

NORTHWESTERN *Banker*

APRIL
1986

Case of the Defendant Director

—Part I

Special:

Bank Building and Remodeling

Convention Programs:

Nebraska Bankers Association

South Dakota Bankers Association



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NORTHWESTERN Banker

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ON THE COVER

1986-87 IBAA Officers are, left: Pres.—**Charles T. Doyle**, c.e.o., Gulf Natl., Texas City, Tex.; Pres.-Elect—**Thomas H. Olson**, pres., Lisco St., Lisco, Nebr.; Past-Pres.—**B.F. "Chip" Backlund**, pres., Bartonville Bank, Peoria, Ill.; Treas.—**Merle L. Graser**, chmn., First Natl., Venice, Fla.; Vice Pres.—**J.R. Nunn**, pres., Citizens Natl., Tucumcari, N.M., and Exec. Vice Pres.—**Kenneth A. Guenther**, Washington, D.C. NORTHWESTERN BANKER personal report with pictures starts on page 26.

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NORTHWESTERN BANKER

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No. 1471 Northwestern Banker (USPS 397-620) is published monthly by the Northwestern Banker Company, 1535 Linden Street, Suite 201, Des Moines, Iowa 50309. Subscription \$1.50 per copy. \$18 per year. Second Class postage paid at Des Moines, Iowa. POSTMASTER: Send all address changes to Northwestern Banker, 1535 Linden Street, Suite 201, Des Moines, Iowa 50309.



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First InformationBank Comes to Chicago

The First InformationBank, a new banking and financial informa-



THE NEW First Information Banks at First National Bank of Chicago facilities provide customers with valuable financial information on various retirement investment options.

tion service for consumers, has been installed in several sites in downtown Chicago by The First National Bank of Chicago. The first eight First InformationBanks, displayed in easily-identifiable kiosks, are available at First Chicago banking facilities. Selected off-site locations, throughout the Chicago area, will be added soon. Consumers can get answers to personal retirement planning questions, track the potential growth of various retirement investment vehicles and even complete the forms needed to open an individual retirement account (IRA).

Leo F. Mullin, executive vice president for personal banking at First Chicago, reports the highly interactive nature of the First InformationBank makes it extremely easy to use. Prompted by television screen displays and a narrator, consumers select exactly the information that interests them simply by touching the screen. First InformationBank users are also able to key in details to receive a printout that personalizes their financial information.

Farmers Mutual Hail Reports Another Outstanding Year for Iowa Company

THE YEAR of 1985 was another great year for Farmers Mutual Hail Insurance Company of Iowa in writing crop hail insurance, reported David A. Rutledge, president, at headquarters in Des Moines.

Mr. Rutledge stated that the company wrote over \$45 million in premiums during 1985. The company now has over \$1,400,000,000 of insurance-in-force. In 1985, the company's reported claims exceeded 17,500 which was an increase from 1984.

Farmers Mutual Hail has increased its total assets over \$10 million the past year and now has over \$108 million. In addition, its surplus as regards to policyholders was increased over \$5 million and is now over \$68 million. For the past four years, the company's total assets have increased \$24 million and surplus as regards to policyholders \$19 million.

The company's loss experience over the last four years has enabled it to reduce its rates, which has allowed the company to provide even

greater coverage to policyholders. For the past 25 consecutive years, the company has earned the highest possible rating by A.M. Best of A+.

Farmers Mutual Hail will write crop hail insurance in Missouri starting in 1986. The company also writes in 11 other midwestern states - Colorado, Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

Mr. Rutledge was re-elected president at the company's 93rd annual meeting in Des Moines. G.W. (Bill) Drey and Foster Rutledge were re-elected to the Board of Directors.

Other officers re-elected are: Perry Rutledge, senior vice president and secretary; Dale DenHartog, senior vice president and treasurer; Donald D. Bockelman, senior vice president; Earl Rae and Russell S. Cross, vice presidents; Michael Rutledge, assistant secretary; Bill Rutledge, G.W. (Bill) Drey, Albert B. Carter (assistant treasurer), and Donald R. Duwelius, all assistant vice presidents.

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Convention Calendar

ABA—American Bankers Association
AIB—American Institute of Banking
BAI—Bank Administration Institute
BMA—Bank Marketing Association
IBAA—Independent Bankers Association of America
NABW—National Association of Bank Women, Inc.
RMA—Robert Morris Associates

National Conventions & Schools

1986

Apr. 13-16—Conference of State Bank Supervisors 1986 Annual Convention, Colonial Williamsburg, Va.
Apr. 13-16—ABA National Retail Banking Conference, Hyatt Regency, New Orleans.
Apr. 14-17—BAI Cost Accounting Workshop, Kansas City, Mo.
Apr. 21-23—BAI Introduction to Commercial Loan Operations, Chicago, Ill.
Apr. 24-25—BAI Advanced Bank Taxation Conference, Denver, Colo.
Apr. 27-30—BMA Research & Planning Conference, Hilton Hotel, Orlando, Fla.
Apr. 27-30—BAI Spring Forum for Community Bank Presidents, Hilton Head, S.C.
Apr. 27-May 2—BMA School of Bank Marketing Management and Strategic Planning, College Park, Md.
May 4-7—BMA Advertising Conference, Westin Hotel, Copley Place, Boston.
May 8-9—RMA Loan Participations and Purchases Workshop, Park Hyatt Chicago, Ill.
May 11-14—RMA Financial Statement Analysis Workshop, The Sheraton Plaza, Chicago.
May 11-14—ABA National Operations & Automation Conference, Convention Center, New Orleans.
May 11-14—BMA Public Relations/Communications Conference, Knickerbocker Hotel, Chicago.
May 11-14—BMA Corporate Marketing Conference, Marriott Marguis, New York.
May 12-15—BAI Cost Accounting Workshop, Kansas City, Mo.
May 14-16—BAI Management Development Skills for the Auditor, St. Louis.
May 25-30—BMA Essentials of Bank Marketing School, University of Colorado, Boulder.
May 25-June 6—BMA School of Trust and Personal Financial Services Sales and Marketing, University of Colorado, Boulder.
May 25-June 6—BMA School of Bank Marketing, University of Colorado, Boulder.
June 1-4—ABA Risk & Insurance Management In Banking Seminar, Denver Marriott Southeast.
June 1-6—BMA Advanced School of Bank Marketing, Boulder, Colo.
June 8-12—ABA National Corporate Trust Workshop, Hyatt Regency, Crystal City, Arlington, Va.
June 9-10—BAI Making the Buy/Sell Decision, Colorado Springs, Colo.
June 13-19—ABA National School of Bank Card Management, University of Oklahoma, Norman, Okla.

June 15-27—ABA Stonier Graduate School of Banking, University of Delaware, Newark.
June 16-20—BAI Asset/Liability and Financial Management, Chicago.
June 22-27—BMA School of Bank Marketing Colloquium, University of Colorado, Boulder.
June 24-27—BAI Cost Accounting Workshop, Minneapolis, Minn.
June 28-July 2—ABA National AIB Conference, Marriott-Copley Place, Boston.
July 6-11—ABA National Agricultural Bank Management School, Iowa State University, Ames, Iowa.
July 14-18—KBA, NBA and Iowa Trust Assoc. School of Trust and Financial Planning, Holiday Inn, Manhattan, Kan.
Aug. 10-15—Central States Conference of Bankers Associations and the University of Wisconsin - Post Graduate Program/Banking Executive Program, University of Wisconsin, Madison, Wis.
Aug. 10-23—Central States Conference of Bankers Associations and the University of Wisconsin-Madison Graduate School of Banking/Banking School, University of Wisconsin, Madison, Wis.
Sept. 7-10—ABA National Bank Card Conference, Loew's Anatole, Dallas, Tex.
Sept. 14-17—NABW National Convention, Ceasars Palace, Las Vegas, Nevada.
Sept. 21-24—ABA National Conference on Human Resources, Fairmont Hotel, San Francisco, Calif.
Sept. 21-24—BMA Annual Convention, Washington Hilton, Washington, D.C.
Sept. 21-26—KBA, NBA Professional Development Program Intermediate School of Banking, Holiday Inn, Manhattan, Kan.
Sept. 22-26—BAI Basic Bank Auditing Conference, Minneapolis, Minn.
Sept. 28-Oct. 1—RMA Annual Fall Conference, Shamrock Hilton, Houston, Tex.
Oct. 24-29—ABA Annual Convention, San Francisco, Calif.
Nov. 16-19—BMA Trust & Personal Financial Services Marketing Conference, New Orleans Sheraton.
Nov. 16-19—ABA National Ag Bankers Conference, Opryland Hotel, Nashville.
Nov. 16-19—BAI ATM 9, The Electronic Delivery Systems Conference, Los Angeles, Calif.
Nov. 17-21—BMA Southwestern Essentials of Bank Marketing School, University of Houston, Houston, Tex.

State Conventions & Schools

Colorado:

Apr. 8—CBA Insurance Seminar, Stouffer Concourse Hotel, Denver.
Apr. 20-22—CBA Ag Banking Seminar, Westin Hotel Tabor Center, Denver.
May 8—CBA/BAI Annual Spring Conference, Denver.
May 9—CBA Legal & Compliance Spring Seminar, Denver.
May 14-15—CBA Investment & Funds Management Seminar, Denver.
May 15-17—NABW State Conference, Estes Park.

June 4-7—CBA Annual Convention, Broadmoor Hotel, Colorado Springs.
Oct. 6-7—Asset/Liability Mgmt Seminar, Denver.

Illinois:

Apr. 14-17—BAI Management Potential Assessment, Rolling Meadows.
May 1-2—BAI Selecting, Installing, and Managing an In-House Computer System, Chicago.
May 2-4—NABW State Conference, Indian Lakes, Bloomington.
May 19-21—BAI Operational Considerations in Mergers and Acquisitions, Chicago.
May 19-30—IBA Illinois Bankers School, SIU-Carbondale.
June 1-6—IBA Agricultural Lending School, ISU-Normal.
June 11-13—IBA Convention, Adams Mark Plaza, St. Louis.
June 22-27—IBA Trust School, ISU-Normal.
July 20-25—IBA Consumer Lending School, Bradley University, Peoria.
July 27-Aug. 1—IBA Commercial Lending School, Bardley University, Peoria.
Aug. 10-15—IBA Bank Compliance School, DePaul University, Chicago.
Aug. 17-22—IBA Internal Auditing School, DePaul University, Chicago.
Sept. 16-17—IBAA Commodity Marketing Seminar, Chicago.

Iowa:

Apr. 12-16—IBA Washington D.C. Trip, J.W. Marriott.
Apr. 28-29—IBA CEO Conference, Savery, Des Moines.
May 5-6—IBAA Ag Lender I Workshop, Des Moines.
May 5—IBA Group 4 Meeting, Dubuque.
May 6—IBA Group 7 Meeting, Waterloo.
May 7—IBA Group 8 Meeting, Iowa City.
May 8—IBA Group 6 Meeting, Des Moines.
May 13-16—NABW State Conference, Holiday Inn, Iowa City.
May 19—IBA Group 5 Meeting, Council Bluffs.
May 20—IBA Group 2 Meeting, Fort Dodge.
May 21—IBA Group 12 Meeting, Okoboji.
May 22—IBA Group 3 Meeting, Clear Lake.
June 5-6—IBAA Internal Auditing I Seminar, Des Moines.
June 5-6—IYBA Annual Conference, location TBA.
June 9-20—IBA Ag Credit School, Ames.
June 22-27—IBA Iowa School of Banking, Iowa City.
July 24-26—IIB Annual Meeting & Convention, The New Inn, Okoboji.
Sept. 14-16—IBA 100th Annual Convention, Convention Center, Des Moines.

Minnesota:

Apr. 9—MBA Insurance Risk Management Seminar, Radisson Inn, Plymouth.
Apr. 22-24—MBA Bank Directors Seminar, North Mankato, Bloomington, Brainerd respectively.
Apr. 27-May 2—MBA/ABA Executive Development Program, Hyatt Regency, Minneapolis.
Apr. 30-May 2—NABW State Conference, Minneapolis Plaza Hotel, Minneapolis.
May 14—MBA Bank Holding Company Seminar, Radisson Inn, Plymouth.
June 2-4—MBA 96th Annual Convention,

CALENDAR . . .

(Turn to page 8, please)



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**At Marquette Bank Minneapolis, we feel
some things should endure.**

Pride in a job well done. A high standard of performance. A tradition of excellence. These are the foundations of Marquette's Correspondent Services Division.

And it shows . . . in our ability to pinpoint and analyze your problems and opportunities. Our willingness to roll up our sleeves, to work with you, to deliver all the

resources of a billion dollar bank to help you meet the challenges of today, and tomorrow.

Technologies and services change, but our attitude hasn't. Because Marquette Bank Minneapolis will never put aside our oldest promise to our customers: professional service with a personal difference.



**Marquette Bank
Minneapolis**

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Correspondent Services Division

CALENDAR...

(Continued from page 6)

Radisson St. Paul Hotel.
June 9-10—IBAA Asset/Liability Mgmt Workshop, Minneapolis.
June 11—IBAA In-House Computer Seminar, Minneapolis.
June 12-13—IBAA Ag Lender II Workshop, Minneapolis.
June 22-27—Minnesota School of Banking, St. Olaf College, Northfield.
July 20-25—MBA Midwest Banking Institute, University of Minnesota, Morris.
Aug. 10-15—MBA Commercial Lending School, St. Olaf College, Northfield.

Montana:

Apr. 17-18—MBA Marketing Conference, Sheraton Hotel, Billings.
Apr. 30-May 2—MBA Retail Bankers Conference, Heritage Inn, Great Falls.
May 6—MBA White House Conference on Small Business, Billings.
May 8-9—MBA Trust Conference, Sheraton Hotel, Billings.
May 15-16—MBA Commercial Bankers Conference, Holiday Inn, Billings.
June 5-7—NABW State Conference, Grouse Mountain Lodge, Whitefish.
June 12-13—MBA Real Estate Bankers Conference, Heritage Inn, Great Falls.
June 24-27—MBA Convention, Outlaw Inn, Kalispell.

Nebraska:

Apr. 8-17—NBA Head Teller/Teller Staff Conference, locations around the state.
Apr. 9-12—NABW State Conference, Holiday

Inn Hotel, North Platte.
May 15-17—NBA 89th Annual Convention, Red Lion Inn, Omaha.
May 22-23—IBAA Ag Lender I Workshop, Omaha.
June 12—NBA Presidents Golf Tournament, Lochland Country Club, Hastings.

North Dakota:

Apr. 17-18—NDBA Ag Credit Conference, Holiday Inn, Jamestown.
Apr. 23-25—NABW State Conference, Doublewood Inn, Fargo.
Apr. 28-29—NDBA/SDBA/MBA Trust Conference, Sheraton Galleria, Bismarck.
May 18-23—North Dakota School of Banking, University of North Dakota, Grand Forks.
June 9-10—NDBA Annual Convention, Holiday Inn, Fargo.

South Dakota:

Apr. 9-10—SDBA Ag Credit Conference, Kings Inn Convention Center, Pierre.
Apr. 12—SDBA Teller/Staff Seminar, Ramada Inn, Sioux Falls.
May 11-13—SDBA Annual Convention, Ramada Inn, Sioux Falls.
Sept. 15—SDBA Group II Meeting, Sheraton Inn, Aberdeen.
Sept. 16—SDBA Group IV Meeting, Wrangler Motor Inn, Mobridge.
Sept. 17—SDBA Group V Meeting, Rapid City.
Sept. 18—SDBA Group III Meeting, Holiday Inn, Mitchell.
Sept. 19—SDBA Group I Meeting, Holiday Inn City Centre, Sioux Falls.

Wisconsin:

Apr. 16-17—WBA Ag Bankers Conference, Holiday Inn Holidome, Stevens Point.
May 14-15—WBA Bank Marketing Conference, The Abbey Resort, Fontana.
June 1-6—WBA General Banking School, St. Norbert College, De Pere.
June 8-14—WBA Commercial Lending School, St. Norbert College, De Pere.
June 16-18—WBA Convention, Embassy Suites, Green Bay.
July 9-11—Upper Midwest Agricultural Credit Council (UMACC) Conference, Holiday Inn, Wisconsin Dells.
July 14-15—IBAA Internal Auditing I Seminar, Madison.
Aug. 3-9—WBA Consumer Credit School, St. Norbert College, De Pere.
Aug. 10-15—WBA Basic Banking School, St. Norbert College, De Pere.
Aug. 10-23—Graduate School of Banking, University of Wisconsin, Madison.

Wyoming:

Apr. 10—WBA Asset-Liability/Strategic Planning Workshop, Casper.
June 15-17—WBA Annual Convention, Jackson Lake Lodge, Moran.

Dan Buser Joins Doremus

Doremus & Company has appointed Daniel S. Buser, Jr. to the position of vice president and general manager of its Washington, D.C. office. For the past eight years, Mr. Buser served as director of public relations at the American Bankers Association.

Prior to joining the ABA, where he twice received the Public Relations Society of America's Silver Anvil Award, Mr. Buser served as a communications consultant to the Federal Disaster Assistance Administration and as head of communications for the nation's bicentennial celebration. He was Secretary of Commerce for the Commonwealth of Pennsylvania and press secretary for two presidential candidates, two governors and one U.S. Senator.

ABA Expands Executive Development Program

The 1986 American Bankers Association Community Bank Executive Development Program will introduce new sessions on increasing productivity and improving media relations and is offering expanded microcomputer training.

The 1986 schedule of sessions is: April 27 - May 2, Minneapolis, Hyatt Regency; June 1-6, Williamsburg, Va., Hospitality House; September 14-19, Dallas, Hyatt Regency.

Let's talk about capital...

The Problem: A \$200 million national bank was in real trouble. Return on assets had dropped to less than .60% and the capital-to-assets ratio stood at 4.8%. The president had been fired and other key managers had fled the scene. Furthermore, subordinate debentures equal to nearly 30% of the bank's capital account were coming due the following year. The bank could neither afford to pay off the debentures nor to suffer a huge drop in capital. The Comptroller of the Currency issued a stern warning to the bank's new management to ward off what appeared to be imminent doom. The new president, quite apprehensive, called Swords Associates.

Our Approach: Within a week we went into the bank, met with top management and examined the operations. Then we

came back home to work out a viable solution to this rather volatile situation. We recommended that the bank offer to exchange variable rate preferred stock for the soon to come due debentures, and that an austerity program be launched immediately to enhance profitability. They did the latter, and working closely with the bank's counsel and accountants, we put together a prospectus, met with the Comptroller on the client's behalf and sold the exchange idea to debenture holders.

The Result: Today the bank has fully recovered. ROA is running at a very respectable 1.26% and the capital-to-assets ratio is up to 6.8%. After following our advice on operations, the bank has lifted its austerity program and is now viably competing for business in its community.



