NORTHWESTERN AUGUST 1972



Break Ground for New Financial Center — Page 80

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Statement of Condition JUNE 30. 1972 (Unaudited)

ASSETS:	
Cash and Due from Banks	\$ 66,566,363
U.S. Treasury Securities Obligations of other U.S. Government	
Agencies and Corporations	12,603,889
Obligations of States and Political	
Subdivisions	
Other Securities	
Federal Funds Sold	
Loans	194,679,202
Bank Premises and Equipment	9,628,275
Other Real Estate	
Accrued Interest Receivable	2,911,179
Prepaid Expenses and Other Assets	
Total Resources	
10(a) Nesources	
LIABILITIES:	
Demand Deposits	\$176,442,463
Time Deposits	155,241,793
Federal Funds Purchased	
Other Borrowed Money	
Unearned Income	
Other Liabilities	4,000,022
Minority Interest in Consolidated Subsidiary	733
Total Liabilities	\$357,528,757
RESERVES ON LOANS:	
Reserve for Losses on Loans	\$ 3,460,954
CAPITAL ACCOUNTS:	
Capital Stock, Common, No Par Value	\$ 3,731,250
Capital Stock, Common, No Par Value	
Stated Value \$2.50 per share;	
Authorized 6.000.000 shares:	
Issued 1,492,500 shares	15 460 075
Surplus	
Undivided Profits	18,727,752
Total Capital	\$ 37,921,877
Total Liabilities. Reserves and Capital	

Board of Directors

Duane Arnold

Chairman of the Board & President, Iowa Electric Light & Power Company

J. C. Blackford Director, Union Bank & Trust Company

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tomers buy 'Joint Life' for their wives, too. We recommend it. FACT: We recommend complete coverage on every kind of installment loan. Cars, boats, snowmobiles, color TV's, formiture, debt consolidation, vacations . . Ioans for any worthwhile purpose. FACT: Even if the Ioan is for more than \$10,000, North Central Life has a 'Hot Line' to help you sell a 'Package' to your larger borrowers. We use it. FACT: The 'Credit Life/Disability Packuse it. FACI: The Credit Life/Disability Pack-age' improves our yield. Substantially. We believe in the program. FACT: If you would like to know more about 'the Package' from a banker's point of view, call or write the North Central Life Insurance Company, or call me personally at 414/739-3601, Extension 49."

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Completes 60 Years with The Northwestern Banker

With this August, 1972, issue, Clifford De Puy completes his 60th year of association with the NORTHWESTERN

BANKER. Now in its 77th year, it is the "Oldest financial journal serving the central and western states."

Mr. De Puy became publisher in August, 1912, at 25 years of age when his fa-



C. DE PUY

ther, Emerson De Puy, died. The senior Mr. De Puy had purchased the NORTHWESTERN BANKER in 1900 and served as publisher until his death in 1912.

Clifford De Puy continued as owner and publisher until selling the NORTH-WESTERN BANKER, the Iowa-Nebraska Bank Directory and the Underwriters Review in February, 1958, to longtime employees Malcolm Freeland and Ben Haller, Jr., who are now publisher and editor respectively.

For many years Clifford De Puy wrote the editorials each month which appeared under the heading "Across the Desk from the Publisher."

He is past president of the Advertising Club of Des Moines, the Rotary Club and the Greater Des Moines Chamber of Commerce and is a former member of the Des Moines Public Library board of trustees.

At the present time Mr. De Puy comes to his office every day when he is in Des Moines. In recent years he and Mrs. De Puy have spent considerable time traveling to various countries around the world.

ABA Favors Benefit Standards

Standards should be established for all persons who handle or control employee benefit funds, an American Bankers Association witness told the Senate Labor Subcommittee recently.

John M. Cookenbach, president of the ABA's Trust Division, said that the association "supports the establishment of fiduciary standards which apply not only to all trustees of employee benefit funds but also to anyone who handles or controls employee benefit funds."



Oldest Financial Journal Serving The Central and Western States

for your AUGUST, 1972, reading

79th Year

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No. 1307

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NORTHWESTERN BANKER

306 15th Street, Des Moines, Iowa 50309, Phone 515-244-8163

Chairman	Publisher	Editor	
Clifford De Puy	Malcolm K. Freeland	Ben Haller, Jr.	
	Associate Editor Linda L. Larson		
Advertising Assistant	Circulation Department	Auditor	
Mildred Savich	Lena Sutphin	Bertha Soderquist	
Field Representative	Field Representative	Field Representative	
AI Kerbel	Paul Masters	Glen Hicks	

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A Minnesota bank needed help in arranging \$125,000 line for a local construction company. We will lend \$75,000.

1.

We are helping a \$50 million Illinois bank by participating in a \$500,000 line for an area hardware company. We will lend \$300,000.

> A Texas bank needed help in arranging up to an extra \$1 million for a local utility company; so The First made another loan.

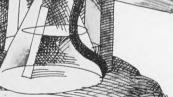
A company in Hawaii is in need of \$3 million term loan. We will

lend \$2,300,000.

THE FIRST LENDERS

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Clace Million



To assist our correspondent's liquidity, we are participating with a Michigan bank in a \$430,000 loan for a local shopping center. We are lending \$308,000.

CA

WE'RE HELPING ALL ACROSS THE U.S.A.

The First assisted a Florida bank by warehousing mortgages before sale to institutional investors. Nevin Bowser and Andy Nielo and their team have helped banks in the Northwest meet their customers' commercial loan needs, just as their associates at The First have helped banks all over the country. They're ready to help you with all types of loans and overlines — term, interim construction, holding company operations, working capital. Or your First correspondent banker may suggest participating in some of your existing loans to ease the liquidity of your bank.

> When you need loan assistance, commercial or agricultural, your correspondent banker at The First can get right to work finding the plan best suited to you.

So talk to a banker whose only customer is his correspondent — you.

Phone (312) 732-4110.



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First National Bank of Chicago

Member FDIC One First National Plaza Chicago, Illinois 60670

Expect 10,000 at ABA **Convention in Dallas.** October 7-11

DVANCE registration for the 98th annual American Bankers Convention passed the 9,000 level last month. The convention is scheduled for Dallas, October 7-11.

ABA officials expect more than 10,-000 registrants at the convention in the new \$33 million Dallas Convention Center.

The Convention Center will be the hub of all activities. Its East Hall will house the ABA's registration center, message center, women's activity center, and a special educational theatre.

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

The center's 70 meeting rooms, which are capable of seating from 25 to 25,000 people, insure adequate space for the convention's general session and the smaller working sessions.

Social events scheduled for bank-

ers and their wives include three different Broadway musicals, a pro football game, a fellowship breakfast, and two receptions.

There will be an early dinner performance and a late cocktail performance of each musical Saturday through Tuesday. Two of the shows will be performed in hotel theaters that offer a combined seating capacity of 1.250. The third show will be performed in the 1,700 seat Convention Center Arena. Attendance at two of the shows is covered by the registration fee.

fellowship Following Sunday's breakfast, conventioneers will have an opportunity to watch the world champion Dallas Cowboys play the Pittsburgh Steelers at the Cotton Bowl Stadium. A large block of reserved tickets will be made available to registrants during July. Transportation to and from hotels, the convention center, and the stadium has been arranged.

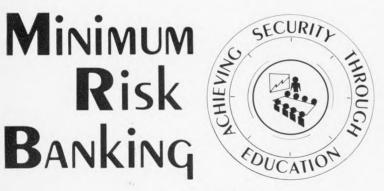
Special programs are planned for the ladies. Crafts centers and beauty boutiques will be among the activities designed for them.

Some 6,300 of the city's 27,000 first-class hotel rooms have been set aside for the ABA in five hotel complexes near the convention center. Each hotel will house various convention activities.

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

Dallas is readily accessible from all parts of the nation. The city's Love t Field Airport handles 800 flights daily and is served by eight major airlines and five commuter airlines.

In addition to convention activities, ABA members can also visit such local attractions as Six Flags Over Texas, one of the most spectacular family amusement areas in the nation; World of Animals, the nation's reserve of African wild animals; and Seven Seas amusement park, the largest inland marine park in the nation.



Suite 200, 221 Scott Street Wausau, Wisconsin 54401

"... offers practical, not philosophical or theoretical information . . .

MIDWESTERN BANKER MAGAZINE FRONT COVER STORY DECEMBER, 1971 ISSUE

"Comprehensive and provides the kind of information we would like to have in the improbable event we were suddenly proclaimed security officer in a bank."

> **R. W. POQUETTE, EDITOR** BANK NEWS MAGAZINE **IANUARY, 1972 ISSUE**

PRACTICAL SECURITY COURSES IN:

- kidnap-extortion
- personnel training
- bomb threats
- security equipment
- fair credit reporting
- act
- cash control
- internal controls
- facial identification
- police & FBI investigation
- panel discussions

Registration Limited

Iowa Bankers Association Sponsored School: September 26 & 27, 1972 Johnny & Kay's Hyatt House Des Moines, Iowa

Illinois Bankers Association Sponsored Schools: *

October 18 & 19, 1972 Ramada Inn Champaign, Illinois

October 25 & 26, 1972 **Regency Hyatt House** Chicago, Illinois

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Northwestern Banker, August, 1972 Digitized for FRASER https://fraser.stlouisfed.org Federal Reserve Bank of St Louis

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Over 40% of all checks processed in California flow through Bank of America's 1000 branches. This means we can handle your "due to" account faster and more efficiently. Availability is cut to a minimum. For details about this and many other correspondent services, write directly to Chuck Simek, Assistant Vice President, Bank of America Center, San Francisco, California



. BANK OF AMERICA N.T. & S.A. MEMBER F. D. I.C.

Views Long-Range Banking Trends

D ISCUSSING the future of commercial banking in the United States, Edward L. Palmer, chairman of

the executive committee, First National City Bank, said technological changes will give the American banking scene an entirely new look by the year 2,000. The U.S. bank-

example, will very



E. L. PALMER

likely operate on a nation-wide rather than on a state-wide basis as it does now, he said, and U.S. banks will be even more deeply involved in multinational syndicate financing and in financial services.

"The diversity of banking activities will blur the sharp demarcation between all financial institutions . . . and the banker of the future will manage a broad-ranging cluster of financial services for all manner of companies and individuals.

"There will, as a result, be more competition between banks and other financial institutions such as insurance companies and credit unions as all competitive services are crossed over," he added.

And while the duplication of present authorities overlapping regulatory dwindles, the banker told symposium participants, technological advances will revolutionize the entire payments mechanism, leading to a paperless payment system or the checkless society.

"American bank managers in the year 2,000 will be business generalists, managing not one business but many . . . while the stock of commercial banks and bank holding companies will have investment qualities far different from those they possess today and with a far greater spread in priceearnings ratios, he predicted.

Chicago Mercantile Volume Reaches Record Level

Trading volume on the Chicago Mercantile Exchange in June established an all-time record for any month in the 53-year history of the exchange, Everette B. Harris, president, announced.

The C.M.E. also set a new record for any first half in its history.

June volume totaled 413,907 trades, * up 44.0 percent from the 287,475 of 1971 and 5.3 percent above the previous one-month record of 393,230 « contracts traded in January, 1972.

Six-month volume was 2,228,278, or 37.5 percent above the 1971 period . when there were 1,620,502 trades and 16.5 percent above the previous sixmonth mark of 1,921,663 established in 1970.

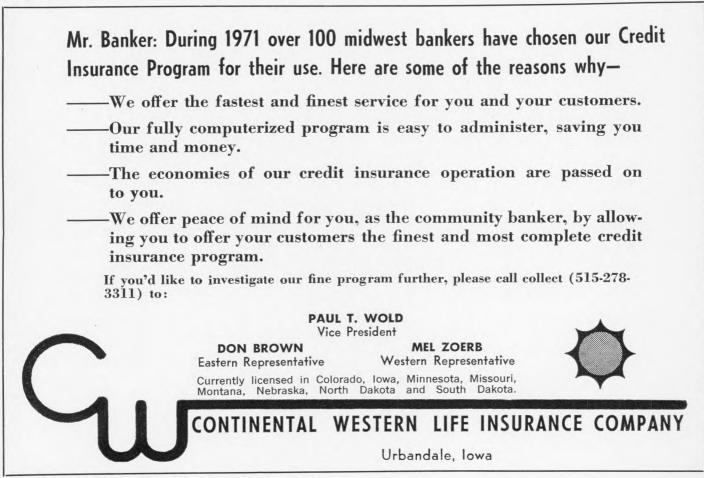
Neither the June or six-month total includes trading on the exchange's new International Monetary Market.

Plan Merchant Bank

First National City Corporation, parent of First National City Bank in New York, plans to establish an international merchant bank in London.

The new bank would engage in all international banking and financial activities normally provided by London, merchants banks.

Managing director of the new bank, which will be known as Citicorp International Bank Limited, will be George E. Putnam, presently senior vice president in charge of Citibank operations in Europe.



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New Financial Survey by Harris Bank

A NEW INDICATOR category for business economic conditions executives for financial institutions —



is being introduced via the results of a national survey c o m p l e t e d byHarris Trust and Savings B a n k, Chicago. It is the first time an opinion poll has been s p e c i fi c a l l ydirected to top level executives of

C. M. De133

banks, savings and loan associations, brokerage and bond houses, mortgage banking firms, insurance and finance companies, and real estate investment trusts.

The financial institution executives foresee an optimistic picture over the next six months for business and corporate profits, consumer conditions, and Phase II effect. They have mixed reaction about whether additional government controls would benefit the economy.

Charles M. Bliss, executive vice president and head of the banking department, presented the survey results.

Business/Corporate Profits

An increase in business activity to at least year end is seen by 84% of the money men, who agree that the U.S. is undergoing a broad-based economy recovery. More than three-fourths of

BANKERS DIRECTORY

those surveyed predict that a higher prime rate and higher short-term interest rates are on tap for the near future. (Since this survey was completed, some major banks have raised prime rates to $5\frac{1}{2}$ per cent.)

Unemployment is expected to decrease in the opinion of 45% who were polled, while 17% see an upswing in the out-of-work force.

The interviewees split almost evenly on whether or not the Dow Joes Industrial Average would be higher or the same on December 31 as it was at midyear — 44% say it will increase.

46% say it will be the same. Six percent fortell a decrease, and the remaining 4% have no opinion.

Inflation, the bugaboo of Phase II, will continue at its present pace to the end of the year, according to 71% of the financial intermediaries. However, 22% see the probability of a decreased rate of inflation. By contrast, many economists expect greater inflation over the remainder of the year.

Seventy-five percent of the respondents foresee a general increase in corporate profits for 1972. As far as profits for their own companies, 65% of the financial people have a bright outlook for the bottom line.

The consumer outlook for the next six months looks good to 69% of the financial people polled with 80% expecting an increase in consumer spending.

Along with spending more, the con-

We catch every change. Do you?

There have been no less than 10,829 significant changes involving new banks, new branches, mergers and changes of top executives since the last edition, six months ago.

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RAND McNALLY

sumer also will save more, according to 80% of the interviewees. This will take place, they feel, because consumer spending will be financed through increased borrowing.

Sixty-three percent of those polled predict greater demand for new residential housing, and 46% look for a moderate increase in the mortgage rate, while 50% see this rate remaining stable.

Top managers of financial organizations feel more strongly than do corporate executives as a whole that Phase II is effectively controlling wages, prices, and inflation.

According to the Harris Bank survey, Phase II is considered as an effective control on wages by 73% of the respondents, on prices by 75%, and on inflation by 68%. This is in sharp contrast to a recent McGraw-Hill study of top-level businessmen. In it, the favorable response rate on Phase II as a control on wages was 30%, on prices was 29%, and on inflation was 46%.

However, as predictors of Phase II's effects on corporate profits, 40% of the financial institution executives proved accurate "weathervanes." They said profits would rise — which they did, substantially — when most economists had predicted profits would remain stable.

In the area of government controls, the Harris Bank survey shows that 57% of financial intermediaries favor wage and price controls, while 40% oppose them.

Seventy-five percent are against any control on the prime rate, 73% oppose control of profits, and 57% express opposition to rent control.

Most of those favoring any types of controls say they should be enforced only for the next six to 12 months.

About the Survey

The Harris Bank's three-page survey questionnaire was mailed during the second week in May to a national random sample of 2,000 financial institution executives who are vice presidents or higher level officers of their companies.

The response rate of 34% (636 persons) was unusually high for a survey of this kind, and the composition of the respondents closely matched that of the whole sampling. Responses were cut off after 11 days, to insure timeliness of the reported results.

Similar surveys will be made on a continuing basis by the bank.

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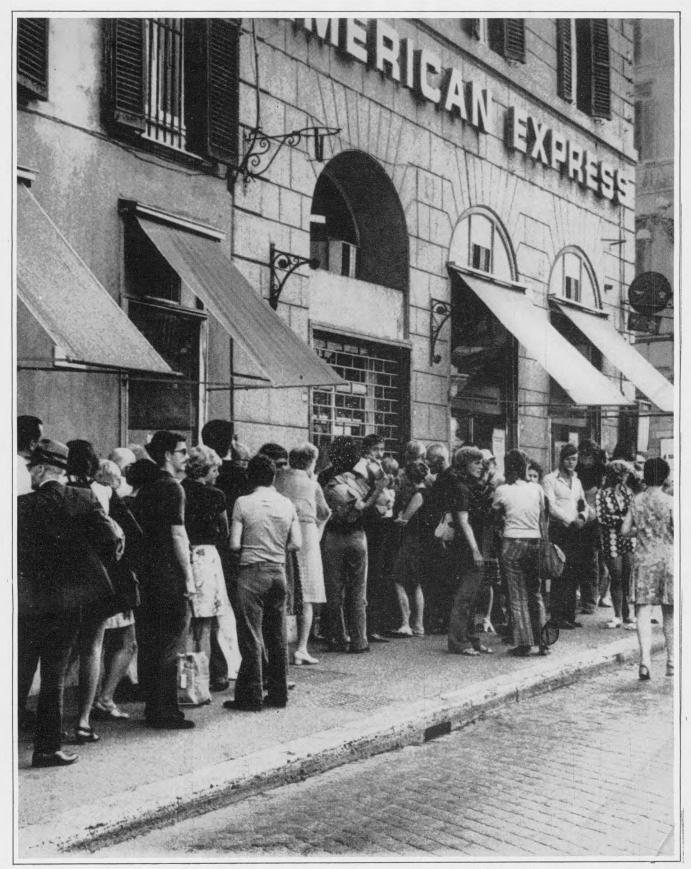
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THE MONEY CRISIS: AUGUST 16, 1971.

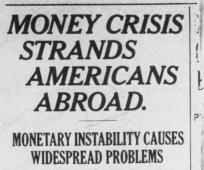


The lines went around the block at American Express Company S.A.I., Piazza de Spagna No. 38, Rome, Italy.

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THE DAY YOUR CUSTOMERS WERE GLAD TO HAVE A LINE TO STAND IN.

VOL. CXXV. No. 121



ROME - AUGUST 16 - A fresh wave of monetary uncertainty swept around the world today. For people travelling overseas, caught at the height of a record-setting tourist seaon, it was a bombshell.

son, it was a bombshell. Travelers encountered widespread problems due to the absence of stable rates of exchange. One American reported he was even unable to purchase film and postorade because at the lemon of the state of

Few overseas travelers will forget this day. The monetary paralysis struck everywhere. In some countries the banks were closed. In many countries the foreign exchange markets did not open. At those hotels, shops, restaurants and ticket counters where travelers were able to exchange their money, it was usually at an unfavorable rate.

For people carrying American Express Travelers Cheques, it was a different story. American Express Company and subsidiary offices throughout the world stayed open and kept cashing American Express Travelers Cheques at a fair rate of exchange. So American Express customers were able to weather the financial chaos with a minimum of inconvenience. (The lines at American Express Company and subsidiary offices were long, but people didn't seem to mind. They were grateful to have a line to stand in.)

August 16, 1971. A day of crisis for Americans abroad. Except for the customers of American Express.

ALL TRAVELERS CHEQUES ARE NOT THE SAME

We would like you to consider the American Express Travelers Cheque as an extension of the service arm of your bank. American Express Company and its subsidiaries extend to your customers a broader range of services than any other travelers cheque issuer in the world.

Here are a few reasons you should recommend them.

THE MOST RESPONSIVE REFUND SYSTEM IN THE WORLD.

If your customer's American Express Travelers Cheques are ever lost or stolen, he can get a refund -usually on the same day he reports the loss at any one of the 885 American Express Company, subsidiary or representative offices around the world.

Note: Each office is staffed with English-speaking personnel for your customer's convenience.

REFUNDS 365 DAYS A YEAR

The American Express Travelers Cheque has an emergency system called *Refund 365*sm that can provide a partial refund of up to \$100 on weekends and holidays in key travel areas throughout the world. Most other travelers cheques can't be refunded outside normal banking hours. In some countries, the number of weekends and holidays when banks aren't open totals as many as 120 days. That's four months out of the year those travelers cheques can't be refunded.

AMERICAN EXPRESS, THE WORLD'S MOST ACCEPTED TRAVELERS CHEQUE

The American Express Travelers Cheque is welcomed from Auckland to Zurich. Because of its name, our Cheque is as negotiable in out-of-the-way places as it is in the major cities of the world. Which is one reason more of our Travelers Cheques are used than all others combined.

BACKED BY THE WORLD'S LARGEST TRAVEL COMPANY

If your customer carries our Travelers Cheque, he will have the global network of American Express Company, subsidiary and representative offices at his service. In addition to cashing or refunding Travelers Cheques, these offices provide a full range of travel-oriented services: transportation, car rental, and hotel reservations; passport and visa information; sightseeing tours.

THE ONLY TRAVELERS CHEQUE ISSUED IN FIVE DIFFERENT CURRENCIES

The American Express Travelers Cheque can be purchased in U.S. dollars, Canadian dollars, Swiss francs, pounds sterling and Deutsche marks. It's the only one issued in all these important currencies.

WHAT AMERICAN EXPRESS TRAVELERS CHEQUES CAN DO FOR YOU

They insure customer satisfaction. The kind of satisfaction that allows the relationship you have with your customer to continue untarnished. And in his lifetime, a customer will come to you for his mortgage, car loans, personal loans, home improvement loans, etc.

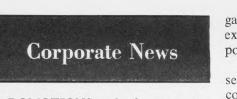
Why jeopardize your relationship with him because he has an unfortunate incident with the wrong travelers cheque?

With American Express you can rest assured he has the right Travelers Cheque.

Whether your customer is traveling domestically or abroad, make sure you recommend American Express Travelers Cheques for his next trip. Because all travelers cheques are not the same.



The Travelers Cheque



PROMOTIONS and other news announcements have been made by the following firms:

CMI investment Corp., Madison, Wis.: Keith A. Yelinek, Joseph F. Schmitt, Jack Kronemeyer and David Totzke have been promoted to posts with CMI insurance subsidiaries.

Mr. Yelinek has been named vice president - corporate development, of Continental Mortgage Insurance, Inc. Continental is the nation's second largest private insurer of residential mortgages. He was formerly vice president and treasurer of the Rural Insurance Companies, and had previously served as a trust officer of the American Exchange Bank.

Mr. Kronemeyer has been appointed coordinator of claims for CMI Credit Insurance, Inc., a leading insurer of mobile home credit loans. Formerly he was claims manager for Foremost Insurance for five years. Prior to his employment with Foremost, he was employed in various sales and production capacities for a manufacturer of travel trailers and mobile homes. He also served for ten years as an officer of the Union Bank in Grand Rapids, Mich., where he headed the collection department

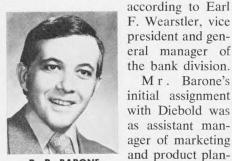
Mr. Schmitt has been named staff attorney for the CMI subsidiaries. Before joining CMI he was a member of the Madison City Attorney's staff.

Mr. Totzke will be CMI Credit's office manager. Formerly a loan officer with the First National Bank in Three Rivers, Mich., Mr. Totzke has had extensive experience with installment credit and finance.

Diebold, Inc., Canton, Ohio: Robert P. Barone has been named product manager of remote banking equipment,

Mr. Barone's

ning, bank divi-



R. P. BARONE

sion. In this post he worked mainly with future remote banking equipment, gaining, Mr. Wearstler said, "valuable experience he will bring to his new post."

Prior to joining Diebold, Mr. Barone served as manager, market planning control for National Cash Register Co. in Dayton. He also had been manager, marketing stategy and account representative for NCR and, earlier, marketing team manager with Xerox Corp.

Excel Investment Co., Bettendorf, Ia.: Ronald H. Coelyn has been appointed vice-president of finance, it was announced by company president Thomas Hemphill.

Mr. Coelyn, a graduate of the University of Illinois, had previously been with the Chicago office of Haskins and Sells, Certified Public Accountants, where he handled companies in the mortgage guaranty insurance field.

Mosler Safe Co., Hamilton, Ohio: Four executive promotions have been announced.

William D. Smith has been named director of finance and treasurer of the company, according to Executive Vice President R. William Ayres, Jr. He was formerly director of finance for the security, graphic arts and building specialties business area of American-Standard, Mosler's parent company. In his new position he will be responsible for all Mosler accounting and financial functions.

