spring of First Stock Yards Bank, St. Joseph, which he joined in 1960. He became vice president/cashier in 1970, executive vice president in 1975 and president in 1978.

Region Four — Gene E. Irvin, who joined Adrian Bank in 1960, became assistant cashier in 1964 and chairman/president in 1975.

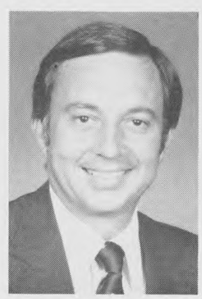
Region Five — Glen M. Kayser,

Regional Vice Presidents



KAYSER

LASLEY



SWINDLE

KARN

VAN HUSS

IRVIN

STINSON

HAMLETT

who entered banking in 1963 at First National (now Centerre Bank), St. Louis. He joined Centerre Bank (formerly Citizens Bank), Pacific, in 1979 as president.

Region Six — Larry D. Swindle, a banker since 1966, when he joined National Bank of Commerce, Memphis. He went to Bank of Kennett (now Centerre Bank, Kennett) in 1968 as assistant vice president. He was advanced to executive vice president in 1980.

Region Seven — K. Adrian Lasley, who entered banking in 1954 at State Bank, Willow Springs, now Mercantile Bank, Willow Springs. From 1959-67, he was with Farmers State, Schell City; from 1967-68, First National, St. Robert, and from 1968-71, First National, Malden. In 1971, Mr. Lasley rejoined the Willow Springs bank as cashier, became vice president in 1972, executive vice president in 1975 and president in 1978.

Region Eight — Ruby M. Hamlett, whose first post was bookkeeper when she entered banking in 1964 at Laddonia State. She advanced to assistant cashier in 1974 and president/chief operating officer in 1981. ● ●

Two St. Louis banks — American National and City Bank — are affiliating with the Kansas City-based multibank HC, First National Charter Corp., whose shareholders have approved a name change to Charter-Corp. The banks will form a base in St. Louis for the HC, which currently has 24 affiliates across Missouri, including four in St. Louis County. Gayle W. Lichtenstein continues as chairman of American National and City Bank, which will have no change in officers or directors. John L. White is president, American National; Norman J. Tice is president, City Bank.

United Missouri, Kansas City, has announced these promotions: to vice president/corporate services, Gary Foltz; to vice president/business development, Peter N. Gabrovsky; to assistant vice president/general administration, Robert Stark; to assistant vice president/bankcard division, Thomas G. Atkins, and to assistant vice president/cash management and bookkeeping division, correspondent banking, W. Maxine Hahs.

Mercantile Trust, St. Louis, has promoted the following to assistant vice presidents: Karl W. Ashman, Alan L. Pressey, Michele Moran Self, James U. Wright, Charlotte Reitz Krueger, Joan L. Machlis and Mary Sue McSwain.

First National Charter Corp., Kansas City, is changing its name to CharterCorp. In addition to approving this move, the HC's shareholders authorized the corporation to issue up to 1,000,000 shares of preferred stock, approved an incentive stock-option plan for key employees and ratified selection of Arthur Young & Co. as independent public accountants for CharterCorp. They also elected two new directors, Michael G. Fitt, CEO, ERC Management Corp., Kansas City, and William A. Hall, assistant to the president, Hallmark Cards, Inc., Kansas City.

MATTESON

Robert L. Matteson has joined First National, St. Charles, as vice president/cashier. He formerly was vice president/operating officer, Jefferson Bank, St. Louis.

Two St. Louis-area banks have changed their names — Citizens Bank, University City, to Royal Bank Mid-County and West Side National, Glendale, to Royal Bank West Side N. A. The name changes were made to coordinate efforts of both banks under the same multi-bank-HC ownership, Royal Bancshares, Inc.

Robert G. Becker has been named chairman/CEO, Woods Mill Forty Bank, Chesterfield. The bank is an affiliate of the multi-bank HC, Santa Ana Bancorp., based in St. Ann. Mr. Becker, who has been on the board of Woods Mill Forty Bank, previously had been president, Century Bancshares and North St. Louis Trust.

Suzanne E. Dotson has been promoted to vice president/commercial lending, Centerre Bank, Kansas City. She joined the bank five years ago.

Paul E. Rigby has advanced from assistant vice president to vice president, Centerre Bank, St. Louis. Elected assistant vice presidents were Penelope A. Bogacki, formerly retail banking officer; Dorthy M. Feigl, formerly investment operations officer, and Richard C. Messey, formerly bond investment officer. Dennis J. Sullivan has joined Centerre Bank as vice president. He formerly was staff vice president, Citicorp, New York City. In other news at Centerre Bank, William K. Jones, vice president/investment banking, has been named president, Midwest Chapter, Foreign Exchange Traders Association.