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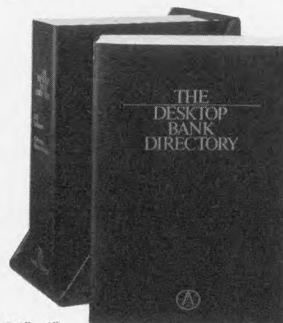
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NB86

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From the paper mill to your customer's mailbox, no one delivers a comparable product line for less than Deluxe. One product, maybe. Two, perhaps. But your customer base needs more than one or two products. Add up the whole mix, and no one can match Deluxe at the bottom line. No one.

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It's all yours for the asking. Which eliminates a lot of internal costs for you.

As does the quality of the documents we provide. Deluxe offers the lowest documented reject rate in the industry—less than 1/10 of one percent. A statistic that translates into less hassle and less expense for you.

All of which is simply to recognize what thousands of institutions across the country already know: that Deluxe provides the greatest total value in the check printing industry today.

Value. It's what you get when you do business with Deluxe. And nothing less.

 **DELUXE**
Check Printers, Inc.

The difference
between a printer
and a partner.

New Rand McNally & Company DocuSystems Division Formed

RAND MCNALLY & Company has announced the creation of the "Rand McNally DocuSystems Group" to develop and market specialty forms and documents and the computer systems to process them for the transportation and financial institution markets.

The new division merges the company's Ticket and Financial Systems Divisions plus PC Systems, Inc., a Northbrook, Ill., firm specializing in high technology product development and personal computer applications for specific business problems. PC Systems assets were acquired by Rand McNally.

"Rand McNally DocuSystems Group offers one-stop shopping for businesses requiring specialty documents and the computer capabilities to process them. We print the forms, distribute them, process them at one of our facilities when they are returned, and prepare status reports for the client who may never have to handle a single form,"

Thomas J. Breen, DocuSystems president and former vice president of the Ticket Division said.

Patrick J. Sottile is the DocuSystems Group's marketing and sales vice president. He previously held that position within the Financial Systems Division. PC Systems founder Robert Copella has been named the manager of the new group's product services department.

The new group will allow for economies of scale when developing new products and more efficient use of present production facilities with correspondingly competitive prices, according to Mr. Breen.

In addition to developing new products, the Rand McNally DocuSystems Group will continue to offer the same products and services previously available from the separate divisions. Over the years the two divisions have made Rand McNally a leader in the field of so-called "smart documents," according to Mr.

Breen. ("Smart documents" refer to specialized pre-printed forms such as airline tickets or check loan letters that are systematically processed — usually with a computer — after they are used.)

Examples of the types of products to be produced by the new group include the recently introduced "ImageGard" and "SafetyChip" credit card slips (March issue).

The Financial Systems Division of the DocuSystems Group produces loan coupon books (used for mortgage and car payments), direct mail and marketing consulting programs for banks and savings and loan clients along with a variety of specialized remittance forms for IRAs, credit card checks, and Christmas club programs.

In addition to being the world's largest producer of airline tickets, the DocuSystems Group's Ticket Division produces all Amtrak tickets, the magnetic stripe cards used by San Francisco's BART system and the Washington D.C. Metro, the Triborough New York toll script booklets, and credit card security slips.



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FARMERS MUTUAL HAIL REMAINS STRONG

Continued growth has increased total assets and surplus to FMH policyholders.

Ten years ago, our Company's insurance in force totaled \$881 million with total assets of \$48 million and surplus totaling just over \$29 million.

In 1985, our liability increased to \$1,400,000,000, with total assets and surplus to policyholders, more than doubling. For the past 25 years our financial stability has earned the highest possible rating by A.M. Best... "A +".

Farmers Mutual Hail represents sound management, quality sales and service in Crop Hail, Reinsurance and Poultry lines.

David A. Rutledge

David A. Rutledge
President

1985 ANNUAL STATEMENT

ADMITTED ASSETS

Bonds: (Amortized)		
Government	\$4,607,301	
State, County & Municipal	73,578,888	
All Others	16,450,137	\$94,636,326
Stocks:		
(Market-N.A.I.C.)		
Preferred	69,300	
Common	895,946	965,246
Real Estate-Home Office Building		1,032,490
Cash and Bank Deposits		544,219
Agents Balances & Reinsurance Receivables	8,707,984	
Interest Due and Accrued		1,924,287
All Other		818,309
TOTAL ADMITTED ASSETS	\$108,628,861	

LIABILITIES AND SURPLUS

Reserves for:	
Losses and Loss Expense	\$21,827,918
Contingent Commissions	3,785,944
Taxes (Other than Federal Income)	738,257
Unearned Premiums	7,785,895
Funds Held Under Reinsurance Treaties	888,238
Reinsurance Balances Payable	4,397,050
All Other	940,446
TOTAL LIABILITIES	\$40,363,748
Surplus as Regards Policyholders	\$68,265,113
TOTAL LIABILITIES AND SURPLUS	\$108,628,861

DAVID A. RUTLEDGE, President
PERRY RUTLEDGE, Sr. Vice President & Secretary

DALE DEN HARTOG, Sr. Vice President & Treasurer

IBAA Announces Ambitious Menu of Seminars/Workshops

An ambitious new menu of educational programs has been unveiled by the Independent Bankers Association of America in its "1986 Seminar/Workshop Calendar."

The IBAA-sponsored seminars and workshops include a week-long program for senior bank officers at the prestigious Wharton School of the University of Pennsylvania, one of the nation's leading institutions in banking research. Other seminar/workshops focus on the one-bank holding company, asset/liability management, internal auditing and in-house computers.

IBAA also is sponsoring workshops on agricultural lending I and II and is co-sponsoring a commodity marketing seminar with the Chicago Mercantile Exchange.

In-depth course descriptions, dates, registration fees and attendance limits for each seminar are included in the seminar/workshop calendar. For a free copy of the "1986 Seminar/Workshop Calendar" write to David Johnson, IBAA, P.O. Box 267, Sauk Centre, MN 56378.

United Missouri Announces Series of Promotions

A number of promotions have been announced by United Missouri Bank of Kansas City, N.A.

At United Missouri Mortgage Company, which became a wholly-owned subsidiary in 1981, R. Crosby Kemper has been elected chairman and CEO. He holds a similar position with the parent United Missouri Bancshares, Inc., and is chairman of UMB. Harold Hatch was named president and COO. James Hall is corporate secretary. Malcolm S. Aslin, president and CEO of UMB, is newly-elected to the Mortgage Company board.

At United Missouri Bank of Kansas City, these promotions were announced:

Gary L. Lasche, C.P.A., to senior vice president and assistant comptroller for the bank and the holding company, with responsibility for regulatory and financial reporting. He moved from Des Moines in 1983 to join United Missouri.

Promoted to vice presidents are: G. Hall Harsh, manager of the Plaza facility; Mary S. McDonald, cash op-

erations division of the operations department; Douglas J. Byerly, manager of the retail credit division, and Robert L. Webb, operations department.

New assistant vice presidents are: Kevin D. Powers, collection division; Mary Jane Margheim, international division, and Billy Ray Smith, discount and collateral division.

New assistant cashiers are: Debra L. Chandler, installment loan division; Paula Meyer, assistant department manager in the retail credit division; Joyce C. Weninger, training coordinator, and Kenneth W.

Hicks, assistant department manager in the collection division.

Other promotions include: Gino R. Zian and Melvin Frankenstein to operations officers; Clarence D. Refer, systems and programming officer; Gilbert Hill, funds management officer, and Deborah A. Reames, personal banking officer.

In addition, United Missouri Bancshares announced the promotion of Chuck Lewis to vice president in the loan administration department where he is responsible for loan compliance for all United Missouri affiliate banks.

One Less Worry



These are some tough times for farmers and as an agent the farm economy is something that affects your life as well. Nowadays, you need to go that extra step to be sure the insurance you recommend to your customers is the right choice. Their future may depend on it.

To be sure it IS the right choice, put your trust in an established company. . . Dawson Hail Insurance. With Hail or Multi-Peril Crop Insurance from Dawson, you can be sure your customers will receive the kind of service that will bring them back, year after year.

Dawson Hail Insurance has been around since 1917. We've built our business around a few simple principles. First, we make buying crop insurance easy and uncomplicated. Second, our adjusters are the very best. . . fast and fair. Finally, we've developed a reputation for customer service that is second to none.

With Dawson Hail and Multi-Peril Crop Insurance behind you, you've got one less worry. We've been around since 1917, we'll be there for you.

Call Toll Free
1-800-437-4680
In North Dakota
1-800-342-4848



P.O. Box 1820, Fargo, ND 58107

FDIC Increases Loss Allowance

THE Federal Deposit Insurance Corporation board of directors voted March 7 to increase the deposit insurance fund's reserve for losses by \$2.3 billion, raising the total reserve allowance to \$4.5 billion.

In commenting on the loss allowances, FDIC Chairman L. William Seidman said: "The banking industry's insurance fund is still expected to show a \$1.4 billion increase for 1985, ending the year with a net worth of \$17.9 billion, up from a restated \$16.5 billion for the year ended December 31, 1984." Mr. Seidman noted that the year-end ratio of insurance fund to estimated insured deposits stands at 1.22 percent. The ratio has been maintained within the 1.21 to 1.24 percent range for the past five years.

"Despite a record 120 bank failures and assistance transactions during 1985, the insurance fund has grown, continuing a long-term trend. The FDIC's financial statements will show a solid insurance fund with no known contingencies unreported," Mr. Seidman com-

mented.

The \$2.3 billion increase in the reserve for losses is comprised of the following components:

- A \$1.3 billion loss allowance relating to the 1984 assistance agreement between the FDIC and Continental Illinois National Bank and Trust Company of Chicago.

- An increase of approximately \$400 million in loss allowances established for bank failures that occurred prior to 1985.

- An approximately \$600 million loss allowance for the 120 bank failures and assistance transactions which occurred during 1985.

In a related action, the FDIC Board also voted today to restate the deposit insurance fund's 1984 financial statements. The restatement will charge approximately \$700 million of the Continental loan loss allowance to 1984 operations — the year in which the assistance transaction occurred. About \$600 million of the loss allowance attributable to the Continental transaction is being charged against 1985 operations. The FDIC's estimated losses

for Continental reflect all remaining obligations under the assistance plan.

Regarding the Board of Directors' decision to restate the 1984 financial statements, Chairman Seidman noted the General Accounting Office took exception to the 1984 financial statements because no provision was made for potential losses related to the Continental assistance transaction.

Due to the size of the loss allowances approved today by the FDIC directors, the banking industry will not receive a deposit insurance assessment rebate for 1985.

Michael, Eva Moebs Publish *Pricing Financial Services*

G. Michael Moebs, president of G.M. Moebs & Associates, a Chicago-based financial consulting firm, and Eva U. Moebs, a partner in the firm, have published *Pricing Financial Services*, a 230-page book designed to help banks achieve a profitable pricing structure. It links both theory and the implementation of profitable pricing.

Mr. Moebs has 10 years of bank-

Have checkbook.

Deluxe Is Offering Pegboard Temporary New Account Kit

DELUXE One-Write Systems announced recently it is offering banks and other financial institutions a temporary new account kit for its recently introduced One-Write pegboard accounting system.

Deluxe said the temporary account kit will be the first of its kind in the pegboard market, offering everything a customer needs to get started the day an account is opened. "We feel that banks and other institutions will benefit immensely from this new package," said Norm

ing experience both with unit banks and multi-bank holding companies ranging in size from \$80 million to \$19 billion. He is publisher of *Pricing Strategy*, a monthly newsletter, holds an MBA degree from the University of Chicago and is a CPA. Eva Moebs also holds an MBA degree from the University of Chicago and is a CPA.

Pricing Financial Services is priced at \$35.00.

Mears, general manager of One-Write Systems. "In the past, any initial order for a pegboard system still took two weeks of production time before it was received by the



THE one-write temporary account kit from Deluxe One-Write Systems provides banks and financial institutions with all of the components necessary for customers to begin using a one-write system the same day an account is opened.

customer. This eliminates that delay altogether."

The One-Write Systems kit comes with a temporary, one-piece plastic pegboard, 25 checks with a carbon strip on the back, two journal sheets for recording transactions, 10 ledgers for account record keeping, 10 double-window envelopes, three deposit tickets and a complete instruction manual on how to set up and use the system.

The One-Write system, which combines an accounting system with printed checks, is an easy-to-use and time efficient way of organizing business records. The product is widely used by small-and medium-size businesses. Deluxe offers a variety of systems, including payroll, cash disbursement, a combination payroll/cash disbursement, and accounts receivable.

Deluxe One-Write Systems is a division of Deluxe Check Printers, Inc. Further information about One-Write Systems, or temporary new account kits, may be obtained by calling Deluxe toll-free 1-800-328-7205, or by writing Deluxe One-Write Systems, Department 046, 530 North Wheeler Street, P.O. Box 64865, St. Paul, MN 55164-0865.

will travel.

Face to face. That's the way Drovers likes to conduct business with its correspondent banks. Day in, day out our calling officers are on the road, arranging acquisition financing, handling

overline loans, assisting with investments. Max Roy travels Iowa. Larry Nau visits banks in Illinois. Kathy Hardy and John Crotty concentrate on

the Chicagoland area but are always available to any Midwest banker. If you'd like to see eye to eye with your correspondent banker, call Drovers toll-free at 1-800-621-8991. In Illinois call 1-800-572-2498.



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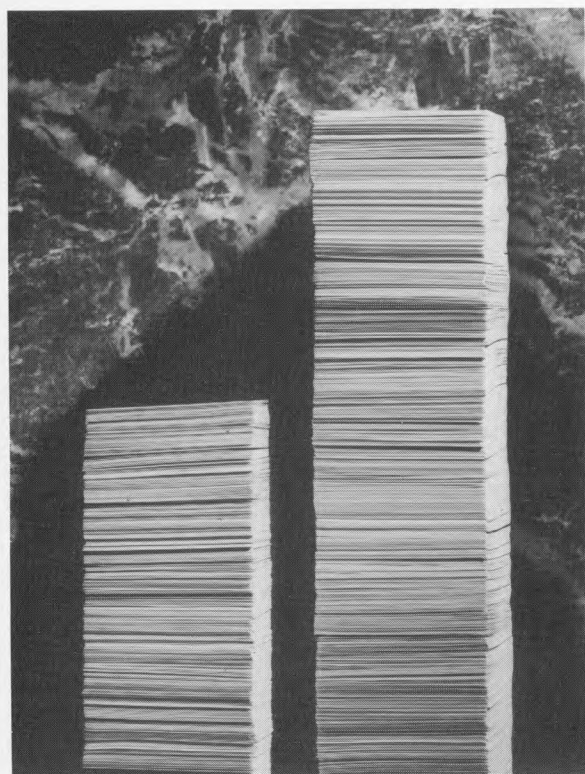
MEMBER OF THE FEDERAL RESERVE SYSTEM AND F.D.I.C.

A Cole-Taylor Bank

A strange coincidence.

Horizon Financial switches to American Express.

Travelers cheque sales up 60%.



Travelers cheques sales before switching.

Sales after switching to American Express.

Ann McNamee, Senior Banking Officer of Horizon Financial, F.A., in Southampton, Pennsylvania, tells why it's no coincidence that switching to American Express® Travelers Cheques increased travelers cheque sales 60%.

Question: What has happened to sales since you've started selling American Express?

McNamee: Since we became an American Express seller, sales have increased significantly, by about 60%.

Question: To what do you attribute your sales increase?

McNamee: To the name American Express. American Express Travelers Cheques are known throughout the world and are synonymous with travelers cheques.

Question: Do you think that selling American Express Travelers Cheques enhances the image of your institution?

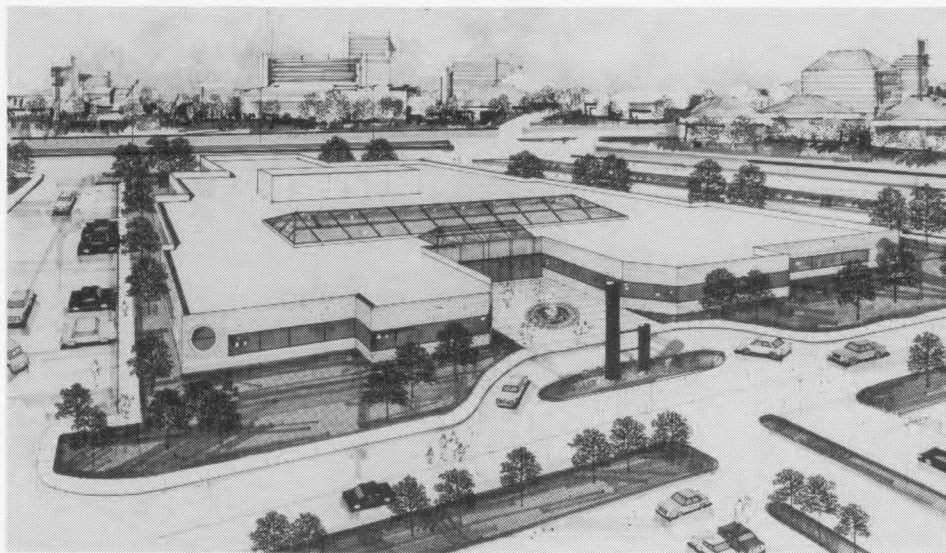
McNamee: I think if you want a first-class product, you go to a first-class place. We try to sell the best to please our customers—we don't want anybody walking out the door and going someplace else for something we're not offering.

To find out how to increase your travelers cheque sales, call 1-800-221-7282 and ask for Lou Eiler.



Travelers Cheques

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THE FINANCIAL Plaza gathers providers of a variety of financial services together in a single facility, giving customers the convenience of one-stop shopping for these services. An ideal tenant mix includes attorneys, accounting firms, insurance companies and stock brokers, along with the anchor bank.

Financial Plaza broadens bank service

Written especially for
THE NORTHWESTERN BANKER

COMPETITION in the financial services marketplace is increasingly focusing on new, customer-oriented systems for the packaging and delivery of financial products and services.

The new, competitive realities have added a touch of urgency to the perennial search for the right combination of image, services and delivery system that will attract and hold customers.

The Financial Plaza concept, as developed by the Advanced Concepts Group of Bank Building Corporation, St. Louis, represents a new approach to service packaging and delivery which broadens financial institutions' arsenal of competitive weapons.

A Financial Services Mall

The Financial Plaza is, in effect, a financial services mall, according to Rex Dunlap, president of the Financial Facilities Group at Bank Building Corporation.

It allows a bank to broaden the scope of its service offering to encompass services of independent providers. Customers can fulfill all their financial needs in a single location.

Anchored by the bank or other financial institution, it provides space for as many as six or seven independent professional services firms — law offices, stock brokerages, accounting firms, real estate offices, insurance firms, etc. All are grouped around a central common space, in which the bank lobby is one element in a visually integrated whole.

Financial institutions stand to benefit from anchor-

ing such a mall in several important ways. Rental income and other fees from tenants can provide the financial institution with significant revenue sources.

Research conducted by the Advanced Concepts Group indicates that the ideal size for the mall is some 20,000 square feet. This is sufficient for a 2,000-3,000 square foot branch bank and for six to seven independent businesses.