Mr. Ayres also announced that Perry A. Newcomb has been appointed director of industrial relations and personnel. He will be responsible for all company industrial and employee relations activities, and he was previously director of industrial relations for the security, graphic arts and building specialties business area of American Standard.

In the sales and service division. Joseph MacDonald, vice president and general manager announced the promotions of Edward J. Mulvey to general manager, national service organization, and Dean R. More to general manager, national sales and installation. Mr. Mulvey was most recently director of marketing, Mosler Airmatics Systems Division, Wayne, N. J., and Mr. More was previously Southwest Regional sales manager for Mosler.

NYTCO Services, Inc., St. Paul: John G. Hogan and Mike Meyer have been named assistant vice presidents of the company.

Mr. Hogan has been with the company since 1965. He services bank and



M. MEYER J. G. HOGAN

industrial accounts in Minnesota, Wisconsin and the Dakotas. He attended St. Thomas College and the University of Minnesota.

Mr. Meyer was named head of NYTCO's Omaha regional office. A graduate of the University of Nebraska, he has been with the company since 1970. He is well-known in the Omaha area as an official for area high school basketball.

Platt, Tschudy, Norton & Co., Inc., Minneapolis: A new alignment of officers has been announced by the investment management firm.

New chairman of the board is Stanley K. Platt. Richard H. Tschudy has been elected president.

Others newly named officers are: Charles Webster, senior vice president; Wayne D. Kilgore, vice president; A. Arthur Kaese and Charles H. Stoddard. Jr., assistant vice presidents; Douglas R. Platt, treasurer, and Lorraine M. Kosslak, secretary.

Piper, Jaffray & Hopwood, Inc., Minneapolis: Thomas A. Sherman has joined the company as a vice president. The announcement was made by President George Fox.

Mr. Sherman will work in the area of tax-sheltered investment programs and various area of company management. He was formerly a partner in the accounting firm of Lybrand, Ross, Bros., & Montgomery, Minneapolis.

James Talcott, Inc., Chicago: Frank J. Pope has been elected an assistant * vice president, it was announced by G.



Pat Bacon, vice presidentand manager of the Chicago District office of the nationwide finance organization.

Mr. Pope is credit manager for the Chicago office which services businesses in IIli-

Wisconsin, Eastern nois, Indiana, Missouri and Western Kentucky.

HOW BIG CAN A BANK THINK

It's embarrassing when a good customer, for good reason, needs more money than a bank cares to lend. And disturbing that he may go elsewhere. A Heller-bank participation can solve



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What Bugs You About Money? Ask National City Service Center

I NTRODUCTION of what is termed "the first financially-oriented consumerism program of its kind in the Twin Citics" was announced recently by National City Bank of Minneapolis.

The program will assist consumers, both customers of the bank and noncustomers alike, with **any** kind of money problems that concern them.

Answers to questions such as, "How can I get my money back on the \$5 bill that just went through the wash in my husband's pants pocket?" or "How many pesos can I get for an American dollar while I'm on vacation in Mexico?" will be available along with answers to the more ordinary questions about savings accounts, loans, etc.

The theme of the National City consumerism campaign and the bank's new Consumer Service Center will be "Tell us what's bugging you about your money problems, so we can serve you better."

The Consumer Service Center will be staffed by specially-trained "ladybugs," young ladies who will answer questions, listen to inquiries and accept ideas from consumers on all subjects that concern money. Many of the in-



All the latest features of the new AMS Model C System. Write Cummins-Chicago, 4740 N. Ravenswood Ave., Chicago, IL 60640; or call (312) LO 1-6600.





"LADYBUG" Penny Kalar helps consumers eliminate "bugs" in their finances.

quiries will be answered immediately, but on the more technical questions, the "ladybugs" will gather the required information from sources inside and outside the bank and reply to consumers within 48 hours.

In describing National City's involvement in the consumerism movement, C. B. Jacobs, chairman of the board, said, "The depth of our commitment to serving the present and future needs of Twin City area consumers is indicated by the fact that all of our people have recently completed a nine-week course aimed at improving our customer service.

"We have also set up and staffed an entire department that will be devoted exclusively to consumer service, and we are devoting our entire advertising and promotion budget to a campaign designed to get consumers to ask us for information about their money problems."

The bank expects that, as the cam-

paign gets underway, ideas suggested by some of the consumer inquiries might be used to develop new and better banking services to be offered in the future by National City, according to Mr. Jacobs.

Tax Ruling On Trusts

A potentially valuable estate planning device — one which the Government claims will "open a substantial loop-hole in the estate-tax law" — has been upheld by the U.S. Supreme Court.

In a 6-3 decision, the Court rules that stock transferred to an irrevocable trust is not includable in the gross estate of a controlling stockholder who during his lifetime retained the right to vote the transferred shares, veto the trustee's transfer of the stock, and replace the trustee.

The Court's dissenters said they believe Congress ordered that, "if one wishes to avoid a tax at death, he must be self-abnegating enough to totally surrender his property interest during life."

ABA Plans Investment Conference In 1973

The American Bankers Association has announced plans for its first national Bank Investments conference. ABA member banks' investments in securities for their own accounts total more than \$160 billion.

George W. McKinney Jr., chairman of the new division, said the three-day conference, scheduled at Stauffers Riverfront Hotel, St. Louis, Feb. 28-March 2, 1973, will mix nationally known speakers with a variety of specialized workshops. The program will be tailored to meet the needs of senior officers who handle investments for the 13,350 member banks of the Association.

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Morgan Guaranty Trust Company

OF NEW YORK

Consolidated statement of condition

June 30, 1972

Assets

Assets	
Cash and due from banks	
U. S. Treasury securities	. 716,192,923
Obligations of U.S. government agencies	. 37,683,286
Obligations of states and political subdivision	is. 701,670,452
Other investment securities	. 257,678,436
Trading account securities	
Federal funds sold and securities	
purchased under agreements to resell	. 10,266,000
Loans	. 7,234,128,517
Bank premises and equipment	. 83,514,280
Customers' acceptance liability	. 257,947,535
Other assets	. 483,740,289
Total assets	. \$14,128,768,924
Liabilities	
Demand deposits	¢ 1 200 070 227
Time deposits	. 2,258,723,477
D 1. 1. 0. 1. 00	
Total deposits	
Federal funds purchased and securities	. 10,716,477,997
sold under agreements to repurchase	. 1,229,366,000
Other liabilities for borrowed money	. 133,339,884
1	. 116,394,887
T · 1 · 1.	
Dividend payable	
Convertible debentures of a subsidiary	. 14,597,440
$(4^{1/4}\%, due 1987)$.	. 50,000,000
Mortgage payable	. 16,878,636
Other liabilities	. 407,461,937
Total liabilities	
	. 012,012,110,101
Reserve	
For possible loan losses	. \$ 116,720,296
Capital accounts	
Capital notes (63% %, due 1978)	. \$ 100,000,000
Capital notes (5%, due 1992)	
Equity capital:	
Capital stock, \$25 par value (9,123,400 share	es) 228,085,000
Surplus	
Undivided profits	. 281,314,891
Total equity capital	. 845,899,891
Total capital accounts	1 000 000 001

Assets carried at \$1,459,657,073 in the above statement were pledged as collateral for borrowings, to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

Total liabilities, reserve, and capital accounts \$14,128,768,924

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Vew York	23 Wall Street, Fifth Avenue at 44th Street,
	Madison Avenue at 58th Street, 40 Rockefeller Plaza,
	Park Avenue at 48th Street

Abroad London, Paris, Brussels, Antwerp, Frankfurt, Düsseldorf, Munich, Zurich, Milan and Rome (Banca Morgan Vonwiller S.p.A.), Tokyo, Nassau

> Representative offices in Madrid, Beirut, Sydney, Hong Kong, São Paulo, Caracas

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Nebraska Supreme Court

Upholds Verdict for Bank of Valentine Cashier

I N A DECISION with far-reaching implications, the Nebraska Supreme Court has determined that Frank Colburn, who was cashier and a director of the now defunct Nebraska State Bank of Valentine, Nebr., was not negligent in his duties and should not be held liable in any way for the embezzlement of approximately \$4 million by the then president of the bank, Richard L. Davenport.

As president of the bank, Mr. Davenport had embezzled the above amount, the bank was closed October 29, 1964 by the Nebraska department of banking, and Mr. Davenport subsequently was found guilty and sentenced to the Nebraska penitentiary, from which he has now been released.

Mr. Colburn, a 35-year employee of the bank, was cashier of the bank since 1930. The Nebraska department of banking, in its later efforts to recover as much of the loss as possible, sued Mr. Colburn for liability in his positions as both cashier and director, alleging negligence in the performance of his duties for not having discovered and reported the embezzlement.

A lower court jury found for Mr. Colburn. However, the judge set this verdict aside on the grounds of obvious error and that the verdict controverted facts and found for the department of banking. Mr. Colburn's attorneys appealed the district court ruling to the Nebraska Supreme Court. This resulted in a split decision favoring Mr., Colburn. The department's appeal to the Nebraska Supreme Court for a rehearing based on 34 alleged errors was denied last month and the case was remanded to the district court with instructions to reinstate the original jury verdict.

Banking authorities feel that the latest Nebraska Supreme Court decision has far-reaching implications for it leaves unanswered many important questions.

In the majority opinion, the Nebraska Supreme Court stated in part:

"Richard L. Davenport testified, by deposition, that sometime after 1948 he commenced the misapproriation of bank funds. By 1950 or 1951 the bank had become insolvent. His method of operation involved the use of notes and property statements that had been signed in blank by customers of the bank. He would fill out the notes and property statements and then insert the notes into the flow of daily transactions of the bank or send them directly to a correspondent bank. An account might be opened to receive the proceeds from the spurious note. The proceeds from the notes would be transferred by use of debit memorandums. When monthly statements were made he would hold the statements or have them remade so that the accounts would appear to have proper balances.

"The embezzlement was difficult to discover because the transactions appeared to be regular on their face. The signatures were genuine and the property statements seemed to justify the loans. The bank did a large volume of business and occasionally had a million-dollar day. On a typical day there would be 3,000 or more bookkeeping entries of which only 4 or 5 might relate to spurious transactions. Notes that were placed directly with correspondent banks would appear only in the total remittances for the day. The matter was further complicated in that some of the notes were valid in part.

"Colburn had his desk near the front door of the bank and devoted a large part of his time to an insurance business that he had operated since 1930 and as a partnership with Davenport. His other duties included supervision of the bookkeeping department and the cash in the bank. The loans were handled by Davenport although Colburn occasionally handled small transactions. Davenport opened all the mail and kept many of the records in his office in a locked file.

"Although Colburn had been the cashier of the bank for nearly 35 years, he was not familiar with statutes or directives of the Department of Banking concerning the duties of the officers of a bank. His understanding was based upon his experience in the bank and his association with the Davenports. He had complete confidence in Richard L. Davenport, as did the other officers, employees, and customers of the bank."

The Supreme Court opinion stated further:

"In addition to the evidence which has been summarized, the following matters were of significance in this case. The defendant owned only about 4 percent of the stock. The Deputy Director of Banking testified that Davenport dominated the affairs of the bank

How to Improve Profit Planning In the Small Bank

By HOWARD G. JOHNSON Partner Price Waterhouse & Co. Buffalo, New York

... delivered before the Southern Regional Convention of the Bank Administration Institute in Tulsa, Oklahoma.

ECENTLY I was looking at an K issue of a national bank magazine. I was drawn to the first article listed on the cover. It is titled "Bank Stocks - Views of Top Banking Analysts." It was written by a stock market specialist. I expected the author to discuss price earnings ratios, forecasts of interest rates, bank growth trends, and similar matters. And indeed he did. But he also brought another factor into his analysis of bank stocks. That factor was profit planning. In fact, the author states, "As an analyst, I have found that a bank with a good . . . profit plan generally has the best earnings performance." He goes on to say, "Bankers used to view themselves as helpless victims of their local environment, government fiscal trends and the policies of the Fed, ... (but) sophisticated investors are learning that some managements can plan their way around . . . (these things). The stocks of these banks command premium prices. . ." This is a powerful testimonial! One that should impress every banker!

Possibly your reaction is, "Fine. We agree. But how do we approach it? What is important in starting?" Foremost, bank management has to adopt what I call "the planning philosophy." Whereas in the past, the banker might have budgeted and forecast what he thought would happen, he now has to adopt a philosophy of planning what he thinks he can make happen. This is the essence of sound profit planning . . . finding ways to make profits happen.

The actual experience of one par-

Northwestern Banker, August, 1972 Digitized for FRASER https://fraser.stlouisfed.org Federal Reserve Bank of St Louis ticular bank may serve to illustrate what "the planning philosophy" is and what it can accomplish. Based upon its long-range growth plan, the bank had a target of earning \$5.00 per share for the coming year. But . . . lo and behold . . . with increasing salaries, higher costs for deposits, less attractive loans, and other less favorable conditions than in the past, the preliminary budget and profit plan projected much lower earnings. Preliminary planned earnings were 90¢ short of the \$5.00 target. This was also less than actual earnings for the current year.

Everyone was a bit startled. What was the problem? Well, the most serious problem was that this was not really a plan . . . it was a forecast . . . probably a very realistic forecast based upon existing costs, business mix and other conditions. However, profits wouldn't increase from that forecasted \$4.10 level just because someone thought they should. If they were to increase, management would have to find a way to make them increase. So in this particular case, management began to do just that . . . search for ways to make profits increase.



A number of important steps were taken:

(1) Each department head was requested to review personnel costs in order to decrease or justify staff levels and salary increases.

(2) The emphasis of the marketing program was modified . . . particularly to attract larger numbers of the more profitable demand deposits and installment loans.

(3) Fee policies and rate structures were reviewed. Plans were made for higher charges in certain cases and for fewer waived fees.

(4) Plans for a number of major expenditures were deferred.

Various other steps too numerous to mention were taken. The profit plan was modified to reflect all the changes and it was summarized a second time. Planned earnings were only 25ϕ short of the \$5.00 target. Now it was more a plan than a forecast.

But still, management was not satisfied. They decided upon a number of additional steps:

(1) Fees at certain branches still seemed unusually low. They were analyzed for the largest customers. As a result, service charges and compensating balances were renegotiated in a number of cases.

(2) Expected staff increases still seemed unusually large in certain departments. They were analyzed and as a result, some of the planned increases * were deferred or eliminated.

(3) Additional funds were earmarked for tax-free municipal securities which were the highest yielding investments for this bank.

The final, approved profit plan indicated earnings of \$4.90 per share. This was less than the \$5.00 target, but a lot better than the original forecast of \$4.10. Management had indeed made profits increase. The story has a particularly happy ending. Profits for the bank that year actually exceeded the \$4.90 profit plan by several cents. The disciplines of the planning philosophy had improved performance for the bank.

Once there is the determination to make profits happen, the next step is to find the tools that will facilitate the process. There are probably many tools that might be discussed . . . such things as responsibility accounting, various paperwork routines and procedures, well-defined organization structures, etc. But we would like to call attention to one fairly new and modern tool that can often be of major importance. That tool is "the financial planning model." It can have a major impact in profit planning by allowing numerous alternative courses of action to be evaluated quickly and easily.

"The Financial Planning Model"

As background, we might pose two questions, "What are models?" and more particularly, "What are financial planning models?".

A model is a representation of something that either does exist, will exist, or someone wants to exist. It may be something that others wish to use as a standard to imitate, or to measure actual conditions against. A model may be a representation that is easier to understand or modify than the real thing. These are examples of that type of model.

Many of us have built model cars and we've all used maps. Money itself is a kind of model representing future claims on goods or services. It is far less trouble to carry cash with us than bushels of wheat. It is easier to understand the relationship between cities by using a map than by inspecting the physical area. It is simpler to modify a clay mock up of a newly designed car than to reshape the metal fender.

A financial planning model is a special type of model. It is designed to aid management in forecasting the future and in the analysis of possible alternative actions. The executive, as he plans, is faced with incomplete knowledge of the future. It is difficult to judge alternatives unless you can visualize the impact of each potential action upon the end result. This is where the model becomes an invaluable aid. With it, for example, the executive might obtain an estimate of earnings per share under a series of alternative business mixes on conditions.

Many modeling systems are available today. Large banks often design unique modeling systems for their own operations and maintain them on their in-house computers. Small banks often bigitized for FRASER



obtain more general types of modeling systems at small cost from correspondent banks or others. The BAI, as you probably know, has a modeling system; many software houses have them for sale. Typically, these general systems consist of a series of computer programs to be run on a time-sharing computer many miles from the bank.

The planner, however, can remain at the bank and introduce information, make changes and print-out results on a terminal.

How does a modeling system work? Every system is a little different. Typically, the information entered into the system over the terminal includes such data as —

. . . the income statement and statement of condition for the most recent period and several prior periods.

... planned management actions for coming periods, such as information concerning the opening of a new branch or the marketing of a new issue of capital notes.

... various assumptions, such as the expected rate of growth, interest rate levels for various types of items, liquidity or other ratios to be main-tained, and other "ground rules" for the computer.

The computer programs use this information to forecast and print-out such financial statements as requested for future periods. The benefit, of course, is the speed with which the impact of alternative conditions can be available for evaluation by the bank planner.

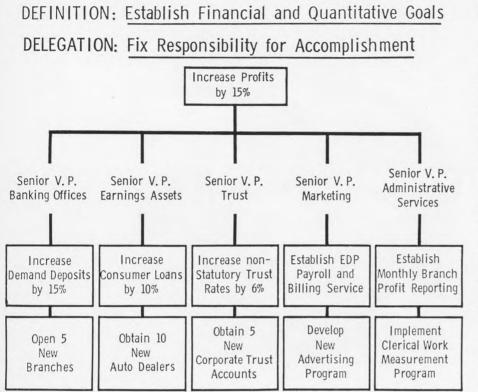
For example, the planner could ask the modeling system such things as —

... What would be the result on net operating earnings if the prime rate went up 1%, or down 1%, halfway through the year?

. . . If we decided to increase installment loans from 15% to 20% of our earning assets, and reduce mortgages accordingly, what would be the result on net income . . . on bad debts?

... If we opened three new branches during the year, what would be the impact on our total footings. ... on liquidity ratios ... on earnings? What would the effect be depending upon which locations were chosen, whether the branch facilities were owned or leased, whether the locations would lend themselves to the promotion of certain types of business?

Undoubtedly, the planner could answer these questions and other similar ones with a series of manual calculations if he wished. But what if he was considering the impact of 20 or 30 such questions, individually as well as in various combinations. He would probably spend several days doing manually what the computer system could do in several hours. Such timesaving allows him to consider many more alternatives with greater care than he could on a purely manual basis.



Once there is the determination to *make* profits happen, and the various alternative courses of action have been thoroughly considered, the final step is to institute the management controls that will facilitate the realization of planned goals. In the end analysis, the management control can be reduced to two basic phases. We often refer to them as the two D's: definition and delegation.

Definition involves approving the specific goals and a network of steps to achieve them. Most of the goals in the profit plan are financial, such as increasing revenue or reducing costs in a particular department. However, other goals might be nonfinancial, such as reducing personnel turnover or increasing productivity in a particular area.

The overall profit plan might include a goal of increasing profits by 15%. The network of supporting plans might include various steps, such as the following:

Increase demand deposits by 15 per cent.

Increase consumer loans by 10 per cent.

Increase trust rates by 6 per cent.

Establish EDP payroll and other services for customers.

Establish monthly branch profit reporting.

The second "D," delegation, involves fixing responsibility for accom-Digitized for FRASER plishment of each of the various steps in the network. In the illustration above, delegation of responsibility is shown by superimposing an organization structure on the network of goals.

The various senior vice presidents are responsible for the individual steps required to meet the overall goal. Similarly, lower level responsibilities are fixed with individual officers and managers. Once accountability for performance is fixed, and progress reporting is established, the bank is usually well on its way to meeting its profit planning goals.

In summary, effective profit planning is a management philosophy more than a system. It is a philosophy of making profits happen. There are many tools that enter into making profit planning successful. One of the more useful tools is financial modeling . . . which allows the planner to use the power of the computer to help study the impact of many alternative courses of action. Once the plan is established, accountability and performance measurement are the keys to achieving the planned objectives. Sound profit planning is not easy it is time consuming and takes a considerable amount of effort and attention. But, as the stock market analyst pointed out, if it is effective, it can lead to superior earnings performance. -End

Plan Kansas City Conference

R. Crosby Kemper, Jr., chairman of the board of City National Bank and Trust Company of Kansas City, has

announced details surrounding the upcoming City National Correspondent Bankers a n d Corporate Treasurers C o nference to be held August 19 and 20. Mr. Kemper pointed out that since the confer-



R. C. KEMPER, JR.

ence was scheduled in between the Democratic and Republican National Conventions, the general theme of the conference would be geared to the upcoming elections. This theme was used in the invitations as well as the selection of guest speakers and entertainers. Highlighting the two-day affair will be an afternoon business session and an evening of entertainment and a Kansas City Royals baseball game.

Plans call for a Saturday luncheon at the Hotel Muehlebach followed by a business session at the Music Hall of the Municipal Auditorium. Included in the business session will be a keynote address by Edwin Newman, NBC-TV News Correspondent. Mr. Newman will be coming to Kansas City directly from Miami where he is preparing to assist in the coverage of the Republican National Convention. A panel of City National Bank officers is also on the schedule. This discussion, entitled "A Vote for Profit," and covering the major areas of banking, will be moderated by Ben B. Schifman, financial vice president of the Kansas City Star. That evening the guests will be treated to a dinner at the Hotel Muehlebach, followed by an assortment of entertainment. They are invited to relive the Glenn Miller era with the smooth vocal stylings of Ray Eberle and the delightful Modernaires with Paula Kelly. Then they can snap back to the now generation with the unconventional politicking of David Frye, political mimic and humorist. The evening will wind up with dancing to the music of Tony DiPardo and his Orchestra.

Mr. Kemper said that "Judging from the turnout at our 1968 conference, we expect about 1,500 guests to join us for a weekend of business and pleasure."



DISC - Domestic International Sales Corporation

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

THE TERM "DISC" is starting to appear with some regularity in banking publications. This abbreviation for Domestic International Sales Corporation is the result of a congressional act, the Revenue Act of 1971. It has as its goal the stimulation of and expansion of exports.

Originally many bankers thought DISCs would be of most value and use to large city banks at the major ports of entry into the United States, such as Boston, New York, Philadelphia, Portsmouth, Ft. Lauderdale, New Orleans, Los Angeles, and San Francisco.

This has not been the actual result, however. It is true that banks in those areas have had more opportunity to help finance exports and imports than banks in the heartland of America. However, a surprising number of inland banks are finding that their manufacturing and agricultural customers have interest in the DISC program.

Income Tax Deferred

It is for this reason that bankers should be able to provide customers with adequate information on the topic. DISC is important to your customers and the U.S. because under it federal income taxes will be deferred on export profits as long as these profits are used and retained in the export related activities of the domestic firm.

Thus, many producers and manufacturers in the U.S. who were content to limit themselves to domestic production and sales now recognize that with DISC, higher profits can be achieved by a stimulation of their exbigitized for FRASER ttps://fraser.stlouisfed.org

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ports. In effect, under a DISC operation the domestic company establishes a subsidiary solely for the purchase of goods from the manufacturer or other manufacturers.

Through this separate corporation it resells the products abroad. The company may even do this on a commission basis. It can lease or sublease American property to foreigners. It basically comprises a bookkeeping transaction which spins off a profit center solely attributable to exports. The tax advantages are considerable and fairly technical. For purposes here we cannot go into great detail about them.

Anyone interested in tax advantages should consult his tax attorney or accountant.

No Tax Imposed

In a general sense, however, the major factor is that there is no tax imposed on either the parent firm or the shareholders of the parent firm from the profits earned by the DISC until they are actually distributed.

Even then there are certain other advantages. The shareholders of the DISC's corporation are receiving over half the earnings currently whether or not they are distributed. The remaining half may be retained by the DISC, subject to no shareholders liability and reinvested either in that or in Export-Import Bank obligations, or loaned to producers in the U.S. for financing export related activities.

This permits the parent company, government agencies or other exporters to have an attractive source of funds without the shareholders of the DISC being taxed. The DISC may also purchase the export goods from its parent under a special rule which permits it to earn the greater of 4% of sales or 50% of combined income attributable to the manufacturer of the sale of products through the DISC.

May Lend Earnings

Also, an additional profit equal to some one-tenth of the export promotion expenses is carried into the profit column without taxation. A DISC may also lend the earnings which it has retained to its parent company and still not suffer a loss of the tax-deferred status on this portion of its earnings, provided these producers loans are used to finance further exports.

It can be seen by the foregoing remarks that there is a significant potential profit and low taxes. There is hardly a banker or a bank in the United States of any consequence that does not have a customer or two that would benefit from the formation of the DISC. It is so new, however, that it may take some time for the knowledge of it to permeate the community.

Suggestion: One of the best sellers of the U.S. Government Printing Office is DISC Domestic International Sales Corporation, A Handbook for Exporters. For 40ϕ the Superintendant of Documents of the U.S. Government Printing Office, Washington, D. C., 20402, will provide you

DISC . . .

(Turn to page 82, please)

Northwestern Banker, August, 1972

25

How to Cut a Kite String

By GEORGE W. DENNIS Vice President Manufacturers Hanover Trust Company New York, N.Y.