Jonathan Kemper has joined Kansas City's Commerce Bank as vice president/metropolitan division, commercial banking department. For the past three years, Mr. Kemper has been a commercial banking officer at Citicorp (U. S. A.) in Chicago. He managed accounts of major national and multinational corporations based in the north central U. S.

Boatmen's National, St. Louis, has announced these appointments: Calvin C. Cole was elected vice president in charge of corporate trust; Louis F. Hermann was promoted to assistant vice president/credit administration; Maurice S. Chandley was elected assistant vice president/operations; Jeffrey A. Holtz was named assistant trust officer, and Earl J. Ward was made assistant cashier/retail banking. The bank's parent HC, Boatmen's Bancshares, has a new director, Thomas P. Reidy, president. Thos. P. Reidy, Inc., Houston.

Belle-Bland Bank Closes

BLAND — Deposit liabilities of Belle-Bland Bank, which was closed July 2, have been assumed by Eagle Bank of Gasconade County, a newly chartered bank. The single office of the closed bank reopened July 6 as Eagle Bank of Gasconade County, and all depositors of the closed bank automatically became depositors of the assuming bank.

Belle-Bland Bank was closed by Missouri Commissioner of Finance Kenneth W. Littlefield, and the FDIC was named receiver. According to Mr. Littlefield, heavy loan losses rendered the bank insolvent.

Comm'l Marketing Workshop Set by BMA for St. Louis

How to build profits by marketing to the commercial sector will be the focus of the 1982 commercial marketing workshop for community bankers to be held September 12-14 at the Sheraton St. Louis Hotel by the Bank Marketing Association.

The workshop will include 10 hours of working and idea-exchange sessions on such topics as officer-call programs, sales compensation, sales tools and loan products. Emphasis will be placed on specific marketing methods rather than theory.

Keynoter will be Jerry S. Wayt, president, Citizens Banking Co., Anderson, Ind., who will speak on the importance of developing business accounts in a community bank, focusing on the areas of responsibility, administration, measurement and lead generation in a commercial marketing program.

Also on the program will be Larry Lanie, president, Guaranty National, Tulsa, whose subject will be "Money-Market Funds/Repurchase Agreements," and Bruce Alexander, assistant vice president/commercial lending officer, First National, Boulder, Colo., whose topic will be "Loan Products."

The best way to manage the relationship between a community bank and its major correspondent will be analyzed by Charles R. Lefler, chairman, Lefler Investment Co., Lincoln, Neb., and a three-hour sales-training clinic will be conducted that will be structured around an interactive format.

National, State Banking Leaders On Tap for Kentucky Convention

REPRESENTATIVES of the national and state banking scenes will present their views at the 88th annual Kentucky Bankers Association convention September 12-14 at Louisville's Galt House.

Presenting the national viewpoint will be Kentucky's own William M. Issac, FDIC chairman; and William H. Kennedy Jr., ABA president-elect, and chairman, National Bank of Commerce, Pine Bluff, Ark.

Presenting the state viewpoint will be Harold Rogers, Republican congressman representing Kentucky's fifth district; and Morris R. Smith, commissioner, Department of Banking and Securities, Frankfort.

Adding a competitor's viewpoint will be Louis V. Gerstner Jr., vice chairman, American Express Co., New York City.

A new feature at this year's convention will be two concurrent workshops, one on mini computers and the other on asset/liability management.

The convention will open its doors to Kentucky bankers on Sunday, September 12. Registration will begin at 1 p.m. in the third-floor lobby of the Galt House. That evening, the KBA will present its annual reception, which will be followed by a nitecap party.

The first general session will begin at 9 a.m. on Monday, September 13. Speakers at that session will be Messrs. Issac, Rogers and Kennedy. Presiding will be KBA President Allan S. Hanks, president, Anderson National, Lawrenceburg.

Philip Morris community service awards will be presented at the annual Kentucky Luncheon, following the general session.

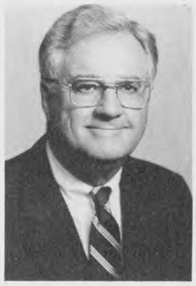
The concurrent workshops, lasting about 90 minutes each, will constitute the Monday afternoon program.

Monday evening's activities will include the 50-Year Club and past presidents' dinners, followed by an all-convention dance.

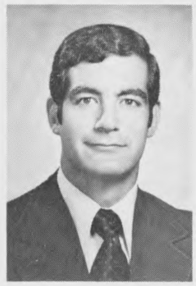
Tuesday's activities will begin with the traditional country ham breakfast, followed by a program of remembrance at 9:30, to be followed by the second general session at 10:15. Speakers at this session will include Messrs. Gerstner and Smith. Convention reports also will be presented and Kentucky members of the ABA will meet to elect a new member to the governing council.