Size, Integration Dominate Market

The sheer size of the Financial Plaza, together with its integrated appearance, enables the financial institution to establish an immediate, dominating market presence.

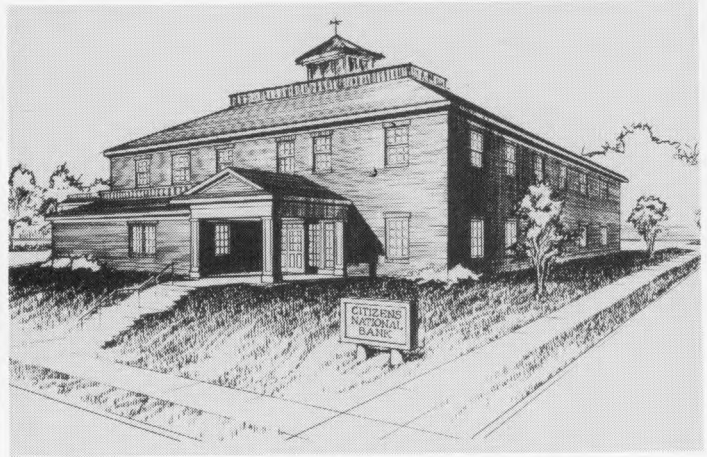
1. The image of strength and permanence which it projects is of equal value, whether its objective is to establish itself in a new market, or to "leapfrog" the competition in an existing market.

2. For the first time, within the legal restrictions of the current regulatory environment, a commercial bank can offer customers a full range of financial services, including those the bank itself offers — and the related services of other tenants on the mall.

3. Even more important, the Financial Plaza as a whole is greater than the sum of its parts. Advanced Concepts Group research has demonstrated that a financial mall draws from up to five miles away. The traditional retail bank, by contrast, pulls from only a three mile radius. This is 2.75 times the geographic exposure.

FINANCIAL PLAZA. . .

(Turn to page 28, please)



A BROAD RANGE of building designs for financial institutions is illustrated by these projects in Florida (left) and Wisconsin.

A 50-year look at bank design

...“we aren’t getting older, we’re getting better!”



Written especially for
THE NORTHWESTERN BANKER
By GERALD L. GROSS
President
Kirk Gross Company
Waterloo, Ia. and
Pensacola, Fla.

FOUNDED in 1936, by Kirk Gross, this year the Kirk Gross Company will celebrate fifty years of designing financial facilities. Banks, savings and loans, and credit unions in Florida, Illinois, Iowa, Minnesota, Nebraska, and Wisconsin have utilized, over the years, the functional planning expertise that Kirk Gross realized was so important, *even 50 years ago!*

Functional planning and designing of a financial institution back in the 30s, 40s, and 50s was based on the institution’s need to provide service just as it was in the 60s, 70s and now the 80s. The big difference is in some of the “Tools of the Trade” developed over the years to provide that service. Gone are the old grilled teller cages. Teller counters today, as illustrated, provide customer privacy, combined with sit down stations which provide a convenience for customer and teller alike.

Drive-up windows, multiple drive-up lanes, ATMs and CRTs were unheard of 50 years ago. Fifty years ago (or even 10 years ago for that matter) who would have dreamed that a financial institution would have to compete with Sears, Roebuck and Company for the

investor’s dollar. Obviously, financial services have come a long way, and so has Kirk Gross Company.

In 1971, Kirk sold his business to Dick Zahn and Jerry Gross. Both new owners realized that the functional planning expertise the company had developed over the years could be expanded into a full service, multi-disciplined, Turn-Key Design-Build organization. Bankers offered full-service and so should anyone that works for bankers, we reasoned. To accomplish this goal, Kirk Gross Company established an in-house staff of registered architects, professional interior designers and licensed general contractors.

Since then, this team has been responsible for over 1,000,000 square feet of financial facility development, has completed over 270 projects in six states, and has won first place in a National Commercial Interior Remodeling contest for its efforts.

50 Years of Design Change

1936

The building that housed the financial institution on the town square in the thirties and forties was typically the only building in town with high Gothic columns, limestone or marble facing, and at least a half dozen steps to climb. The ceilings were high and sometimes ornate; the lighting was poor at best and the vault (sometimes made of brick) was located in the middle of the building with a narrow steep staircase beside it leading up to a cramped board room above the vault. The rest room (if, indeed, it had one!) was adjacent to coupon booths and sometimes actually in the public lobby with etched glass doors but no ceilings. All in all, only the stately walnut and marble-grilled teller cages provided, by today’s standards, any functional purpose.



MAXIMUM convenience and privacy are provided for customers in this artistically designed teller counter that also offers sit-down teller service at the near end of the service area. This configuration also offers tellers maximum individual working stations.

Dark walnut, dark walnut and more dark walnut was used throughout. Floors were slippery marble or cold terrazzo. Doors were high and narrow, waiting areas were marble benches in the lobby and, in many cases, the only way into the safety deposit box vault was to go behind the teller counter. Traditionally, the president had a private office by the front door and it was the only office in the building. Employee lounges were unheard of and daily posting was done by hand in a simple ledger. Customer pass books were all of two inches high and smaller than most of today's address books.

1986

Today's modern financial facility would make the C.E.O. of the thirties not only shocked but totally confused. He (a woman in the thirties as C.E.O. was almost unheard of then) would possibly understand drive-up windows and maybe even an ATM, but to design a financial building based on customer convenience, employee comforts and even the handicapped would have been unthinkable. Be that as it may, the financial facility today has come a long way. Gone are the Gothic columns, the high ceilings and dark walnut paneling.

Vaults now are located, or should be, in a location that will provide for interior expansion. Vaults now can even be moved or increased in size by using modular factory built panels passing security tests unheard of with the old brick vaults.

Energy efficient and "user friendly" buildings with attractive, tasteful and colorful interiors are now commonplace. Offices have glass partitions to provide an attractive overview of the lobby. Concern for customer convenience, including the handicapped, and functional but flexible interior space planning is (or should be) a standard consideration. Modern laminates, ceramic tiles and fabrics are often used on the teller

counter in lieu of the traditional walnut and marble grill cages.

In this age of stiff competition, site location has become important, but friendly personal service by tellers and officers alike are the key ingredients to customer retention. Modern technology dictates the need for flexible planning for all phases of the building especially in areas like Florida where basements are not practical.

What Will the Next Fifty Years Bring?

Your crystal ball is as good as ours, but an educated look at the financial facility of the future would show us that the illustrated financial facilities we are designing today will work tomorrow. The big difference will be how the interior functions and not how the exterior is configured. The teller line as we know it might be gone, but functional private or semi-private work stations for "money advisors/consultants" designed to accommodate all the electronic tools of the trade, will take its place.

Buildings will be (and should be now) designed for flexibility of interior space utilization. Both the buildings illustrated, for example, are of a two-level design with future elevator expansion, and even rental capabilities. The bank, credit union, or savings and loan building will not be eliminated by the computer until the computer learns how to smile. Image and personal service are here to stay.

Finally, the C.E.O. will continue to realize the value of a Turn-Key financial facilities professional like Kirk Gross Company. He or she will occasionally take advantage of the built-in flexibility of our services to meet the local conditions, but will continue to demand the best bottom-line approach to the building program. Our Turn-Key experience has met this need in the past and will do so in the future. We aren't getting older, we're getting better! □



Farmers Savings Bank, Princeton, Iowa

River Boat Heritage Inspires Building Design

One hundred and fifty years ago, a man named Phillip Suiter settled on the shore of a stretch of Mississippi rapids north of Davenport, Iowa. He got to know those rough waters and became the first licensed rapids pilot. He was the first of three generations of Suiters who would make their living piloting steamboats.

Phillip Suiter's son John was among the LeClaire men who helped pilot the great rafts transporting pine, lead, and other materials down river from the north in the mid-1800's.

At the turn of the century the railroad came through LeClaire and neighboring farm community Princeton. At that time third generation river man Zach G. Suiter was master of the packet boats Verne Swaine and Eclipse, which transported passengers and cargo between Davenport and Clinton.

But the advancement of the railroad meant an end was coming to the river boat era, and Zach Suiter encouraged his two sons to prepare for a new profession. Charles and Zach, Jr. studied mathematics in the pilot house of their father's boat and looked toward the pursuit of banking.

A Bank on the River

In 1907 Charles Suiter became the first permanent cashier of the newly organized Farmers Savings Bank in Princeton. In 1912 his brother Zach, Jr. was appointed assistant cashier. Zach would later become president of the bank and serve as such till his death in 1948.

Today fifth and sixth generation Suiters still serve this area. Glen H. Suiter is president and chairman of the board of Farmers Savings Bank and Stephen G. Suiter is executive vice-president, cashier and CEO at LeClaire State Bank, its affiliate. The bankers never forgot their roots in steamboating or the philosophy of those early pioneers who founded the community they served. One hundred and fifty years after Phillip Suiter came here, the Farmers Savings Bank constructed a new building dedicated to commemorating its history on the shore of the Mississippi River.

The general contractor for the new bank was Hoffman and Cole of Princeton, and George Monticello was the mason contractor. The architect was Arthur C. Kuehn of Scholtz Kuehn and Associates of Davenport. Lois Suiter O'Malley, sister of Glen Suiter, was the in-



THE president's office, reminiscent of the pilot house of a steamboat, affords a beautiful view of the Mississippi. Left to right: **Stephen Suiter**, executive vice president, cashier and CEO, LeClaire State Bank; **Glen Suiter**, president and chairman, Farmers Savings Bank, and **Keith Hopp**, vice president and agricultural representative, Farmers Savings Bank.

terior designer, conferring with Raymond E. Wallace of San Pedro, Calif., who contributed the nautical design.

A Nautical Design

The exterior of the building was designed to look like a bank built in a river town of the 1800's. The light stone, shutters, and a tower with weathervane contribute to the nostalgic appearance.

The bank's interior is a tribute to steamboat days. The faintly arched beams of the ceiling imitate the interior of those boats. Along the wall in the bank's lobby is a tufted bench designed after the lazy man's or liar's bench found in the pilot house of a river boat. Above it hang two Ralph Law original paintings produced from photographs of the steamboats Verne Swaine and Eclipse. The image of the Eclipse can again be found on the painted vault door.

The windows in the president's office are patterned after those of steamboat pilot houses. The check writing desk in the lobby is a replica of the capstans that were used for tightening hawsers. Nautical lamps, pictures and antiques accent the decor's river boat theme.

The turn of the century atmosphere is intensified by features like old-fashioned counters, natural oak desks, mahogany wainscoting, fluted columns with rosettes on the door trim, and fluted knees on the beams.

The entrance of the bank is papered with replicas of paper from the 1800's. The cast iron railing on the balcony along the river side of the bank does not just imitate age: it was purchased in Galena, Illinois and is purported to be one hundred years old.

The lower area includes a large room with a stone fireplace accented with heavy beams, and natural cedar-lined walls. The area will serve as a director's room and will be used for community functions. The room will also be used to display art, and a small riverboat museum is planned for the space.

And, of course, the bank building takes full advantage of its best feature, proximity to the beautiful Mis-



ARCHED beams, a painted vault door and a check writing desk fashioned from a replica of a steamboat capstan are among the unique features of the bank's lobby.

issippi. A full view of the river may be seen from the lobby.

From the 1800s to Today

It is interesting to note how modern developments in banking play themselves out in a place of such historic significance. The bank plans to build a dock so boaters on the river may have access to its outside automatic teller machine. It is amusing to consider what Phillip Suiter and his fellow pioneers might have thought of "banking by boat."

But whatever advancements technology has brought to banking, it is the solid and prudent banking practices upon which Farmers Savings Bank was founded in 1908 which this unique building is designed to commemorate. Said President Glen Suiter, "We dedicate this building to our forefathers who settled along the Mississippi River. We are indebted to those who came before us and we have a strong responsibility to those who succeed us so they have as much as we have been blessed with." □



THE back of the bank faces the river, and is adorned with a balcony edged with a century-old railing. Lobby and office windows have a clear view of the water.

The Case of the Defendant Director: Part I



Introduction

TODAY'S financial crises have forced into sharp focus the almost frightening potential for liability assumed by today's bank director. Today's bank director has been made a target by an ever-increasing pool of plaintiffs seeking some form of recovery from an adverse economy, including actions brought by the bank itself, by its shareholders, by its depositors and other customers, by its creditors and even by its regulators.

This series of five articles analyzes the current trend toward increased director liability. The first article summarizes the legal sources of director liability. The second article provides a list of guidelines intended to reduce the potential for exposure to director liability. The third article will analyze officer's duties and potential liabilities. The fourth article discusses current indemnification, insurance and other mechanisms employed to provide financial protection for today's bank director. The final article summarizes the causes of action and claims made by a regulatory agency against a director in a recent case, to provide a real life example of the discussions in the prior four articles.

PART I

LEGAL SOURCES OF DIRECTOR LIABILITY

A DIRECTOR is defined as "one who directs, rules or guides." At the basic level, a director assumes the duty to prudently and reasonably supervise the af-

Legal sources of

fairs of the bank. Standards against which the fulfillment or failure of that duty is measured may be imposed by: (1) contract, (2) common law, or (3) statute.

(1) **Contractual Standards.** The relationship of a director to a bank is defined in the organizational and operational documents of that particular institution. Some of the basic duties of a director and some of the accepted procedures for fulfilling those duties are commonly set forth in very general terms in the bank's charter and bylaws. At a very basic level, therefore, it is incumbent upon a director to review and familiarize himself or herself with the rules and requirements set forth in those primary source documents. There has also been some movement toward imposing contractual standards on a director based on the director's oath of office.

(2) **Common Law Standards.** The plethora of director liability litigation underscores the very real potential for imposition of liability as a result of the breach of a common law duty by the director. Common law duties may be based on generally accepted business practices in the banking industry, as well as on customs and practices of the particular institution and director involved. Under common law a director is expected to act as would an ordinary, prudent person in similar circumstances or in a similar position in performing his or her duty of care and diligence.

Because banking by its very nature involves a form of trusteeship over the funds of others, courts have not been hesitant in imposing standards of care and diligence upon directors which are higher than the normal standards of care and diligence imposed upon the ordinary business person. Indeed, some courts further refine the standards by which director liability is measured by taking into account the special qualifications of the particular director, which results in an even higher standard of care and diligence being imposed upon that individual director.

Breaches of Common Law

Breaches of these common law standards which are imposed upon directors have been found in the following circumstances:

• director liability

- (a) failure to attend board meetings regularly;
- (b) failure to hire adequate management personnel;
- (c) failure to implement established policies, including loan investment, liquidity, liability management, pricing, capital adequacy, personnel, trust administration, or other bank function policies;
- (d) failure to adequately supervise the performance of these policies by management;
- (e) failure to be adequately informed of the bank's business;
- (f) failure to utilize adequate auditing procedures;
- (g) failure to adequately respond to regulatory criticism or recommendation;
- (h) consenting, either by action or by inaction, to bad management decisions of others; and
- (i) consenting, either by action or by inaction, to violations of banking laws, statutes or regulations by others.

Breaches of Loyalty

In addition to the foregoing common law standards, which relate to the directors' duty of care and diligence in connection with the banking business, directors also are held to a standard of loyalty to the bank itself. Breaches of the common law standard of loyalty which is imposed upon directors have been found in the following circumstances:

- (a) direct competition with the bank;
- (b) taking advantage of bank opportunities;
- (c) profiting from inside information;
- (d) consenting, either by action or by inaction, to transactions that injure or otherwise oppress minority shareholders of the bank; or
- (e) profiting improperly from the sale of bank stock.

Imposition of liability against a director because of the breach of a common law standard is an expanding area of the law. Because such breaches are based on the particular and specific facts and circumstances of each case, it is difficult to provide a concise discussion of the common law standards. However, there are general guidelines which may be followed by a director to reduce the potential for such imposition of liability.

Those guidelines are discussed in the second article.

(3) **Statutory Standards.** In addition to the contractual standards which may be established under the bank's organizational and operational documents, and the common law standards which are established through evolving court action, certain statutes also create and impose defined duties and responsibilities on the director. Because of the significant amount of regulation and regulatory agencies involved in banking, and the increasingly complex statutory and regulatory provisions, it is becoming increasingly difficult for a director to remain confident that he or she is complying with all of the statutorily imposed standards. Statutory standards are imposed under:

- (a) the National Bank Act (12 U.S.C. §§ 1-215b);
- (b) the Federal Reserve Act (31 U.S.C. § 409; generally disbursed throughout Title 12); the Banking Act of 1933 (generally disbursed throughout Titles 12, 15, 39), and the Federal Deposit Insurance Act (12 U.S.C. § 1811-1831), and regulations issued by the Federal Deposit Insurance Corporation ("FDIC") thereunder;
- (c) the Securities Act of 1933 (15 U.S.C. § 77a et. seq.);
- (d) the Securities Exchange Act of 1934 (15 U.S.C. § 78a et. seq.);
- (e) the Bank Holding Company Act of 1956 (12 U.S.C. §§ 1841-1850);
- (f) the Truth in Lending Act (15 U.S.C. §§ 1601-1692);
- (g) the Community Reinvestment Act (12 U.S.C. §§ 2901-2905);
- (h) the Financial Institutions Regulatory and Interest Rate Control Act (generally disbursed throughout Titles 5, 12, 15, 28, 31, 42);
- (i) the Clayton Act (15 U.S.C. § 19);
- (j) the Racketeer Influenced and Corrupt Organization Act (18 U.S.C. §§ 1961-1968); and
- (k) State laws regulating state chartered banks.

Section 93 of the National Bank Act provides a typical example of a statutorily imposed standard:

(a) If the directors of a national banking association knowingly violate, or knowingly permit any of the officers, agents or servants of the association to violate any of the provisions of this chapter, all the rights, privileges and franchises of the association shall be thereby forfeited. ... And in cases of such violation, any director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, shareholders, or any other person, shall have sustained in consequence of such violation.

One court has found directors to have "knowingly violated" the National Bank Act standards merely by refraining from investigating that which it was the directors' duty to investigate, such as applicable loan limits and loans in excess of that limit. Because the directors did not take any affirmative action to correct the excessive loan, *the directors were held personally liable to the bank for the uncollected loan which created the excessive loan violation.*

Federal Reserve Standards

The Federal Reserve Act also provides statutorily

“The FDIC, in the case of any insured banks, may also terminate insurance coverage on its own initiative.”

defined standards for the member banks of the Federal Reserve System. Areas covered include insider loans to directors and officers, loans to affiliates, and bank premises investments. Section 503 of the Federal Reserve Act, similar to Section 93 of the National Bank Act, makes knowing violations of these provisions a ground for personal liability for directors and officers for any resulting damages, and Section 504 of the Federal Reserve Act imposes civil penalties.