T HE MORE sophisticated kiter and the more dangerous one is the Check Kiter.

This guy's more sophisticated because he knows the check processing routine **and** he's more dangerous because of the amounts that can get involved.

Somehow or other I can't imagine a banker being sleepy enough not to recognize that something must be amiss if a customer were to deposit say \$25,000 in cash every day, but I've seen more than one check kiting scheme where a bank was on the short end of half a million dollars when the string was cut.

How The Kite Works

How does a check kite work? In its simplest form, there are three parties —

The Kiter The victimized bank And a com-plis-i-tor bank

Here's how they operate:

Able Kiter opens an account at the Trenton National Bank with a cash deposit of \$1,000.

Baker Kiter (Able's brother) opens an account with the Greater National Bank of N.Y. with a cash deposit of \$1,000.

This entitles each of them to a nice new check book **and** without further ado, they go to work.

On Day One —

1. Able deposits in the Trenton Bank a \$2,000 check drawn by Baker.

2. Baker deposits in the New York Bank a \$2,000 check drawn by Able. Shortly After the Sun Rises on Day

Two —

1. FRB, Philadelphia, receives \$2,000 check from Trenton and Credits Trenton's Deferred account.

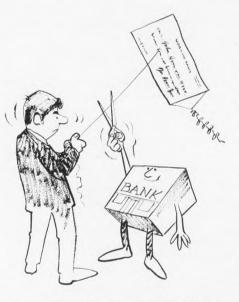
2. FRB, New York, receives \$2,000 check from N.Y. Bank and Credits NY's Deferred account.

Digitized foor RADER deposits another check in https://fraser.stlouisfed.org

Trenton — \$3,000 drawn by Baker. 4. Baker deposits Able's check for \$3,000 in N.Y.

Day Three -

1. FRB, N.Y., receives \$2,000 check from FRB, PHILLY, and **Charges** it to **Reserve** account of N.Y. bank.



2. FRB, Philly, receives \$2,000 check from FRB, N.Y., and **Charges** it to **Reserve** account of Trenton bank. 3. FRB, Philly, receives \$3,000 check from Trenton and **Credits** Trenton's **Deferred** account.

4. FRB, N.Y., receives \$3,000 check from N.Y. bank and **Credits** N.Y. bank's **Deferred** account.

5. Able deposits another check in Trenton — \$4,000 drawn by Baker.

6. Baker deposits another of Able's checks; this one for \$4,000.

Day Four -

1. Greater National Bank receives \$2,000 check from FRB, N.Y., and charges Baker's account.

2. Trenton receives \$2,000 check from FRB, Philly, and Charges Able's account.

3. FRB, N.Y., receives \$3,000 check from FRB, Philly, and **Charges** N.Y. bank's **Reserve** account.

4. FRB, Philly, receives \$3,000 check from FRB, N.Y., and **Charges** Trenton's **Reserve** account.

5. FRB, Philly, receives \$4,000 check from Trenton and **Credits** Trenton's **Deferred** account.

6. FRB, N.Y., receives \$4,000 check from N.Y. bank and **Credits** N.Y. bank's **Deferred** account.

7. Able deposits \$5,000 check in Trenton drawn by Baker.

8. Baker deposits \$5,000 check drawn by Able.

Day 5 is the critical day Able walks into Trenton and asks the teller to cash a check for \$5,000.

Now let's see, he has — one and two is three and three and three is six and four is ten and five is fifteen minus two is \$13,000.

Of course, Baker does the same thing.

They both fly to Miami where they both fly to Miami where they hold on the beach ogling the pretty maids in the brief bikinis!

OK, now we know how to fly a Check Kite. Just deposit worthless checks in your account and draw against them before they bounce.

Let me tell you that the case I cited was a simplified version of a real life case.

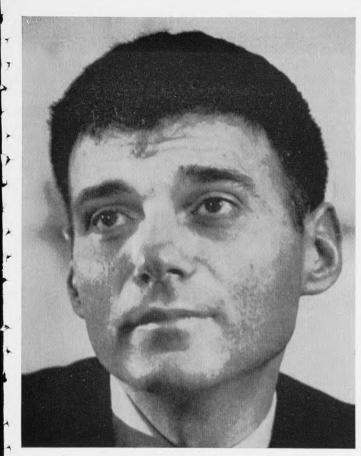
Can you visualize what it would look like if there were legitimate transactions going on at the same time as the Kite?

How do we cut the string?

First, it is essential that you have a system for recording "uncollected funds" — the time that it takes for a check to travel to the bank on which it is drawn plus the time that it will

KITE STRING...

(Turn to page 54, please)



Life Insurance Executives Defend Private Pension System

A NORTHWESTERN BANKER Survey

RALPH NADER

I N RECENT WEEKS, consumer advocate Ralph Nader has attacked the private pension system with serious charges and is reported as stating: "The private pension

system is one of the most comprehensive consumer frauds that many Americans will encounter in their lifetime." He supports his statement with "facts and figures" such

as these:

- 1. At least one-half of all persons participating in private pension plans will not receive pension benefits when they retire.
- 2. More than one-half of all persons who do receive benefits will receive less than \$1,000 per year.
- The majority of pensions do not provide for benefits for widows or widowers — or provide very limited benefits.
- 4. The vast \$151 billion system heavily subsidized by an annual Federal tax subsidy of over \$8 billion is hurting too many people unnecessarily and unfairly.

THE UNDERWRITERS REVIEW, a companion magazine of THE NORTHWESTERN BANKER which serves the insurance industry throughout the midwest, contacted the chief executive officers of several leading life insurance companies and asked for their comments in response to this charge to the commercial banking industry. The comments of these life insurance executives are presented here for our banker readers:



H. G. ALLEN President The Bankers Life Des Moines, Iowa

E XTREME assertions, such as Mr. Nader's, that "the private pension system is one of the most comprehensive consumer frauds that many Americans will encounter in their lifetime" are not responsible statements. The demagogic nature of such a statement obscures the real issues.

Senator Jacob Javits has for many years been a leading advocate of legislative changes to strengthen the private pension system and minimize the particular points of weakness in that system. He has been one of the sharpest critics of the private pension system. Senator Javits in a recent Senate speech regarding Mr. Nader's comments said such accusations are a "gross misrepresentation and a great disservice to the thousands of business and labor leaders and others who have poured years of hard effort into improving and strengthening private pension plans."

Mr. Nader's generalization that at least one-half of persons participating in private pension plans will not receive pension benefits when they retire is a clear-cut example of obscuring the issues. It is undoubtedly true that persons age 16 to 25 who are nominally "covered" under their employer's pension plans, but most of whom will move from their present jobs after a year or so of employment, will not receive pensions from their *present* employer.

It is definitely not true of persons age 60-64 who are covered under their employers' pension plans, because almost 100% of such employees will receive pension benefit when they retire. This point was clearly made in a responsible study published in 1971 by A. S. Hansen, Inc., a reputable firm of consulting actuaries.

Similar obscurity and confusion exist in Mr. Nader's other generalizations.



FRANCIS E. FERGUSON

President

The Northwestern Mutual Life Insurance Company

Milwaukee, Wisconsin

T HIS COMPANY is a rather special situation, since we operate exclusively in the individal policy field. We are convinced that what we do in the area of qualified plans is socially beneficial and offers good value to the employer and employee alike. Our current pension payments involve 10,700 checks a month for an average amount of \$106.00. We all wish there were more of them and that their average size were greater, but the recipients probably look forward to their arrival.

This information, like some of the figures provided by Mr. Nader, looks only at the outputs of plans, most of which were written many years ago. As I read Mr. Nader's statements, he is not focusing on today's plans or the inputs of today; he is criticizing the system as it was.

Basically, this was a management centered system. These plans rested on a philosophical base that pensions were to be paid to those who stayed. The funding took terminations into consideration. Thus, as a group, these plans were biased against vesting and portability. Often, probably usually, the alternative to the pension plan adopted was no pension plan at all. Early vesting of employer contributions would have priced most such plans out of the market.

In the meantime, the climate has changed. Public policy and government regulations have moved us in the direction of greater employer contributions and a philosophy that this is deferred income to be paid after retirement. As we look at today's inputs, the individual plans we write show a pattern of about 25% of compensation guaranteed together with substantial death benefits for the widow. Within today's framework, we think these current τ plans offer good value for the funding of retirement.

We see a place for variable and guaranteed benefits combined with death benefits for beneficiaries. It is my opinion that we can do more with portable paid-up policies that will fund benefits earned with multiple employers. We think of private plans as valuable supplements to the basic social security retirement benefit. We have no present intention of being deterred by Mr. Nader or anyone else in our determination to promote the use of such plans among small businesses and professional groups.

Thank you for the opportunity to respond. Obviously, in times when the dollar is being treated as a short term instrument, it has been harder to look good after a long a cycle funding period.



R. W. FRIEDNER

President

Washington National Life Insurance Company

Evanston, Illinois

I N MY VIEW the private pension system is playing an ever increasing part in providing retirement benefits to American workers.

Contrary to being a comprehensive consumer fraud as alleged by Mr. Nader, the benefits provided by private pension plans have increased dramatically over the past 20 years. In 1950, these plans covered 9.8 million workers with slightly less than one-half million workers receiving pensions. At the end of 1970, 30.3 million workers were covered and 4.7 million persons received pensions amounting to \$6.7 billion. Today, over 50% of the American work force is covered by private pensions.

Insofar as benefits for widows or widowers are concerned, it must be recognized that almost every company is limited as to the amount of money which can be spent on a pension plan. Priorities are established and once the goal for retirement benefits for the employees is reached, such additional benefits as disability income and a widow's benefit are provided. Until that time it must be recognized that it is the individual responsibility of the employee to obtain personal insurance to guard against an untimely death.

We, in the insurance industry, have an obligation to point this out to both employers and employees and to work together to fill this gap. We should also stress the advantages of the private insured pension system — expert administration by an insurance company, guaranteed annuity feature, etc. — which provide the greatest protection for employees.

I strongly feel that private pensions are a natural outgrowth from our private enterprise system. The abandonment of private pensions in favor of social security would undoubtedly have an adverse effect on our economy.

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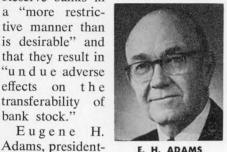
Urge Change In Fed Guidelines **On Purchase of Bank Stock**

E XTENSIVE revision of the Fed-eral Reserve Board's guidelines for use in approving formations of onebank holding companies was urged on the Board last week by bankers and banker groups.

The hearings were called after the Board received complaints that its guidelines had been applied by the

Reserve banks in a "more restrictive manner than is desirable" and that they result in "undue adverse effects on the transferability of bank stock."

elect of the ABA.



E. H. ADAMS

told the Federal Reserve Board that, "Realistically, we believe that in terms of the realities of midwestern banking structure and bank stock market conditions these guidelines effectively deny the use of the one-bank device to the majority of our nation's smaller banks."

Mr. Adams challenged the guideline that restricts the amount a holding company can borrow to buy the voting shares of a bank. He maintained that the Federal Reserve should not make blanket determinations of the credit worthiness of all bank stock purchasers, and contended that credit worthiness should be decided on a case-by-case basis by the lender.

"In our opinion, the decision as to how much indebtedness a holding company may incur belongs to the lender and borrower, and must and should be made in the marketplace. We see no reason for treating this kind of an extension of credit any differently from any other," said Mr. Adams, who is also president of the First National Bank of Denver.

He proposed that maximum loan periods be extended to 15 years from the present 10 years. "Again, we believe that repayment provisions and terms are a credit determination which should be made by the lender and borrower in light of individual circumstances," Mr. Adams said.

Adams objected to a guideline limiting interest and amortization payments to 50 per cent of the holding company's share of the bank's after tax income. He said that other holding company income should also be taken into consideration, and that the portion of bank earnings available for debt service should depend on the adequacy of the bank's capital.

He called for clarification and elaboration of the guidelines requiring a holding company to extend an "equitable" offer to all shareholders when seeking control of a bank, and urged the Board to make it clear that the guideline will not be applied retroactively.

"We are concerned that it could conceivably be interpreted as requiring a 'tender offer' and that a holding company would be required to acquire all of the shares of a bank tendered," said Adams. "We urge the Board to clarify percentage of a bank's shares it will acquire."

New Currency Verifier



The new Brandt 802 designed for the vertification of incoming, outgoing and in-house currency. The machine is simple to operate with "counter readout" and automatic "shut off" when currency supply is depleted. It is completely portable; weighs less than 24 pounds. The machine counts 300 bills a minute. Accuracy is assured by a patented sensing system that activates a red warning light if more than one bill passes through the machine on a single count. Smartly and conveniently designed, this machine is attractively finished in soft, non-reflecting Desert Tan color. For complete information write for Bulletin BAC-811.

STOP-LOOK-COMPARE

(It's later than you think)

Special Deluxe Tour to A.B.A. 98th Annual Convention Dallas, Texas, October 8-12

All Flights on Braniff International Airline

Saturday, October 7 — Leave Minneapolis, #133Y at 3:25 P.M.; arrive Dallas at 5:25 P.M. Round trip: \$489.00 per person.

Sunday, October 8 - Leave Des Moines, #235Y at 8:00 A.M.; arrive Dallas at 11:05 A.M. Round trip: \$469 per person.

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Thursday, October 12 - Leave Dallas for extended tour to Mexico City (stay at beautiful Camino Real Hotel 4 days) then to the new Beachside Plaza International Hotel in Acapulco for 3 days.

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Thursday, October 12 - Leave Dallas, #132Y at 12:35 P.M.; arrive Minneapolis at 2:36 P.M. Round trip: \$91.00 per person. Sunday, October 8 — Leave Des Moines, #235Y at 8:00 A.M.; arrive Dallas

at 11:05 A.M.

Thursday, October 12 — Leave Dallas, #38 at 3:20 P.M.; arrive Kansas City at 4:33 P.M. Leave Kansas City, #256 at 5:15 P.M.; arrive Des Moines at 5:55 P.M. Round trip: \$71.00 per person. For further information, write or call:

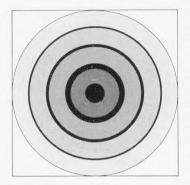
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Insurance Plan Aids Municipals

T HE securities of the nation's local governments have an excellent record of payment. Nevertheless, the market for the medium quality bonds of smaller, lesser known public issuers needs reinforcement, Frank C. Carr, president of American Municipal Bond Assurance Corporation, told those attending the annual meeting of the National Association of Counties in Milwaukee.

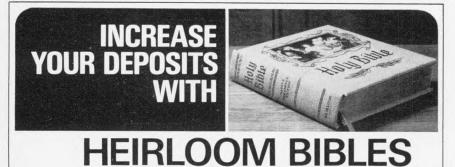
The insurance/guaranty program initiated last year by AMBAC is designed to fortify the market for medium quality bond issues of smaller cities, counties, school districts and other public agencies and to upgrade these issues. AMBAC is a subsidiary of MGIC Investment Corporation, Milwaukee, whose subsidiaries are major providers of residential and commercial/industrial mortgage and lease guarantees and other financial services.

"Municipal bond insurance is now regarded in the market not as a reflection on an issuer which otherwise might not have been able to sell its bonds, but as a means by which alert officialdom of smaller public agencies can upgrade their bond issues, broaden their market and improve net interest cost," Carr told his audience. "Banks and investment bankers have come to realize that AMBAC insurance is not designed to make 'good issues out of bad issues.' Rather, it is conceived to make good issues better and to afford small and medium size public borrowers access to a larger and improved market."

Carr said this achieved the provisional AA rating assigned by Standard and Poor's to insured municipal issues which otherwise would be lower rated. This reduces interest cost and widens the market, since banks, which buy two-thirds of all new municipal bond issues, prefer ratings of A or better for the issues they purchase.

The AMBAC program has met steadily increasing acceptance since its inception, Mr. Carr said. In 1971, in less than half a year of operation, it issued policies in the amount of approximately \$41⁄4 million, in the first quarter of 1972 it issued policies in the amount of some \$121⁄4 million and in the second quarter of this year it has issued policies in the amount of approximately \$303⁄4 million.

Two recent developments strengthen



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Write or call us for complete details and a sample copy of the Heirloom Family Bible on approval.



AMBAC's ability to serve this market, Mr. Carr said. One is the increase in AMBAC's capital to \$17,500,000 which makes possible a substantial increase in size of issue AMBAC can insure and fortifies the value of the insurance/guaranty. AMBAC will insure municipal bond issues, as well as tax secured issues, which meet its credit standards for insurance, up to \$12 million par value.

The other is the elimination of application and original commitment fees. This allows the local government to apply for insurance on a new bond issue and obtain a commitment without payment of fees. If the government then decides to issue the bonds without insurance, no obligation results. If the bonds are issued with insurance, fees become payable at the time the bonds are issued.

New Deluxe Check Plant

DeLuxe Check Printers, Inc. has leased 15,000 square feet of office and manufacturing space in the Springfield, Massachusetts area to be used for bank-check printing operations.

It is expected that the Springfield plant will be ready by early October to serve banks in Western Massachusetts, Vermont and other areas best served from the new location.



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Mercantile Trust Hosts Bankers at Baseball Party



SEVERAL HUNDRED bankers and their wives from Illinois, Iowa, Missouri and other surrounding states attended the 21st Annual Baseball Party held by the Mercantile Trust Company in St. Louis. Bankers attended the "Bull Pen Session" at Stauffer's Riverfront Inn during the afternoon, where they were welcomed by James A. Smith, v. p. in charge of Mercantile's correspondent bank division. Addressing the business session were Donald E. Lasater, chmn. of Mercantile; Daniel H. Gray, senior staff consultant, Arthur D. Little, Inc., Cambridge, Mass., and Donald P. Jacobs, chmn. finance dept., Northwestern University, Evanston, Ill., who was co-chmn. of the President's Commission on Financial Structure and Regulation (Hunt Commission). The meeting was held on two separate days to accommodate guests from different geographical areas. Following a buffet dinner, everyone adjourned across the street to Busch Stadium where the St. Louis Cardinals obliged by winning their games both nights. Pictured above, left to right, are: LEFT—Mr. Smith, Mr. Gray, Mr. Jacobs and Mr. Lasater. RIGHT—James J. Reedy, v.p. for Illinois-Iowa division, Mercantile Trust, and Mrs. Reedy, with Charles H. Walsh, pres., and Richard J. Nachazel, v.p., both with Farmers & Merchants B&T, Burlington. Pictured below are: LEFT—Jerald L. Fleschner, corr. bk. off. with Mercantile, and Mrs. Fleschner; Mrs. Ebersole and Ed Ebersole, t.o. & dir., State Central Savings, Keokuk, Ia., and Robert Berg, v.p., Iowa State B&T, Fairfield, Ia. RIGHT—Lawrence F. Gallo, corr. bk. off. with Mercantile, and Mrs. Cheatham; W. K. Crawford, pres., Murphy-Wall State B&T, Pinckneyville, Ill., and Mrs. Mary F. Ringel, a.c., Sheridan Bank of Peoria.



FRB Limits Holding Firms Property Management

The Federal Reserve Board has decided that property management services are not a permissible activity for bank holding companies — at least to the full extent originally proposed.

However, the FRB said its action did not limit the authority presently conferred by law or regulation on banks and bank holding companies to engage in property management with respect to properties held in a fiduciary capacity; properties owned by the BHC or its subsidiaries for conducting its own bank and related operations; and properties acquired as a result of a default on a loan.

Meanwhile, FRB has received a recommendation that BHC's be permitted to furnish courier services, subject to certain restrictions, but not . . . for the present . . . armored car services.

Offers Liability Coverage

New York Guaranty Corporation, a subsidiary of MGIC Investment Corporation, has announced the nationwide availability of a program of personal liability insurance for directors and officers of commercial banks. Subsidiaries of MGIC Investment Corporation, a publicly-held NYSE listed corporation, specialize in financial guarantees and presently serve the banking industry through residential and commercial lease guarantee insurance and mobile home credit insurance.

This new program will be made available for smaller and moderate sized banks with deposits over \$2 million but not exceeding \$100 million.

Oppose FDIC Increase

The American Bankers Association has opposed a bill that would raise deposit insurance coverage to 100 percent on government funds.

New BAI Appointments

Five new district directors and twenty-five new state directors of Bank Administration Institute have been announced by BAI President, Charles E. Arner, senior vice president, First National Bank of St. Paul, Minnesota.

New district directors and states falling under their jurisdiction in the NORTHWESTERN BANKER area include:

District Five — C. Brown Allen, Vice President & Auditor, Kentucky Trust Company, Louisville, Kentucky, (Illinois, Indiana, Kentucky, Michigan, Ohio).

District Seven — Richard C. Kennedy, Vice President, The American National Bank of Denver, (Colorado, Kansas, Nebraska, New Mexico, Wyoming, Missouri).

District Nine — Eugene F. Nelson, Vice President & Auditor, Bank of the West, Bellevue, Washington, (Alaska, Idaho, Montana, Oregon, Washington).

The following state directors have been named to two-year terms: Colorado Mr. William L. Scoggins, Auditor, Greeley National Bank, Greeley, Colorado Idaho Mr. Rex Betts. Auditor. Idaho First National Bank, Boise, Idaho. Illinois Richard E. Nylander, President, First National Bank, Northbrook, Illinois. Nebraska Eugene W. Bortz, President, Bank of Panama, Panama, Nebraska. Oregon Nadine Bennett, Supervisor, U. S. National Bank of Oregon, Eugene, Oregon. Washington William E. Sylvester, Senior Vice President, Old National Bank of Washington, Spokane, Washington. Wyoming Howard J. Baker. Assistant Vice President. Jackson State Bank, Jackson, Wyoming.



A monthly report from the Money Market Center of The First National Bank of Saint Paul. A service for all investors. For personal help call direct, 612–291-5659.

By RONALD OLSON

Vice President, Securities Underwriting and Investment Services Division

Full service is a familiar phrase to all of us in the banking and finance

business. Our thought for our Money Market column this month is to review with you just how much "full service" our Investment Services and Securities Underwriting Department offers you as a bank, corporation or individual customer.



RONALD OLSON

• First and foremost is a staff of officers, investment consultants, security traders and back office personnel totaling 65, who truly "want you to do well" and, in the process, make a profit on your investments.

• Our Investment Department makes available to you—for purchases and sales, on a permanent or day-today basis — all bank-eligible investment securities.

This includes Treasury Bills on a subscription basis or in the open market. (We will even assist you in submitting your TT & L subscriptions.) We also make same-day markets in all government notes and bonds, thereby eliminating the cost to you of one-day delays.

• Next, we have government agency bonds, including the newer GNMA pass-throughs with monthly payments. An added feature for customers who have maturing agencies and other securities is that each customer receives two notices — one written and the second a personal phone call — so money doesn't wind up un-invested.

• Commercial Paper is available either prime names or local companies that would carry our letter of credit.

• Secondary Negotiable CD's are offered on many of the major banks. This is a rapidly growing investment vehicle in our upper midwest.

• A new investment instrument, participations in Farmers Home Administration Loans, are offered on a permanent or day-to-day basis. Just another way to keep your short-term money working.

• Up-to-the-minute Federal Funds markets are maintained daily for both purchases and sales.

• Municipal bonds (our specialty as one of the largest dealer and newissue managers in this area) include:

- 1. Government-Guaranteed Public Housing Authority Notes.
- 2. Short-term municipal notes either outright purchase or with a "put" option.

3. Regular new issues on upper midwest bonds and a growing availability of national bonds through our increased diversification with national underwriting syndicates.

• Safekeeping of securities at minimal cost — guarantees protection and proper collection of principal and interest when due.

• Security processing for sales and purchases—payment against good delivery and delivery against collected funds only. (This was discussed in this column last month by Dick Pringle, Manager of our Securities Clearance Department.)

• Efficient wire transfer of funds throughout the United States and foreign bank-served countries.

• Stock and bond trading as agent for bank or account customer. Also, some third-market trading capabilities, where we can often save you money.

 Bond Investment Program—currently being used by some 150 banks to provide:

- 1. Management reports to assist in decision-making regarding purchases or sales.
- chases or sales.2. Accounting and transaction reports and resultant balances.
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- 5. Full accrual reports
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• Security trading program—computerized program for establishing profits or losses and restructuring of maturities and/or yields.

• Mailings to customers and prospects: quote sheets on government bonds, notes and Treasury Bills (twice weekly); current offerings on municipal bonds and public notes (weekly); complete money market quote sheet (weekly).

First of Saint Paul handles securities in excess of a billion dollars a month and has established communications and rapport with all of the major securities dealers in the United States.

Most important, we service what we sell, unlike many who sell and forget. This is one of the main reasons I know we can do an excellent job with any investment requirement or situation you as a bank, corporation or individual might encounter. All of us in the Investment Services and Securities Underwriting Department want and can assist you to do well. Throw us a challenge. My number is 612 - 291-5662. **P** ROMOTIONS and changes have been announced by the following metropolitan banks and bank groups: **Bank of America, San Francisco:** President A. W. Clausen has announced the appointment of Kendel A. Chance as cashier of the bank.

Mr. Chance, who has been with Bank of America since 1936, was formerly vice president in the cashier's department. He will continue to work closely with C. H. Baumhefner, vice chair-



K. A. CHANCE

man of the board and the bank's senior financial officer.