A pre-banquet reception will be held from 5:15 to 6:45 Tuesday evening, to be followed by the annual banquet at 7 p.m. New officers will be installed. Banquet speaker will be Grady Nutt, humorist from the "Hee-Haw" TV show. Mr. Nutt now calls Kentucky his home. ● ●

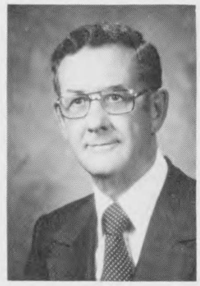
Convention Speakers



KENNEDY



ISSAC



SMITH

GERSTNER

Hanks to Preside at KBA Convention

Presiding at the 88th annual convention of the Kentucky Bankers Association in Louisville will be Allan S. Hanks, 1981-82 KBA president, and president, Anderson National, Lawrenceburg. Mr. Hanks entered banking in 1948 at Anderson National. His first officer position was assistant cashier, which he attained in 1953. He has been president of the bank since 1971.

Serving as KBA president-elect for the past year has been F. C. Keiser, chairman/president, Farmers Deposit Bank, Eminence. Mr. Keiser entered banking in 1954 as cashier at his present bank. He has been chairman/president since 1981.

KBA treasurer for the past year has been Berks Brown, executive vice president/cashier, Southern Deposit Bank, Russellville. Mr. Brown became a banker in 1965 at his present bank. He started as assistant cashier, advanced to cashier in 1967, vice president/cashier in 1968 and assumed his present title in 1974.

HANKS

BROWN

KEISER

Citizens Fidelity, Louisville, has promoted E. Joseph Hughes from vice president to senior vice president/corporate trust and Granville R. Beam and John P. Stengel from assistant vice presidents to vice presidents/information services. Edward C. Sherman Jr. has joined the bank as assistant vice president/information services.

Bank-Structure Dispute Lingers in Kentucky

THE FATE of a unified Kentucky Bankers Association hangs in the balance as the annual convention of the banking trade group approaches.

For the past few months, bankers who support the Progressive Bankers Association (PBA) have given signals that they will leave the KBA if reforms are not instituted before this year's annual meeting. The reforms requested by the "rival" trade group include a unified position to work for multibank legislation in the Kentucky legislature and a change in the KBA's one-bank, one-vote rule.

The Progressive Bankers Association is a formal association with a membership of 70 banks representing about 75% of all deposits in Kentucky banks. It maintains a lobbyists' office in Frankfort, but, at this time, does not have a formal staff. President of the PBA is Thomas R. Brumley, chairman/president, First State, Greenville.

More than one meeting has been held this summer between the two associations and, according to Mr. Brumley, the meetings have resulted in a "very positive" attitude. He says PBA members are in agreement that it's in the best interest of the banking industry in Kentucky for bankers to be unified in one association; however, if agreement about the two basic changes PBA members call for is not reached by convention time, there is a real possibility that PBA members will withdraw from the KBA and pursue their aims under the umbrella of the PBA.

If such a breach occurs, the PBA will hire an executive director and the association will expand into a full-service trade organization, according to Herbert Smith, president, American National, Bowling Green, who serves as PBA chairman.

Should there be a split, it's expected that some banks will hold memberships in both associations, a position that Mr. Brumley terms "costly."

He says a basis for agreement was achieved at the most recent meeting between representatives of the two associations. Each group will be reporting to its association's board on August 6. At that time, it's expected the PBA board will make a recommendation as to whether or not the basis for agreement is sufficient to avoid a split.

The PBA was formed last October over the bank structure dispute.

The whole issue is one of "big banks versus small banks," Mr. Smith says.

Bank Security Seminar Scheduled Oct. 13-15

CLEVELAND — Bankers who attend the ABA's bank security seminar October 13-15 at the Sheraton Hopkins Airport Hotel here will be given a practical working knowledge of security-management principles.

Seminar sessions will be focused on identifying and combating areas of security exposure; planning security procedures to increase controls over robbery, check swindles, embezzlement and other acts of employee infidelity; crisis-management-planning techniques for dealing with kidnapping, extortion and bomb threats; security devices, insurance coverage and preparing a written security program and planning security in new construction, selling security to management and investigations and interrogation.

News

About Banks and Bankers

Alabama

Mary George Jordan Waite, chairman/president, Farmers & Merchants Bank, Centre, was honored recently for her 25 years of service to Girls' State. Alabama Girls' State, held on the campus of Huntingdon College in Montgomery, spotlighted Mrs. Waite's service at the opening session, and the program for the week was dedicated to her. She was given a Girls' State pin by Kay Ivey, Girls' State director, and she received an orchid corsage from Dr. Allen Jackson, Huntingdon College president. During the past 25 years, Mrs. Waite has been counselor, director or chairman. In addition, her two daughters, Betty and Diane, were delegates to Girls' State and also were selected to attend Girls' Nation. Girls' State is sponsored by the American Legion Auxiliary, and delegates live in a mythical city, county and state while they learn about government.