FDIC Imposed Liability

One of the more recent developments in the area of director liability has been attempts by the FDIC to impose liability on the director. The FDIC has the power to request the bank's appropriate regulatory agency to issue cease and desist orders, to issue temporary cease and desist orders, to cause the removal of a director, or to impose civil monetary penalties. The FDIC, in the case of any insured bank, may also terminate FDIC insurance coverage on its own initiative. The statutory basis for these actions generally exists when the director engages in “unsafe or unsound practices in conducting business of the bank” or has “violated any applicable law, rule, regulation, or order, or any condition imposed in writing” by the FDIC in connection with the bank's affairs.

It may be significant that such latter standards do not include the “knowingly violate” language. In the recent case of *Larimore v. Conover*, the Seventh Circuit Court of Appeals avoided the issue of whether the “knowingly violate” test of Section 93 of the National Bank Act has to be met in order to violate such latter standards, by determining that the director had in fact “knowingly violated” Section 84 of the National Bank Act when he approved loans in excess of the bank's lending limit, even though he was unaware of such a limit or of previous notification of such violations from the Comptroller of the Currency.

SEC Liability

Bank directors may also incur liability to shareholders under Securities Exchange Commission rules and regulations. One especially fertile area seems to be inadequate disclosure of bank activities, such as a failure to alert potential shareholders of cease and desist orders. Tender offers and other takeover or sale transactions may also result in liability to the director if reporting and other requirements to the shareholders are not met.

Breaches of the foregoing civil statutory standards which are imposed upon directors have been found in the following circumstances:

- (a) excessive loan commitments;
- (b) failure to make reports or submitting inaccurate reports to the appropriate regulatory agency;
- (c) declaring improper dividends;
- (d) distribution of bank assets to its shareholders without the payment, discharge or allowance for all known debts owed by such shareholders to the bank;

- (e) improper investment of funds;
- (f) illegal rates of interest; and
- (g) inadequate capitalization.

Criminal Statutes

Another statutory source of director liability are the criminal statutes, which include:

- (a) offering a bank examiner a loan or a gratuity (18 U.S.C. § 212);
- (b) receiving anything of value from a bank customer in connection with any transaction or business of the bank (18 U.S.C. § 215);
- (c) committing theft, embezzlement, or misapplication of funds (18 U.S.C. § 656);
- (d) making or permitting to be made false bank entries, reports or transactions (18 U.S.C. § 1005);
- (e) making loans to bank directors from bank trust funds (12 U.S.C. § 92(h)).
- (f) falsely certifying bank checks (18 U.S.C. § 1004); and
- (g) influencing or being influenced by an offer or acceptance of an offer or solicitation concerning the operation of an employee benefit plan (18 U.S.C. § 1954).

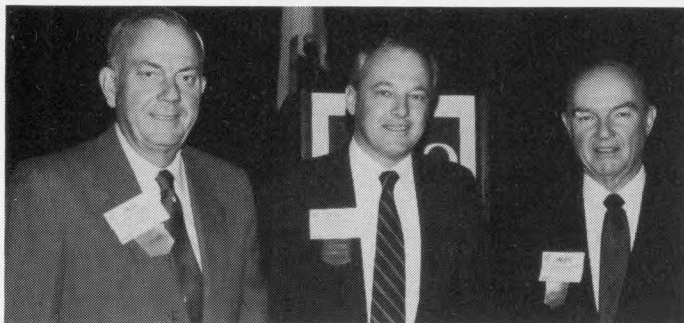
The most widely applied of the foregoing criminal standards is Section 656 of Title 18 of the United States Code, entitled “Theft, Embezzlement, or Misapplication by Bank Officer or Employee.” Embezzlement, abstraction, purloining, or misapplication of bank funds, monies, or credits are the four criminal acts included in that Section. Intention to commit any one of the four acts, as well as an intention to injure or defraud the bank, are necessary requirements. Criminal proceedings under Section 656 have been allowed even in the absence of actual loss to the bank. Some circuits have found criminal violations when bank records do not accurately reflect the distribution of loan proceeds, which is representative of the broad scope of activities that have been found to be violative of Section 656.

State Law

State law, in the case of state chartered banks, may provide similar statutory standards. Some states extend liability potential even further by providing that a mere negligent violation (which, for example, does not require the level of knowledge or deliberation necessary under the National Bank Act) of certain state statutes or regulations will result in liability. Also, of course, negligent violations of any of the foregoing statutes by a director may also result in a cause of action under common law theories.

Given the significant potential for liability that may be imposed against a bank director, a prudent director will want to protect himself against such exposure by remaining informed of not only the bank's business and practices, but also of the current trends toward director's liability, and by taking affirmative steps to reduce such exposure. The type of protective measures and guidelines available to the director will be discussed in the next two articles of this series.

Next month: Legal Defenses Available to the Director. □



● **SPEAKERS** at the ABA Corporate and Correspondent Bank Conference in San Francisco included, left to right: **Richard J. Flamson, III**, chmn. & CEO, Security Pacific Corp., Los Angeles; **Donald H. McCree, Jr.**, chmn. ABA Commercial Lending Div. and sector exec. v.p., Manufacturers Hanover Trust Co., New York; **F. James McDonald**, pres. and COO, General Motors Corp., Detroit; **Robert B. Philipp**, chmn. ABA Financial Inst. Div. and exec. v.p., Security Pacific Natl., San Francisco; **Dr. Paul Nadler**, prof. of fin., Rutgers University, New Brunswick, N.J., and **Mr. McCree**.

● **ABA Corporate Banking Conference Speakers Say:**

Commercial lending, correspondent banking will remain strong and competitive

By **BEN HALLER, JR.**
Publisher

● **Q** **U**ALITY was the key word pursued throughout the ABA 1986 National Corporate Banking Conference in San Francisco last month. The annual conference is sponsored jointly by the ABA Commercial Lending and Financial Institutions divisions. Donald H. McCree, Jr., sector executive vice president of Manufacturers Hanover Trust Company, New York, is chairman of the first division. Robert B. Philipp, executive vice president of Security Pacific National Bank, San Francisco, is chairman of the latter division.

● More than 400 bankers and 100 spouses attended the three-day meeting.

● The vast array of speakers participating in the general and special sessions left little doubt that commercial banks are recognizing change, are helping to shape or adapt to it, and will continue to offer strong, viable commercial lending and correspondent bank services.

● In his welcoming remarks at the opening general session, Mr. McCree said "some would have us pictured as an endangered species (in corporate and correspondent banking). Not so, but we must change with changing times. There is greater competition, a variety of risks, and pressure on rates."

● Quoting from "The King and I," Mr. McCree said, "No longer can we

be sure of things of which we were once so certain." He added, "We've proven our ability to meet challenge and change. I welcome the opportunity."

Opening speaker Richard J. Flamson, III, chairman and CEO of Security Pacific Corporation, Los Angeles, specifically addressed "Commercial Banking: A Changing Industry in Which Quality Is Key." He spoke of "product quality, marketing quality, customer quality and planning quality. . . quality in those areas will, in turn, lead to asset quality."

Mr. Flamson emphasized, "The final factor, and the acid test for all of the others, is management quality. In the final analysis, the image of the industry will totally and directly reflect the quality of its management." Mr. Flamson stressed that the necessity for all of these qualities is incumbent on smaller banks as well as larger ones.

Keynote speaker F. James McDonald, president and COO of General Motors Corporation, Detroit, spoke on "Competition: Changing the Structure of Industry." His excellent keynote address was reviewed in more detail in the *NORTHWESTERN BANKER Weekly Newsletter*.

The Monday luncheon speaker was Dr. Charles Garfield, president of Performance Sciences, Inc., Berkeley, Cal. Discussing "Peak Performers in Business," Dr. Garfield

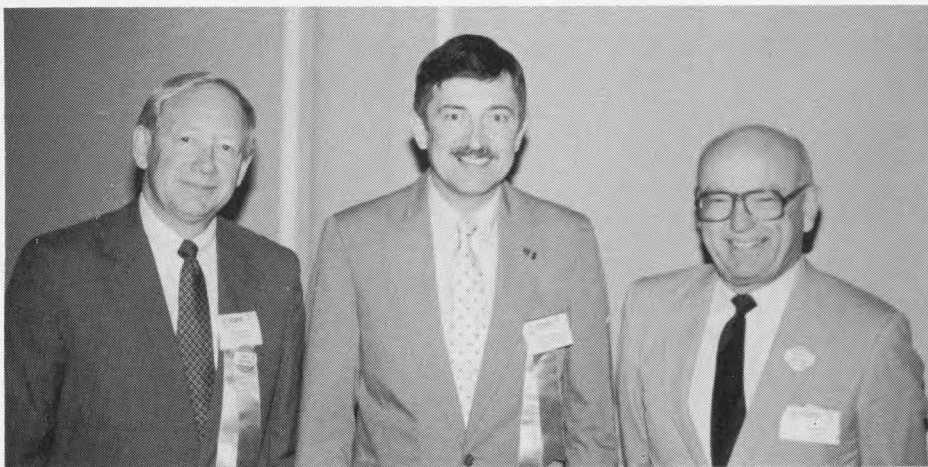
said, "Peak performance begins with a mission. Sustaining the peak is critical, and the key to that is continuing one's own productivity. Another key is finding, hiring and training motivated people to help retain peak performance. Hiring is critical."

Dr. Garfield then listed these principal elements for "establishing peak performance as the norm: Performance action plan, empowering others through teamwork, ability to motivate change, motivation through mission, developing yourself as a resource, oriented around results."

The final conference speaker, Dr. Paul S. Nadler, professor of finance at Rutgers University, New Brunswick, N.J., had some words of caution for those who might go overboard on the recent upward surge in the stock market and the general economy. "Is our euphoria justified?" he asked. "I'm not saying our economy is going to turn around, but I *am* saying the deficit is still there, so just watch out. President Reagan's luck could change. The deficit *has* to be financed, so be careful with lending."

Dr. Nadler added that "the public wants quality. Use ATMs, but keep the human element; maintain liquidity. You must maintain confidence with professional service." Referring to relationship banking, Dr.

ABA CONFERENCE. . .
(Turn to page 28, please)



MAKING up the 1986-87 leadership for the IBAA are, left: Pres.-Elect—**Thomas H. Olson**, pres., Lisco St., Lisco, Nebr.; Pres.—**Charles T. Doyle**, ceo, Gulf Natl., Texas City, Tex., and Past-Pres. and Chmn.—**B.F. "Chip" Backlund**, pres., Bartonville Bank, Peoria, Ill.

IBAA Elects Doyle President; Calls for Action on Ag Crisis

By **ROBERT O. CRONIN**
Associate Publisher

FEW PEOPLE would have guessed five years ago that financial America would be experiencing in 1986 some of its most difficult adjustments in the history of banking.

For the IBAA, those adjustments involve, one, the threat of the non-bank bank and, two, an agricultural situation that is being called by many the worst of its kind since the Great Depression.

Meeting in Las Vegas for their 1986 convention, more than 2,000 members and their spouses of the Independent Bankers Association of America called for immediate action on the two problems and favored adoption of a multi-year loan loss amortization program to aid commercial and agricultural banks and the close of the non-bank bank loophole. Kenneth Guenther, IBAA executive vice president said, "The train is leaving the station," as a statement of optimism to the prevailing problems.

IBAA officers elected during the convention for the 1986-87 year are:

Pres.—Charles T. Doyle, chief executive officer, Gulf National Bank, Texas City, Tex.

Pres.-Elect—Thomas H. Olson, president, Lisco State Bank, Lisco, Nebr.

Vice-Pres.—J.R. Nunn, president,

Citizens Bank, Tucumari, N.M.

Treas.—Merle L. Graser, chief executive officer, First National Bank, Venice, Fla.

Exec. Vice-Pres.—Kenneth A. Guenther, Washington, D.C.

Past-Pres. & Chmn.—B.F. "Chip" Backlund, president, Bartonville Bank, Peoria, Ill.

Mr. Doyle has been vice chairman of the IBAA Bank Education Committee and a member of the Federal Legislation Committee during his 13-year banking career. He has also served in several positions for the Texas Bankers Association. Mr. Doyle was commissioner and mayor pro tem of Texas City from 1973-1981.

The Agricultural Loan Loss Amortization Program is set up to help commercial and agricultural banks stabilize their capital levels, according to IBAA. The Amortization program has two ways of assisting the borrowing farmers. 1) It should enable banks to shore up capital so they can stick with farm borrowers over a longer period of time and 2) the amortization of loan losses could help to stabilize the market for farmland by reducing the amount of land placed on the market during this critical period of time.

The multi-year loan loss program, according to the IBAA, is needed within the next thirty days "while agricultural banks are working with

their farm customers to finalize this year's farming operations." The program is designed to have no-cost effect on the Treasury Department and could ultimately reduce the draw of FDIC funds, thus preserving the individual bank's earning potential.

"The Amortization Program is not a bail out for the farm bank," said B.F. "Chip" Backlund, retiring president of the IBAA, "and will have no budget impact."

Besides the immediate agricultural problems facing the IBAA he noted, the non-bank bank loophole legislation is consuming a major part of the IBAA's efforts in Washington. "We have led the fight to get H.R. 20 out of the House Rules Committee, and there is no more important issue facing the banking industry than the non-bank bank loophole," said Mr. Backlund. "Do you want to buy your stocks where you buy your socks?" he added.

Not only is the IBAA revving up for the defeat of the non-bank bank bill, but it is introducing a new service to its members — IBAA Bancard, Inc. The program will enable community banks to compete with other credit card issuers. Also, the second phase of the IBAA's marketing program was presented as part of the "You know us, we know you" campaign.

This year's convention, "Setting the Course," not only attracted over 2000 bankers and spouses to Las Vegas, but included recognized regulators and financial industry spokesmen. Speakers included: Representative Edward R. Madigan, (R-Ill.); Dr. Paul S. Nadler, professor of finance, Rutgers University Graduate School of Management, New Brunswick, N.J.; Charles T. Russell, president, VISA U.S.A./International, San Francisco, and Hugh Downs, host of ABC's "20/20" news program, New York.

John Sloan, Jr., president, National Federation of Independent Business, Washington, D.C., told bankers of the need to close the non-bank bank loophole. "Personal service is the touchstone of banking — small business owners are more interested in service on their account than the rate and frills," Mr. Sloan said.

The address by L. William Seidman, chairman, FDIC, Washington was encouraging as he pointed out five key areas to work towards for



LEFT—**Stephanie Anderson**, REC-CHEK, Nevada, Ia. with **Don Kirchner**, pres., Peoples T&S, Riverside, Ia. and wife **Betty**, a.c. and **David Anderson**, pres., REC-CHEK. RIGHT—Representing Deluxe Check Printers, Inc. were, center: **Dick Burns**, Tempe, Ariz. and right, **Tom Michaelian**, Chatsworth, Calif.



LEFT—Present at the South Dakota reception were, left: **Phyllis** and **Burdette Solum**, pres., Norwest Bank South Dakota, Watertown; back, **Huston Haugo**, pres., Valley Natl., Sioux Falls and pres., Ind. Comm. Bks. of S.D.; **Leroy Hofer**, pres., First St., Armour, and wife **Darlene**. RIGHT—**Lori** and **Bob Jacobson**, v.p., American Natl., St. Paul, with **Bob Hansen**, exec. v.p., Bank of Steele, N.D. and wife **Kay**.



LEFT—Visiting during the Nebraska reception were, left: **Gene Chamberlin**, Tekamah; **Fred Otten**, pres., Ind. Bkrs. Assn. of Nebr. and pres., Commercial St., Hoskins; **Tom Olson**, IBAA pres.-elect and pres., Lisco St., Lisco, Nebr.; **Larry Nelson**, v.p., Burt County St., Tekamah, and **Ralph Anderson**, atty., Tekamah. RIGHT—**Donna Coughlin**, adm. asst., IBAA; **Jeri** and **Bud Zander**, pres., Bank of Waunakee, Wis. with **Jeanette** and **Howard Turk**, pres., Union Bank of Blair, Wis., and pres., IBAA, at the Wisconsin reception.



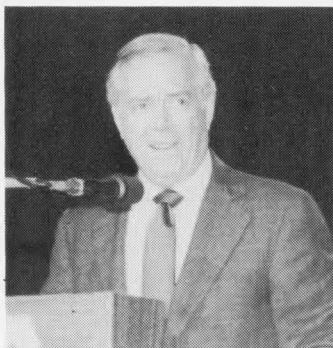
LEFT—**B.F. "Chip" Backlund**, IBAA past-pres., and pres., Bartonville Bank, Peoria, Ill. introduced speakers, center, Representative **Edward R. Madigan**, (R-Ill.) and **Charles T. Russell**, pres., VISA U.S.A./Intl. at the morning session. RIGHT—Enjoying themselves during the opening night reception were, left: **Louise** and **Tom Hay**, pres., Security St., Casey, Ia.; **Pat** and **Jay Tomson**, chmn., Citizens Natl., Charles City, Ia., Dir., Fed. Reserve of Chicago, and **Lillian** and **Max Roy**, sr. v.p., Drovers Bank of Chicago.



L. WILLIAM SEIDMAN



DR. PAUL S. NADLER



HUGH DOWNS



ROBERT L. CLARKE

better banking. 1] Work towards a level playing field. 2] Assure that regulations don't pit big banks against small. 3] All banks must be treated equally. 4] No bank should be too big to fail, and, 5] The non-bank bank should not have privileges that other banks do not. He concluded, "banks should be given the opportunity to compete."

Robert L. Clarke, comptroller of the currency, Washington, told bankers "I agree with many of you that the non-bank bank concept should be brought to an end. The way to do that is through the restructuring of the federal legal framework to make the concept irrelevant...after which the non-bank will be nothing more than a footnote in financial history — a place both

you and I believe it so richly deserves."

Mr. Clarke went on to explain three options he has proposed.

1. The restructuring of farm loans by using the Financial Accounting Standards Board Statement (FASB-15). "It can, under certain circumstances, be used to account for concessions in financing terms — reduction of either principal or interest — granted to borrowers experiencing financial difficulty without requiring the institution to record any losses," Mr. Clarke said.

2. The proposed modification of the present call report disclosure requirements for restructured loans to all banks to distinguish those loans that, although restructured, are in compliance with the new terms.

3. "Most importantly, we are prepared to allow banks to elect to participate in a capital forbearance option that we believe will encourage banks to write down problem loans and develop work-out plans," Mr. Clarke concluded.

In addition to these informative general session speakers there were various special interest sessions for bankers and spouses, even a session on "The Life of a Las Vegas Showgirl." Needless to say, there were more than just spouses in attendance for this show! Entertainment featured musical guests, Les Brown and The Band of Renown, and singer Helen Reddy to conclude this year's convention.

The 1987 IBAA convention will be in Orlando, Fla., April 1-4. □

ABA CONFERENCE. . . (Continued from page 25)

Nadler noted, "The banker expects the customer to be loyal, and the banker must be loyal as well and not place everything on a dollars and cents basis."

In reference to correspondent banking, Dr. Nadler stated, "it will continue because commercial bankers are smart enough to avoid the

extra expense of certain services and will buy them from city banks. Mergers won't break this up, but will offer more opportunities to locally-owned banks which continue to be good correspondent customers."

The conference also offered five Policy Discussion Workshops, two Special Concurrent Sessions, 16 Workshops, and 28 Round Table Discussions.