The promotions of Bruce R. Bleeker and Barry T. Galvin to vice president in the national division were also announced. Mr. Bleeker joined the bank a year ago after seven years with banks on the East Coast. Mr. Galvin joined the bank in 1968 after eight years with the Agency for International Development in Washington, D.C., Peru and Brazil.

In the bank's legal department, Eldon C. Parr was appointed vice president and assistant general counsel. Mr. Parr, who joined the bank in 1954, will serve as Northern California administrative head of the legal department.

Also in the legal department, C. Thorne Corse was advanced to vice president and senior counsel, and Fred C. Hoffman was promoted to senior counsel. Mr. Corse, who also joined the bank in 1954, is a graduate of Yale University. Mr. Hoffman, a graduate of California at Berkeley, joined the bank staff five years ago. Bankers Trust Company, New York: Vernon E. Jordan, Jr., has been elected to the board of directors of the bank. He is executive director of the Urban League.

Central National Bank, Chicago: Larry L. McDonald recently joined Central National Bank, Chicago, as a

vice president in the agricultural banking department, announced Frank E. Bauder, chairman of the bank.

Mr. McDonald was formerly with the El Centro branch of the Security Pacific

National Bank where he served as assistant vice president. His major activities were directed toward commercial lending, with specialization in agriculture.

The Chase Manhattan Bank, New York: James J. O'Donnell and Mario Capra have been promoted to vice president in the administrations group and operations department respectively.

Mr. O'Donnell is the purchasing director for Chase Manhattan. He joined the bank in 1959 as a systems analyst. In 1961 he became an employment representative for the personnel administration and a personnel assistant for the central operations group two years later. In 1964 he was appointed as assistant treasurer of banking operations and promoted to second vice president in purchasing in 1968.

Mr. Capra's group is responsible for the processing of almost two million deposit checks that are cleared through the bank daily. He joined the Chase





National Bank (now Chase Manhattan) in 1928. He became the supervisor when the methods research department was organized in 1953. Three **r** years later he was appointed an assistant treasurer and was promoted to second vice president in 1961.

City National Bank & Trust Co., Kansas City: Following a recent board meeting, R. Crosby Kemper, Jr., chairman, announced the promotion of three officers and the election of two new officers.

Thaine T. Anderson and Eugene J. Calcara were promoted to assistant vice president. Mr. Anderson is in the metropolitan area group of the business development department. Mr. Calcara, who has been with the bank since 1947, is in the installment loan division.

In the trust department, John F. Thomas was promoted to senior mutual funds operations officer. He was elected assistant trust operations officer in 1968 and trust operations officer in 1970. Michael T. Dowd was elected mutual funds operations officer. He has been with the bank since 1967.

In the electronic data processing division, Gary D. Horne was elected programming officer. He joined the bank in 1966.

It was also announced that Robert H. Lange, president of the R. B. Jones Corporation, has been appointed an advisory director of the bank. He has been associated with R. B. Jones since 1950. It is the seventh largest insurance brokerage firm in the United States.

Federal Reserve Bank of Chicago:

Arthur J. Frigaard, senior representative of the bank, has taken early retirement after 35 years of service. He has represented the bank in Iowa since 1960, and was also assigned to Wisconsin in 1965.



A. J. FRIGAARD

First Bank System, Minneapolis: Larry A. Randall has been appointed personnel officer, personnel-manpower planning division. He was formerly with Control Data Corporation, Minneapolis, where he was a manpower development administrator.

First National Bank, St. Louis: Three officers have been promoted and Security believes bank equipment manufacturers have held things up long enough. So we've initiated a unique program to deliver the equipment we make in 30 to 60 days, instead of the industry's "normal" 4-6 months. To do it, we have established regional warehouses that stock the kind of products other manufacturers make you wait for.

And, that's just one of our firsts. We also originated the Free Safe Deposit Box Program. Completely stainless steel vault doors with a builtin emergency vault ventilator. The aluminum safe deposit box. And a coordinated service program from the same national network of experienced, independent dealers you buy from. So you get sales and service from a single, reliable source in your local area.

Security offers all this in addition to a unique, full product line that

includes everything from vault doors to remote banking systems. Unique because Security's products have built-in extras you'd normally pay extra for. Except our extras are free.

Write today for Security's complete product/service information package. We're out to give you exactly what you want, when you want it.



This bank was held up 6 months before it opened.



one staff member was elected an officer of the bank.

Robert C. Schmidt, Jr., commercial banking officer, Roger E. Kahn, data processing officer, and O. William Wing, Jr., manager, credit department, were promoted to assistant vice presidents, and Barbara Ann Vandivort, electronic data processing department, was elected a data processing officer.

Mr. Schmidt joined First National in 1967, and was elected commercial banking officer in 1970. He is assigned to commercial banking Division III, which includes Eastern national accounts.

Mr. Kahn has been with the bank since 1967, and was elected data processing officer in 1969.

Mr. Wing, who has managed the bank's credit department since 1970, has been with the bank since 1969.

Miss Vandivort is a project systems analyst. She joined the bank in 1965 as a programmer in the systems department.

First National City Bank, New York: Five vice presidents have recently been named in various departments.

M. Allyn Gallup, Jr., and John K. Hammes were promoted in the corporate banking group. Mr. Gallup is a unit head in the information systems and electronics department, and Mr. Hammes is in charge of engineering in the metals and mining department.

Henry R. Brenner was promoted and is in charge of developing personnel programs and providing personnel consulting services. He joined the bank only recently, and was formerly with Xerox, Rochester, N.Y.

Thomas C. Dittrich, who heads the credit review department in the comptrollers division, was also elected vice president. He has been with the bank 26 years and has also served as an accountant and assistant comptroller in the credit review department.

Also promoted was Serge Bellanger, who is in charge of world corporate relations for Europe in the European division of the international banking group. He is a native of France and joined the bank in 1965 in the bank's Paris branch.

First Wisconsin National Bank, Milwaukee: The election of Neil Johnston as senior vice president has been announced.

Mr. Johnston, formerly senior vice president and treasurer of Employers Insurance of Wausau, Wis., will head

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DOANE AGRICULTURAL SERVICE, INC. 8900 Manchester Road • St. Louis, Missouri 63144 the investment division upon the retirement in December of Edwin J. Wigdale, senior vice president.

It was also announced that H. James Sceales, senior vice president, was given the additional title of cashier. Mr. Sceales is also responsible for the credit policy of the credit division and credit review.

Harris Trust & Savings Bank, Chicago: It was announced that Senior Vice President Lambert W. Bredehoft has become head of the bank's international banking group. This includes the Chicago division, London branch, and Harris Bank International Corp. in New York, an Edge Act subsidiary.

Mr. Bredehoft was formerly in charge of the United States group. He has been succeeded in that post by Edward K. Banker, vice president. Mr. Banker was previously in charge of Division 7 of the U.S. group, which covers businesses and banks in a 28-state area.

Forbes M. Taylor has been named to head Division 7. Mr. Taylor, a vice president, will head the division that includes the midwestern states of Arkansas, Kansas and Nebraska.

LaSalle National Bank, Chicago: The promotion of five officers and the election of four new officers has been announced by Milton F. Darr, Jr., chairman, and Frank G. Price, president.



E. P. MROZ J. L. WOODWORTH Named vice presidents were Eugene P. Mroz in the operations group and John L. Woodworth in the commercial loan division.

Three assistant vice presidents were named. They are: Lee P. Gubbins, commercial loan division, and George E. Brown and Ronald J. Stammer in the operations group.

The new officers are: Frank E. Baird, marketing officer, William H. Cole, training officer in the personnel department, and James R. Daly and Henry J. Kaliszewski, operations officers.

Manufacturers Hanover Trust, New York: Paul J. Hanna has been elected senior executive vice president of Man-

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ufacturer's Hanover Corp., the bank's parent company.

Mr. Hanna was formerly senior vice president in charge of Region I of the bank's national division. In his new post he will assume re-



J. W. CHERRY J. J. SULLIVAN sponsibility for planning and implementing the holding company's upstate banking expansion and will have direct supervision of those entities as they are formed or acquired.

James W. Cherry and John J. Sullivan were named senior vice presidents in the national division. Mr. Cherry becomes responsible for Region IV, covering much of the Southeastern states, and Mr. Sullivan succeeds Mr. Hanna as head of Region I, covering New England and parts of New York, Pennsylvania and New Jersey.

Supervisor's Educational Plan

The board of directors of the Conference of State Bank Supervisors has adopted an educational program designed to assist outstanding state bank examining personnel in preparing themselves for assumption of top level responsibilities in banking departments.

"Candidates for this program will be nominated by their respective State bank supervisors using nomination forms provided by CSBS.

Two candidates will be selected each year to attend one of the many available advanced banking schools which have three year curriculums.

\$47 Billion Consumer Credit

Commercial banks had more than \$47 billion in consumer credit outstanding as of May 1, making them the nation's instalment lending leaders, an American Bankers Association Official reported.

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Exchange National Bank has been doing it since the 1920's. And doing it so well that we have over \$40 million in lines outstanding with retailers, distributors, manufacturers, large and small.

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Illinois NEWS

JOHN F. McKNIGHT President Oak Park ROBERT C. SCHRIMPLE Exec. V. P. Chicago

Chicago Banker Will Head Elgin National Bank

Robert P. Abate has been named president and chief executive officer of the Elgin National Bank.

Mr. Abate, who also becomes a major shareholder of the \$30 million bank, was group vice presid e n t of the American National Bank & Trust Co., Chicago, before joining the bank.



R. P. ABATE

A nationally recognized authority on installment financing and education loans, Mr. Abate has been tapped by both Presidents Lyndon Johnson and Richard Nixon to serve in an advisory capacity to the U.S. Office of Education. He also has served on the advisory committee to the Illinois State Scholarship Commission on guaranteed student loans.

A graduate of DePaul University, Chicago, he received his MBA from the University of Chicago. After spending 11 years with General Finance, he joined the American National Bank in 1961 as manager of their industrial division. In 1962 he was promoted to group vice president. In addition, he headed the bank's marketing division.

Two Officers Named

William T. Karrow and William E. Horn have been promoted to assistant cashiers at the Bank of Naperville.

Mr. Karrow is a member of the customer service and marketing departments. He joined the staff a year ago after serving as an instructor in business administration at Dana College, Blair, Nebr.

Mr. Horn, who has been with the bank for two years, is in the installment loan department.

It was also announced that Paul A. Hartman and Dale N. Litcher have joined the bank's commercial loan de-



partment. Mr. Hartman was formerly a bank examiner in the Chicago area for the FDIC, and Mr. Litcher was with Percy Wilson Mortgage and Finance Co., Chicago.

Remodel Bank of Elmhurst

An extensive interior and exterior remodeling project is currently taking place at the Bank of Elmhurst. When completed, the project will double the size of the main lobby and add new offices on the lower level of the building.

President William T. Giova noted the bank's rapid growth as a factor in the expansion. Total assets have grown from \$10.6 million at the end of last year to \$14 million at the present time.

The bank recently conducted a third anniversary open house.

Blue Island Bank Names Development Officer

Richard T. Wojcik, president, County Bank and Trust Company, Blue Island, has announced the appointment

of John L. Slager as business development officer.

Mr. Slager has been with Household Finance for 26 years in consumer credit and as new business s u p e r v i s o r. He has been active in the de-

velopment of new business in Illinois, Indiana, Wisconsin, Minnesota, Texas, Florida and Georgia.

Pullman Bank & Trust Holds Corporate Seminar

J. L. SLAGER

A seminar sponsored by Pullman Bank & Trust Co., Chicago, was held recently at Olympia Fields Country Club. The topic of the seminar was "Problems of Corporate Ownership Changes," and was attended by corporate and business executives from throughout the Chicago area.

The purpose of the meeting was to point out the problems relating to the transfer of ownership or the disability of the owner of closely held businesses and how these problems can be solved through the use of certain insurance programs.

Presiding over the meeting was Frank LeGere, CLU, who is currently working with the Pullman Agency, Inc., as financial consultant. He has been associated with the insurance business for over 16 years and has worked with securities for over 10 years. He was assisted at the seminar by William Boas, an employee of Continental National American who has worked closely with Mr. LeGere in his capacity as financial consultant.

Named VP at Peoria

Lester A. Kassing, president, Jefferson Trust & Savings Bank, Peoria, has announced the election of Thomas C.

Biever as vice president, investments. Mr. Biever will supervise investment strategy and trust portfolio management.

Mr. Biever was formerly with the F i r s t National Bank of Barrington, where he had similar reeponsibili



T. C. BIEVER

similar responsibilities.

He is a graduate of the University of Notre Dame and holds an MBA degree in investment finance from Loyola University of Chicago.

Bank Sponsors Student Loan Fund at New University

A short-term student loan fund has been provided as a public service by Matteson-Richton Bank, Matteson, to the new Governors State University. President James B. Lund of Matteson-Richton Bank recently presented a check for the non-interest bearing loan of \$10,000 to Richard S. Allen, coordinator of financial aids at the university, and William E. Engbretson, president of the school.

The loan fund will be administered by the university's Office of Student Financial Aid. It will be returned to the bank after seven years when institutional size will be fully established. Mr. Allen said the short-term loans will primarily assist students who are heads of households to help stabilize their financial situation while they attend the university. The loans will not exceed \$300 per student.



ARCHITECT'S drawing shows how the Bank of Elmhurst will look after expansion and remodeling project is completed.

Groundbreaking Held For New Addison Bank

A groundbreaking ceremony was held recently at the site of the proposed First Security Bank of Addison. In addition to bank officials, several local officials from the Addison, Lombard and Villa Park areas took part in the ceremony.

The new bank will have a 3,500 square-foot building on two levels with modern pneumatic tube drive-up facilities, two vaults and parking. It is located at the corner of Westwood and North Avenue in Addison. Sundene Construction Co. of Glen Ellyn is the contractor.

William T. Giova is president of the new bank. Mr. Giova is also president of the Bank of Elmhurst.

Amalgamated Names VP

Lewis T. Stein has joined the staff of Amalgamated Trust & Savings Bank of Chicago as vice president for com-

mercial business development, according to Eugene P. Heytow, president.

Mr. Stein was formerly with the Exchange National Bank, Chicago, in a similar position for four years. Prior to

L. T. STEIN

that he was with Allied Radio Corporation.

Mr. Stein is a graduate of Northwestern University's business school. He has served as associate general chairman of the Jewish United Fund, and is a member of the American Institute of Banking.

Officer Named at Bank Of Commerce and Industry

President Richard P. Larsen of the new Bank of Commerce and Industry has announced the appointment of Charles Peppi as assistant vice president.

Mr. Peppi will assist customers with banking problems, open accounts and represent the bank at community organization meetings and civic functions.

Prior to joining the bank, Mr. Peppi was an assistant cashier with the Columbia National Bank of Chicago. Earlier, he held a variety of positions at Pioneer Trust & Savings Bank and Chicago National Bank, now part of Harris Trust & Savings Bank.

Name VP at Oak Park

Following a recent meeting of the board of directors of Oak Park Trust and Savings Bank, Wallis Austin, board

c h a i r m a n announced the promotion of Sophia R. Norton to vice president a n d head of the customer investment service d e p a r tment.

Jack A. Rogers was named assistant trust officer.



S. R. NORTON

Mrs. Norton has recently graduated from the Stonier Graduate School of Banking at Rutgers in New Jersey. Also a graduate with honors from The American Institute of Banking in 1969, Mrs. Norton is a member of the Association of Chicago Bank Women. She has been with Oak Park Trust for over 10 years.

Mr. Rogers joined the bank in March. He holds a Bachelor of Science degree from Purdue University and a J. D. degree from DePaul University. He is a member of the Illinois and Chicago Bar Associations.

Break Ground for New Bank in Bolingbrook

Groundbreaking ceremonies were held recently in Bolingbrook for the new Heritage Bank. Attending the ceremony were bank officials, construction officials, and local businessmen.

The building is being constructed by Egyptian Construction Co., Inc., and it is anticipated that the bank will be in operation by October 31, 1972. Michael P. Walsh is president of the bank.

Indiana Banker Named to Wheaton National Post

Carl H. Michel has been named comptroller of the Wheaton National Bank, according to President Robert W. Schnack.



formerly c o m ptroller at the Hoosier State, Bank of Indiana, Hammond, where he has been comptroller since 1965. Prior to that he was a t e a c h e r in the T

Mr. Michel was

C. H. MICHEL

Hammond public school system.

Celebrate Anniversary At Heritage Bank

The Heritage Bank, Crest Hill, recently celebrated its first anniversary with a "more coins for your money" theme. A new Eisenhower silver dollar was given to everyone who opened a checking, savings or golden savings account with a minimum deposit of 200, deposited 200 to an existing savings account or took out a loan from the bank. Also during the celebration, the bank offered each visitor to the bank an Eisenhower dollar for 95ϕ .

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Some Officers and Directors Play a Little

That's fine . . . as long as you don't come across that rare individual who'd rather fiddle around than tend to business.

Financial Insurance Service, Inc. now offers a new two-part form that not only contains all the excellent features of our well known Directors' and Officers' Liability coverage, but provides better protection for the *innocent* director as well.

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Chicago Banker Named to **Kiwanis Internat'l Post**

Roy W. Davis was recently elected treasurer of the 270,000 member Kiwanis International organization at



the group's 57th annual convention in Atlantic City, N. J. Mr. Davis is vice president of the Continental Illinois National Bank.

He is a twentythree year veteran of Kiwanis and has been president

of the Kiwanis Club of Chicago, a governor of Kiwanis' Illinois-Eastern Iowa District, chairman of several international committees and both a trustee and vice president of Kiwanis International.

57 Years at Chicago Bank

George O. Carlson, senior vice president at the Chicago City Bank & Trust Company, recently celebrated his 57th



anniversary with the bank, according to Gavin Weir, president. Mr. Carlson

began his career with Chicago City in 1915, starting as a messenger. He held virtually every post in the bank through

business banking

and loan department. The

made by Louis E. Rieger, bank pres-

Chicago area in

nouncement

ident. Mr. an-

was

Gateley has more than 10 years of banking experience in the

the years, including bookkeeper, teller and cashier. He became a vice president in 1958, and was advanced to his present post in 1969.

Joins Old Orchard Bank

John D. Gateley has joined the staff of Old Orchard Bank & Trust Company, Skokie, as vice president in the



J. D. GATELEY

the commercial and consumer lending fields. He has been with the Pullman Banking Group, Mid-America National Bank, Oak Park Trust & Savings Bank and Pioneer Trust & Savings Bank.

He is a graduate of DePaul University and the American Institute of Banking.

Art Exhibit at Hinsdale

The Bank of Hinsdale recently held an art exhibit of 15 paintings by Hinsdale artist Linda Layman.

Mrs. Layman, who calls herself a "leisure-time dabbler," has been displaying her works at the Community House in Hinsdale for more than 20 years. She also exhibited her paintings at the Bank of Hinsdale four years ago.

Open Continental Bank Leasing Facility

Continental Illinois Leasing Corporation, Chicago, subsidiary of Continental Illinois Corporation, Chicago, announced its official opening and the election of its officers.

CILC manages all domestic leasing activities for Continental Illinois National Bank and Trust Company and other Continental Illinois affiliates. as well as for its own account. The lease portfolio and outstanding commitments under CILC management total more than \$100 million. CILC also serves in a liaison capacity with the overseas leasing activities of Continental Illinois' merchant banking network.

The new CILC officers are: George R. Baker, chairman; Gerald K. Bergman, president; Joe M. Nachbin, executive vice president; Arthur P. Langendorff and Val F. Pautz, vice presidents; John H. Beirise, second vice president; Terrance J. Bruggeman, leasing officer; Leo B. Engemann, secretary and treasurer; and Kevin J. Hallagan, assistant secretary and assistant treasurer.

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

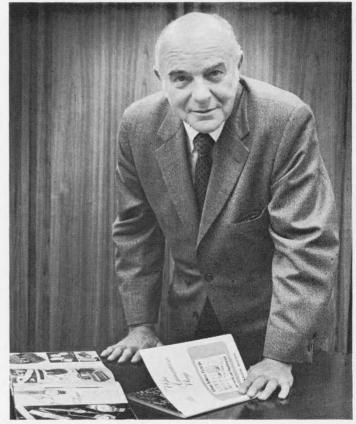
Amazing how a well-planned incentive program boosts morale—stimulates tellers, officers, everyone—makes them cheerier, more alert—results in steppedup sales of bank services.

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

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

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

Let's discuss it soon.



Ask Roy West (661-5047) to tell you about the prizes in our awards catalog.

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Northwestern Banker, August, 1972 Digitized for FRASER https://fraser.stlouisfed.org erve Bank o Federal Re

What kept Lund American in its own home town?

A business that employs 75 people is important to a town of 828.

New York Mills, Minnesota, is such a town. It is about 165 miles northwest of the Twin Cities and it is the home of Lund American, Inc., makers of Lund boats.

A critical expansion point for Lund came in 1958. G. Howard Lund, President, wasn't anxious to merge, sell or leave New York Mills, but he needed money. So he turned to his local bank, Farmers and Merchants. They called the Marquette National Bank in Minneapolis. Marquette said, "Go ahead."

That threesome has been going ahead every year since then. Every year. Fourteen years of loans for short term capital needs, with an occasional long term loan when that need arose.

1968 was one of those occasions.

Lund saw that the leisure market was expanding to include larger, more luxurious boats than the light runabouts and fishing craft that formed the basis of Lund's business. And they saw in Shell Lake Boat Works of Shell Lake, Wisconsin, a source for this type of boat.

Lund purchased Shell Lake Boats with the help of bank financing.

Farmers and Merchants and Marquette shared the loan.

In 1969 Lund stock went public and Marquette was named Transfer Agent and Registrar.

Today Lund is still growing with sales near \$3,000,000 annually. It has stayed in New York Mills and continues to bank there.

Local banks all across the Upper Midwest are anxious to keep local business local and alive. It's one of the better ways they can discharge their responsibility toward their community.

Marquette is equally anxious to help independent banks do that job. Local banks can look to Marquette...

We help keep business in your town



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Minnesota	
NEWS	

JOHN NASH	President	St. Paul
T. L. JEFFERS	Exec. V. P.	Minneapolis

Appointments at Valley

Two appointments to the Valley National Bank's staff in North Mankato were recently announced by John N. Maiers, president.

Michael E. Newland was elected assistant vice president in charge of the installment loan department. Mr. Newland was formerly employed by Commercial Credit in Mankato.



M. E. NEWLAND

D. M. ZELLMER

Dennis M. Zellmer joins the bank's staff as assistant cashier in the installment loan department. Mr. Zellmer recently returned from Okinawa where he served as captain in the United States Air Force.

Changes at Northfield

Walter Strangman, cashier of the Northfield National Bank for the past five years, has accepted an official position with the First State Bank of Paynesville.

The board of directors of the Northfield bank appointed Gary L. Wickre cashier and manager of the time-pay department. Wickre has been with the bank for the past three years as assistant cashier and auditor.

Wayne A. Finnern was appointed assistant cashier by the board of directors. Finnern has been associated with the First Minnehaha National Bank of Minneapolis.

The Paynesville and Twin City banks are affiliated with Northfield National Bank through the First Bank System, a regional holding company.

Increase Capital Stock

The Department of Commerce of Minnesota has authorized the following banks to increase the amount of



capital stock by sale of new stock:

—Merchants & Miners State Bank of Hibbing, from \$450,000 to \$550,000.

—Moorhead State Bank, from \$225,000 to \$250,000.

—Security State Bank of Pillager, from \$37,500 to \$50,000.

Accepts Position at Pierz

Larry G. Noeldner has accepted the position of assistant cashier at the Farmers and Merchants State Bank in Pierz.

He has 10 years of banking experience, the most recent being manager of the bookkeeping and proof departments at the First State Bank of New Brighton.

Richard C. Rose Promoted

Richard C. Rose has been promoted to assistant vice president of The American National Bank in Little Falls, Glenn G. Howes, bank president, recently announced.

Mr. Rose will continue as manager of the bank's timepay department. Previously he was associated with First National Bank of Minneapolis and was a credit analyst for First Bank System, the regional bank holding company also headquartered in Minneapolis.

Beuning to First State

Roger Beuning has joined the staff of the First State Bank of Sauk Centre, according to Pat DuBois, president.

Mr. Beuning was previously employed at the Marquette National Bank of Minneapolis as a trainee in many phases of that bank's operations.

Duluth Port Announces 5 Appointments

C. Thomas Burke, executive director of the Seaway Port Authority of Duluth, has announced the following appointments to the Authority staff:

Roy W. Harnish as manager, port promotion. He joins the Authority after nearly 20 years in broadcasting. In his new position, Mr. Harnish will assist Burke in developing interest in Duluth port activities. A. H. Ames, Jr. as assistant traffic manager. Previously Mr. Ames was associated with Nordship Agencies, Inc. in Milwaukee, engaged in operations and traffic duties involved with serving vessels and cargo, both import and export. He has also worked with the Milwaukee Harbor Commission specializing in port promotion, ICC petitions, rate studies and statistical information.