Ruth Richardson Brock has been named to the advisory board of Farmers & Merchants Bank, Centre. She is a retired teacher. Her grandfather, J. K. Richardson, was one of the bank's organizers and its first president. Her parents, Mr. and Mrs. Mack Richardson, were two of the original stockholders, and Mrs. Brock and her husband, Dickson, also own stock in the bank. In other action, Luther Chesnut has been named manager/loan officer at Cedar Bluff Branch of Farmers & Merchants Bank. He was with Cedar Bluff Bank many years.

John F. Beard Jr., senior vice president, First National, Mobile, has been named head of the commercial banking group. He formerly managed the mortgage banking division. Mr. Beard has been with the bank since 1977.

Young Bankers' Award

Mary George Jordan Waite (l.), ch./pres., Farmers & Merchants Bank, Centre, presents the President's Award to Theresa Farrar, one of four school coordinators in Group Three of the Alabama Young Bankers to win the award. The latter is given to school coordinators who have shown substantial increase from the prior year in number of contacts made with schools. The Alabama Young Bankers sponsor the economic education program in elementary, middle and high schools and colleges. Mrs. Farrar has been school coordinator with her bank for two years, and last year she was chosen "Outstanding School Coordinator" for Group Three.

Arkansas

J. C. Vaughn Jr. has been elected president, First Bank, Jonesboro. He formerly was president, First National, Paragould. He is a graduate of the School of Banking of the South.

John Womack, assistant vice president, City National, Fort Smith, has been elected president of the Young Bankers Section of the Arkansas Bankers Association. New vice president is William C. Wisener, assistant vice president, Warren Bank; secretary is Holly Eddins, assistant cashier, Worthen Bank, Little Rock; and treasurer is Neala Wilson, assistant vice president, First National Bank of Phillips County, Helena.

Ark.BA Staffer Appointed

Nancy Neighbors has been appointed assistant director of the Arkansas Bankers Association. She assists Executive Director Bo Carvill, coordinates the Young Banker Section and administers the four banking schools sponsored by the Ark.BA. She also is in charge of office management and administrates several committees. She formerly was with Commercial National, Little Rock.

Harris Trust, Chicago, has announced plans to merge its national and metropolitan banking departments into a single department. The phased-in operation will be complete by the end of the year. Heading the new banking department will be Ben T. Nelson, executive vice president and former head of the metropolitan banking department, and John A. Sivright, executive vice president, former head of the national banking department. In other action, John C. Spooner has been elected assistant vice president and head of the human relations office.

Continental Bank, Chicago, has promoted the following to vice president: Michael A. Smith, financial services; Chris A. Bowers, U. S. banking services; Frank C. Reid, financial services; and William C. Ruffin Jr., general banking services. Named second vice presidents were Yona S.

Worthen Bank, Little Rock, has promoted Frank Boulton, Glenn Huselton and Paul Lawson to vice presidents and Daniel Huckabay, Helen McMaster and J. E. Rowe to assistant vice presidents.

Illinois

Michael Welgat has joined Elmhurst National as vice president/trust division. He is responsible for new-business development and formerly was with Worth Bank and Michigan Avenue Bank, Chicago.

Charles J. Obie has been named to the new post of director of marketing at the Illinois Bankers Association. He formerly was director of member and public relations. Other staff changes include naming Thomas J. Dammrich, vice president, manager of the association's headquarters; James W. Civik director of education to succeed Mr. Dammrich, and Terry A. Griffin director of banking organizations.

Ben D. Mills Jr. has been appointed executive director/CEO of the *easy answer* system, an EFT system shared among three banks in Springfield and one in Decatur. Mr. Mills formerly was manager of EFT services for World Computer Corp., Birmingham, Mich. The *easy answer* system became operational in May, combining the Answer Network operated by Springfield Marine and Illinois National, Springfield; the Easy System, operated by First National, Springfield; and the Anytime Teller System, operated by Citizens National, Decatur.

National Boulevard Bank, Chicago, has named three new assistant vice presidents. Promoted to that position was Breck Swanquist. Appointed to that position were Robert Jelen and Carl Jansen. Mr. Jelen formerly was with Talman Home Federal Savings, Chicago; Mr. Jansen formerly was with Baird & Warner, Chicago realtor.

Binder, Douglas Kelner, Fred S. Wayland and Barbara A. Wilson in the financial services department; Michael L. DeRuntz, Leonard Lewicki, David G. Mekemson, Susan J. Montgomery, Jerome V. Rasnak and Addie T. Ruey in the operations and management services department; Michael C. Clement, personnel; Christopher Kwiecinski and Mark J. Mickey, corporate financial services; and Eduardo Monteagudo and Paul C. Simms, personal banking services.