All of these sessions, except the

Round Tables, as well as speeches delivered at general sessions, were taped and may be obtained from ABA. □

Comptroller Appointments

Comptroller of the Currency Robert L. Clarke recently announced the selection of Robert J. Herrmann as senior deputy comptroller for bank supervision policy.

FINANCIAL PLAZA. . . (Continued from page 17)

With a careful selection of tenants, traffic to each business in the mall will tend to benefit all.

4. Affluent consumers find the mall concept attractive, according to focus group research conducted for the Advanced Concepts Group by Marketeam Associates, St. Louis. Upscale consumers who participated in the research sessions indicated they liked both the convenience and the access to professionals in the environment of the mall.

A Variety of Design Requirements

There are a variety of special design and communications requirements which must be met for the mall to succeed, according to Mr. Dunlap. Each tenant has specialized needs unique to its type of business that

must be anticipated. In addition, such factors as a careful analysis of local demographics, relevant state and federal banking regulations and the proper service provider mix, must be carefully balanced to assure a successful project.

He noted, "Any institution considering a building program should give the Financial Plaza concept consideration. While a full-fledged mall might not be for everyone, Bank Building can easily customize the program to fit specific needs."

He added, "Bank Building, with its extensive design/build experience in the financial facilities field, together with its research into the Financial Plaza and other new service delivery concepts, is in a unique position to assist financial managers in creating facilities that will satisfy future marketing objectives." □

UMACC Will Meet at Wisconsin Dells, July 9-11

The Upper Midwest Agricultural Credit Council has scheduled its 32nd Annual UMACC Conference in Wisconsin Dells, Wis., July 9-11. The meeting theme will be, "The New Ballgame for Ag Lenders: Negotiations, Workouts and Financial Packaging."

Keynote speaker will be John Marten, staff economist for *Farm Journal Magazine*. Other featured speakers will include: Burgee Am-dahl, president, Farm Credit Services, St. Paul; Arlan Tengwall, president, Norwest Bank Mason City, N.A., Mason City, Ia.; The Hon. Steven Gunderson, (Wis.), U.S. House of Representatives; Ron Caldwell, Wisconsin director of FmHA, and Jeanne Market, Carver County extension director.

There will also be sessions on managing current loan problems and on New Funding Packages to Better Serve Your Farm Borrowers.

Commercial Factors Announces Record Year

Commercial Factors of Minnesota announced record sales for fiscal 1985. Company sales for the first year in business exceeded plan by 100%. The sales level is a start-up record for the company. The company specializes in financing small businesses with annual sales of \$100,000 to \$5 million through accounts receivable financing/factoring. Clients are in a variety of industries and may be manufacturers, wholesalers, distributors or service businesses.

Commercial Factors of Minnesota is part of a nationwide financial service company headquartered in Los Angeles. Factoring is an alternative source of small business financing that stimulates cash flow and provides working capital. The Bloomington office serves the Upper Midwest region. Becky L. Amble is the local representative.

Named Fed Director

Charles S. McNeer, chairman of the board and chief executive officer of Wisconsin Electric Power Company in Milwaukee, has been appointed to the board of directors of the Federal Reserve Bank of Chicago.

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Illinois

G.T. Andes, pres., Belleville
W.J. Hocter, exec. v.p., Chicago



First Illinois Corporation Announces Acquisition Plans

First Illinois Corporation, Evanston, and First Burlington Corporation have announced they have reached an agreement in principal for the acquisition by First Illinois Corporation of First Burlington Corporation. First Illinois Corporation is the parent holding company for the First Illinois Banks of Evanston, Wilmette and Arlington Heights, and First Illinois Finance Company. First Burlington Corporation is the parent holding company for LaGrange Bank and Trust Company and First Burlington Bank of Willowbrook.

Under the terms of the proposed transaction, valued at \$28.2 million, First Burlington stockholders would receive cash in the amount of \$115 per share for each of the 245,409 shares outstanding. It is anticipated the officers and employees of the two banks will remain in their same positions. The proposed transaction is subject to a definitive agreement, regulatory approval and approval by First Burlington Corporation's stockholders.

Consummation of the transaction would increase the total assets of First Illinois Corporation from \$959 million to in excess of \$1.2 billion.

Rockford Bk. Changes Name

Richard T. Coyne, president of Colonial Bank of Rockford, has announced that the board has voted to



R.T. COYNE

W.N. STEINHAGEN

change the bank's name to AM-CORE Bank Colonial.

Mr. Coyne noted that, although the name is similar to that of AM-CORE Bank, N.A., Rockford, AM-CORE Bank Colonial will remain a separate entity. Both banks are subsidiaries of AMCORE Financial, Inc., a Rockford-based multi-bank holding company.

The bank also announced that William N. Steinhagen has been elected chairman of the board and Roger B. Adelman has been elected to the AMCORE Bank Colonial board of directors. Mr. Steinhagen, a board member since 1984, is president of Rockford Automation, Inc. Mr. Adelman was formerly president of Bliss-Adelman Realtors, Inc. and is now associated with Crosby-Adelman Realtors, Rockford.

Continental Agrees to Acquire First of Western Springs

Continental Illinois Corporation agreed last month to acquire The First National Bank of Western Springs for approximately \$10.5 million.

The final price will be determined on the closing date of the acquisition to allow Continental Illinois to review the acquired bank's financial condition. The closing date will be set after Continental has completed its examination and regulatory approval has been obtained.

"The First National Bank of Western Springs is particularly attractive to us because of its strategic location in the western suburbs," said John B. Tingleff, senior vice president and head of the Private Banking and Community Banks Department.

At year-end 1985, The First National Bank of Western Springs, 4456 Wolf Rd., had assets of \$80 million and deposits of \$67 million. It was established in 1916 and has 45 employees.

Named in Northbrook

James J. Carmody has been named to executive vice president of the Cole-Taylor Financial Group, Northbrook, and will head up the credit and asset quality control for the group. He will retain his position of chairman of Drovers Bank of Chicago.

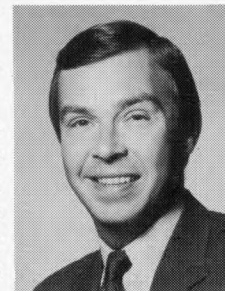


J.T. CARMODY

He joined Drovers Bank as executive vice president in 1978, was appointed president in 1981 and named to CEO the following year. From 1974 through 1978, he was a vice president of First National Bank of Chicago. Prior to that, he served 12 years at LaSalle National Bank, Chicago, where he was a senior vice president.

Changes Announced in Skokie

Terence W. Keenan has joined the staff of the First National Bank of Skokie as executive vice president. Mr. Keenan was formerly senior vice president of the Bank of Elk Grove. Before joining the Bank of Elk Grove, he was assistant vice president/commercial loans at LaSalle National Bank, Chicago. Mr. Keenan also became a member of the Skokie Banks' board of directors.



T.W. KEENAN

Promoted to accounting officer at First National Bank of Skokie was Howard Patner. Mr. Patner was formerly chief accountant in the bank's controller department.

Chairman Named in Durand

David Nosbisch, executive vice president and cashier of Durand State Bank, Durand, has been named chairman of the Independent Bankers' Bank of Illinois (presently in organization). Previous to Mr. Nosbisch's appointment, the initial investors of the Bankers' Bank met to select the interim board of directors to administer the affairs of the bank during its organizational pro-

cess. Board members chosen were:

Ben Barton, executive vice president, Byron Bank.

David Combs, president, First National Bank, Taylorville.

Wilfred Cross, president, The First National Bank in Oblong.

Randall Dempsey, vice president, The Pontiac National Bank.

Michael Dove, president, Shelby County State Bank, Shelbyville.

E. Ray Duncan, president, Hardware State Bank, Lovington.

Delvin Johnson, president, Valley Bank & Trust Co., South Elgin.

Robert Karandjeff, president, American Heritage Bank, Granite City.

Marland Kelly, president, First National Bank in Sparta.

Gene Kirk, executive vice president, First State Bank of Calumet City.

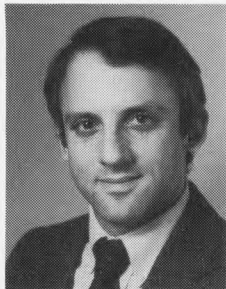
R.W. Lott, chairman, Farmers State Bank, Elmwood.

J.W. (Bud) Singer, president, Central National Bank, Mattoon.

Named in Wheeling

Jeffrey W. Taylor has been named executive vice president of Main Bank in Wheeling, a member of the Cole-Taylor Financial Group.

Before assuming his new title, Mr. Taylor was senior vice president of the bank. He started with the bank in 1981 as an associate



J.W. TAYLOR

general counsel and loan officer. Before that, he was with Drovers Bank of Chicago as associate general counsel, and was an associate at Lurie, Sklar & Simon law firm.

Staff Changes in Lansing

William P. Turner has been elected as a trust officer, and Carol J. Brandt has been promoted to a trust administrator at First National Bank of Illinois, Lansing.

Mr. Turner joins the bank after serving as a trust officer with the Citizens National Bank in Decatur, for two years. Mrs. Brandt, who joined the bank in 1971, has been serving as executive secretary in the bank's trust department and will as-

sume added responsibilities as a trust administrator.



Continental Illinois Corporation has announced it has agreed to acquire the First National Bank of Deerfield and the First Suburban Bank of Olympia Fields.

Closing dates for both purchases will be set after regulatory approval has been obtained. The cash purchase prices of the two transactions are approximately \$8.2 million for Deerfield and \$4.4 million for Olympia Fields.

At year-end 1985, the First National Bank of Deerfield had assets of \$64 million and deposits of \$58 million. The First Suburban Bank of Olympia Fields had assets of \$34 million and deposits of \$31 million at year-end 1985.

Joseph G. Migely, president of Drovers Bank of Chicago since last year, has been named its chief executive officer.

He will retain his previous title. Before joining the bank in 1984, he was senior vice president of Marine Bank, Milwaukee, Wis. Prior to that, he was senior executive vice president and COO of the Bank of Highland Park, and a vice president with the First National Bank of Chicago, where he worked for 21 years.



J.G. MINGELY

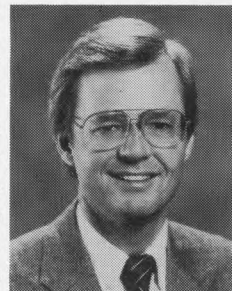
Thomas D. Lee has been named executive vice president of Bankers-Tech, a subsidiary of First Colonial Bankshares. Previously, Mr. Lee managed international and domestic operations for Citibank in both Houston and Chicago. Bankers-Tech provides operational services for the First Colonial group as well as for other financial organizations in the six county area.



T.D. LEE

Lake View Trust & Savings Bank has announced the appointment of

James C. Lytle to vice president and manager of business development for the bank. Prior to joining Lake View, Mr. Lytle was vice president of the State National Bank, Evanston. A



J.C. LYTLE

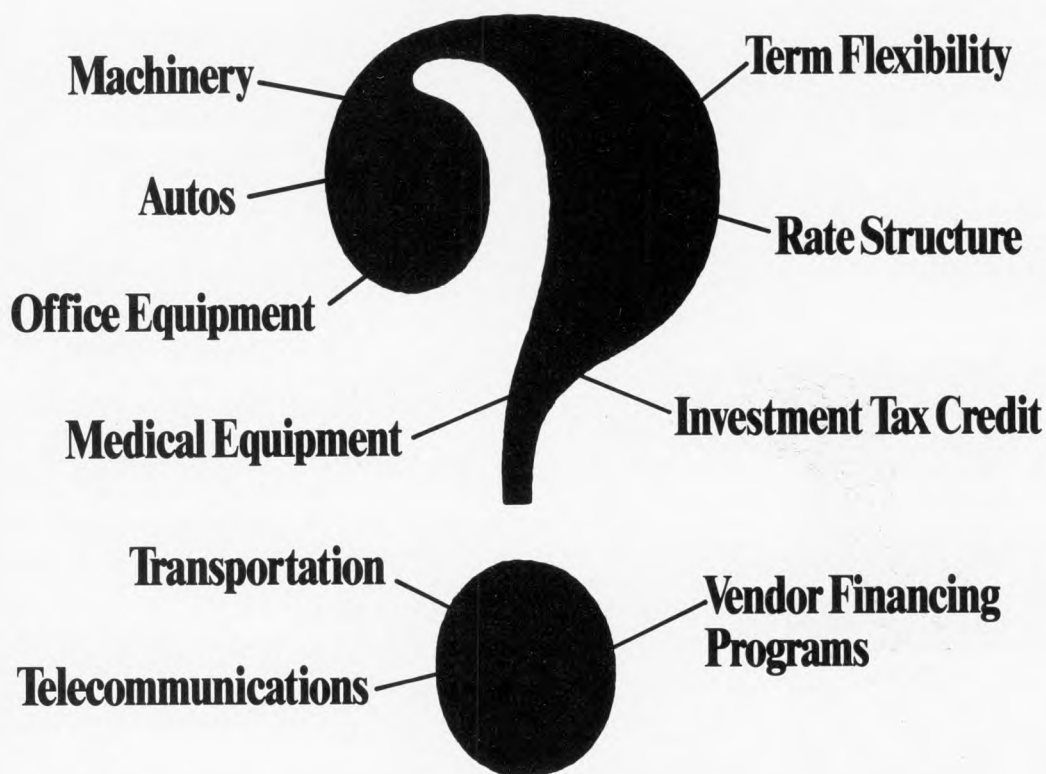
past mayor of Evanston, he is a member of the board of governors of the metropolitan planning council and founder of the North Cook county private industry council.

George J. McCarthy, president and CEO, Chicago Bank of Commerce, has announced the promotion of Arlene R. Hudson to assistant vice president/human resources.

Ms. Hudson joined the bank in 1966 as an assistant cashier. In the following years, she was active in both personal banking and personnel, and in 1977, was elected to personnel officer.

John J. Frale, executive vice president of the Franklin Park Bank, has been elected to the bank's board. During his four years with the Affiliated Banc Group, he has served as executive vice president of the Franklin Bank, west zone commercial manager for the group and vice president of Affiliated Bank/DuPage.

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T.L. Jeffers, exec. v.p., Minneapolis



Mr. Sprau is the founder and president of Metafile Information Systems, Inc.

Three directors have retired from the bank. Charles H. Withers, former editor of the Rochester Post Bulletin served as director since 1961. George F. Walters, chairman of the board of Waters Instruments, has been a director since 1975, and Robert S. Brown, retired president and general manager of the C.O. Brown Agency, has been a director since 1979.

5 First Bank Locations Being Sold

AGREEMENTS have been signed for the purchase of five First Bank locations. They are: Northfield, Worthington and Lakefield, Minn.; Fort Benton, Mont., and Sturgis, S.D. The sales are pending regulatory approval.

First Bank System in mid-August announced plans to restructure its banking assets by offering to sell 28 of its banks with 45 offices first to employees, directors and local community representatives. Sales to other prospective buyers would be considered only when employee and community group offers do not materialize.

The first employee purchase resulting from the restructuring strategy, First Bank Sauk Centre in central Minnesota, was announced in January of this year.

- **First Bank Northfield**, which had year-end assets of \$33.4 million, will be bought by six directors, including the bank's president, F. Donavon Kuehnast.

- **First Bank Worthington** and its office in Lakefield, with assets of \$90.8 million, will be purchased by an investment group headed by Elden W. Rance, bank president.

- Harold A. Brown, president of First Bank Fort Benton, and eight other bank directors will buy that Montana bank, which had assets of \$38 million at year-end.

- The Sturgis office of First Bank of South Dakota, with assets of \$54.9 million, will be bought by Paul Christen, who also owns First Western Bank in Wall, S.D. The Sturgis office will continue to be managed by its current president, John E. Johnson.

The Northfield and Sturgis purchase agreements also allow employees and community representatives to purchase a percent of the ownership at later dates. First Bank Fort Benton and First Bank Wor-

thington have created an employee stock option plan for future investments.

Specific purchase terms were not disclosed.

First Bank System, Inc. (NYSE: FBS) is the 15th largest bank holding company in the United States comprised of First Bank Minneapolis, First Bank Saint Paul and 76 other banks and trust companies, with 148 banking offices in Minnesota, North Dakota, South Dakota, Montana and Wisconsin, and a trust company in Florida.

Three Promoted in Fridley

Fridley State Bank of Fridley has promoted three of its employees.

John Gargaro has been promoted to senior vice president, Marcia J. Etlicher to vice president and cashier, and Mary T. Ingaldson to assistant vice president.

Mr. Gargaro joined the bank in 1981, having been employed in banking for 17 years. Ms. Etlicher has been with the bank for 22 years starting in the bookkeeping department. Ms. Ingaldson joined the bank in 1969 and was named assistant cashier in 1981.

Changes Told in Rochester

Henry F. Dion has been elected as vice president of commercial loans at First Bank Rochester. Mr. Dion most recently served as senior vice president at Norwest Bank, Cedar Falls, Ia., where he had responsibility for credit administration for all the departments and headed the commercial business segment. Prior to that he served as vice president of commercial loans at the First National Bank of Mason City, Mason City, Ia.

Also appointed at the bank was Allan C. Sprau as a new director.

Advanced in Richfield

Barbara Zvorak has been promoted to vice president/cashier of Richfield Bank & Trust Company. Ms. Zvorak joined the bank in 1963 as a teller and has moved through a number of supervisory positions on her way up to vice president. She is responsible for the bank's lobby operations, in addition to serving as the bank's security officer and representing her area on internal management committees.



B. ZVORAK

Joins Audubon Bank

Phyllis L. Beyer has joined the First State Bank of Audubon as a vice president. She has 28 years of banking experience in the Detroit Lakes area. At the bank, her duties will include management of internal bank functions, customer service, development of additional banking services and lending. Mrs. Beyer is a member of the NABW and the Business and Professional Women's Club, where she was named 1978 Woman of the Year.



P.L. BEYER

Appointed in Murdock

James Just has been appointed to assistant vice president of the First State Bank of Murdock.

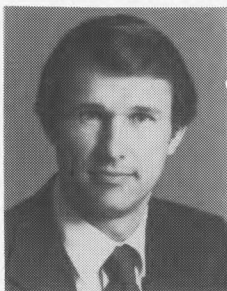
Mr. Just joined the bank in 1984. Prior to this he worked at First Bank of Minneapolis.



Twin Cities



Lloyd P. Johnson, chairman and CEO of Norwest Corporation, has announced that **Richard M. Kovacevich** has joined the company as vice chairman, a director of the corporation and chief operating officer of its banking group. Mr. Kovacevich



R.M. KOVACEVICH

comes to Norwest from Citicorp, New York, N.Y., where he was a group executive and member of the policy committee. At Norwest he will assume direct responsibility for Norwest's banking business, including its 77 banks in seven upper mid-western states.

Mr. Johnson also announced that **Richard S. Levitt**, vice chairman and board member, was given the additional title of chief operating officer of the specialized financial group. **David Jarvis**, vice chairman and chief financial officer, also was elected to the board.