Mark Allen as the second field representative in the Authority's midwest trade office in Minneapolis. A Milwaukean, Mr. Allen has been district manager for D. C. Andrews International, a freight forwarding company. He was also a ship's foreman and cargo expeditor for a Milwaukee stevedoring firm and a rate and route clerk in the Chesapeake and Ohio Railroad's Milwaukee office.

Phillip Tyson as assistant accountant. He has been engaged in accounting work in Duluth for 15 years.

Arvid Morken as manager, information services. Since April, 1970, Morken has been assistant public relations director. He formerly was a marine columnist and reporter for the Duluth Herald and News-Tribune.

Hold Grand Opening For Hamburg Bank

The new bank building housing the State Bank of Hamburg was recently completed and a grand opening was held to mark the occasion.

The bank moved into the new quarters on May 1. Free prizes and refreshments were given away during the grand opening. Henry C. Reget is president of the bank.

Moorhead Bank Promotes Larry A. Bexell

Larry A. Bexell has been advanced to assistant loan officer at the Moorhead State Bank, Dennis W. Troff, executive vice president, announced.

Mr. Bexell joined the bank staff in January this year and previously had been employed in the Commerce Department, Banking Division, State of Minnesota.

Walls Elected to Board

J. R. Pellikka, president of the First National Bank of Ely, has announced that Ronald W. Walls was elected to the board of directors.

Mr. Walls taught school in Mapleton. He was admitted to the practice of law in 1969 and has been self-employed in Ely since then.

https://fraser.stlouisfed.org Federal Reserve Bank of St. Louis

How to have the whole, wide world in your hands.

It's a big world. It seems even bigger when you have an international banking problem to resolve.

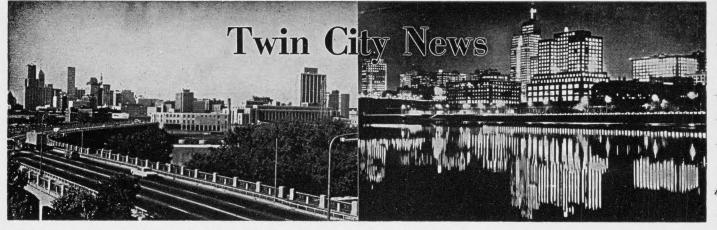
But with the right problem-solving information, you can shrink it down to a manageable size in about 20 seconds.

It will take you that long to dial your correspondent banker or anyone in the International Banking Department (612-372-8123). Drawing upon up-to-date information gathered through our foreign correspondent bank network, one of our experts will help you resolve your problem. Whatever country-whatever transaction it involves. One phone call and you have our world of information in your hands. So when you have a problem, a project—dial us in on it. May we help you today?

LETTERS OF CREDI



CENTURY 1872-1972 MAY WE BE PART OF YOUR TOMORROW =



P IPER, Jaffray & Hopwood, Inc. and Seattle-Northwest Corp., Seattle, Wash. have signed a letter of intent under which Piper will acquire the business and assets of Seattle-Northwest in exchange for 26,700 shares of Piper common stock.

Seattle-Northwest, founded in 1970, is the leading municipal bond underwriter and dealer in the Pacific Northwest with 13 employees and approximately \$800,000 gross revenue in fiscal 1972.

Piper just recently announced an agreement in principle calling for a merger with Herron Northwest, Inc.,

member firm of New York and American Stock Exchanges with offices in Seattle and Portland. Harry C. Piper, Jr., chairman, said that "Seattle-Northwest and Herron Northwest will complement



H. C. PIPER, JR.

each other and extend Piper's full line of investment services and securities into the Pacific Northwest." Mr. Piper was recently named a director of the New York Stock Exchange Board after serving two terms as governor.

* *

The appointment of Jerome S. Donndelinger to the municipal bond department in the Minneapolis home office has been announced by Dain, Kalman & Quail, Inc. Mr. Donndelinger was formerly with Juran & Moody's, Inc., St. Paul office. He is a member of the Twin City Bond Club and formerly served on their board of governors.

* *

Two new board members have been elected at the Guaranty State Bank,

odoral Rosonya Bank o

Robbinsdale, according to President Walter C. Rasmussen.

The new directors are **Henning M. Nelson** and **David C. Walden.** Mr. Nelson is president of Henning Nelson Construction Co., Robbinsdale, and Mr. Walden is owner and president of Walden Furniture Co., Robbinsdale.

* * *

Several promotions and election of new officers have been announced at the First National Bank of St. Paul by President **Philip**

H. Nason.

Ronald O. Olson has been n a med a vice president in Division H, securities underwriting a n d investment services. He joined the bank in 1968 following



R. O. OLSON

five years with the Northwestern National Bank of Minneapolis. He has been an assistant vice president since December, 1971.

Alfred E. Lemker, administration, and Robert J. Timm, Division M, real estate, have been named assistant vice presidents. Mr. Lemker joined the bank in 1969 following 15 years as an accountant with the United States Steel Corporation. He has been an accounting officer in the bank since December, 1969. Mr. Timm has been a senior



R. J. TIMM A. E. LEMKER

loan officer since he joined the bank in October, 1971.

William J. Latusky has been named a bond portfolio officer, bank bond a portfolio administration.

Five men have been named investment officers in Division H, securities underwriting and investment services. They are: Jerome J. Borovansky, Kit B. Svee, Clayton L. Johnson, Roy T. Ziegler and Richard E. Pringle.

* *

Odin A. Sather has retired as vice president of Northwestern National Bank Southwest, Bloomington, after a 43-year banking career.

Mr. Sather began his career in 1929 at the Lincoln office of the Northwestern National Bank and remained there until 1953 when he transferred to the newly-chartered Northwestern National Bank of Bloomington-Richfield.

He was recently honored at a retirement celebration by friends and business associates.

* *

Charles J. Spies has been appointed trust auditor of Bank Shares, Inc., Minnesota based bank holding company.

Since 1963 Mr. Spies has been a m e m b e r of the audit staff at Marq u e t t e National B a n k, B a n k Shares' major subsidiary. Prior to joining Marquette, he served as a bank examiner for



C. J. SPIES

Northwest Bancorporation and the Iowa Department of Banking.

It was announced that Joseph R. Rousseau has been named vice president at Gambles Continental State , Bank.

50



Don Johnson...He'll Be Happy to Help You...612/228-2244



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ARCHITECT'S drawing of the new home planned for the Farmers and Merchants State Bank of New York Mills.

New York Mills Bank Under Construction

T HE Farmers and Merchants State Bank, under construction in New York Mills, will be completed in the spring of 1973, according to E. H. Buerkle, senior president.

The bank will be located at Walker Street and State Highway 10, the former site of the Merchants Hotel. It will have two levels totalling 6,510 square feet.

Dykins-Handford, Inc., Minneapolis architects of financial buildings, designed the bank.

A new service, auto banking and a night depository, will be available for Farmers and Merchant's customers at the west drive-up window. Underground requirements for a future remote visual drive-in facility will be installed as part of the initial construction, according to the architects.

Facilities located on the first level will include a display dias on the south-east side, two private offices, a closing room which could double as a private office, cash safety deposit vault, safety deposit booths, bookkeeping room and a book vault behind the five tellers' stations. In addition, there will be a double check desk and a sitdown tellers' station, manned by an allpurpose teller who will also service the needs of the safety deposit customers.

The bank, now has \$7 million in assets. It was founded in 1916 by a group of New York Mills businessmen. The bank closed in 1924 and later reopened under the leadership of E. H. Buerkle, Sr., who had been serving as a liquidator with the Minnesota State Banking Department.

The bank now employs 11. Officers are: E. H. Buerkle, president, E. H.

Buerkle II, vice president, R. W. Jacobson, cashier, and W. A. Asmund, assistant cashier. Members of the board of directors include: E. H. Buerkle, chairman, E. H. Buerkle II, R. W. Jacobson, M. A. Miller and Dr. R. J. Morstad.

Joins First Security

Robert Bremer has joined the staff at the First Security State Bank of Sleepy Eye as assistant cashier and installment loan manager.

For the past five years he has been manager of Thorp Loan and Thrift in St. James.

Cleveland Bank Adds Crookston Man to Staff

Tom Lassonde has joined the staff of the Peoples State Bank at Cleveland and will be working with both insurance and sales, according to an announcement by Lowen Richter, bank president.

Mr. Lassonde has been employed for four years with the Crookston offict of the Thorp Loan and Thrift Co., serving as office manager for the past year and a half.

Supervisors Name Williams

John Day Williams, Oklahoma's Commissioner of Banks since August 1969, has been elected second vice president of the Conference of State Bank Supervisors by its board of directors, it was announced by President and Board Chairman Robert P. Briggs.

Mr. Williams, 43, fills the vacancy created by the resignation of William T. Dentzer, Jr., as superintendent of banks of New York.

Opening Montgomery Bank

Construction has been completed at the new Bank of Montgomery, and the bank is opening for business this month.

Nearly 400 local and area residents have purchased stock in the new bank, which has total capitalization of \$600,-000.

Form MoAmCo Life Company

F ORMATION of MoAmCo Life Insurance Co., a wholly owned subsidiary of MoAmCo Corp., Minneapolis, Minn., was announced by David Fleming, president and chief executive of the parent company.

MoAmCo Life underwrites credit life insurance policies on mobile home and recreational vehicle loans which MoAmCo Corp. originates and services through its Indemnity Division.

MoAmCo Corp., as agent for other insurance companies, placed credit life policies aggregating \$36 million in face value during the 12 months ended April 1. Of that business, \$9.5 million will be ceded back to MoAmCo Life Insurance Co. by Old Republic Life Insurance Co., Chicago, Ill. Negotiations are under way with other companies for ceding of additional policies. By forming its own insurance company, MoAmCo Corp. expects to derive increased earnings from an additional share of premium income and the investment of reserve funds, Fleming said.

MoAmCo Life, a legal reserve insurance company with capital and surplus of \$150,000, can provide a maximum of \$15,000 coverage for each individual borrower insured.

Robert T. Wienert, was named president and a director of MoAmCo Life. Mr. Wienert is senior vice president and a director of MoAmCo Corp. and heads its Indemnity Division.

Arvid Rued, was named executive vice president, secretary and a director of MoAmCo Life. Mr. Rued, vice president-marketing of the Indemnity Division, is in charge of operations for the insurance company. John P. Knutson, Midland National Bank president, has announced the promotion of Frank N. McKean from assistant cashier to assistant vice president, and the appointments of Michael E. Bodeen, William J. Breit and Gordon J. Spartz as assistant cashiers.



F. N. McKEAN

M. E. BODEEN



W. J. BREIT

G. J. SPARTZ

Mr. McKean joined Midland National in 1964 and has worked in the credit department, profit improvement programs and operations department, where he was responsible for bank reserves, federal funds and wire transfer. In his current assignment he will supervise the operations department activities that include transit, bookkeeping, data processing, messengers and analysis functions.

Mr. Bodeen joined the bank in 1970. His responsibilities will continue in the area of purchasing, supplies and addressograph functions as well as other operating services.

Mr. Breit's responsibilities will be in the mortgage loan, commercial loan, foreign transaction and customer service functions. He joined Midland National in 1970 and has had experience in the credit department, collateral-discount and installment banking departments.

Mr. Spartz is responsible for the accounting department, bank reserves, federal funds and wire transfer operations of the bank. He joined the bank's staff in 1967.

* *

Peter R. Spokes, corporate planning vice president at the Northwestern National Bank of Minneapolis, was named chairman of the Minneapolis Area Red Cross chapter at its annual

meeting recently.

Donald G. Wachholz, assistant vice president, has returned to the correspondent division at the First National

Bank of Minne-

apolis. In his new

position he will

be serving banks

and bankers in

Wisconsin and

Upper Michigan.

Mr. Wachholz joined the bank

serving in the

management

After

in 1957.



D. G. WACHHOLZ

training program he spent four years in the controller's department and eight years in correspondent banking. For the past two-and-a-half years he has been assigned to the bank's bond department where he has been in charge of installations and operations of the bank's computerized bond portfolio services now in use by some 165 Upper Midwest banks.

* * *

Ray E. Wheeler has been elected vice president of Mid America Bancorporation, St. Paul, and chairman of the Mid America State Bank, Mendota Heights. Mr. Wheeler was formerly with Economics Laboratory, Inc.

* * *

Bankers Receive 50-Year Award

Twelve Minnesota bankers became members of the Minnesota Bankers Association Pioneer Club and received a plaque in honor of their 50 years of service in banking during the Minnesota Bankers Association (MBA) 82nd annual convention recently held in Duluth.

Citations were presented to new 50-Year Bankers by pioneer and past club president D. Fay Case, resident of the Security State Bank, Cannon Falls.

Mr. Case said the award "is in recognition of 50 years of service by an outstanding banker, and is a token of the Minnesota banking industry's sincere respect and thanks for many years of service to the public and banking industry."

New members inducted into the exclusive "50-Year Bankers" organization include: Milton O. Lyngholm, First National Bank, Crookston; L. P. Wagner, First National Bank, Jackson; C. H. Sanderson, Jasper; George H. Dinkel, First National Bank, Long Prairie; Gordon H. Olson, First Bloomington Lake National Bank, Minneapolis; William H. Grell, First State Bank, New Germany; I. J. Muggli, Farmers & Merchants State Bank, Paynesville; W. A. Garratt, Farmers & Merchants State Bank, Preston; Frank J. Thul, First National Bank, St. Charles; A. S. Birkemeyer, State Bank of Springfield; Clarence J. Elsenpeter, First National Bank, Walker; and S. J. Kryzsko, Town & Country State Bank, Winona.

Garmann Promoted at Owatonna Security Bank

Mrs. Marlene Garmann has been promoted to accounting officer of the Security Bank in Owatonna, according to Al Severson, president.

In her new position, Mrs. Garmann will be responsible for all bank accounting.

She began her banking career with the First National Bank of Elmore and joined the staff of Security Bank in 1964. Mrs. Garmann has worked in all operating departments of the bank as well as acting in the capacity of teller and head bookkeeper.

Retired Bank President Dies

Charles O. Bennett, 75, retired president of Northwestern State Bank of Montevideo died June 27 at the Chippewa County-Montevideo Hospital of a cerebral hemorrhage.

Born in North Dakota, he began his banking career as a bookkeeper in the First State Bank of Edmunds, N.D. in 1919. After 10 years there, Mr. Bennett joined the James River National Bank in Jamestown as agricultural representative.

In 1934, he became a special representative of the Northwestern National Bank of Minneapolis for a four-state area. Mr. Bennett had been affiliated with the Northwestern State Bank of Montevideo since 1940, then known as the Union State Bank.

Construction Begins

President Gladden Redding of the Windom State Bank, Windom, has announced that construction has begun on the bank's new home office. Mr. Redding said the bank should be completed and ready for occupancy in about 10 months. Peterson-Madson Construction Co. are general contractors.

South Dakota NEWS

MORRIS	G.	WINTER	President	Andes	
NEIL MIL	NER	se Se	cretary	Huron	

Joins Pierre National

Dennis Fargen has been named installment loan officer at the Pierre National Bank, Pierre.

Mr. Fargen is a graduate of Northern State College. Aberdeen. He has been with the department of banking and finance of the State of South Dakota as an examiner, and is a First Lieutenant in the South Da-



kota National Guard.

In addition to his duties as installment loan officer, he will have charge of the student loan program at the bank.

Redfield Adds Evjen

Gary Evjen, a 1972 graduate of Northern State College, has joined the staff of the Redfield branch of the First National Bank of Aberdeen.

Mr. Evjen will be training in various areas of the bank, according to Elmer Goetz, vice president and branch manager.

Plan 1973 SDBA Tour

South Dakota bankers will hold their Mid-Winter Management Conference, February 8-16, in Torremolinos on Costa Del Sol, Spain.

The tour includes transportation from Sioux Falls to Malaga and return via Trans International Airlines DC-8 jet. First Class dinner and cocktails will be served both ways. Seven nights accommodations at the new luxurious

September 14

September 15

Aloha Playa Hotel located on the beach will be provided.

This tour is open only to members of the South Dakota Bankers Association, their spouses, children and parents residing in the same household as a member. Passports will be necessary for this trip. Tour cost is \$330.

Costa del Sol located on southernmost tip of Spain, is famous for magnificent beaches, cosmopolitan resorts, primitive fishing villages, luxuriant sub-tropical valleys and towering mountains, the guardians of the Coast's fabulous weather. Swimming, golfing and fishing are year-around pursuits.

Western Bank Appoints Sweetman as Director

The board of Western Bank in Sioux Falls announced recently the appointment of Richard C. Sweetman to the board of directors.

Mr. Sweetman is a lifetime resident of Sioux Falls and a graduate of Washington High School and the University of Notre Dame. He is presently the

president of

Sweetman Construction Company, the president and chairman of the executive board of Ramkota. Inc. and the vice president of Concrete Materials.

R. C. SWEETMAN

Mr. R. C. Sweetman succeeds his father, R. S. Sweetman, as a member of the Western Bank board of directors.



Sioux Falls

Aberdeen

Chamberlain Lee's Motor Inn

Minnehaha Country Club Sheraton Motor Inn

KITE STRING ...

(Continued from page 26)

take to come back if it bounces.

In New York City, a check drawn on one Clearing House bank and deposited in another has a three day cycle. If it is deposited on Monday (after 10 AM), it will be exchanged at the Clearing House and paid for on Tuesday at 10 AM.

The bank on which it is drawn has until 11 PM on Wednesday to return it to the presenting bank.

The smart N.Y. City Baker delays a Monday deposit of a Clearing House check until Thursday.

In the case of the Trenton and New York banks, 8 days delay appears to be appropriate.

Second, having established a system for recording uncollected funds, the next step is to see to it that the system is followed. If the system calls for people to analyze the deposit and to record the delay, it is important that they do an effective job.

Although almost everyone now does his demand deposit bookkeeping by computer, not all of us have fully automated transit systems which calculate the appropriate delays.

Thirdly, when an account is referred as drawing into uncollected funds, remember that it is a potential kite. The decision of whether to pay or return an item which causes the referral should be made on the basis of knowledge of what was deposited.

Was it a check drawn in the normal course of business? or

Was it a check drawn to fly a kite?

The officer who pays an item because we got paid for a deposited item and because of the credit worthiness of his customer runs the risk that the deposited item will be returned unpaid.

It's one thing to grant a loan -- at least you get interest for the risk you take. But it's another thing to close your eyes and grant an interest free loan through the medium of a kite.

And finally — and once again: **Know Your Customer**

Remember what the Comptroller said in his policy guidelines for national bank directors;

"Kiting is a method whereby a de- + positor utilizes the time required for checks to clear to obtain an unauthorized loan without any interest charge."

Don't be on the short end of the string when someone cuts it in two! ----End

1

2

North Dakota NEWS

DANIEL J. LESSARD President Grafton W. J. DANER Secretary Bismarck

Business Graduate Joins Bank of North Dakota

H. L. Thorndal announced that Edward B. Sather has joined the Securities Department of the Bank of North Dakota.

He will be working with Charles F. Campbell, vice president and manager of the securities department, and John A. Dewald, investment coordinator.

Mr. Sather, 26, graduated from the University of North Dakota this spring with a B.A., B.S. degree in business administration.

Passes \$6 Million Mark in Income

The Bank of North Dakota recently passed the six million mark in income from oil leases, bonuses and royalties, according to H. L. Thorndal, president.

Since the first lease payments were first received in 1948, the bank has received from bonuses, \$2,393,566.57; from rentals, \$1,012,552.84; from royalties, \$2,596,053.02, making a total of \$6,002,172.43.

The bank holds approximately 750,-000 mineral acres throughout North Dakota. Land was acquired through a land loan program in the 1920's and foreclosures in the 1930's.

4

3

The Bank of North Dakota delivered \$1,625,000 to the state treasurer for transfer to the state's General Fund. This represents one-fourth of the bank's appropriated \$6,500,000, which will be delivered to the General Fund during this biennium.

The Bank of North Dakota had net operating profits of \$4,839,000 in 1971 and also received \$675,000 from a one-time transfer by assuming the as-



sets of the Judge A. M. Christensen Project at Burlington, N. D.

So far, in 1972, the bank's earnings are exceeding last year's by over \$500,000 on the same date.

Fargo Bank Officer Heads American Legion

William C. Sweeney, Jr., assistant vice president of the Merchants Na-

tional Bank & Trust Company of Fargo, was elected department commander of the North Dakota American Legion at the department's annual convention in Bismarck, N. D.

W. C. SWEENEY, JR.

Sorlie Elected Director

A. Glenn Sorlie, publisher of The Bismarck Tribune, has been elected a director of The First National Bank and Trust Company of Bismarck.

The election was announced by Robert P. Hendrickson, president of First National.

Sorlie is a former director of the Northwest Daily Press and the Associated Press Managing Editor's Association. He is also a member of the American Newspaper Publishers Association, Inland Daily Press and the North Dakota Press Association.

Banking Group Elects Walth as President

James Walth of Valley Bank & Trust Co. in Grand Forks has been elected president of the Red River Val-

Group	Date	Place
Northeast	October 17	Devils Lake
Northwest	October 18	New Town
Southwest	October 19	(Undecided)
Southeast	October 20	(Undecided)

1972 North Dakota Group Meetings

ley Chapter of the Bank Administration Institute comprising 22 area banks in North Dakota and Minnesota.

Other officers elected are: Larry Kohler of Valley State Bank, Oslo, Minn., vice president; Willis Travers of Walsh County Bank, Grafton, N.D., treasurer and Dennis Larson of First National Bank in Grand Forks, secretary.

Newly-elected directors are Goodwin Helseth of Community National Bank in Grand Forks and Jim Haug of Union State Bank, Thief River Falls, Minn. Holdover directors are Richard Wilheimi, Park River, N.D., State Bank and Ernest Hilkey of First National Bank of Crookston, Minn.

Mr. Walth has been employed with Valley Bank & Trust Co. since graduating from high school. He is also a director of the Red River Valley Institute of Banking and secretary of the Grand Forks Exchange Club.

Hirsch Elected To Top Post

A. L. Hirsch of Bismarck has been elected executive vice president and manager of the newly incorporated North Dakota State Development Credit Corporation, it has been announced by Richard T. Carley, president. Mr. Hirsch, 56, is a licensed real estate broker in North Dakota and Minnesota, and was an officer of the Dakota National Bank of Bismarck for 23 years.

He was on the Board of Governors of the Missouri Valley Chapter of the American Institute of Banking.

The North Dakota State Development Credit Corporation has been established under a state law which allows all banks, insurance companies, savings and loan associations and other lending institutions to create a loan pool for development and expansion of industry and agriculture in the state. This will be provided by participating lending agencies committing up to $2\frac{1}{2}$ per cent of their capital and surplus to the pool. The corporation will qualify as a small business investment corporation and participate with the Small Business Administration.

Schedule Lending School

The two-week resident session of The National Commercial Lending School will be held on the campus of The University of Oklahoma, Norman, November 27 through December 8, 1972.

Digitized for FRASER https://fraser.stlouisfed.org Federal Reserve Bank of St. Louis

Montana NEWS

B. G. PAIGE President Philipsburg R. C. WALLACE Secretary Helena

Name Woman Officer

The promotion of Lillian M. Knudson to installment loan officer of Montana Bank, Great Falls, was announced recently by Vern Hendershott, president. Mrs. Knudson joined the bank in 1956 in the installment lending division. She has been active in AIB and numerous civic organizations.

Mr. Hendershott also announced the retirement of George Huston, vice president and commercial loan officer. as of July 1, after working in banking in Great Falls for 44 years. Mr. Huston has been a director of Montana Bank since 1949 and will continue in that capacity.

Assuming the duties of commercial loan officer is R. Lee Shockley, who will also continue his responsibilities of marketing and public relations vice president. Mr. Shockley started with the bank in 1941 as a messenger.



Bankers Elect Officers

The Rocky Mountain Chapter of Robert Morris Associates - the national association of bank loan and credit officers - has elected new officers for 1972-73.

They are president, Darl G. Hobson, Central Bank & Trust; first vice president, Robert S. Pulcipher, First National Bank of Denver; second vice president, Leo Giles, United Bank of Denver; secretary, Gary L. Bradley, First National Bank of Colorado Springs; treasurer, William A. Maltby, Colorado National Bank, and immediate past president, Jack L. Panter, American National Bank.

Directors are Harry Kountze, Colorado National Bank; James Osbourn, Central Bank & Trust, and Robert Priester, United Bank of Denver.

Named Vice President

of Denver.

seling firms.

appointments.

James F. Sommer has been named

Mr. Sommer has 11 years experience

in finance, primarily in positions with

Boettcher & Co. and E. F. Hutton &

Co. From 1970 to 1972 he specialized

in tax shelter investment work and the

development of institutional accounts

for management by investment coun-

The board of directors of the United

Doyle P. Smith, a graduate of the

Bank of Denver has announced five

United Bank Makes

Five Appointments

a vice president of First Trust Corp.



Two Elected Officers

Melvin J. Roberts, chairman of the board of the Colorado National Bank. Denver, has announced the election of two new officers of the bank.

Michael L. Collins has been named operations officer. Mr. Collins joined the bank in 1970. He is now a manager in the remittance banking, bookkeeping and cash items areas of the bank. He is a graduate of Colorado State University.

Billy E. Wickham was named international operations officer. Mr. Wickham has been with the bank since 1961 and last year moved to the bank's expanded international department where he will continue to handle general operations.