State Bank Fails

Farmers State Bank of Fulton County, Lewistown, has purchased the deposits of defunct Farmers State, Lewistown, from the FDIC, following closing in June of the latter institution by William C. Harris, Illinois commissioner of banks and trust companies.

Mr. Harris said depositors were not inconvenienced in any way by the action.

Farmers State of Fulton County is a newly chartered institution.

Negotiating Group Named To Study Reunification Of Two Illinois Groups

Officers of the Illinois Bankers Association (IBA) and Association for Modern Banking in Illinois (AMBI) met June 17 to discuss a method by which negotiations could be undertaken to unify the two groups.

All present agreed that a sincere effort should be undertaken to reunify the Illinois banking industry under a full-service-banking trade association. To accomplish this, each association agreed to be represented by a five-member negotiating team, which would be constructed along the following guidelines:

1. One individual would be selected from each of five holding-company regions.
2. Two of the five people would come from banks under $100 million in total assets, two from banks in excess of $100 million in total assets and the fifth individual unrestricted as to bank size.
3. The negotiating team would not include any current officers of either association.
4. Each group would appoint one alternate member who would attend meetings and be available should any of the five be unable to serve. The alternate would be unrestricted as to bank size.

It was agreed that the negotiating group would begin meeting soon at the call of William C. Harris, commissioner of banks, as a nonvoting convener of the committee. The negotiating group has a target deadline to return recommendations to both associations' leadership no later than September 15. Until then, no public or industry announcements will be made on the team's deliberations. Once the report is approved by the leadership of both associations, it will be reviewed by the governing body of each and, at their option, the membership of their respective associations.

Both associations will bear equally the expenses of this reunification group.

Indiana

A. Lee Campbell has been promoted to president/CEO, People's Trust, Brookville, succeeding Harold Geis, who retired July 1. Melvin Hartman was promoted to executive vice president/trust officer, Joyce Back was named vice president/cashier/assistant trust officer and Gerald Lake was promoted to vice president/senior loan officer.

Richard W. Spears has been promoted to senior vice president at Indiana National, Indianapolis. Also promoted were Richard L. French, William R. Lockwood and Morris L. Maurer to first vice presidents; David G. King and Michael K. Pritchard to vice presidents trust officers; and Linda H. Ackermann, Rebecca L. Hizer and Vicki S. Wood to assistant vice presidents.

Diane L. Burch was promoted to assistant vice president at Lincoln National, Fort Wayne, recently. She joined the bank in 1971.

Kentucky

First Security National, Lexington, has announced these promotions: to vice presidents, Linda W. Critchfield, Eileen D. Durbin, Donald W. Kelly and David J. Mellen; to assistant vice presidents, Steven S. Campbell and Michael D. Harper and to assistant cashiers, Sara C. Moon, Susie Stevens and Margaret L. Whitaker.

Louisiana

First National Bank of Commerce, New Orleans, has joined the Society for Worldwide Interbank Financial Telecommunication (SWIFT). The network, accessible only to member institutions, is used for international money transfers, foreign-exchange transactions and trade letter-of-credit operations.

Robert C. Anthony has been named vice president/marketing director, Bank of New Orleans. He formerly was vice president/metropolitan business development department at BNO.

Hibernia National, New Orleans, has announced these promotions: to vice president/main office division, Nelson Breve; to vice president/trust division, James W. Byron Jr.; to vice president/maritime department, Gerald P. Gilbert, and to vice president/energy department, John J. Pribil.

Mississippi

Martha Bates has been promoted to assistant cashier at Brookhaven Bank, where she had been manager, Highland Square Branch, since August, 1981.

The Fed has approved formation of these Mississippi bank HCs: First Bolivar Capital Corp., Cleveland, through acquisition of First National of Bolivar County, Cleveland; Gateway Capital Corp., Hernando, through acquisition of Hernando Bank, and Colonial Capital Corp., Mantee, through acquisition of Bank of Mantee.

New Mexico

First National, Albuquerque, has named Loren A. Hagemeyer senior vice president/comptroller. He formerly was vice president at Midway National, St. Paul, Minn. Lou Ronquillo was promoted to assistant vice president and Min L. Grant has joined the bank as a trust officer.

J. Wesley Willis has been named president of First National, Socorro. He formerly was vice president at First State, Rio Rancho. Both banks are affiliates of Bank Securities, Inc., Albuquerque.