An office of the chairman was formed consisting of Mr. Johnson, Mr. Jarvis, Mr. Kovacevich and Mr. Levitt.

Mr. Kovacevich joined Citicorp in 1975. Since 1982, he has managed Citicorp's international consumer operations with 1,000 branches throughout the world.

Before joining Citicorp, he served as a principal of a New York-based venture capital firm, and, prior to that, with General Mills, first as a planner, then in mergers and acquisitions and then as a division manager.

* * *

First Bank System Business Finance Corporation has acquired the stock of three subsidiary operations

of W.W. Wallwork, Inc., a vehicle dealer and lessor. These subsidiaries are: Wallwork Lease and Rental Co., Inc., a truck and equipment lessor working through related dealerships in Fargo, Grand Forks, Bismarck and Dickinson, N.D.; Northwest Leasing Corporation, an automobile fleet and general equipment lessor operating in Fargo and Grand Forks, N.D., and TEC Leasing, Inc., a general equipment and truck lessor located in Casper, Wyo.

The three operations, with \$50 million in gross receivables, now form FBS Leasing Corporation, a new subsidiary of FBS. This corporation will relocate operations to branches in Fargo and Bismarck, N.D.; Rapid City and Sioux Falls, S.D.; and Billings, Mont. All will be located in or near First Banks and will work in conjunction with those banks, as well as handle direct transactions.

* * *

Norwest Bank East St. Paul has announced the election of **Thomas W. Longlet** as president of the bank.

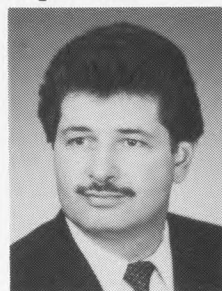
Mr. Longlet has had extensive commercial lending and commercial services experience at Norwest Bank St. Paul where he was responsible for the bank's national account portfolio in Chicago, Detroit, New York and St. Louis. He also played a key role in the development of Norwest Bank St. Paul's metro area special technologies lending group.

* * *

The following changes have been announced by National City Bank of

Minneapolis.

Douglas A. Hedin has been named vice president and manager of dealer division. He has 15 years of banking experience.



D. HEDIN



G. BRIGHT

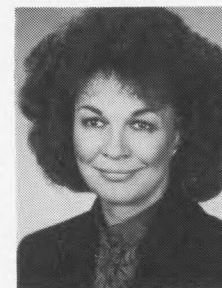


A.C. FLOYD

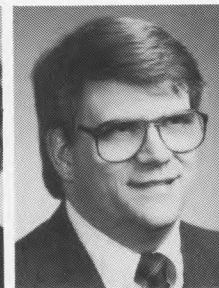


L. RUHL

GeorgieAnn B. Bright and **Amy C. Floyd** have been appointed to assistant vice presidents and managers. Ms. Bright, who has 20 years of banking experience, will be in the consumer investment products division. Ms. Floyd, who has been with the bank three years, will be in the financial planning division.



D. SHARKEY



T. MURPHY

Lisa A. Ruhl has been named assistant vice president of deposit

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1203

operations division. She has been with the bank since 1974.

Deborah L. Sharkey has been appointed to investment officer and manager/National City Securities. **Timothy M. Murphy** has been named corporate trust officer of corporate trust division. He has been with the bank for two years.

* * *

The First Banks recently announced the promotions of **Alan F. Naylor** to executive vice president, national and international banking, FBS metropolitan division; **Ronald A. Larson** to senior vice president, leasing group, First Bank Minneapolis, and **John C. Ferber** to executive vice president, real estate banking, FBS metropolitan division.



A.F. NAYLOR



R.A. LARSON



J.C. FERBER

Mr. Naylor has been with the First Bank System since 1957, most recently as senior vice president, First Bank Saint Paul. He was promoted to senior vice president in 1980.

Mr. Larson joined the bank in 1970. He has been vice president for the leasing group of First Bank Minneapolis since 1984.

Mr. Ferber, who joined First Bank Minneapolis in 1962, has been senior vice president for real estate banking since 1978.

* * *

American National Bank of Saint Paul has announced the formation of a new civic banking division to serve the banking needs of not-for-profit organizations. The division will target governmental instrumentalities, foundations, professional associations, charitable organizations, civic groups and other non-profit groups

in the area.

Thomas J. Skinner, vice president will head the division. Mr. Skinner is a veteran banker with 25 years of banking experience. Prior to forming the new division he was vice president and director of human resources at American.



T.J. SKINNER



T.A. SABER

Replacing Mr. Skinner as vice president and director of human resources is **Terry A. Saber**, who has seven years of human resources and bank management experience. Prior to joining the bank, she was human resources director and vice president of administration at Western State Bank.

* * *

Norwest Bank St. Paul, N.A., has announced several staff changes.

David Krentz has been promoted to vice president and cashier in the operations division. He joined Norwest Bank St. Paul in 1966.

Ellen Thorson has been promoted to vice president/commercial real estate. She joined the bank in 1983 and is presently assistant vice president commercial real estate.

Susan Sauro has been promoted to real estate officer. She joined the bank in 1985 and is presently a real



E. THORSON



S. SAURO

estate supervisor.

Raymond A. Johns has been

elected as a director of the bank. He will also serve as secretary of the board. Mr. Johns joined the bank in 1974 and currently serves as senior vice president, commercial banking group at the bank and at Norwest Corporation.

* * *

Dennis K. Dingman has been appointed vice president and division head of the First Bank Minneapolis (FBM) health care division. As head of the division, Mr. Dingman will lead the bank's progress in providing credit and non-credit products and services to the health care industry on a national basis.



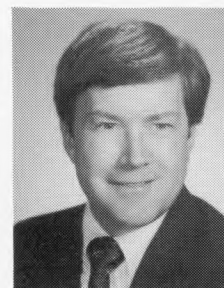
D.K. DINGMAN

Mr. Dingman, who has been with First Banks since 1969, most recently served as vice president and division head of the national-upper midwest division at First Bank Saint Paul. Prior experience includes seven years as head of the FBSP commercial banking division.

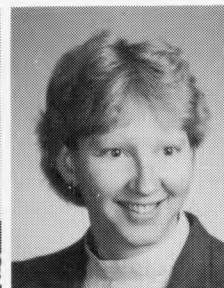
* * *

Independent State Bank of Minnesota has announced the appointment of two new official staff members.

Charles C. Blair has been appointed as a vice president and senior loan officer of the bank. He spent 17 years with the bank examination department of the Federal Reserve Bank of Minneapolis, most recently as an assistant chief examiner.



C.C. BLAIR



L.D. GREINER

Lori D. Greiner has been promoted to investment officer in the bank's trading department. She has been with the bank for over four years holding various positions with the investment operations area.

Bremer Financial Services, Inc. has announced the addition of **Raymond Brueggemeier** as an assistant vice president/ag credit. He had been with Farm Credit Services as a review team manager. Prior to that, he held various credit positions at PCA of Madison and FICB in Saint Paul.

* * *

Melody Holland-Rehder has been elected assistant vice president, commercial lending of First Bank Security, St. Paul, with responsibility for the maintenance of credit quality on an existing portfolio, development of new business and involvement in the community. She most recently served as assistant vice president, commercial lending at First Bank Northtown, a position held since 1984. Prior to that she served in a variety of positions at First Bank Robbinsdale. She began her career with First Bank System in 1977 at First Bank Southdale in Missoula, Mont.



M. HOLLAND-REHDER

* * *

First Bank Minneapolis has made its first loan through the Small Business Administration's (SBA) Preferred Lender Program (PLP), a status awarded the bank by the SBA in 1985. First Bank Minneapolis is the only Twin Cities bank and one of just 115 banks across the United States and only two in Minnesota to receive the PLP designation.

The \$335,000 SBA-guaranteed loan was made to Boarman Architects, Inc. to buy and renovate Hennepin Hotel, a designated historic landmark at 201 First St., N., Minneapolis.

The company also received a \$25,000 loan from the Greater Minneapolis Metropolitan Housing Corporation's small business revolving loan fund.

Preferred Lenders have authority to automatically guarantee small business loans above \$100,000 without SBA approval. The SBA guarantees 75 percent of the loan up to \$500,000.

The objective of the program is to

permit small businesses to benefit from government assistance with a minimum of government involvement. Therefore, lenders perform most servicing and liquidations actions without referring to the SBA.

Preferred Lender banks must service their guaranteed loans using guidelines and procedures identical to those in their non-SBA portfolios. In addition, participating banks must attempt to further SBA national goals, such as providing equal access to credit.

Named in Winona

David H. Keller, president of Lake Center Industries, has been elected as a new member of the board of The Merchants Holding Company.

The company's primary subsidiary corporation, The Merchants National Bank of Winona, has promoted five of its state members. They include: Dan F. Kingsley from assistant vice president to vice president and manager of the commercial loan department; John C. Doyle from assistant cashier to assistant vice president; Scott Tinkler from administrative assistant of the installment loan department to installment loan officer; David Krage from administrative assistant of the installment loan department to installment loan officer, and Sue Hovel from administrative assistant of the real estate loan department to mortgage loan officer.

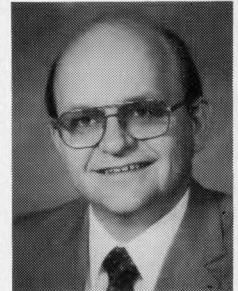
Elected in Rochester

Virginia Bartleson has recently joined Norwest Investment Services, Inc., in Rochester, as an assistant vice president, municipal bond sales. She will be located at Norwest Bank Rochester and will specialize in the sale of tax-exempt municipal securities, money market instruments and government obligations. She is a licensed real estate broker and a fully registered securities representative.

Marlys Jones has been elected a credit compliance officer at Norwest Bank Rochester. She joined the bank's commercial lending department in 1979. In 1983, she moved into the credit assistant position in the credit department.

Added in Little Falls

First National Bank, Little Falls, has announced the addition of Paul F. Wichmann as a cashier. Mr. Wichmann joined the bank in 1985. In his new position he will be responsible for bank operations and personnel and will be involved in asset and liability management for the bank. He comes to the bank from a similar position at Americana Bank in Hayward.



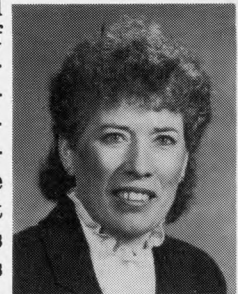
P.F. WICHMANN

NABW Conference Set

The Minnesota National Association of Bank Women State Conference will be held May 1-2 at the Minneapolis Plaza Hotel. The 1986 conference theme is: "Managing for Profit: The Key to Power." The program will address profitability as the key to power through general sessions, luncheon topics and workshops. Contact Joan Trenda at (612) 370-4077 for more information.

Promoted in Fergus Falls

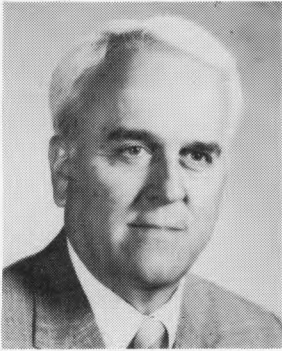
Charles L. Kretchman, president of Norwest Bank of Fergus Falls, has announced the promotion of Shirley Pribbernow to a customer service officer. Ms. Pribbernow joined the staff at Norwest in 1966 and has served in various capacities including teller manager. Prior to 1966, she was employed by Federated Insurance in Owatonna.



S. PRIBBERNOW

Appointed in Roseville

The Roseville Bank has announced the appointment of Ray Udelhofen and D. Dean Hansen to its board. Mr. Udelhofen, who has been with the bank since 1962, is a senior vice president/loan department, and Mr. Hansen, a senior vice president and COO, has been with the bank since 1968.



B. SOLUM
President



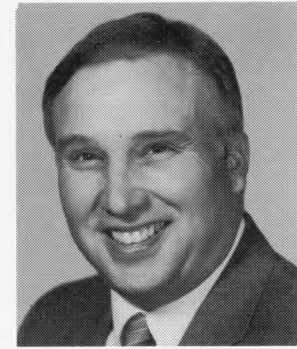
B.M. BRODERICK, JR.
Pres.-Elect



L. NESS
Vice President



J. HAERTER
Immed. Past Pres.



J.I.M. SCHWARTZ
Exec. Vice Pres.

South Dakota Bankers Association 94th Annual Convention

May 11-13, 1986
Ramada Inn, Sioux Falls

THE 94th annual convention of the South Dakota Bankers Association features a host of varied speakers and special activities. The event will be held May 11-13 at the Ramada Inn in Sioux Falls.

In addition to the general session, several activities have been planned. Kicking off the convention will be a "Return To The '50s" party and dance. Other activities include men's and ladies' golf tournaments, a fun run and tours of the Sioux Valley Hospital and Great Plains Zoo. The Swinging Ambassadors musical group will provide entertainment at the final evening's banquet.

Heading up the association this past year has been President Burdette C. Solum, district president of Northwest Bank South Dakota, N.A., Watertown. He has been assisted by President-elect B. Michael Broderick, Jr., president of First American Bank, Canton; Vice President Larry Ness, president of First Dakota National Bank, Yankton, and Executive Vice President J.I. Milton Schwartz, Pierre.

The advanced program schedule follows:

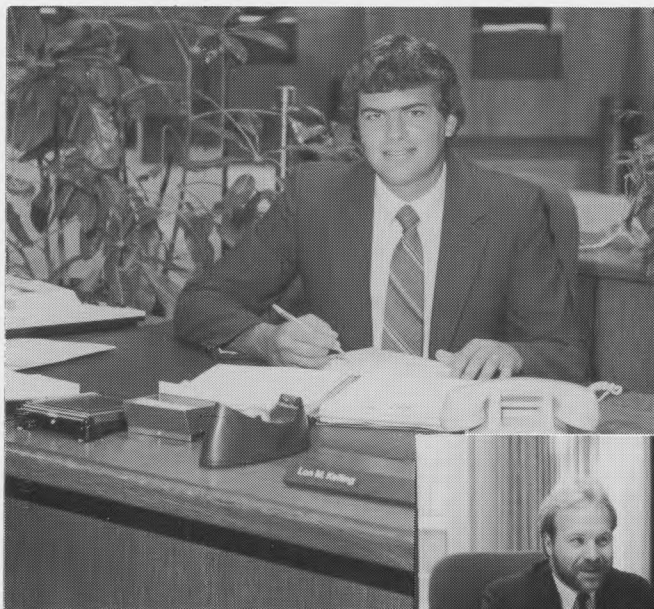
Sunday, May 11

- P.M.**
4:00 Registration until 8:30 p.m., Exhibit Hall opens
6:00 "Return to the '50s" reception, dinner and dance.

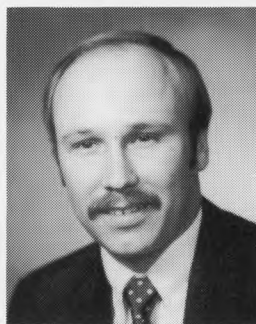
Monday, May 12

- A.M.**
8:00 SDBA Registration Desk opens
(Hospitality and Special Activities Center)
Bankers Two-Mile Fun Run
(Hospitality and Special Activities Center)
8:30 Exhibit Hall opens
9:30 General session opens
The Honorable William Janklow, Governor of South Dakota
Address: "Well Managed, Poorly Led"
Dr. Jon Ericson, Chairman, Department of Speech Communications, Drake University, Des Moines, Iowa.
ELECTION OF SDBA OFFICERS

Strength in Service.



Lon Kelling
Ag Lending Officer



Mark Paradise
Correspondent Banking
Officer



Patty Stansbury
Investment Representative



Doug Schmidt, Vice President Commercial Lending



Phyllis Foster
Investment Representative



Gary Stevenson
Vice President
Correspondent Banking
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See you at the South Dakota Bankers Convention, May 11-13.

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Sioux City, Iowa 51101

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A black and white photograph of four cowboys on horseback, silhouetted against a vast, open landscape. They are riding away from the viewer towards a range of mountains in the distance. The sky is dramatic, with clouds. The overall mood is one of exploration and the future.

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A man with a mustache, wearing a dark suit, white shirt, and striped tie, stands with his arms crossed in a field. In the background, a person is walking away towards a sunset over hills.

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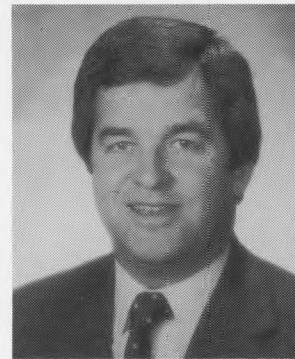
A **USWEST** Company



G.H. STERN



GOV. W. JANKLOW



M.W. OLSON

P.M.

- 2:30 General session adjourns
Men's Golf Tournament (Tee-off times assigned)
Minnehaha and Westward Ho Courses
- 1:00 Ladies' Golf Tournament (Tee-off times assigned)
Westward Ho 9-hole Course
- 1:30 Depart: Great Plains Zoo Tour
Hospitality and Special Activities Center
- 2:00 Depart: Sioux Valley Hospital Tour
Hospitality and Special Activities Center
Remainder of afternoon and evening is free!

Tuesday, May 13**A.M.**

- 8:30 SDBA Registration Desk opens
Exhibit Hall opens
- 9:30 General session opens
Address: "What's Ahead For The Economy"
Dr. William C. Freund, chief economist, New York Stock Exchange, New York, New York.
Mr. Gary Stern, president, Federal Reserve Bank, Minneapolis, Minnesota.
Mr. Mark Olson, ABA president-elect, president, Security State Bank, Fergus Falls, Minnesota.

P.M.

- 12:30 General session adjourns
Past Presidents' all convention luncheon.
- 7:00 Annual Banquet
- 8:30 "The Swinging Ambassadors"
- 10:00 Convention Adjourns. □



DR. W.C. FREUND



J. ERICSON



THE SWINGING AMBASSADORS

You Will See Them at the 94th Annual South Dakota Bankers Convention

THE following metropolitan bankers and service and equipment dealers have indicated that they will be attending the annual convention of the South Dakota Bankers Association in Sioux Falls, May 11-13.

Denver

First Interstate Bank of Denver: Peter Holekamp, correspondent bank officer.

Minneapolis/St. Paul

American National Bank, St. Paul: James Russell, vice president;

Donald Lindeman, assistant vice president, and William Carlson, investment officer.

Marquette Bank Minneapolis: Dick Holmes, assistant vice president.

Norwest Bank Minneapolis: John P. Sampson, senior vice president; Dave Butterwick, commercial banking officer; Ted Taney, Norwest Investment Services, Inc.

Sioux City

First National Bank of Sioux City: Gary W. Stevenson, vice presi-

dent, and Mark R. Paradise, correspondent banking officer.

Security National Bank: Gene Hagen, president; Dan Augustine, senior vice president; Mike Moreland and Dennis Nahnsen, vice president; Ron Kiel, correspondent bank officer; Wilma Weeks, correspondent services officer, and Stuart Becker, correspondent bank representative.