Northwestern Banker, August, 1972 Digitized for FRASER

https://fraser.stlouisfed.org

Nevada News

Plan New Reno Building

Construction has started on the new head office building for Security National Bank in Reno. The building will be at South Virginia and Liberty Streets.

The old head office on First Street will become a branch office and this will make 11 banking offices Security has in Northern Nevada. The building, designed for an eventual nine floors will currently consist of four stories with a lower level of 68,000 square feet. Completion is scheduled for 14 months. Adequate above ground parking will be provided. The application of First National Bank of Nevada for a branch at Sun Valley has been approved by the office of the Comptroller of Currency.



University of Colorado, was named vice president in the commercial banking division. He has been associated with the United Bank of Denver since 1962 and has worked with bank investments since 1969.

Charles H. Powers has been named vice president in charge of a new commercial loan collection activity. He is a graduate of the University of Idaho and its School of Law.



D. P. SMITH C. H. POWERS

Jed J. Burnham was named commercial banking officer. He joined the credit department of United Bank in 1970 and is assigned to the national accounts market in the commercial banking division.

Richard D. Moore, named trust investment officer, is a graduate of the University of Colorado and was associated with Financial Programs Inc. and the First National Bank of Chicago before joining United Bank.

Joseph L. Barrow, Jr., a University of Denver graduate, has been promoted to trust officer in charge of development and marketing for the trust banking division. He joined the bank in 1968 and is also marketing council chairman and a member of the bank's urban affairs council.

We get off the mark fast when it comes to check collections, cash letters and clearing. But we don't rest on our laurels. Because our step-lively Correspondent Bank Department knows the banks we serve in a 12-state area expect us to keep finding ways to make our fast service even faster.

We're doing just that.

And speed, efficiency and know-how

are the hallmarks of our other services, too. Including loan participation, credit analysis, real estate packages, trust services, CD's, personnel review and special services.

Want to know more about us? Just ask! You'll discover First of Denver, the largest correspondent banker in the entire Rocky Mountain West, really delivers.

When speed counts in transit transactions, First of Denver delivers.



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P.O. Box 5808, Denver, Colorado 80217

Wyoming NEWS

BERNARD R. WEBER Cheyenne President Wyoming Bankers Assn.



Construction Contract Signed in Jackson Hole

The First National Bank of Jackson Hole will have a new home by yearend, according to Chadwick H. Carpenter, chairman, and Robert T. Noel, president.

A construction contract was signed recently with Bancroft Construction Co., Inc., Pinedale, for a new bank building to be located at the corner of Glenwood and Pearl. The 8,200 square-foot structure will cost in excess of \$350,000.

The new bank building will feature a moss rock exterior and open-beam construction with large areas of glass taking advantage of a norther exposure. The central theme of the interior is a large fireplace with coffee service and courtesy telephones for customer convenience. The large community room with front entryway is designed for convenient access and will be equipped for varied community activities.

Mark 100th Anniversary

The Wyoming Stockgrowers Association recently celebrated its centennial celebration in Cheyenne. During ceremonies marking the occasion at the State Capitol, A. H. Trautwein, chairman of Wyoming Bancorporation, presented a gold medallion to Governor Stan Hathaway in behalf of Cheyenne National Bank, East Cheyenne National Bank, First Cheyenne State Bank and other member banks of Wyoming Bancorporation.

Washington News

Banks Announce Merger Plans

Agreement for the merger of Eatonville State Bank, State Bank of Morton, and the Orting State Bank with the Puget Sound National Bank in Washington has been announced jointly by Kelly Hagen, president and chairman of the boards of the three state banks, and Reno Odlin, chairman of

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Puget Sound National Bank.

Directors of the four banks have approved the merger agreements. The mergers now require the approval of the stockholders of the four institutions and of the regulatory agencies before becoming effective.

Plans call for the three state banks to become offices of the Puget Sound National Bank which will increase Puget Sound's branches to 32.

Disapproves Application

The Office of the Comptroller of the Currency has disapproved an application by The National Bank of Commerce of Seattle for a branch bank in King County.

Oregon News Files \$25 Million Capital Note Offering

United States National Bank of Oregon announced that it has filed with the Office of the Comptroller of the Currency a preliminary offering circular relating to a proposed public offering of \$25-million of capital notes due July 15, 1980.

The capital notes may not be redeemed prior to October 15, 1979 and will be subordinated to deposits and certain other liabilities of the bank. Net proceeds from the sale will be added to the general funds of the bank for use in its banking business.

United States National Bank of Oregon is primarily engaged in a commercial banking and trust business. Measured by total deposits at December 31, 1971, the bank is the second largest in Oregon and the 38th largest in the nation.

Oregon Bank To Install U-Bank Automated Tellers

United States National Bank of Oregon has recently received approval from the United States Comptroller of Currency to install two of its U-Bank automated teller machines at freestanding locations away from branch buildings, one in Portland and one in Salem, Ore.

With 30 U-Bank units already in operation at branches throughout Oregon, U.S. National Bank now has the nation's largest installation of these convenience outlets.

The approvals, which climaxed an eight-month review by the Comptroller's staff, mean a new era of banking convenience for thousands of the bank's customers in Portland and Salem. The off-premise U-Bank machines will be on main pedestrian thoroughfares at the Eastport Plaza in Portland and Lancaster Mall in Salem.

U.S. National Bank has been a pace-setter in introducing and enlarging automated seller service. Early in 1970, the bank, through surveys and advertising, asked for responses concerning customer desires.

These surveys confirmed the fact that the life-style of many Oregonians desire longer banking hours, and the decision was made to purchase and install 33 self-service banking facilities to enable customers to carry out many banking transactions at any hour of the day or night, any day of the week.

Each facility cost about \$30,000 and was installed at a present branch location on a well-lighted outside wall. Inventing and copyrighting the name "U-Bank" for its automated tellers, the bank carried out an intensive promotion using television spots produced in Oregon as well as newspaper and radio advertising.

Current U-Bank equipment is capable of handling 90% of normal teller transactions, including cash withdrawals, deposits, payments and transfers. The new off-premise locations are in major regional shopping centers with nationally-affiliated retail stores as anchors. United States National is represented in both centers by conventional branch facilities. User criteria developed by the bank in the test phases of U-Bank indicated that neither of the shopping center branch locations met the criteria for consumer acceptance, because of remoteness from main foottraffic areas.

-

The bank expects to install the freestanding units in Portland and Salem in the near future.

Application is Rejected

The United States National Bank of Oregon's application for a branch bank in North Bend has been disapproved by the Office of the Comptroller of the Currency.

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59



Don Echtermeyer



John Edmiston

n Bill Gossett



Larry Matthes

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Utah News

Utah Banker Dies

Morris W. Glover, 65, a prominent Northern Utah banker, died in a Salt Lake City hospital after a long illness. He was vice president and manager of the Brigham City office of First Security Bank of Utah, N.A.

Mr. Glover began his banking career with the First National Bank of Brigham City in 1927 and was serving as assistant cashier when the bank was acquired by First Security in 1943. He was elected assistant manager in 1949, assistant vice president in 1958 and has served as vice president and manager since 1964.

First Security Promotions

Roscoe M. Grover, senior vice president and supervisor of First Security Bank's Salt Lake division has announced the following promotions affecting officers of First Security Bank of Utah, N.A.

Jerry A. Duffin, formerly assistant manager, Sugar House office, was elected assistant vice president and manager, Eighth South office.

David J. Gomez, formerly assistant manager, Valley Fair office, has been elected manager of that office, succeeding Michael S. Burraston, who has been named assistant manager of the bank's Sugar House bank.

Robert D. Sturges, who has been taking the bank's management training program, was named assistant manager, South State Street office.

Romney Stewart was elected commercial loan officer, Main at First South, and Richard L. Charles, was named mortgage loan officer, Main at Fourth South.

Name Changes

The Office of the Comptroller of the Currency has approved the title change of the Moab National Bank to the First Western National Bank.

Approves Applications

The Office of the Comptroller of the Currency has approved applications by the Zions First National Bank in Salt Lake City for branch banks at Main Street in Duchesne and First North and Main Streets in Roosevelt.

Hughes Joins Staff

Max Hughes has joined the staff of Utah Mortgage Loan's Salt Lake City office, it was announced by George H. Champ, president of the Logan, Utah based firm. His title will be assistant' vice president.

A Salt Lake City native, Mr. Hughes has 25 years of experience in

CONVENTIONS

- ABA—American Bankers Association
- AIB—American Institute of Banking
- ARBHC Association of Registered Bank Holding Companies
- **BAI—Bank Administraton Institute**
- **BMA—Bank Marketing Association**
- CSBS—Conference of State Bank Supervisors
- IBAA—Independent Bankers Association of America
- NABW—National Association of Bank Women
- **RMA**—Robert Morris Associates
- Aug. 6-19—Graduate School of Banking, University of Wisconsin, Madison.
- Aug. 13-18—ABA National Mortgage School, Ohio State University, Columbus.
- Aug. 14-25—ABA National Trust School, 11th Annual Session, Northwestern University, Evanston, Ill.
- Aug. 20-Sep. 1—Pacific Coast School of Banking, University of Washington, Seattle.
- Sep. 6-9—ABA 46th Annual Western Trust Conference, Del Monte Hyatt House, Monterey, Calif.
- Sep. 10-13—ABA National Credit Card Conference, Brown Palace, Denver.

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Federal Reserve Bank of

Sep. 17-20—ABA National Personnel Conference, Sheraton-Dallas Hotel, Dallas.

- Sep. 17-21—NABW 50th Annual Convention, Palmer House, Chicago.
- Sep. 24-27—BAI 48th Annual Convention, Muehlbach Hotel, Kansas City.
- Oct. 6-7—ARBHC Fall Meeting, Fairmont Hotel, Dallas.
- Oct. 7-11—ABA 98th Annual Convention, Dallas.
- Oct. 15-18—RMA 58th Annual Fall Conference, Americana Hotel, Bal Harbour, Fla.
- Oct. 16-18—MTM Association for Standards and Research Annual Conference, Royal Coach Inn, Atlanta, Ga.
- Oct. 22-25—Iowa Bankers Association 86th Annual Convention, Hotel Fort Des Moines, Des Moines.
- Oct. 29-Nov. 2—BMA Annual Convention, Americana Hotel, Bal Harbour, Fla.
- Nov. 12-15—ABA 21st National Ag Conference, Denver Hilton Hotel, Denver.
- Nov. 16-17—ABA 41st Annual Mid-Continent Trust Conference, Drake Hotel, Chicago.
- March 18-21, 1973 Independent Bankers Association of America — 43rd Annual Convention — San Francisco Hilton Hotel, San Francisco.

the mortgage and real estate field with Prudential Insurance Company as mortgage loan inspector, appraiser, regional appraiser and associate manager.

Idaho News

First Security Elects Hawkins Vice President

Ralph W. Hawkins has been elected assistant vice president of First Security Bank in Moscow, Idaho.

The announcement was made by Robert L. Andersen, senior vice president and supervisor of the northern division of First Security Bank of Idaho, N.A.

A native of Montana, Mr. Hawkins is a graduate of Rocky Mountain College where he received a degree in economics and business. He has been associated with First Security since 1965, joining the banking organization in Grangeville. From 1966-67 he served as assistant manager of the bank's Craigmont office and was transferred to Moscow in 1967. He has served as commercial loan officer since June of 1970.

Study Farm Income and Debt Gains Since 1950

Farm income has made tremendous gains in recent years — primarily due to a much larger volume of marketings — but the costs of farm production have risen even faster, according to Blaine W. Bickel in the June *Monthly Review* of the Federal Reserve Bank of Kansas City.

Cash receipts from farm marketings reached \$51.6 billion last year, compared with \$28.5 billion in 1950. But production costs currently take 73 cents of each dollar of income, compared with 59 cents in 1950.

Furthermore, Mr. Bickel points out, the number of smaller farms — those with sales of less than \$10,000 — has been decreasing rapidly. These farms are receiving a smaller portion of farm income each year, while larger farms have been increasing in relative importance in both numbers and share of cash receipts and net income.

Financing this growth has pushed farm debt (excluding CCC loans) to a level above \$60 billion, or 2.5 times the 1960 debt and 5.5 times the 1950 level. Part of this increase is due to the higher costs of land, machinery, and livestock. But farmers are also financing a larger proportion of their total operations than in the past.

Get to know Lolita Hansen. Portfolio management is her specialty.

Portfolio management takes a great deal of knowledge, skill, experience and a good "feel" for what's right. Or wrong. But these are the kinds of challenges some people thrive on. And these are the kinds of people who make the best correspondent bankers.

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Northwestern Banker, August, 1972



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R. E. EMMETT	President	Arapahoe
W. H. OSTERBERG	Exec. Mgr.	Omaha

Broken Bow State Bank Announces Building Plans

P LANS for a new building program for the Broken Bow State Bank in Broken Bow were recently announced by Sam Bailey, president. Bank Building Corporation is the consultant for the new project and Wilburn "C." McCormick, an associate of Bank Building, is the architect.

The project involves the construction of a completely new facility on the existing site without interrupting normal business.

The first phase of the project will include moving to temporary quarters in the theater building next door to the bank and the construction of a vault adjacent to the theater.

The present quarters will then be demolished and new quarters constructed around the vault on the present site.



The theater building to be used as temporary quarters will then be demolished and replaced with complete parking and drive up facilities.

The contemporary design has a western motif. The exterior is a rustic brown face brick with a wood timber stripping.

The check desks from the original banking facility will be utilized in the new interior, blending the bank's almost 75 years of history with the new contemporary design. A sloping wood ceiling is angled over the tellers area. The interior includes four teller fixtures (expandable to four) of red oak.

Bank of Norfolk Names Auditor

James Herbolsheimer has been elected auditor at the Bank of Norfolk,

according to President Duane W. Acklie.

Mr. H e r b o lsheimer is a graduate of W a y n e State College and Northeast V o c ational Technical School, and is a Vietnam veteran. He joined the bank in April of this year, having



J. HERBOLSHEIMER

previously been associated with Allis Chalmers of Milwaukee, Wis.

Bank Promotes Two

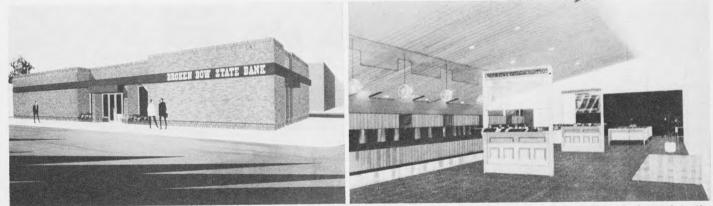
Donald McMullen has been named senior vice president, and Robert H. Everett was promoted to vice president at the First National Bank of Bellevue.

Mr. McMullen, formerly vice president, is manager of the bank's mortgage loan department. Mr. Everett is manager of the installment loan department and is assistant commercial loan officer. He was formerly an assistant vice president.

Sidney Banker Dies

James Brumfield, a well-known Sidney banker, died at an Oshkosh hospital recently following a heart attack.

Mr. Brumfield, 40, was vice president and cashier at the Sidney National Bank.



EXTERIOR design of the new facility planned for the Broken Bow State Bank is pictured at left. The interior is pictured in the sketch at right, featuring a sloped wood ceiling over the teller area.

1972 Nebraska Group Meetings

Group	Date	Place	Site
6	Sept. 19	Scottsbluff	Elks Club
4	Sept. 20	McCook	Elks Club
5	Sept. 21	Kearney	Holiday Inn
3	Sept. 26	Norfolk	Elks Club
2	Sept. 27	Fremont	Valley View Country Club
1	Sept. 28	Lincoln	Radisson-Cornhusker Hotel



R OBERT E. JOHNSON has resigned as executive vice president of the Omaha National Bank to become



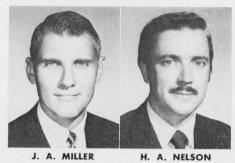
senior vice president of the Union National Bank in Springfield, Mo. Union National is Southwest M i ssouri's I a r g e s t bank, with total assets of \$130 million.

R. E. JOHNSON Mr. Johnson is head of Omaha

National's commercial banking division consisting of five departments: international, mortgage loan, commercial installment loan, agricultural lendingcorrespondent banking, and commercial loan. He is also chairman of the computer priorities committee, chairman of the loan policy committee, a member of the investment committee, and a member of the executive management committee.

He joined Omaha National in 1957 after serving 10 years with a major life insurance company. Since he has been with the bank he has been senior commercial loan officer and head of the commercial loan department, and senior agricultural loan officer and head of the ag loan department. He is a recognized expert in agricultural and commercial lending, having taught ag lending at the University of Wisconsin Graduate School of Banking and is presently teaching Commercial Lending at the University of Colorado Graduate School of Banking.

John A. Miller and Howard A. Nelson have been named vice presidents at the United States National Bank, heading a list of promotions and officer appointments announced by President Edward W. Lyman.



Mr. Miller has become manager of U. S. National's investment department. He joined the bank in 1967 as assistant trust officer. Prior to that he was with Woodmen of the World In-

MUNICIPAL BONDS

Other Offices Located in Lexington, Nebraska • Vermillion, South Dakota surance Co. as a senior security analyst and assistant mortgage loan officer manager.

Mr. Nelson becomes manager of the bank's mortgage loan department in the loan division. He joined the bank in 1965 and has held titles of assistant cashier and assistant vice president.

Lee J. Bachand, Robert R. Culver, and Eugene D. Exceen were named assistant vice presidents. Mr. Bachand, formerly assistant cashier, joined the bank in 1965. He is head of the data processing sales section. Mr. Culver is a loan officer in the mortgage loan department. He joined the bank in 1964. Mr. Exceen, who also joined the bank in 1964, is systems sections manager in the data processing services department.

Several promotions were made in the bank's trust division. **Donald L. Jorgensen**, manager of trust operations, was named trust operations officer. He began with the bank in 1952 as a commercial teller, and has since held positions in the stock transfer section, accounts service section and trust department.

Ben W. Stanislav was named trust officer. Mr. Stanislav, who manages the tax department, came to the bank in 1969. Prior to that he had served as staff auditor for two public accounting firms in Omaha.

Also in the trust division, **Paul D. Kadavy** and **Gary R. Oloff** were named assistant trust officers, and **Larry D. Loncke** was appointed assistant trust operations officer. Mr. Kadavy has been trust administrator since he completed the bank's management trainee program in 1970. Mr. Oloff is account administrator in the trust division. He has been with the bank since 1960. Mr. Loncke, who has been with the bank since 1963, is assistant manager of trust operations.

In the operations division, Edmund L. Arkfeld, F. Dale Johanson, Ann Lament, Edward Ostransky and Anthony M. Payne were named assistant cashiers.

Mr. Arkfeld is manager of the bank's accounting department. He was formerly a credit analyst in the loan services department.

Mr. Johanson is a sales representa- \checkmark tive in the data processing services department.

Miss Lament, who has been with the bank 29 years, is teller manager at the bank's main office.

Mr. Ostransky has been manager of the Bank Cash Center and its drive-

Northwestern Banker, August, 1972 Digitized for FRASER https://fraser.stlouisfed.org Federal Reserve Bank of St. Louis



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A margin of difference

Completion of the new bank is scheduled for spring, 1973. A.S. Battiato Construction Company is the general contractor.

J. Peter Jeffrey, president of West



Omaha National Bank, announces that **William A. Waldie** has joined the staff of the bank, in charge of new business development.

Active in the financial field over 17 years, Mr. Waldie is an

W. A. WALDIE Omaha native,

Loans at Omaha's seventeen commercial banks showed an increase of 22.5 per cent on June 30 compared with a year ago, and deposits showed a 9.9 per cent increase for the same period.

Kermit Hansen, executive vice president of the U. S. National Bank, said the percentage hikes are indicators "of a strong, steady economy."

Loan volume rose from \$667 in mid-1971 to \$817 million in mid-1972 for the Omaha Banks. Total deposits increased in the same period from \$1.02 billion to \$1.12 billion.

*

Chemical Bank of New York, the nation's sixth largest, has purchased the right to copy the data processing system developed by First Data Resources, Inc., of Omaha to handle the billing of Master Charge customer accounts.

The FDR operation is a series of about 50 computer programs used to handle accounting for credit card customers.

FDR was formed as an independent corporation by several current FDR executives and the MidAmerica Bankcard Association. MidAmerica Bankcard was organized in 1969 by seven banks, including the Omaha National Bank and the U.S. National Bank of Omaha.

SUPREME COURT . . .

(Continued from page 21)

and that Colburn 'was never in a position to get anything done.' He characterized the defendant as 'not much more than a figurehead cashier.'

"At no time did the Department of Banking suspect that there had been an illegal diversion of funds. The department thought Davenport was a poor loan man and that his loan policy would eventually destroy the bank. This is the same matter that concerned the defendant and caused him to call the Deputy Director of Banking on May 19, 1964. . .

"... As we view the record, a reasonable trier of fact could find that the plaintiff had failed to prove that the loss was caused by negligence of the defendant in failing to detect and discover the embezzlement by Richard L. Davenport.

"It is unnecessary to consider further the issues raised by the crossappeal.



"The judgment of the district court is reversed and the cause remanded with directions to reinstate the verdict and dismiss the action."

Justice J. Clinton wrote a dissenting opinion which stated:

"I respectfully dissent. The record I believe dislcoses that the defendant Colburn, as a director of the bank, exercised not the slightest degree of care to prevent or detect defalcations such as here occurred. The record shows that from the time he first became a director he abdicated completely his responsibilities as such and left the entire, complete, and absolute control of the bank in the hands of the bank manager. He did not in all those years even suggest a director's audit with independent random verification of accounts and loans. He did not suggest any of the internal controls which might prevent, discourage, or lead to the detection of defalcations. A bank directorship is not an honorary position. Depositors and stockholders rely upon the directors to fulfill their obligations. Directors who do not wish to exercise their responsibilities should resign if they wish to avoid responsibility for their defaults. Colburn was negligent as a matter of law because he did not exercise even slight care. Gibbons v. Anderson, 80 F. 345; Gamble v. Brown, 29 F. 2d 366, Cert. den. 279 U. S. 839, 49 S. Ct. 253, 73 L. Ed. 986; Bank of Commerce v. Goolsby, 129 Ark. 416, 196 S. W. 803; 25 A. L. R. 3d, Directors - Liability for Defalcations, S. 18, p. 1011; + Atherton v. Anderson, 99 F. 2d 883; Anderson v. Bundy, 161 Va. 1, 1717 S. E. 501; Lippitt v. Ashley, 89 Conn. 451, 94 A. 995.

"I do not suggest, of course, that one director alone can take appropriate precautions without the joinder of the majority of the directors. Proksch v. Bettendorf, 218 Iowa 1376, 257 N. W. 383. In this case the record shows that all of the directors abdicated their responsibilities. Under these circumstances whether the defendant could have done anything effective to prevent or to earlier detect the defalcations is open to debate. Therefore, whether the defendant's negligence was the proximate cause of the bank's losses presented a jury question. The trial court properly set aside the verdict and on retrial only the * questions of proximate cause and the . amount of damages, if any, would be jury questions."-End

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Northwestern Banker, August, 1972

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Iowa NEWS

T. H. HUSTON Pres., Columbus Junction

A. E. LINDQUIST, JR. Ex. V.P. Des Moines

Art Lindquist Announces Retirement; Iowa Committee Seeks Replacement

A RTHUR E. Lindquist, Jr., executive vice president and secretary of the Iowa Bankers Association, announced to the Council of Administration last month that he plans to retire from his position on or about November 15, 1972. He will not be a candidate for re-election at the Iowa Bankers Convention in October.

Mr. Lindquist came to his present position in November, 1966, after serving with the correspondent bank department of the American National Bank and Trust Company, Chicago. Previous to his association with American National, he was a vice president in the correspondent bank department of The Merchants National Bank, Cedar Rapids. He has had a close association with Iowa banks and bankers for some 25 years.

The Council of Administration has named a five-man committee to select a successor to Mr. Lindquist. They are John Chrystal, president, Iowa Savings Bank, Coon Rapids; LeRoy Mohr, executive vice president, Miles Savings Bank; Don Noller, president, First National Bank, Evansdale; Jack Nielsen, vice president, First National Bank, Mason City, and Ferd E. Skola, president, Farmers Savings Bank, Kalona.

Mr. Lindquist succeeded Frank Warner as secretary of the association — and in doing so — he filled the shoes of a man who had headed the Association since 1916 . . . a 50 year span. During Mr. Lindquist's term of office, the Iowa legislature started annual sessions, which with the multitude of other changes in the banking business, doubled the load for the secretary's office.

In the past six years, changes have occurred in the staff and committee organizations and the funding of the Association's activities. The Association was incorporated and the insurance activity was placed into a separate, selfsustaining entity. New, modern, effi-Digitized for FRASER



cient, and adequate office space was provided. All of this, under Mr. Lindquist's direction, has been progressive and innovative.

After about December 1972, Art and his wife, Dean, will make their home at 1787 San Pablo Drive, Lake San Marcos, north San Diego county, California 92069.

Trust Rep Named at National of Waterloo

The appointment of George D. Scully, Jr., as trust representative at the National Bank of Waterloo has been

announced by R. L. Kilgore, president of the bank.