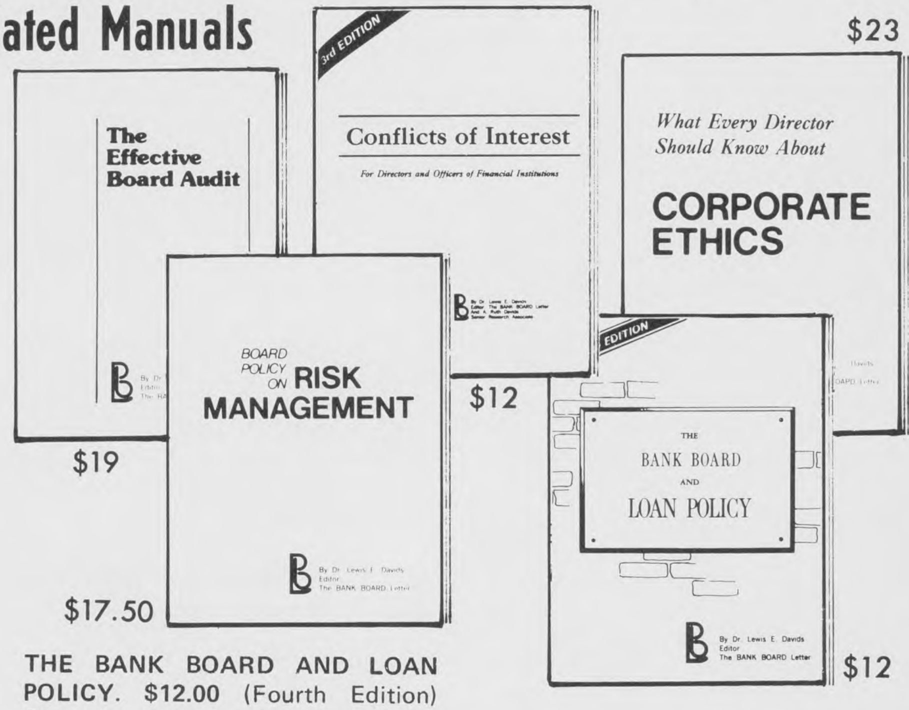
Robert J. Dyer has been appointed senior vice president in charge of correspondent banking at American Bank of Commerce, Albuquerque. He formerly was president of Security Bank, Ruidoso. G. Gene Herthel was appointed vice president. He comes from Metro National, Denver. Michael J. Freitas was appointed assistant vice president and Gregory N. Moody was named assistant cashier.

Oklahoma

Richard D. Smith has been appointed executive vice president at Anadarko Bank. He comes from Exchange National, Ardmore, where he was vice president/commercial loan officer.

Help Stamp Out Director Liability Risk

With These Board-Related Manuals



CORPORATE ETHICS . . . What Every Director Should Know. $23.00 Society is demanding more disclosure from all businesses, including banking. Thus, bankers literally are forced to re-examine policies on types of information that can be disclosed publicly. The board's disclosure policy can be a major factor in the public's judgment of a bank. The fact that a bank is willing to discuss . . . or make public . . . any of its actions will encourage high standards of conduct by the bank staff. This manual (over 200 pages) will help directors probe "grey" areas of business conduct so that directors can establish written codes for their own bank.

QUANTITY PRICES
2 - 5 copies — $21.00 ea.
6 - 10 copies — $19.50 ea.

BOARD POLICY ON RISK MANAGEMENT. $17.50 This 160-page manual provides the vital information a board needs to formulate a system to recognize insurable and uninsurable risks and evaluate and provide for them. Included are an insurance guideline and checklists to identify and protect directors against various risks. *Bonus feature:* A model board policy of risk management adaptable to the unique situations at any bank. Every member of your bank's board should have a copy!

QUANTITY PRICES
2 - 5 copies — $15.50 ea.
6 - 10 copies — $14.50 ea.

THE EFFECTIVE BOARD AUDIT. $19.00 This 184-page manual provides comprehensive information about the directors' audit function. It outlines board participation, selection of an audit committee and the magnitude of the audit. It provides guidelines for an audit committee, deals with social responsibility and gives insights on engaging an outside auditor. It includes checklists for social responsibilities audits, audit engagement letters and bank audits. No director can afford to be without a copy!

QUANTITY PRICES
2 - 5 copies — $17.00 ea.
6 - 10 copies — $16.00 ea.

THE BANK BOARD AND LOAN POLICY. $12.00 (Fourth Edition) Recently off the press! This revised and expanded manual enables directors to be a step ahead of bank regulators by providing current loan and credit policies of numerous well-managed banks. These policies, adaptable to any bank situation, can aid your bank in establishing broad guidelines for lending officers. *Bonus feature:* Loan policy of one of the nation's major banks, loaded with ideas for your bank! Remember: A written loan policy can protect directors from lawsuits arising from failure to establish sound lending policies! Order enough copies for all your directors!

QUANTITY PRICES
2 - 5 copies — $10.00 ea.
6 - 10 copies — $9.50 ea.