Sioux Falls

First National Bank in Sioux Falls: Tom Long, Dennis Kirkeby and Jerry Feldhaus.

Norwest Bank South Dakota, Sioux Falls: C.P. "Buck" Moore,

SOUTH DAKOTA NEWS...
(Turn to page 45, please)

Wisconsin

D. Treptow, pres., Brown Deer
B.K. Koontz, exec. dir., Madison



Three Banks Sign Acquisition Agreement

Rural Financial Services, Inc., parent of Dousman State Bank and Mansfield State Bank, Johnson Creek, has signed a definitive agreement to join F & M Financial Corporation headquartered in Menomonee Falls. A signed definitive agreement to join F & M was also announced by The Farmers State Bank, Sullivan. The Sullivan Bank had previously announced they had entered into a letter of intent with F & M. When completed, the transaction will permit Dousman State Bank, Mansfield State Bank and The Farmers State Bank to become banking subsidiaries of F & M Financial Services Corporation.

The agreements were announced by William L. Owens, president of Rural Financial Services, Inc., Donald J. Reinke, executive vice president of The Farmers State Bank and Richard P. Klug, president and CEO of F & M Financial Services Corporation.

On December 31, 1985, Dousman State Bank reported deposits of \$14,851 and total assets of \$16,313; Mansfield State Bank's deposits were \$11,835 and total assets were \$13,498; The Farmers State Bank's deposits were \$11,059,478 and assets were \$12,413,901. F & M Financial Services Corporation reported total assets of \$250,006.

Proposed terms of the agreement have not been disclosed. Completion of the transaction requires certain regulatory approvals. It is expected that the acquisition would be consummated by the fall of 1986.

Changes Made in Chilton

Paul A. Hugo has been named president and CEO of The Commercial Bank, Chilton. In addition, he is also trust officer for the bank.

Mr. Hugo had worked for the

First Wisconsin National Bank of Milwaukee and the Milwaukee Western Bank.

Other officers named by the bank's board were Arthur W. Hugo, chairman; James W. Pfeffer, vice president, Charles M. Thiel, agricultural officer; Joanne Heimermann, cashier, and Hazel Jencks, Ruby Pohland and Jacqueline Schaefer, assistant cashiers.

Three Named in Brown Deer

Capital One Corp./Brown Deer has announced two promotions, as well as an addition to its expanded retail banking department.

Mark J. Nowak has been named a vice president, responsible for the bank's commercial credit services. A certified public accountant, he joined the bank in 1979 and most recently had been assistant vice president.

Mark H. Scholz has joined the bank as a personal banking officer. He previously held several management positions at another major Milwaukee bank.



M.H. SCHOLZ

M.J. NOWAK

Jeff Larson, most recently a financial analyst, has been promoted to the position of commercial banking officer.

Named in Wisconsin Rapids

Darwin A. Blanke has retired as president of First National Bank in Wisconsin Rapids. Alfred C. Sweet has been named to succeed Mr. Blanke as president of the bank.

Named in LaCrosse

Jane J. Limbo has been named assistant vice president of professional and executive banking for First Bank LaCrosse. Before joining the bank, Ms. Limbo was assistant vice president and manager at Standard Chartered Bank in Chicago, Ill.

Joins Shawano Bank

Dennis Pecher recently joined the staff of Citizens State Bank, Shawano, as assistant vice president/mortgage loans. For the past 14 years, Mr. Pecher was associated with Hear-O-Lakes Savings and Loan and Security Savings and Loan of Rhinelander.

Added In Menomonee Falls

Philip C. Beisbier, formerly assistant vice president and manager of the Jackson office of F & M Bank Slinger has joined F & M Bank Menomonee Falls and will be assigned to the personal banking division.

Mr. Beisbier joined F & M Bank in 1978 from Associated Financial Services where he managed the firm's Menomonee Falls office.

Promoted in Green Bay

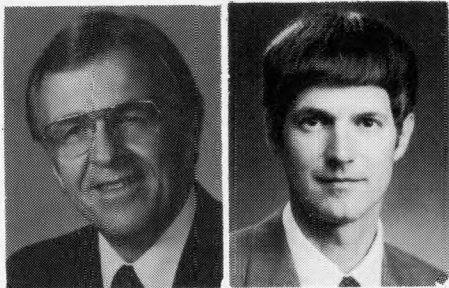
Patrick W. Zehms has been promoted from account administrator to assistant trust officer of Valley Trust Company in Green Bay. His responsibilities will include estate probate, personal trust administration and IRAs.

Promoted in Madison

Daniel S. Debraal has been promoted to a bankcard officer at the M & I Bank of Madison. He came to the bank in 1983 and has worked in the charge card division as a merchant representative and a support services coordinator for the correspondent banks and credit manager.

North Dakota

W.M. Sanger, pres., Wahpeton
H.J. Argue, exec. dir., Bismarck



Added in Minot

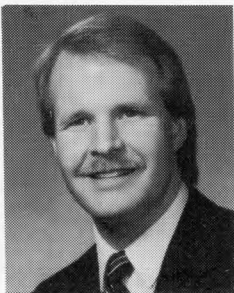
James F. Searcy has been added as senior vice president/trust administration of First American Bank and Trust of Minot.

He was senior vice president for Midwest Commerce Banking Company in Elkhart, Ind., since 1969. Prior to working at Midwest Commerce Banking Company, he was employed by Continental Illinois National Bank and Trust Company of Chicago. Mr. Searcy has been an AIB instructor and an instructor at various professional schools and speaker at many conferences.

Jim Bonnicksen has been appointed as an assistant vice president/commercial loan officer at the bank. He comes from Union State Bank in Hazen, where he was assistant vice president of commercial loans. Prior to that, he was a branch manager for Midwest Federal Savings Bank in Hazen.

Three Promoted in Fargo

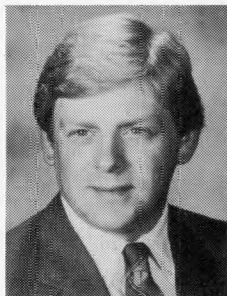
Three promotions on the staff at First Bank Fargo have been announced. Steven G. Lovas has been promoted to vice president/commercial loans. He began his banking career at First Bank Fargo in 1979 as a management trainee. Since then, he has held various positions at the bank with the most recent as assistant vice president/commercial loans.



S. LOVAS

Bill G. Lee has been promoted to vice president and manager of the executive and professional department. Previous to joining the bank Mr. Lee was vice president of the State Bank of Lakota for 10 years. He started at First Bank Fargo in

1984 as an assistant vice president/commercial loans. In 1985, he was appointed to assistant vice president and manager of the executive and professional department.



B. LEE



L. SIMPSON

Linda K. Simpson has been promoted to financial sales officer and manager of the financial sales department. She is a graduate of the North Dakota School of Banking and the School of Bank Marketing.

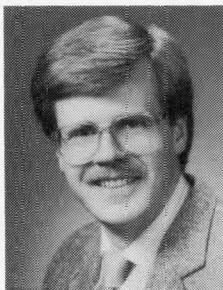
Three Advance in Northwood

Three employees of Northwood State Bank have been promoted.

Mike Granlund is now vice president. He joined the bank in 1981. Prior to joining the bank, he was employed as a loan officer with the Norwest Bank Corporation and worked in offices in Thief River Falls and Marshall, Minn.



M. GRANLUND



M. NELSON



S. GRESH

Mark Nelson has been named as

an assistant vice president. Prior to joining the bank, he was employed as a bank examiner for the Federal Deposit Insurance Corporation.

Sandra Gresh has been promoted to administrative assistant. She has been with the bank since 1983. Prior to her career in banking, she was employed by a Northwood law firm.

Named in Bismarck

Steven D. McLaen has joined the staff of Norwest Bank Bismarck, N.A. as vice president/manager agricultural loan department. Before joining the bank, he was associated with the Farm Credit Services of Bismarck/Mandan as a senior loan officer/appraiser for six years.

Marlin King has been named assistant vice president of the bank. He joined Norwest in 1983. Prior to joining the bank he worked as a landman with Cody, Inc.

Ag. Conf. Set For April 17-18

The North Dakota Bankers Association Agricultural committee, under the leadership of Don Mattoon from the Towner County State Bank, Cando, has completed plans for its 1986 Agricultural Credit Conference to be held April 17-18 at the Gladstone Inn, Jamestown.

Otto Doering, ag economics professor at Purdue University will open the program. The sessions will focus on working with various groups involved with agriculture, the attorney general's office, FmHA, and farm customers.

Dr. William Dando, director of Soviet ag research at the University of North Dakota, will offer a unique insight into the Soviet food program. A dinner and entertainment have been planned for Thursday evening to include spouses. Marvin Duncan, senior deputy governor of the Farm Credit Administration, Washington, D.C., will conclude Friday's session.

First Bank System Appoints Three

First Bank System of North Dakota, has appointed three people.

Randi L. Borth has been named as a regional controller. He was formerly the financial planning officer for First Bank Bismarck.

Craig Weiss has been named as a

regional financial analyst. He was formerly the financial analyst for First Bank Fargo.

Gordon L. Schroeder has been named as a regional human resource officer. He was formerly the human resource officer for First Bank Fargo.

Belfield Bk. Promotes Three

The First National Bank of Belfield has recently promoted Marianne Miller from cashier to internal auditor, Joyce Reisenauer from assistant cashier to cashier and Robert Shypkoski from assistant loan officer to loan officer.

Mrs. Miller has been employed by the bank since 1969. Mrs. Reisenauer has been employed by the bank since 1976 and has been in charge of the EDP department for several years. She is also an operations officer. Mr. Shypkoski joined the staff in 1985.

NABW State Conference Scheduled for April 23-25

The North Dakota Association of Bank Women will hold its state conference April 23-25 at the Doublewood Inn in Fargo.

The conference theme is "Managing for Profit-The Key to Power." The goal is to help attendees learn more about profitable ways of doing business.

Wendy Reid Crisp, editor of Savvy magazine is scheduled as guest speaker. She will address the group on April 24 at 7:30 p.m. The general session will begin at 9:30 a.m. on the 24th.

Heading the conference planning are co-chairman Jan Kolrud, executive banking officer, First Bank Fargo, and Penny Kotte, compliance officer at First Bank Fargo. For more information call (701) 280-3500.

Correction!

In the list of "Largest North Dakota Banks" published in last month's issue, First Bank Bismarck was listed with deposits of \$140,782,000. That figure represented only the bank's time deposits. Total deposits at 1985 year-end were \$168,480,000. This total also elevates First Bank Bismarck to its correct ranking as the fourth largest bank in North Dakota.

Two Elected in Bismarck

Bank of North Dakota President H.L. Thorndal has announced that Susan Seminary has been hired as an assistant auditor at the Bank of North Dakota in Bismarck. In addition, the state industrial commission has appointed Julie Kubisiak to assistant director for the North Dakota Guaranteed Student Loan Program.



S. SEMINARY



J. KUBISIAK

Before joining the bank, Ms. Seminary held the position of senior auditor at Norwest Audit Services, Inc., in Moorhead, Minn.

Ms. Kubisiak has been employed in the student loan department since 1979. Prior to her promotion, she was a loan officer/student loans.

Appointed by NDBA

Diane Alm has been appointed as North Dakota Bankers Association insurance manager, a newly-created position.

Ms. Alm will be responsible for marketing bankers' blanket bonds, directors and officers liability insurance, and other specialized coverages for banks through BancInsure, NBDA's insurance company.

SOUTH DAKOTA NEWS...

(Continued from page 42)

chairman of Region VI, Norwest Corporation; Sid Bostic, president, Sioux Falls branch; Don Hooper, vice president, Financial Institutions Group/Middle Market; Eric Hohman, client executive, Financial Institutions Group, Sioux Falls.

Pete Cappa, vice president commercial banking, Rapid City office.

Banking Equipment and Other Firms
American Data Technology, Schaumburg, Ill.: Dick Aird, vice president-marketing, and Rich Miller, Sioux Falls manager.

Brandt, Omaha, Neb.: David Grimes, sales manager, and Scott Grimes, sales representative.

Dawson Hail, Fargo, N.D.: Norm

Selzle, field representative.

Daktronics, Brookings, S.D.: Bud Weisser, sales representative.

Modern Banking Systems, Omaha, Neb.: M.J. Reynolds, regional sales manager, and Kevin McCormick.

CEO Elected in Sioux Falls

Norwest Corporation has announced that C.P. "Buck" Moore, its regional president for South Dakota, has been elected to chairman and CEO of Norwest Agricultural Credit, Inc., headquartered in Sioux Falls, with lending officers in Fairmont, Minn., Lexington and York, Neb., and Spencer, Ia.

Norwest Agricultural Credit is funded by Norwest Corporation to supplement credit available to agricultural producers and agribusinesses from Norwest Banks.

Mr. Moore also serves as chairman and CEO of Norwest Bank South Dakota, based in Sioux Falls with branches in 21 South Dakota communities. He began his banking career with the Great Falls PCA and Federal Land Bank in Montana in 1950 and with Norwest as an agricultural lender at Norwest Bank Great Falls in 1952. In 1969 he was elected president of Norwest Bank Aberdeen and elected president of Norwest Bank Sioux Falls in 1976. He became regional president in 1982.

Two Elected in Sioux Falls

Brenda Bethke has been named a managing officer of Western Bank-East in Sioux Falls. She brings several years experience in both personnel banking and financial management.



B. BETHKE



L. HODGIN

Linda Hodgkin has been elected as a retail managing officer of Western Bank-Downtown, Western Bank's corporate headquarters. Ms. Hodgkin has been with the bank for over 12 years, with seven years in bank management at the East office.

Montana

R. Timmerman, pres., Butte
J.T. Cadby, exec. v.p., Helena



Changes Made in Glendive

Keith E. Robinson has been elected president of the First National Bank of Glendive, and Ted Sell has been elected as vice president and cashier.

Other appointments at First National include Gary T. Badley as head of the commercial loan department, and Roland O. Olson, who will fulfill the lending functions of the real estate department.

Elected in Wolf Point

Michael D. Miller has been elected president and CEO of Citizens First Bank of Wolf Point. Mr. Miller has been associated with Farm Credit

Services of St. Paul for the past eight years, most recently as manager with Farm Credit Services of Fargo, Lisborn and Edgeley branches.

Kalispell Bank Announces Changes

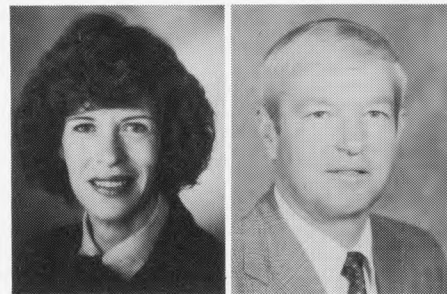
First Interstate Bank of Kalispell, N.A., has announced the retirement of Arthur L. Rasmussen from the bank's board. Mr. Rasmussen ended 20 years of service to First Interstate as of January. He is president of Kelly Main Street Furniture.

Elected to succeed Mr. Rasmussen was Dan Korn, Jr. Mr. Korn is

president and owner of Korn Buick in Kalispell.

Promoted in W. Billings

Connie Marshall has been promoted to vice president at First Interstate Bank of West Billings. She joined the bank in 1982 as an assistant vice president. Previously, she had worked for First Interstate Bank of Billings for 12 years in the installment lending, personal banking and marketing departments.



C. MARSHALL

D. PAASCH

Dick Paasch was named a loan officer at the bank. Prior to this position, he was in the Air Force for 20 years, retiring as a Lt. Colonel.

Wyoming

H. Kreycik, pres., Douglas
G. Tea, exec. dir., Casper



Douglas Bk. Acquired

First Wyoming Bank of Douglas, a member bank of First Wyoming Bancorporation, has purchased the \$13 million First National Bank of Douglas, which was declared insolvent.

David R. Johnson, chairman, president and CEO of First Wyoming Bancorporation, said the failed First National Bank will be merged into the existing First Wyoming Bank of Douglas.

The merger took place on the weekend of Feb. 22, enabling many First National customers to access their funds at First Wyoming Bank

on February 24.

First Wyoming Bancorporation is Wyoming's largest domestic financial institution with assets exceeding \$800 million.

VP Named in Cheyenne

Michael Dowling has been named assistant vice president of Corporate Credit Administration at First Wyoming Bancorporation. Mr. Dowling has been with First Wyoming Bancorporation since May, 1984, serving in the audit department. Previous to that position he served as a bank examiner for the State of Wyoming - Office of State

Examiner Division of Banks, Cheyenne.

VP Named in Casper

Former American National Bank of Eastridge President William W. Woodworth III has been named vice president and manager of special credits at First Interstate Bank of Casper. Mr. Woodworth has been in banking for 14 years.

Two Promoted in Casper

First Interstate Bank, Casper, recently announced the promotion of Lorraine J. Newby to a loan officer/real estate finance, and Darrel E. Black to a loan review officer/commercial lending.

Ms. Newby served as loan underwriter for the bank previous to her promotion. She had worked for other financial institutions for three years.

Mr. Black was a loan review analyst prior to his appointment. Before joining the bank, he was a manager for Citicorp Financial Services.

Colorado

R.B. Clark, pres., Greeley
D.A. Childears, exec. mgr., Denver

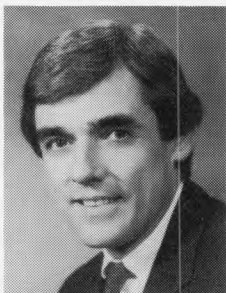


Pres. Elected in Boulder

Steven W. Pettit has been elected president of Colorado National Bank—Boulder. He succeeds Gary G. Cassell, who was recently elected president of Colorado National Bank—Exchange.

Prior to his election, Mr. Pettit held the position of senior vice president—loan administration of Colorado National Bankshares, Inc., a Denver based bank holding company of which CNB—Boulder is a subsidiary.

Mr. Pettit has 19 years banking experience, and joined Colorado National Bankshares, Inc. in 1982 as vice president of subsidiary operations. He formerly was with the Comptroller of the Currency, where he held the position of deputy regional administrator.



S.W. PETTIT

Central Bancorporation Elects President

Robert A. Krane has been elected president and chief operating officer of Central Bancorporation, Inc.

Mr. Krane has 27 years of banking experience. He joins the corporation from Norwest Corporation in Minneapolis, where he served as vice chairman and director. He has served in a number of other executive positions, including president and director of Norwest Bank Omaha, N.A., and of Norwest Bank Des Moines, N.A., as well as of the holding company, Norwest Corporation.



R.A. KRANE

Pres. Named in Englewood

Gary J. DeFrangé, formerly senior vice president and manager of retail banking at First Interstate Bank of Denver, has been named as president and chief executive officer at First Interstate Bank of Englewood. He replaces William C. Neill, who has resigned to pursue personal interests.

Mr. DeFrangé joined First National Bank of Denver, predecessor bank to First Interstate, in 1970 as a trainee in commercial banking. Before being named manager of the retail operation, he was senior vice president and manager of the administration division.