Mr. Scully, a native of Waterloo, recently graduated from the Drake University Law School, and was admitted to the Iowa Bar in June.



G. D. SCULLY, JR.

He had completed his undergraduate work in Business Administration at the University of Iowa.

Ass't Trust Officer

Maxine Bartz has been named assistant trust officer of the First National Bank of Council Bluffs. Mrs. Bartz has been with First National for seven years.

Hawkeye Stock Off Midwest Exchange

Paul H. Dunlap, president of Hawkeye Bancorporation, Des Moines-based registered bank holding company, announced that as of July 17, 1972 Hawkeye Bancorporation is delisting from the Midwest Stock Exchange and will thereafter be traded on the overthe-counter market.

Hawkeye asked to delist and have its stock traded over-the-counter because of the large number of securities dealers who are not members of the Midwest Stock Exchange and could not trade on the Exchange in the stock of Hawkeye Bancorporation while it was listed on the Regional Exchange.

Toy Control Change

J. William Van Dyke, chairman of the board of The Toy National Bank, Sioux City, has announced that there has been a change in the controlling interest of the bank.

Founded in 1912 by James F. Toy, the bank has remained under the control of the Toy family since its organization. Mr. Van Dyke, who is the grandson of the founder, and his son, John W. Van Dyke, Jr., a vice president of the bank, have purchased the interest of the other family members.

Management changes were announced last January, and L. H. Olson was advanced to president and chief executive officer at that time. The bank management plans an expansion program soon. It is anticipated that Toy will plan to build a new building in downtown Sioux City.

Northwest to Purchase Bettendorf Bank & Trust

Henry T. Rutledge, chairman of Northwest Bancorporation, Minneapolis, and Ralph U. Heninger, president of Bettendorf Bank & Trust Co., have announced that an agreement in principle has been reached respecting a proposed exchange of stock of the bank for stock of Northwest Bancorporation. Mr. Heninger stated that the board of directors of the bank has approved recommending to the stockholders of the bank their favorable consideration of the exchange.

It was stated that the ratio of exchange would probably be in the neighborhood of 1.3 shares of Northwest Banco stock for each share of stock of the bank, and noted that application by Northwest Banco to make the exchange would have to be approved by banking regulatory authorities.

50 Year Banker Honored

A party was held recently at the Audubon Golf and Country Club, Audubon, in honor of A. A. Kruse, executive vice president of the First State Bank, Audubon. Mr. Kruse, who is celebrating his fiftieth year with the bank, was presented with a golf cart. Approximately 50 local bankers and bankers from Omaha, Des Moines and Chicago attended the party.



SPEARHEADING the Iowa Independent Bankers convention were, from left: Pres. Dean A. Knudson, Iowa pres.; H. L. Gerhart, Jr., pres., Independent Bankers Association of America, and Robert Dixon, Iowa state director.

Independent Bankers Seek More Restrictions On Holding Companies By MALCOLM FREELAND Publisher

F URTHER restrictions of multibank holding companies will be sought in the 1973 session of the Iowa legislature.

This fact was clear, as over 300 delegates attended the first annual convention of the Iowa Independent Bankers in Okoboji last month.

Two general business sessions were loaded with speakers oriented to the unit banking system. It was not the time or place for advocates of either branching or multi-bank holding companies! One speaker — Jack Edge, president, State Savings Bank, Baxter, even suggested that Iowa independents resign membership in the Iowa Bankers Association and throw all of their support to the newly-organized Iowa Independent Bankers, headed by President Dean A. Knudson, president, University Bank and Trust Company, Ames.

Mr. Knudson was re-elected as president of the Iowa Independents. He will serve with the same 20-member executive council, and the other officers of the Association will continue in their same capacity. They are: vice president, Don Kirchner, president, Peoples Trust and Savings Bank, Riverside; secretary, G. M. Barnett, Jr., president, Guthrie County State Bank, Guthrie Center, and Christy Armstrong, executive vice president, American Trust and Savings Bank, Dubuque.

Iowa Independent Bankers have resolved that multi-bank holding companies should be individually limited to a lower percentage of total Iowa bank deposits (now 8 percent) and the collective holdings of multi-bank holding companies should not exceed 50 per cent of the total Iowa bank deposits. Furthermore, they have urged the superintendent of banking to take a position with the Federal Reserve Board on each application for enlargement in size or number of multi-bank holding companies.

Independent banking vs. holding companies was the major discussion topic of the convention, and John



KEY ADDRESS was given by Sen. Jack Miller, right, shown with Pres. Dean A. Knudson.

Bowyer, professor of finance, Washington University, St. Louis, wasted no time in setting the pattern by posing this question:

"Is it possible to receive an offer of double book value for your bank and end up receiving as little as 53 per cent of the book?

Mr. Bowyer claimed that this was exactly what was happening in a number of acquisitions being made by multi-bank holding companies in Florida. He gave the example of First of Orlando Corporation and labeled it "instant insanity." He showed that the holding company's stock was now 28 times earning or 3.75 times book . . . and indicated that if First of Orlando offered double book for a unit bank, the owners would actually receive 53 per cent of book when a stock trade was made! He reminded delegates that the investment community was interested in earnings per share and rate of growth — and not book value.

Holding company banking in Florida was further described by Walter L. Law, executive secretary, Independent Bankers of Florida. Mr. Law described situations where unit banks were denied access to participations with city correspondent due to pressure from multi-bank holding companies.

An answer to the problem came from Dwight Willard, president, Farmers Trust & Savings Bank, Spencer, who described how his bank was working with other community banks outside of the immediate trade area of Spencer in arranging loan participations.

President's Address

In his keynote address, President Knudson traced the history of independent banking and the formation of the Iowa Independent Bankers. He reminded delegates that Iowa independent banks that a well-managed small or medium sized independent bank can compete in its own home market against all comers, whether they be from outside branches under a liberalized branching law or from units of a holding company. He further suggested that if the experience and innovative ~ management is present and if the basic desire of the bank is to serve its market, then it really should have very little, if anything, to fear from outside competition.

Banking Bill Panel Stanley R. Barber, past president of

American Trust and Savings Bank

dubuque, Iowa STATEMENT OF CONDITION June 30, 1972



ASSETS

Cash U. S. Government Securities U. S. Public Housing Bonds U. S. Agency Bonds	\$16,651,601.89 3,781,778.13 4,228,406.98	\$10,360,809.98
c. s. Agency bonds	1,220,100,00	24,661,787.00
Municipal Bonds		4,549,685.98
Federal Reserve Bank Stock		112,500.00
Federal Funds Sold		3,500.000.00
Loans		35,337,745.90
Bank Premises & Equipment		1,319,418.19
Customers Liability on Letters of Credit		18,992.06
Accrued Interest & Other Assets		959,919.26
		\$80,820,858.37

LIABILITIES

Capital Debentures	850,000.00
Equity Capital:	1 000 000 00
	1,000,000.00
Surplus	2,750,000.00
Undivided Profits	1,351,990.34

	5,951,990.34
Reserves	348,878.24
Liabilities under Letters of Credit	18,992.06
Provision for Taxes, Interest & Expense	365,489.61
Unearned Discount on Loans	732,154.03
Other Liabilities	1,101,975.84
Deposits	72,301,378.25
	\$80,820,858.37

			1 , ,
 OFFICERS D. W. ERNST Chairman Chief Executive Officer NICHOLAS J. SCHRUP President CHRISTY F. ARMSTRONG Executive Vice President ROY F. GLAB Executive Vice President and Secretary Senior Vice Presidents W. G. BAUMHOVER LEO F. KANE ROBERT G. SCOTT JAMES L. RILEY Cashier and Asst. Secretary TRUST DEPARTMENT CHARLES J. SCHRUP Executive Vice President and Trust Officer	Honorary Director—American Finance Systems, Inc. PAUL D. DALE Chairman of the Board— Thermolyne Corp. D. W. ERNST Chairman of the Board MAURICE A. FRAHER Retired Director—Decre & Co. C. P. FROMMELT Chairman of the Board— Frommelt Industries ROBERT J. GERSTENBERGER Vice President—Decre & Co. *ROY F. GLAB	A. Y. McDonald Mfg. Co. LOUIS H. PFOHL The Fischer Companies *CHARLES J. SCHRUP Executive Vice President NICHOLAS J. SCHRUP President—Interstate Power Company H. W. STEELE President—Interstate Power Company H. W. WAHLERT Dubuque Packing Co. ROBERT C. WAHLERT President—Dubuque Packing Co. CYRIL H. WISSEL President—H & W Motor	
LEO J. MEIER Vice President and Trust Officer	President—Midland Laboratories *ROBERT G. HOLSCHER Vice President	HONORARY DIRECTORS	American Trust
BOARD OF DIRECTORS *CHRISTY F. ARMSTRONG Executive Vice President *FRANK H. BERTSCH President—Flexsteel Ind., Inc.	M. L. KAPP Chairman of Board, Interstate Power Company W. J. KLAUER President—Klauer Manufacturing Co.	OTTO F, HENKER Retired C. J. KLEINSCHMIDT Retired *Member of the Trust Committee	and Savings Bank

73



COMMODORE of the Iowa Lakes Area Navy presents special honor to Pres. Dean A. Knudson.

the Independent Bankers Association of America, and president, Wellman Savings Bank, served as moderator of a panel discussion on the Omnibus Bank Bill passed by the 1972 Iowa legislature. He indicated that the bill was not the best - but it was more restrictive for multi-bank holding companies than if the independent bankers had sat on the sidelines. Comments were made by four panel members as follows:

Jack Rigler, president, Central State Bank, Muscatine, described the highlights of what the bill does and in doing so, he asked if it is constitutional to allow Northwest Bancorporation to be the only out-of-state exception in acquisition of more Iowa banks.

John Chrystal, president, Iowa Savings Bank, Coon Rapids, described the likely effects of the bill. He thought that the exception made for Northwest Bancorporation will not have any great effect unless some judge decides that what is good for Banco is good for all out-of-state holding companies. Then, he said, it would have a massive effect. Mr. Chrystal said it is conceivable that the \$2 or \$3 million banks may have to move to county seat towns and operate an office in the smaller communities . . . particularly where there is only one bank in a county seat now. He refuted the idea set forth by some holding companies that the credit needs of the state are not well taken care of now, and he suggested that

growth of holding companies will be dependent on their ability to increase net income. He predicted a decline in the number of charters, a reduced number of new charters, and a reduction in premiums paid for suburban banks — all due to the new bill.

Oliver A. Hansen, superintendent of banking, warned bankers that they should be more interested in legislation before it is passed, rather than waiting to complain after the bill is on the books. He discussed the urban complex phase of the bill, warning that aplicants for future parking lot offices must show that there will be adequate parking. He also warned that a present location may be outmoded in 10 years - so applicants should consider this when making a substantial capital investment. Looking at multi-bank holding companies, Mr. Hansen said that since they must make an offer to all stockholders, many acquisitions may not be profitable.

Jack Edge, president, State Savings Bank, Baxter, threw the real bomb at delegates. Mentioning that he was speaking only for himself, he recommended that independent bankers form their own state organization and possibly resign from the Iowa Bankers Association. He further recommended that independent bankers do business with city correspondent banks that are independent in nature. He outlined the deposit picture for the six major multibank holding companies in Iowa, mentioning that as of the convention they controlled 22.67 per cent of the state's total deposits.

Senator Jack Miller

"One place that can stand reform better than anyplace else is the Congress of the United States.'

This was the statement made by U.S. Senator Jack Miller, who spoke at the opening business session. Senator Miller described the massive spending binge, and labeled it as a disease of epidemic proportions.

H. L. Gerhart, Jr., president of the



PANELISTS on Iowa Independent Bankers program included, from left: Jack Rigler, John



SPEAKERS included, from left, Walter Law, Don Kirchner, and Richard Berglund.

Independent Bankers of America, and president, of the First National Bank, Newman Grove, Nebraska, described the successful fight against multi-bank holding companies conducted by his home state. He criticized the permissive tactics followed by regulatory agencies and particularly the Federal Reserve Board of Governors. He attacked Gov. George Mitchell for saying that the present banking structure had outlived its usefulness as far as meeting farm credit needs. He again challenged the debt-equity guidelines established by the Fed for bank stock purchasers. In conclusion, he congratulated the Iowa group for starting its own organization.

Convention Site

Okoboji proved to be an outstanding location for the Iowa Independent Bankers, and they intend to return next year. Boat rides, golf, and outdoor barbeques occupied the "spare" time for delegates and their wives. Robert Dixon, Iowa director, Independent Bankers of America, served + as co-chairman of the golf committee, along with Keith Campbell, president, > Citizens State Bank, Sheldon. (Keith didn't let the trophy for low net get away — and won it by firing a 71.) Joe Picken, Jr., vice president, First National Bank, Ames, won the trophy for low gross. - End.

75th Anniversary

The Fairbank State Bank, Fairbank, celebrated its 75th anniversary recently with an open house, which was attended by more than 550 persons. The celebration included drawings for special door prizes.

Named to Board

The Dubuque Bank & Trust Company has announced that Charles E. Stoltz has been elected to the board of directors of the bank. Mr. Stoltz is vice president of the Dubuque Packing Company.

Northwestern Banker, August, 1972 Digitized for FRASER https://fraser.stlouisfed.org nuo Rank (Louis

Chrystal, Stan Barber, Oliver Hansen, and Jack Edge.

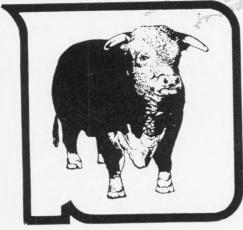
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Second Year Class, 1972 Agricultural Credit School



1st. row: James C. Stock, Farmers & Merchants Savings, Lone Tree; Jerry N. Trudo, Merchants National, Cedar Rapids; Gene G. Karstens, First State, Audubon; John H. Collison, Iowa Department of Banking, Des Moines; Conway Norman, The Omaha National, Omaha, Nebr.; Joe L. Parrish, Jr., Federal Reserve Bank, Ames; Ronald D. Harder, First National, Jackson, Minn.; Fred L. Axmear, FDIC, Mason City; Gary A. Liess, FDIC, Kearney, Nebr.; Robert D. Gulling, Farmers Savings, Mitchellville; Ross W. Stuedemann, First National, Clinton

2nd. row: Jim Arendt, Peoples Savings, Montezuma; Thomas Matthaidess, Omaha National, Omaha, Nebr.; Bob Swedlund, Community State, Paton; Elmer J. Draker, Hills Bank & Trust Co., Hills; Don Rodgers, Houghton State, Red Oak; Harold Thompson, Randall State, Randall; Jim Chelesvig, First State, Belmond; Dick Gray, Area Ext. specialist, Ft. Dodge; Calvin Spencer, State Bank & Trust Co., Council Bluffs; Stephen B. Tudeen, Farmers State, Alburnett

3rd. row: Larry Wangrud, U.S. Treasury, Norfolk, Nebr.; Robert H. Lage, Northwest Bank & Trust Co., Davenport; Roger Auestad, Story County State, Story City; Ron Kocher, Cresco State, Cresco; Richard Mikelson, Humboldt Trust & Savings, Humboldt; Robert Engel, Security State, Sheldon; James L. Cuttell, George State, George; Roger W. Schmidt, Palo Alto County State, Ayreshire; Don M. Schuchart, Benton County Bank and Trust Co., Vinton; Max Vande Lune, Poweshiek County National, Grinnell; Robert M. Sneden, Spencer National, Spencer; Glen Smith, National Boulevard Bank, Chicago, III.; Roger Underwood, Guthrie County State, Guthrie Center

4th. row: Bill Speak, Bank of Neosho, Neosho, Mo.; Stan Honken, Citizens State, Clarinda; Jerry Johnson, Tama State, Tama; Jim Rhodes, First Community Bank & Trust, Traer; Ray A. Brown, Home Trust & Savings, Osage; Monte R. Cue, Farmers State Savings, Independence; Norm Gerdes, Maquoketa State, Maquoketa; Lewis White, FS Services, Inc., Bloomington, Ill.; Wallace Groeneweg, Citizens State, Sheldon; Alan Johnson, Central State, Elkader; Don Houg, Central State, Elkader; George Teipe, Federal Reserve Bank, Oak Park, Ill.; Craig Riggs, Tinley State Savings, Tinley Park, Ill.

Not pictured: Fred Bement, State Bank of Vinton, Vinton; Jack Shemat, Central Trust and Savings, Cherokee, and Jim Stockwell, First National, Bayard, Nebraska.

Mortgage Bankers Elect

Loren Dorr, senior vice president of the Des Moines Savings and Loan Association, Des Moines, was recently elected president of the Iowa Mortgage Bankers Association at the group's annual meeting at Lake Okoboji.

Earl Youngstrom, president of the Community State Bank, Clear Lake, was elected vice president, and Charles J. Drees, vice president of Iowa Securities Co., Des Moines, was named secretary-treasurer.

Those elected to the board of governors are: John Benoit, Equitable Life of Iowa, Des Moines; Dean Hannam, Valley Bank & Trust Co., Des Moines, Larry Hill, Iowa Securities Co., Cedar Rapids; William Landholt, Iowa-Des Moines National Bank, Des Moines; Larry Moser, Peoples Mutual Savings and Loan, Waterloo, and James A. Dowing, Security National Bank, Sioux City.

Trust Group Elects

Joe D. Young, senior vice president and senior trust officer of the Central National Bank & Trust Co., Des Moines, was elected president at the

Northwestern Banker, August, 1972

Digitized for FRASER https://fraser.stlouisfed.org Federal Reserve Bank of St. Louis recent annual meeting of the Iowa Trust Association in Burlington.

Other newly elected officers of the association are: John R. Burrows, vice president and trust officer of Bankers Trust Co., Des Moines, vice president; Jack R. Schreiber, assistant vice president and trust officer, Central National Bank, Des Moines, secretary-treasurer, and Dee Frost, senior vice president, Iowa-Des Moines National Bank, Des Moines, chairman of the executive committee.

Stockport Bank Sold

It was announced that two Koekuk bankers, Bill Logan and Fred O'Brien, have purchased controlling interest in the Iowa State Bank, Stockport, from Hugh and Mildred Newman. Mr. Logan is president and Mr. O'Brien is vice president and cashier at the State Central Savings Bank in Keokuk.

Mrs. Newman is president of the bank and has been with the bank since it was organized in 1928. Her father, Sam Watkins, was one of the organizers, and served as president from 1932 to 1971. Mrs. Newman has served as a director of the bank since 1956, and succeeded her father as president in 1971.

Mr. Newman has served as a director of the bank since 1936 and has been cashier of the bank since 1957. Mr. and Mrs. Newman will both remain active in the bank as well as in the Newman Insurance Agency, which was included in the stock transfer.

Kalona Banker Heads \$56,000 Fund Drive

A local fund drive to raise \$56,250 for rebuilding the Chef Quik Co. plant in Kalona has succeeded, partly due to the efforts of Ferd Skola, president of the Farmers Savings Bank, who headed the drive.

The \$56,000 was needed to demonstrate community support for the Chef \succ Quik Co. before it could be eligible for \$850,000 in government and private loans. The company's plant burned \downarrow here last February and the town was in danger of losing its major industry if funds were not raised.

About 100 area residents were employed at the plant before the fire, and company officials hope to raise that figure to 150 by April 1, 1973.





These Iowa Bankers work with LaSalle in Chicago to build business for Iowa banks

LaSalle's correspondent balances continue to climb in 1972.

Two big reasons are Cy Kirk and Max Roy, two Iowa bankers who work with LaSalle correspondent banks in Iowa. These life-long Hawkeyes know Iowa and Iowa credits.

They keep our business growing by helping business grow in the correspondent banks they serve.

If you would like to find out what Cy Kirk or Max

Roy can do for your bank and for Iowa, call them in Chicago at (312) 443-2774. Or call at home; Cy Kirk at (815) 398-9521; Max Roy at (319) 338-5224.



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NEIL HARL, ISU agricultural economics professor and member of the Iowa Bar, makes his point about estate planning during the recent credit school.

Discuss New Financing Methods at 27th Annual Ag Credit School

M ODERN-DAY farming technology has changed considerably from that used just 20 years ago, so how does the barker

does the banker change his system and methods to continually meet the farmer's financial n e e d s? Iowa Superintendent of Banking Oliver Hansen, a Durant banker, had some suggestions at the re-



O. A. HANSEN

cent 27th annual Agricultural Credit School at Iowa State University.

Speaking to 108 commercial lenders and bank examiners from Iowa and near-by states, Mr. Hansen said financing agriculture requires constant study, allertness and innovation. As farmers require larger loans with a lower ratio of assets to liabilities, bankers should be looking for potential partners to share the risk and loan volume.

The superintendent singled out the Farmers Home Administration and the Intermediate Credit Bank as potential partners among federal agencies. He told his audience that Farm Credit System agencies are strong competitors with banks but cooperation with them might be possible if certain road blocks

ederal Reserve Bank of S

are removed. Bankers can also help their clients receive credit services that are currently unavailable at their bank, through various programs of the FHA. Do a little investigating.

Life Insurance Companies

Participation with life insurance companies is another way to assemble the needed financing for today's farmer, Mr. Hansen stated. Unfortunately many companies are not very interested in making farm loans. "Perhaps if we can convince them to return a larger part of their premiums to the local communities instead of sending it all out of Iowa, we will be able to work together."

Then there are other untapped

sources for credit from outside the normal agricultural channels. The superintendent cited at least one large bank that had started a move in this direction and he predicted more would follow. This is one of the really promising ways to assemble new money for farm loans.

The bank superintendent went on to urge extra care in managing farm loans. Get to know your customers better. Require complete financial statements that are taken at the same time each year and consequently can be compared from year to year. Also try to get out on-the-farm more often. Many problems and losses can be avoided if the banker reads the "signs" generally apparent by on-the-farm visitations.

Term Agreements

The state official also suggested that the bankers take a new closer look at term agreements for their preferred customers. "We need to meet the competition of other farm lenders and save our customers extra trips into town for small loans. Why make the farmer who is worth say 150 thousand dollars make a trip to your office to borrow an extra thousand dollars for something?"

Lenders might consider setting up a line of credit in a special account for specific uses. Then as items come in, they can be identified with the intended uses, the official from Des Moines said. Bankers also need to make term agreements for realistic periods of time and expect the loan to be paid off at the end of the agreement. Demand that the wife sign the agreement and provide for non-payment penalties.

Annual Projections

Mr. Hansen strongly recommended that bankers urge farmers to make estimated annual projections. The phrase



NO, these students at the two week agricultural credit school did not commute by bus each morning. They are taking part in one of several field trips to view farm management practices and visit with farmers.

coined by the superintendent replaces the term "cash flow statements," since as Mr. Hansen put it, "Farmers haven't accepted the cash flow concept." One important asset of estimated annual projections will be to show the debt load capacity of your client and prevent over-extended credit.

The Iowa bank superintendent was the first of several guest lecturers to speak during the two week school sponsored by the Iowa Bankers Association and Iowa State University. H. B. Howell, ISU economist in farm management, said the school plays a significant part in the in-service training program for most Iowa banks concerned with agricultural lending. Since 1946, the annual sessions have attracted 841 enrollees.

The extension specialist said that during the first year's session those attending are exposed to farm management, farm appraisal and marketing. The second year is devoted to agricultural credit and economic policy. In addition, each year agricultural production problems and guest lectures are presented.—End

Construction Begins on Bettendorf Bank Building

Construction has begun on the new office building which will house the Duck Creek office of the Bettendorf Bank & Trust Company. The new building, to be known as the Bettendorf Bank Building, will include 5,200 square feet of bank space. The remaining 40,000 square feet will be subleased.

Ralph U. Heninger, bank president, said that the bank hopes to have the branch office in full operation by December 1, 1972. The facility will include safe deposit boxes, drive-up tellers and walk-in banking services. There will be a covered climatized mall for shopping convenience as well as two cinemas, each seating 300 people. "Get to know your customers."



Credit school students received hours of estate planning discussion from Neil Harl.



CREDIT school administrators **Herb Howell** and **Everett Stone**berg flank a speaker at one of the several field trip stops.





G ROUNDBREAKING ceremonies for The Financial Center, the \$21 million, 25-story future headquarters for both the Iowa-Des Moines National Bank and the Des Moines Savings and Loan Association, were held recently at the construction site at 7th and Walnut in downtown Des Moines.

Participating in the ceremonies were: **Robert L. Maddox**, first vice president of the Des Moines Chamber of Commerce, **John R. Fitzgibbon**, president of the Iowa Des Moines National Bank, **Richard L. Bryan**, president of Des Moines Savings, Developer **David Murdock**, Mayor **Richard Olson**, Des Moines City Councilmen and local business executives.

The Financial Center, which is scheduled for completion in late 1973, will include a 23-story tower over a two-story base. The area will cover more than 500,000 square feet, and will include a 260 car underground parking garage.

A new director and four new officer assignments have been announced at the Iowa-Des Moines National Bank by President John R. Fitzgibbon.

Dr. Wilbur C. Miller was elected to



D. N. WALTHILL



W. C. MILLER

J. W. DAVIDSON A. C. BRAGA

the board of directors of the bank. Dr. Miller is president of Drake University, Des Moines, and is a former vicechancellor for academic affairs and dean of the faculty at the University of Denver, Denver, Colo.