CONFLICTS OF INTEREST. $12.00 (Third Edition) Conflicts of Interests presents everything directors and officers should know about the problem of "conflicts." It gives examiners' views of directors' business relationships with the bank, examines ethical pitfalls involving conflicts and details positive actions for reducing the potential for conflicts. Also included is the Comptroller's ruling on statements of business interests and sample conflict-of-interest policies in use by other banks which can be adapted by your board.

QUANTITY PRICES
2 - 5 copies — $10.00 ea.
6 - 10 copies — $9.50 ea.

THE BANK BOARD LETTER
408 Olive St., St. Louis, MO 63102

. . . . . copies, Board Policy on Risk Management $ . . . .
. . . . . copies, The Effective Board Audit $ . . . .
. . . . . copies, Bank Board & Loan Policy $ . . . .
. . . . . copies, Conflict of Interest $ . . . .
. . . . . copies, Corporate Ethics $ . . . .
Total Enclosed $ . . . .

Name . . . . .Title . . . .
Bank. . . . .
Street . . . .
City, State, Zip . . . .

(Please send check with order. In Missouri, add 4.6% tax.)

Data Processing Agreement Made by Fidelity, Okla. City

Fidelity Bank, Oklahoma City, has sold its correspondent bank data processing business to Electronic Data Systems Corp., Dallas. The acquisition was effective last July 1.

A spokesman said the 100 Oklahoma banks whose data processing services are involved in the acquisition will continue to receive banking services as performed by satellite data centers in Lawton and McAlester. A new satellite center will be established in Oklahoma City.

The Oklahoma acquisition from Fideltiy will be linked into the nationwide communications network for computer processing at Electronic Data Systems' data center at Richardson, Tex.

Fourth National, Tulsa, has appointed Stephen A. Milligan vice president/trust officer, and promoted Barbara B. Glass to assistant vice president/personnel, Cathy Kunkel to assistant vice president/trust officer and M. Elizabeth Snider to assistant vice president/audit.

Linda L. Moore, vice president, Liberty National, Oklahoma City, recently became the first Oklahoma woman to graduate from the Stonier Graduate School of Banking at Rutgers University. Mrs. Moore graduated with distinction, an honor bestowed only on the top 20 graduates of the class of some 340 candidates. Her thesis, "Alternative Marketing Structures of Multi-Bank Holding Companies," has been placed in the Stonier library.

Edward F. Keller, president, Oklahoma Bankers Association, has been elected chairman/CEO, Fourth National, Tulsa. He formerly was with Mercantile Bank, Tulsa, which he joined in 1979 as president. He became chairman/CEO there in 1981. Mr. Keller has been a banker since 1963. Frank X. Henke III, who was Fourth of Tulsa's chairman/CEO, continues in those posts at the bank's parent HC, Fourth National Corp., Tulsa.

Tennessee

US Bank, Nashville, has elected Wayne E. Glenn, president, United Paperworkers International Union, to its advisory board. Mr. Glenn is a vice president and member of the executive council of the AFL-CIO as well as vice president of the industrial union department of that organization. In other action, Sandra Hewitt has been named vice president/metropolitan division, and Rick Short has joined the bank as an assistant vice president/commercial group.

Third National, Nashville, has promoted Ellen Kemp to assistant vice president and Lattie Brown, Weldon B. Kidd and Christopher L. White to commercial officers. John Bartlett and Claire Stewart were named assistant commercial officers.

Two HCs' Boards Approve Their Proposed Merger

Boards of Third National Corp., Nashville, and Ancorp Bancshares, Inc., Chattanooga, have approved a merger agreement. Shareholder approval will be sought in special meetings, and regulatory approval also is required.

Under terms of the agreement, as previously announced, Ancorp shareholders would receive 1.18 shares of Third National common stock for each share of Ancorp common stock held. Third National would be the surviving corporation, with assets totaling about $3 billion. It then would become the state's second-largest bank HC.

The agreement also calls for combining senior-management groups of the merged companies. Charles J. Kane, now chairman/CEO, Third National Corp., would continue in those posts. Scott L. Probasco Jr., now chairman/CEO of Ancorp, would become the merged firm's president. John E. Southwood, Third National Corp.'s president, would be vice chairman/chairman of the operating committee.

Managements of American National, Chattanooga, and Third National Bank, Nashville, and other bank affiliates in the merged organization would be unchanged.

Charles J. Kane (r.), ch./CEO, Third Nat'l Corp., Nashville, and Scott L. Probasco Jr., ch./CEO, Ancorp Bancshares, Inc., Chattanooga, are shown after signing merger agreement that has been approved by their respective boards.