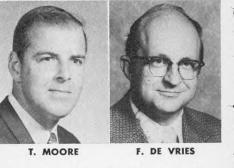
Frederick D. DeVries was elected vice president and will head bank office operations. He joined the bank in

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FARM CREDIT BUILDING - OMAHA

Northwestern Banker, August, 1972 Digitized for FRASER https://fraser.stlouisfed.org Federal Reserve Bank of St. Louis



1968 and since 1970 has been head of Master Charge.

John W. Davison was named to succeed Mr. DeVries as managing officer of Master Charge. He has been responsible for the operations section of Master Charge since joining the bank in 1971.

David W. Walthall, operations officer, has been named manager of the personal banking department. He has most recently been in charge of special services in the bank operations division department.

Alan C. Braga, bond investment officer, was elected cashier of the bank effective September 1, replacing John R. Scroggs, who will retire.

C. Tom Moore was named managing officer of the bank's Euclid office. He had been with the Master Charge Department and had been assigned to the Euclid office since it opened in 1969.

It was also announced following a board meeting that the bank has issued a 100% stock dividend.

* *

Richard C. Lee, chairman of the board and chief executive officer of + Capital City State Bank, announced

that **Richard E. Sargent** has been elected to the bank's board of directors. Mr. Sargent is president of E. I. Sargent Quarries, Sargent Investment Company, Sargent Helicopters, and I & M, Inc.



R. E. SARGENT

Sargent, a graduate of East Des Moines High School, attended Simpson

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Eddie A. Wolf



William B. Greaves



Stephan L. Jones



Russell G. Plager



81

Jerry R. Thornton

Correspondent Bank Department



College and Drake University and served in the U.S. Army C.I.D. Division from 1953-55 before joining E. I., Sargent Quarries Company. Incorporated in 1920, Sargent Quarries was a division of Sargent Feed Company, founded by Dick Sargent's grandfather in 1888.

* * *

J. Locke Macomber, president of the Valley Bank & Trust Company, has announced several staff appointments.

Jennie W. Foster has been named trust operations manager. She has been with the bank's trust department since 1958 and has over 40 years experience as a legal secretary.

Helen Harmon, who has been with the bank since 1965, was named head of customer relations, Regency office. She is the widow of Henry Gadd Harmon, a former president of Drake University.

Sara Hausman was appointed employee benefits manager. She has been a legal secretary since 1926, and has been with the bank's trust department since 1955.

Martha Heldenbrand was appointed manager of customer accounts department. She joined the bank in 1953 following service at the Davis County Savings Bank, Bloomfield. **Donna White** was appointed manager of the personnel department. She joined the bank staff in 1958 as an executive secretary.

* * *

Timothy Florer, formerly of the Iowa State Bank, has joined the staff of the First National Bank of West Des Moines as an officer trainee.

* * *

George C. Koss, a Des Moines civic leader and a director of the Iowa-Des Moines National Bank, died recently.

Mr. Koss, 66, was president of Koss Construction Co. for 26 years and had been the company's chairman since last month.

Mr. Koss served as president of the Associated General Contractors of America, Inc., in 1955. In 1952 he won the *Des Moines Tribune* Community Service Award, being cited for his service on the city Plan and Zoning Commission and with the American Red Cross, Edmundson Art Foundation, Chamber of Commerce and Community Chest. He was also a trustee of Drake University, Des Moines.

Hawkeye Bancorporation has delisted from the Midwest Stock Exchange, it was reported. Stock from the firm will now be traded on the overthe-counter market.

	Muscatine, Iowa STATEMENT OF CONDITIO	NN .
	JUNE 30, 1972	
Cash and Due from Banks	ASSETS	\$ 4,453,684.39
United States Government S State, County and Other Mu Federal Reserve Bank Stock Laans Bank, Parking Lot Office an	iecurities nicipal Obligations d Fixtures	3,723,838.72 7,280,426.85 60,000.00 30,297,149.55 466,662.93 287,731.72 391,071.51
		\$46,960,565.67
	LIABILITIES	
Reserve for Loan Losses Income Collected but Not Ed	arned	
	••••••	443,087,07 42,221,342.75 \$46,960,565.67
Deposits	OFFICERS	
	••••••	42,221,342.75
C. D. OBERWORTMANN	OFFICERS GEORGE A. SHEPLEY	
Deposits C. D. OBERWORTMANN Chairman of the Board	OFFICERS GEORGE A. SHEPLEY President	
Deposits C. D. OBERWORTMANN Chairman of the Board JACK ELLIS Vice President and Cashier MYLES BEITZ	OFFICERS GEORGE A. SHEPLEY President S. D. HERZBERG Vice President— Installment Loans	42,221,342.75 \$46,960,565.67 H. E. LEMKAU Executive Vice President LARRY M. HOWE Vice President and Trust Officer
Deposits C. D. OBERWORTMANN Chairman of the Board JACK ELLIS Vice President and Cashier MYLES BEITZ Assistant Vice President	OFFICERS GEORGE A. SHEPLEY President S. D. HERZBERG Vice President— Installment Loans MARGARET MATHES	42,221,342.75 \$46,960,565.67 H. E. LEMKAU Executive Vice President LARRY M. HOWE Vice President and Trust Officer JAMES V. PULLIAM
Deposits C. D. OBERWORTMANN Chairman of the Board JACK ELLIS Vice President and Cashier MYLES BEITZ Assistant Vice President and Farm Manager	OFFICERS GEORGE A. SHEPLEY President S. D. HERZBERG Vice President— Installment Loans MARGARET MATHES Assistant Vice President	42,221,342.73 \$46,960,565.67 H. E. LEMKAU Executive Vice President LARRY M. HOWE Vice President and Trust Officer JAMES V. PULLIAM Loan Officer
Deposits C. D. OBERWORTMANN Chairman of the Board JACK ELLIS Vice President and Cashier MYLES BEITZ Assistant Vice President and Farm Manager H. W. OGILVIE, JR.	OFFICERS GEORGE A. SHEPLEY President S. D. HERZBERG Vice President— Installment Loans MARGARET MATHES Assistant Vice President and Assistant Trust Officer	42,221,342.75 \$46,960,565.67 H. E. LEMKAU Executive Vice President LARRY M. HOWE Vice President and Trust Officer JAMES V. PULLIAM Loan Officer LEO KOSSIVES
C. D. OBERWORTMANN Chairman of the Board JACK ELLIS Vice President and Cashier MYLES BEITZ Assistant Vice President and Farm Manager H. W. OGILVIE, JR. Loan Officer	OFFICERS GEORGE A. SHEPLEY President S. D. HERZBERG Vice President— Installment Loans MARGARET MATHES Assistant Vice President and Assistant Trust Officer L. G. SULZBERGER	42,221,342.75 \$46,960,565.67 H. E. LEMKAU Executive Vice President LARRY M. HOWE Vice President and Trust Officer JAMES V. PULLIAM Loan Officer LEO KOSSIVES Assistant Auditor
Deposits C. D. OBERWORTMANN Chairman of the Board JACK ELLIS Vice President and Cashier MYLES BEITZ Assistant Vice President and Farm Manager H. W. OGILVIE, JR. Loan Officer LOUIS RECHTFERTIG	OFFICERS GEORGE A. SHEPLEY President S. D. HERZBERG Vice President— Installment Loans MARGARET MATHES Assistant Vice President and Assistant Trust Officer L. G. SULZBERGER Auditor	42,221,342.75 \$46,960,565.67 H. E. LEMKAU Executive Vice President LARRY M. HOWE Vice President and Trust Officer JAMES V. PULLIAM Loan Officer LEO KOSSIVES Assistant Auditor DONNA GRELL
Deposits C. D. OBERWORTMANN Chairman of the Board JACK ELLIS Vice President and Cashier MYLES BEITZ Assistant Vice President and Farm Manager H. W. OGILVIE, JR. Loan Officer	OFFICERS GEORGE A. SHEPLEY President S. D. HERZBERG Vice President— Installment Loans MARGARET MATHES Assistant Vice President and Assistant Trust Officer L. G. SULZBERGER Auditor TELFORD DINDINGER	42,221,342.75 \$46,960,565.67 H. E. LEMKAU Executive Vice President LARRY M. HOWE Vice President and Trust Officer JAMES V. PULLIAM Loan Officer LEO KOSSIVES Assistant Auditor
Deposits C. D. OBERWORTMANN Chairman of the Board JACK ELLIS Vice President and Cashier MYLES BEITZ Assistant Vice President and Farm Manager H. W. OGILVIE, JR. Loan Officer LOUIS RECHTFERTIG Loan Officer	OFFICERS GEORGE A. SHEPLEY President S. D. HERZBERG Vice President— Installment Loans MARGARET MATHES Assistant Vice President and Assistant Trust Officer L. G. SULZBERGER Auditor TELFORD DINDINGER Manager, Plaza Office	42,221,342.73 \$46,960,565.67 H. E. LEMKAU Executive Vice President LARRY M. HOWE Vice President and Trust Officer JAMES V. PULLIAM Loan Officer LEO KOSSIVES Assistant Auditor DONNA GRELL Manager, Bookkeeping Dept.

DISC . . .

(*Continued from page* 25) with information on how a DISC may be formed and operated.

For our purposes here, however, it should be recognized that only a very modest amount of money is involved. In my estimate, a DISC could be formed for as little as \$3000. Five hundred dollars of the \$3000 would probably be needed in the legal expense of formation and chartering which is legal in all 50 states. The other \$2500 could be held in abeyance and until the corporation was in operation, since the capital structure of a DISC calls for a minimum of \$2500 of capital and only one class of stock.

Before the DISC program was implemented, the U.S. Treasury made several projections. One was that it would take two or three years for the knowledge of this program to become widespread enough to be effective. However, at this point of one year since the act has become effective, a large number of DISCs have been initiated. We are estimating at this point that within a year or so approximately \$1 billion and a half of additional exports will be generated through this program and possibly in the magnitude of something around 800,000 jobs would be created to provide the material for these exports.

Conclusion: The DISCs are new. The average banker can and should be in the leadership in his community in recommending these to his customers. This is an opportunity that should not be overlooked. The banker who has helped his customers develop these programs is in a position of obtaining a market segmentation simply by being there first. His customer has made a profit from increased sales. This means more local jobs and a more healthy local and material economy.



Northwestern Banker, August, 1972 Digitized for FRASER https://fraser.stlouisfed.org Federal Reserve Bank of St Louis





That's all you have to do to get to Security National's new Banks and Bankers Department on the Fourth Floor!

Gene Hagen, Ed Leahy and Jim Hongslo have been kicked upstairs to give them more room to competently serve you on overlines, investment portfolios, safe keeping, electronic processing and collections, or the unusual in your correspondent banking needs.

Don't forget — the three on four in Sioux City.

We're here on your account!



Promotions Announced at Council Bluffs Savings

The promotion of one officer and the appointments of two new bank officers have been announced at the

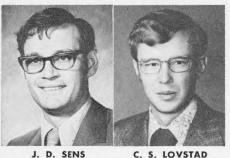
Council Bluffs Savings Bank by Ed H. Spetman, Jr., president.

Thomas D. Whitson has been promoted to vice president and trust officer and will now head the bank's trust department. He



T. D. WHITSON

joined the bank in 1963 and has worked in the real estate loan department, the commercial and farm loan department, and the trust department.



J. D. SENS

John D. Sens was named assistant trust officer. He is a graduate of Northeast Missouri State College and the Drake University Law School. He also holds a masters degree from the University of Kansas.

Craig S. Lovstad, a native of Manly,

has been appointed farm manager. He is a graduate of Iowa State University.

Joins Bank in Mapleton

J. R. Welch, president, First State Bank of Mapleton, has announced that Thomas S. Martin has joined the bank staff as vice president.

Mr. Martin, a native of Conrad where his father is executive vice president of the First State Bank, was formerly with the Merchants National Bank in Cedar Rapids. He had been with that bank since 1965, including three-and-a-half years in the correspondent department.

Promoted at Jefferson

Douglas McDermott has been promoted from cashier to vice president and cashier at the Home State Bank of Jefferson. He is currently in charge of personnel and internal bank operations with loaning functions and will assume more lending and management duties in his new position, according to Gerald Clause, bank president.

Mr. McDermott joined the Home State Bank in 1969 as assistant cashier. Prior to that he had been with banks in Winterset and Sac City.

Redfield Branch Head

Roger Perry has been appointed Redfield branch manager of the Dallas County State Bank of Adel. Mr. Perry, who was also named assistant cashier, has been at the bank's Dexter office for the past 11 months.

CENTRAL TRUST AND SAVINGS ELDRIDGE, IOWA June 30, 1972 ASSETS	Dinin	
Cash in Vault and due of Banks	1,100.054.61 741,944.75 1,141,022.10	
Cash and Securities	3,251,259.01 5,319,251.69 957,814.26 314,185.85 1,130.49	\$ 2,983,021.46
Loans Outstanding	162,500.00 107,024.33 996.90	\$ 9,843,641.30
Other Assets		\$ 270,521.23
TOTAL		\$13,097,183.99
Demand Deposits\$	2 702 002 00	
Savings Certificates		
Total Deposits	200,000.00 500,000.00 253,019.03 119,946.49	\$11,932,016.83 92,201.64
Total Capital Accounts		\$ 1,072,965.53
TOTAL		\$13,097,183.99
OFFICERS		
HERBERT SCHNECKLOTH, Board Chm, ROBERT J. TANK, President JAMES R. TANK, Executive Vice President DONALD H. HAMANN BERNICE F. WULF, A KENNETH L. OETZMA DAVID E. STEPHENS. Senior Vice President	ssistant Vice	

INA Corporation to **Buy Lawrence Systems**

INA Corporation, Philadelphia, has agreed in principle to acquire Lawrence Systems, Inc. a national company which provides services to financial institutions, manufacturers, and retailers. The final agreement would be subject to the approval of Lawrence stockholders.

Although the exact price of the transaction was not made public, officials of INA Corporation said the amount was "in the area of \$16 mil-, lion."

Louis E. Tippet is chairman and chief executive officer of Lawrence Systems. Arthur B. Adams is president. Both men have been with Lawrence for more than 30 years.

It was pointed out that the Lawrence Systems agreement followed, by just a week, disclosure of INA Corporation's plans for merging its wholly owned investment banking subsidiary, Blyth & Co., Inc., with Eastman Dillon, Union Securities, Inc., another major Wall Street house. INA Corporation will own a large minority in- , terest in the new organization, Blyth Eastman Dillon, with an option to buy complete control over the next four years.

A San Francisco-based company, « Lawrence Systems operates through 47 offices in the continental United States and in Puerto Rico, Toronto, and Vancouver.

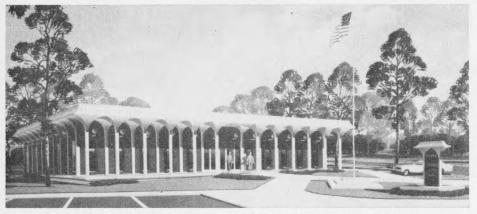
Its services include inventory control, accounts receivable control, and, document control - activities generally referred to in banking and factor-> ing as "collateral control services."

Lawrence Systems also provides" uniformed guard services in Portland, Seattle, San Francisco, Long Beach, Anaheim, and Salt Lake City.

A subsidiary of Lawrence Systems has several security devices in the development stage.

INA Corporation is a financial services comlex of companies, based in Philadelphia. Its more than 50 sub-, sidiaries include companies in the fields of life insurance, property and casualty insurance, insurance-related services, investment banking, investment counseling, money management, stock brokerage, real estate development and management, construction, devices and systems for preventing and extinguishing fires, and health care. Operating in 110 countries, INA is one of America's largest corporations.

Plan New Building for Lone Tree



ARCHITECT'S DRAWING for Farmers and Merchants Sav. Bk., Lone Tree.

Hold Automation School

About 25 Iowa bankers attended the recent three-day Bank Automation School held at the University of Northern Iowa, Cedar Falls. The school is sponsored jointly by UNI's Extension Service and the Iowa Bankers Association. Director of the school is Glenn L. Hansen, assistant professor of bus? ness education at UNI.

Homer McNeil Retires From First of Ames

Homer P. McNeil, a veteran of 48

years in the banking business, has retired as senior vice president, secretary and director at the First National Bank of Ames.

Mr. McNeil first joined the bank in 1924, serving as bookkeeper, auditor assistant cashier and cashier. In 1956 he left Ames to join the Rocky Mountain Bank of Denver, Colo. He returned to Ames in 1966, when he was named senior vice president and head of banking operations at First National.

Mr. McNeil was honored recently

by officers and directors of the bank at a dinner. He is a past president of the Central Iowa Conference of the Bank Administration Institute.

C. Roger Alley, chairman of the bank, announced that Joseph C. Picken, Jr., has been named to the board of directors to replace Mr. McNeil. Mr. Picken is a former professor of biochemistry and veterinary physiology at Iowa State University, and has been a vice president of the bank for more than four years.

Brenton Bank Opens Brenton Bank & Trust Co. has opened for business at a temporary location in Cedar Rapids at A Ave. and Second St. N.E. It is the seventeenth bank operated by the Brenton Bank chain of Des Moines.

Mayor Donald J. Canney cut a ribbon composed of 100 \$1 bills which were then donated to charity.







HOME **BUSINESS** AUTO LIFE

CONTINENTAL WESTERN INSURANCE COMPANY Phone (515) 278-3000

CONTINENTAL WESTERN LIFE INSURANCE COMPANY Phone (515) 278-3345

New Home Offices: 11201 Douglas Avenue (Interstates 35-80), Des Moines, Iowa 50322

DIVISIONS OF CONTINENTAL WESTERN INDUSTRIES, INC.







Remember When?

You're old enough to remember the real America if you can remember when you never dreamed your country could lose.

- When you left your front door open.
- When you went to church and the preacher preached from the Bible.
- When a girl was a girl when a boy was a boy - and you could tell them apart.
- When even the word "Socialism" was a dirty word.
- When the poor were too proud to take charity.

When a nickel was worth five cents.

When you bragged about your home town - your state - and your nation.

When the flag was a sacred symbol.

- When this Government stood up for Americans.
- When a man who went wrong was blamed — not his mother's nursing habits or his father's income.
- When everyone knew right from wrong - even Harvard Professors.
- When things were not perfect and you didn't expect them to be.
- When people still had the capacity for indignation.

When sick meant that you were not feeling well.

- When people expected less and valued what they had more.
- When everyone was not entitled to an annual wage whether he worked or not.
- When a man's word was his bond.
- When America was the land of the free and the home of the brave.

Contagious Bite

Julie was going to visit her aunt, who was recovering from an illness. Julie's mother was giving her final instructions. "Don't stay too long," she said, "and if your auntie asks you to dinner, say you have already dined."

When Julie arrived at auntie's she was asked: "Julie, will you stay and have a bite?"

"No thank you - I have already bitten," Julie replied politely.

New Look

Rick: "Your wife used to be very nervous, but now she doesn't show a sign of it. What did you do for her?"

Dick: Found a new doctor who cured her in a hurry. He just told her that nervousness is a sign of old age."

Colorado National Bank

What Wedding?

One girl to another: "Well, it's true we are having a little disagreement. I want to have a big church wedding and he wants to break off the engagement."

The Meaning of Life

Anyone can carry his burden, however hard, until nightfall. Anyone can do his work, however hard, for one day. Anyone can live sweetly, patiently, lovingly, purely, till the sun goes down. And this is all that life really means.

- Robert L. Stevenson

Innocent Remark

Brother: "I thought I told you not to tell Mom how late I came in last « night.

Sister: "I didn't tell her. I just told her I was too busy setting the breakfast table to notice the time."

Outdated Proverb?

Nothing succeeds like success. However, failure may be more helpful in getting a government-approved loan.

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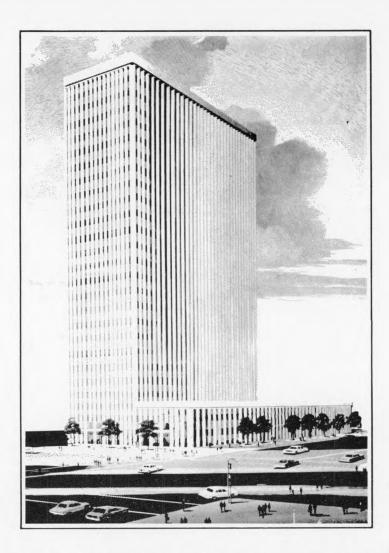
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Here's how we looked at mid-year.

STATEMENT OF CONDITION At the close of business June 30, 1972

	RESOURCES		(Compared with June 30, 1971)
1. 8.0	CASH		
	Cash on Hand and Collection Items On Deposit in Federal Reserve	\$ 122,004,076	
	and Other Banks	183,210,139	
	TOTAL BONDS AND INVESTMENTS	\$ 305,214,215	and a second second
	U.S. Government	\$ 131,798,532	Bonds and Investments
1010	States and Political Subdivisions	354,770,382	/ up 10.6%
C. YPS	Federal Agencies	24,172,815	/
	Other Securities Money Market Investments	2,145,424	/
	TOTAL	<u>39,319,038</u> \$ 552,206,191	
	LOANS	\$ 552,200,191	
S. 1. 1. 1.	Agricultural and Livestock	\$ 163,998,652	Loans up 15.1%
	Commercial and Industrial	462,371,187	
Sec. 1	Instalment Loans Credit Card Loans	357,364,961	/
	Mortgage Loans	47,023,831 338,556,407	/
	TOTAL	\$1,369,315,038	
	OTHER	+=,000,010,000	
	Accrued Interest Receivable Bank Premises and Equipment	\$ 17,222,193	Resources up 18.5%
	(Net of Depreciation) Customer's Acceptance Liability	66,531,202	
	Other Assets	37,152,746 8,131,091	/
	TOTAL	\$ 129,037,232 /	/
	TOTAL RESOURCES	\$2,355,772,676	
	LIABILITIES		
	DEPOSITS		
	Demand Deposits Individuals, Businesses and Banks	¢ COE 952 201	Deposits up 12.5%
	U.S. Government and Other Public Funds	\$ 695,852,361 61,483,505	
S. 280N. 1	Total Demand Deposits	\$ 757,335,866	
	Time Deposits		
	Savings Accounts	\$ 421,425,932	/
	Certificates of Deposit — Regular Certificates of Deposit — Public Funds	692,814,419 53,617,365	/
	Total Time Deposits	\$1,167,857,716	Capital up 7.2%
	TOTAL DEPOSITS	\$1,925,193,582	Gapital up 1.2 /o
1 2513	OTHER LIABILITIES	41,020,100,002	
1 1	Funds Borrowed and	and the second second	
	Repurchase Agreements Unearned Income	\$ 185,804,000	
	Acceptances Outstanding	43,211,772 37,152,746	
	Accrued Expenses and Reserves	7,139,821	
	Accrued Income Taxes Other Liabilities	6,387,869	
	TOTAL OTHER LIABILITIES	3,365,257	One word sums it up. Growth.
	RESERVES ON LOANS	φ.203,001,405	The specifics are here: all
	Reserve for Possible Loan Losses	¢ 17.040.100	indices are up substantially. Again in the first half of 1972,
	(Under Treasury Tax Formula) CAPITAL ACCOUNTS	\$ 17,846,136	Valley Bank is a growing bank
	Convertible Capital Notes Equity Capital	\$ 13,076,600	helping Arizona grow. The photo shows how our
	Capital Stock (\$2.50 Par Value)	\$ 22,158,385	new headquarters complex -
	Surplus	52,052,946	Valley Center — looked at mid- year. We'll be moving in this
	Undivided Profits	42,383,562	fall.
	Total Equity Capital TOTAL CAPITAL ACCOUNTS	\$ 116,594,893	
	TOTAL LIABILITIES AND CAPITAL	\$ 129,671,493	VALLEY
	CONCENTION AND CAFTIAL	\$2,355,772,676	NATIONAL
	フェイ		BANK
	(~ 2 in		VALLEY NATIONAL BANK OF ARIZONA
	Earl L. Bimson, Pre	sident	Home Office: P.O. Box 71, Phoenix 85001
			MEMBER F.D.1.C.

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YES, WE'RE GROWING

JUNE 30, 1972

RESOURCES

Cash and Due from Banks.	\$140.015.558
U.S. Government Securities	23,516,273
State and Municipal Securities	54,967,353
Other Securities	1.363,162
Federal Reserve Bank Stock	450,000
Loans and Discounts	215,245,476
Direct Lease Financing	1,556,377
Bank Premises and Equipment	2,656,042
Other Assets	2,625.936
Total Resources	\$442.396.177

LIABILITIES AND CAPITAL

Deposits	\$362,401,836
Securities Sold under Agreements to Repurchase	22,931,000
Funds Borrowed	19,220,000
Accrued Taxes and Other Expenses	1,555,336
Unearned Income and Other Liabilities	9,495,719
	\$415,603,891
Reserve for Possible Loan Losses	\$ 3,659,446
Capital Note	\$ 3,000,000
Capital Stock	4,000,000
Surplus	11,000,000
Undivided Profits	5,132,840
Total Capital Funds	\$ 23,132,840
Total Liabilities and Capital	\$442.396.177

Let us help your bank grow . . . contact Dale Luckow, Bob Buenneke, George Harnagel, Brock Hessing, Bernard Kersey, or Dwayne Smith.