Texas

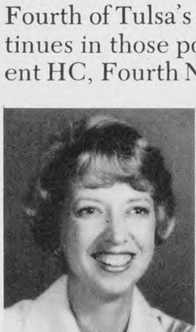
River Oaks Bank, Houston, has named Robert R. Franklin Jr. and Michael K. Richardson vice presidents/commercial loans. Mr. Franklin is new to the bank; Mr. Richardson formerly was an assistant vice president.

Fort Worth National has promoted Richard A. Beverburg and Ronald P. Pollard to vice presidents and James M. Maroney to assistant vice president. Messrs. Beverburg and Pollard are in correspondent customer services; Mr. Maroney is manager, correspondent banking.

First National, Dallas, recently changed its name to InterFirst Bank Dallas, National Association. The bank is the lead institution of InterFirst Corp., formerly First International Bancshares. The bank had operated as First National since 1930.

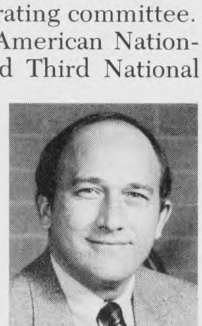
George Cason has been named assistant trust officer at First National, Amarillo. He formerly was with RepublicBank Garland.

First National, Fort Worth, has expanded its management team. James R. Perry was elected chairman/CEO, Jerry D. Minton was elected to the board and named vice chairman/chief administrative officer, Ronald L. Parrish was elected to the board and named president/chief banking officer and Paul Mason was elected chairman/executive committee. He formerly was board chairman. Mr. Perry joined the bank as president in 1977 and was named CEO in 1979; Mr. Minton joined the bank in 1965; Mr. Parrish is new to the bank, coming from Inter-



MOORE

GLENN



KELLER

Looking for a star in the east? Here are five

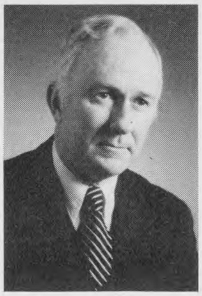
If you're a banker in eastern Oklahoma here are some people worth knowing. They're First Correspondent Bankers who cover the eastern part of the state. And do an exceptional job of it.

A large measure of their success can be attributed to their approach. An approach which centers around the crucial concept of **response time.** When you need an answer today, you get it. This combination of outstanding response time and financial resources unequalled in Oklahoma makes for an unbeatable correspondent relationship.

So the next time you need upstream support, look for a First Correspondent Banker. He's The Source of all your correspondent needs.

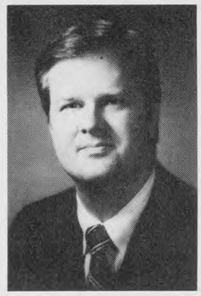
L to R:
Randy Burns, Banking Officer **Gary Embry,** Assistant Vice President **Kendall Hert,** Vice President **Steve Sims,** Vice President **Kevin Lynch,** Banking Officer

PERRY



MINTON

MASON



PARRISH

First, Beaumont, where he was chairman/CEO; Mr. Mason joined the bank in 1962 and had been chairman/CEO since 1971. He also is chairman/president/CEO, First United Bancorp., parent of First of Fort Worth.

Frost National, San Antonio, has promoted Larry Black and C. S. Plummer Jr. to senior vice presidents; Raymond Burgess, William H. Frost and Dean Walker to vice presidents; and Vangie Leal to assistant vice president.

John T. Cooney, executive vice president/senior trust officer, Bank of the Southwest, Houston, has been elected chairman, Texas Bankers Association trust division. Karen J. Cole, senior vice president/trust officer, InterFirst Bank, Houston, was elected first vice chairman; John A. Wolf, executive vice president/trust officer, First City National, Austin, was elected second vice chairman; and William J. Stokes, senior vice president/trust officer, First National, Temple, was elected secretary-treasurer.

Mercantile Bank, Dallas, has elected David C. Horn, Tyree B. Miller and Stephen C. Owen senior vice presidents. Randal L. Ripple was elected vice president/operations and Janet Murphree was named assistant vice president/funds management. Joe C. Thompson Jr. was elected to the board. He is executive vice president, Southland Corp., convenience-store operator.

WANTED TO BUY

One used modular building to accommodate Diebold ATM Model 910 machine. Building size approximately 10' X 12'. Contact: Michael D. Travelstead, President, DuQuoin State Bank, P.O. Box 468, DuQuoin, IL 62832. Phone (618) 542-2111.

Index to Advertisers

Boatmen's Ernie Hellmich Operations Assistance.

Boatmen's Correspondent Banking Officer Ernie Hellmich and J. D. Moss, President and Chief Executive Officer of Litchfield Bank and Trust Company. Whatever your correspondent needs, Boatmen's has knowledgeable people to assist you. Call Ernie Hellmich. He can help.

Correspondent Banking Division

THE BOATMEN'S NATIONAL BANK OF ST. LOUIS

314-425-3600

Member FDIC