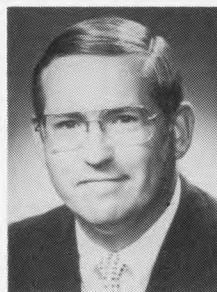


G.J. DEFRANGE

Pres. Elected in Colo. Springs

Gary G. Cassell has been elected president of Colorado National Bank—Exchange, Colorado Springs. He succeeds Harold U. "Hal" Littrell, who is retiring from the bank.

Mr. Cassell's previous position was as president of Colorado National Bank—Boulder. He also has held positions of president and director of Colorado National Bank—Fort Collins and vice president and director of Republic National Bank of Englewood.



G.G. CASSELL

CNB—Orchard Mesa Changes Name

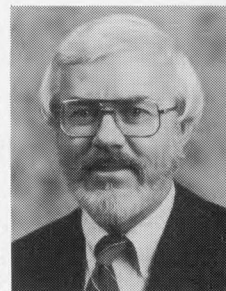
Colorado National Bank—Orchard Mesa, located at 2697 Highway 50 in Grand Junction, has an-

nounced that effective March 1, 1986, its name will be Colorado National Bank—Grand Junction.

First Interstate-Denver Announces Promotions

First Interstate Bank of Denver has promoted R. Bruce Marshall to senior vice president and manager of loan review.

Mr. Marshall came to the bank in 1984 after serving as a national bank examiner and field manager for the comptroller of the currency.



R.B. MARSHALL

In addition, First Interstate of Denver has promoted five officers to vice presidents. They are John J. Bell, Jr., investments; Kathleen A. Boland, real estate banking; Susan E. Brown, legal services; Jerry Davis, real estate and Marvin Shamon, investments.

The bank has also elected two new members to its board. They are A. Gary Ames, executive vice president and COO of Mountain Bell, and Chester E. Shepperly, principal in Advisory Associates and former senior vice president of Manville Corporation.

VPs Elected in Denver

United Banks of Colorado, Inc., Denver, has announced the election of four vice presidents. Receiving new corporate positions are Alvin W. Haggerty, vice president—human resources; R. Bradford Laughlin, vice president and auditor; Charles H. Powers, vice president—asset quality, Candice W. Rogers, vice president—marketing.

Joins CNB-Fort Collins

Douglas D. Burmester has recently joined Colorado National Bank—Fort Collins as assistant vice president/commercial loans. Mr. Burmester has approximately 13 years banking experience and has held officer positions in commercial loan activity with various banks throughout the state.

After the smoke cleared, First National Bank of Omaha was there.



On January 2, 1986, State National Bank and Trust Company of Wayne, Nebraska was totally destroyed by fire. Thanks to the efforts of its correspondent bank, First National Bank of Omaha, it was business as usual three days later.

"We couldn't have done it without First National's help," said Dave Lay, president of State National Bank and Trust Company. "Within two hours after First National Bank

found out about the fire, a five-person team arrived to assist us. They supplied cash, equipment and expertise. We couldn't have recovered so quickly without First National's help."

Any correspondent bank can provide traditional services. But, if you're looking for a bank that'll stand behind you and work beside you in special situations, talk to First National Bank of Omaha. They'll be there when you need them.



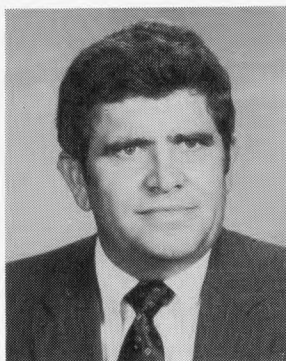
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MEL ADAMS, JR.
President



C.G. "KELLY" HOLTHUS
President-Elect



STAN MATZKE, JR.
Exec. Vice President

89th Annual Nebraska Bankers Association Convention

May 15-17
Red Lion Inn, Omaha

A SLATE of nationally recognized speakers in the business and financial industry are scheduled to help the Nebraska Bankers Association become "financially fit." "Fiscal Fitness: Measuring Up" is the theme for the 89th annual NBA convention. The convention is scheduled for May 15-17 at the Red Lion Inn in Omaha.

NBA President Mel Adams, Jr., chairman and CEO of Keith County Bank and Trust Co., Ogallala, has announced a program featuring eight guest speakers, a spouses' program and entertainment provided by the musical group The Lettermen and comedian Dennis Blair.

Scheduled to succeed Mr. Adams as NBA president for 1986-87 is C.G. "Kelly" Holthus, president & CEO, First National Bank of York. The NBA staff in Lincoln headquarters is lead by Stan Matzke, Jr., executive vice president.

The traditional Correspondent Banks' Hospitality Night on Thursday, May 15 will be the opening feature for the convention. It will be held from 6 to 10 p.m. in the Red Lion Ballroom.

The convention program follows:

Thursday, May 15

A.M.

- 8:00 Registration opens
- NBISCO Board of Directors Meeting
- 9:00 Executive Council Meeting

P.M.

- 12:00 VIP Luncheon
- 1:30 NetWorks Board of Directors Meeting
- 3:00 Past Presidents Meeting
- 3:30 1986 Trade Show - Opening Reception
- 4:00 BankPAC Committee Meeting

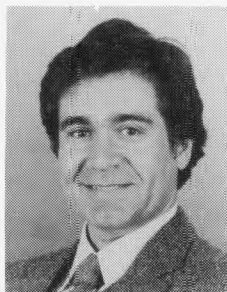
6:00- NBA Correspondent Banks'
10:00 Annual Hospitality Night
Friday, May 16

A.M.

- 8:00 Registration Desk open
- 8:30 Continental Breakfast
- 9:00 Official Opening of the Convention
Mr. Mel Adams, NBA President
(Bankers/Spouses)
- 9:15 "Peak Performance"
Dr. Charles A. Garfield, pres. of Performance Sciences, Inc., Berkeley, Calif.
- 10:15 "Challenge of the 80's"
Mr. Donald T. Senterfitt, pres. of American Bankers Association.
- 10:45 Fitness Break
- 11:30 Luncheon - Featuring
Mr. George Plimpton, writer and athlete.
"Amateur Among the Pros"
(Bankers/Spouses)

P.M.

- 1:30 "Looking Ahead at the FDIC"
Mr. Charles E. Thacker, regional dir. of the Division of Bank Supervision, Kansas City region.
- "Key Issues Affecting the Financial Industry Today"
Mr. Peter C. Kraft, acting deputy comptroller, midwestern district.
- "Take Charge: A Wardrobe Management Plan"
Ms. Anne Fenner, image management consultant.



DR. C.A. GARFIELD



THE LETTERMEN



D.T. SENTERFITT



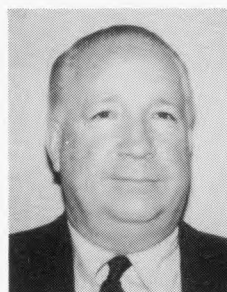
F.W. NAYLOR, JR.

- 2:30 NBA Annual Meeting NetWorks Annual Meeting
 3:30 "High Performance Banking"
 Mr. Alex Sheshunoff, founder of Sheshunoff & Co.
 4:30 Fitness Break
 Trade Show Exhibit Area
 Executive Council Meeting
 5:30 NBA President's Reception
 6:30 NBA President's Banquet
 8:30 "The Lettermen"
 10:30- Larry Gomez & Brotherhood
 12:30 Reception - Dance

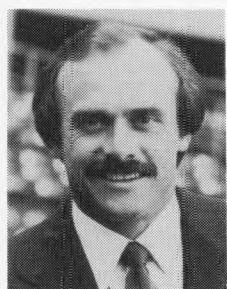
Saturday, May 17

A.M.

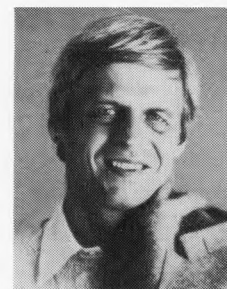
- 8:00 NBA Registration Desk open
 Buffet Breakfast - Featuring
 Mr. Rocky Bleier, athlete
 "The Best You Can Be"
 (Bankers/Spouses)
 9:30 "A Report From Washington"
 Mr. Frank Naylor, under secretary of agriculture for small community and rural development.
 10:45 Fitness Break
 Trade Show Exhibit Area
 11:30 NBA Annual Awards Luncheon



P.C. KRAFT



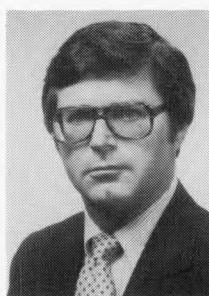
R. BLEIER



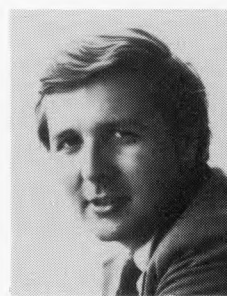
G. PLIMPTON



A. FENNER



C.E. THACKER



A. SHESHUNOFF

ORCHIDS

from

MBU



William March
President



Patrick H. Rensch
Sr. Vice President

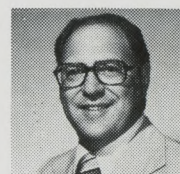


Bill Abts, Jr.
Vice President

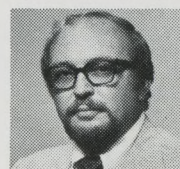


Micky Krupinsky
Representative

We're the people who have been presenting orchids to the ladies at the Nebraska Bankers convention for over 30 years. We'll be doing it again this year. And our tradition for professional service goes on, too. We are Nebraska's most experienced home-owned firm dealing exclusively in tax-exempt securities. Our people have been providing you with expert financial advice for more than 40 years. We're the MBU Professionals!



Robert E. Roh
Exec. Vice President



C.W. (Chuck) Poore, Jr.
Sr. Vice President



Wayne A. Rasmuss
Secretary-Treasurer



John Trecek
Counsel

MBU

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You Will See Them at the 84th Annual Nebraska Bankers Convention

THE following metropolitan bankers and service and equipment dealers have indicated that they will be attending the annual convention of the Nebraska Bankers Association in Omaha, May 15-17.

Denver

First Interstate Bank of Denver: Cindy Spagnola, correspondent bank officer.

Kansas City

United Missouri Bancshares: Lyle Wells, vice chairman; Phil Straight and Larry Russell, executive vice presidents; Dick Muir and Jeff Goble, vice presidents, Mark Bailey, bond investment officer, and Alan Sack.

Lincoln

First National Lincoln: Bill Smith, president; Orrin Wilson, senior executive vice president; Dave Patrick and Dale Young, executive vice presidents; Gary Bieck, vice president and manager; Steve Anderson, Mark Hahn, and Marv Hef-ti, vice presidents; Chuck Greenway and Randy Gould, assistant vice presidents; Kathryn Barker, ag and financial institutions officer; Dan Black, ag and financial institutions representative; Charles Ellis, operations officer, and Dave Luckey, agricultural inspector.

Omaha

First National Bank of Omaha: Phil Giltner, president; Dennis O'Neal, Bill Henry, and Bruce Lauritzen, executive vice presidents; Bob Tritsch, senior vice president; Chuck Fries, Jim Bonham, Fred Kuehl and Ralph Peterson, vice presidents; Gerry Tomka, correspondent loan officer; Tom Jensen, ag loan officer, and Tim Smith and Todd Kruse, correspondent bank representatives.

Omaha National Bank: Gary Parker, Jim Allen, John Clements, and Dick Yeshnowski, vice presidents, and Tim Kyndesen, second vice president.

Sioux City

Security National Bank: Dennis Nahnsen, vice president.

Banking Equipment and Other Firms Brandt, Omaha Neb.: Jim Grimes, president, David Grimes, sales manager, and Mark and Scott Grimes, sales representatives.

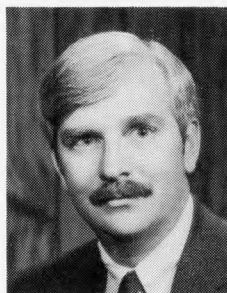
MBU, Inc., Omaha, Neb.: William March, president and Robert E. Roh, executive vice president.

Modern Banking Systems, Inc., Omaha, Neb.: M.J. Reynolds, regional sales manager and Kevin McCormick.

Swords and Associates, Kansas City, Mo.: Jerry Swords, president and Tom Cannon, associate.

Dennis Fargen Succeeds Harold Larmon at McCook

Dennis M. Fargen has been elected president and chief executive officer of the First National Bank, McCook, effective April 14. He succeeds Harold E. Larmon who, after 33 years with the bank, will be retiring April 30. Mr. Larmon will remain on the board of directors.



D.M. FARGEN



H.E. LARMON

Mr. Fargen joins First National from the First National Bank in Pierre, S.D., where he was president and chief executive officer. He had been with the bank for six years. Prior to that he was senior commercial lending officer at BankWest, N.A. of Pierre.

Mr. Fargen, 40, is a native of Pierre. He earned his bachelor's degree in business from Northern State College, Aberdeen, in 1969 and then joined the state banking commission as a bank examiner. He was an officer with the South Dakota Army National Guard, retiring with the rank of Major, Field Artillery.

Mr. Larmon was graduated from the University of Nebraska at Lincoln in 1942. After four years of service in the U.S. Marine Corps in WWII, from which he retired as a Captain, Mr. Larmon returned to Nebraska. He was in the grain business for a short time, then spent two years as a national bank examiner

and two years with City National Bank in Hastings before returning to his native McCook to join First National Bank as a vice president. His father had been associated with the bank for many years and served as president from 1939 until his death in 1953.

Mr. Larmon was president of the Nebraska Bankers Association in 1977-78. He is a graduate of the Graduate School of Banking at the University of Wisconsin, Madison.

Joins Fullerton Bank

Gerald L. Bruning has been appointed president and cashier of The Fullerton National Bank in Fullerton, it was announced recently by William S. Olson, chairman of the board. In addition, John Nootz, formerly assistant vice president and cashier, was advanced to executive vice president.

Mr. Bruning is a native of Bruning, Nebr., and was graduated in 1970 from Dana College in Blair, Nebr., with a B.S. degree. He has 15 years of banking experience, the past three as executive vice president at Nebraska State Bank, Oshkosh. He is a graduate of the Colorado School of Banking at Boulder.

Mr. Olson, who is also chairman and president of the bank in Oshkosh, announced that Michael L. Jorgensen has been elected executive vice president of the Nebraska State Bank. He was formerly assistant vice president at the Curtis State Bank, Curtis.

NYB Holds Meeting

The Nebraska Young Bankers organization, a division formed by the Nebraska Independent Bankers' Association for bankers age 25 to 40, held its winter meeting in Kearney on February 8.

A morning session was held for bankers and their spouses about communication. Roger Hirsch, chief counsel for the state department of banking and finance, was the featured speaker at the afternoon seminar. Kurt Yost, executive director for the Nebraska Independent Bankers' Association, gave a legislative review of banking legislation being considered by the legislature.

A family outing is being planned for the summer.

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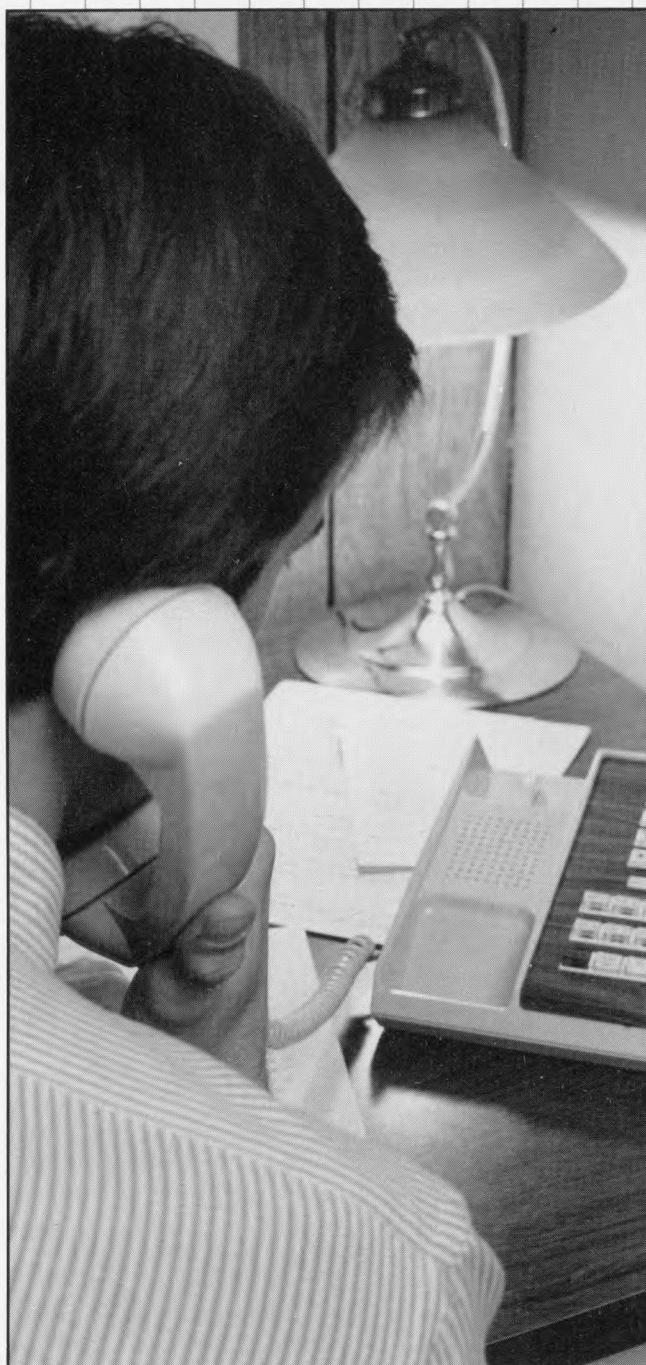
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NBA President Mel Adams:

“Remain up-beat. Look for positive factors to turn things around.”

A NORTHWESTERN BANKER interview with
MEL ADAMS, President
 Nebraska Bankers Association
 President, Adams Bank & Trust
 Ogallala, Nebr.



MR. ADAMS (second from left) is pictured with NBA officers he worked with this past year. From left: A.C. “Skip” Hove, Jr., immed. past pres. NBA and chmn., Minden Exchange B&T; C.G. “Kelly” Holthus, pres.-elect NBA and pres., First Natl., York, and Stan Matzke, Jr., exec. v.p. NBA.

“ONE gets a tremendous feeling of humility, as well as gratification, from serving in this position as president of the state association. That is especially true when I consider our committee system, which has worked exceedingly well.”

That was the immediate reaction of Mel Adams when he was asked for his assessment of how his year has gone as president of the Nebraska Bankers Association for 1985-86. Mr. Adams is president of Adams Bank & Trust, headquartered in Ogallala. In addition to spending hundreds of hours this past year on behalf of the NBA, Mr. Adams found time for the tedious, drawn-out process that culminated in state and federal regulatory approval in January that allowed him

to merge the Adams family’s five banks in Brule, Imperial, Sutherland, Madrid and Ogallala into the new Adams Bank & Trust, headquartered in Ogallala. The unified bank had deposits last year-end of \$109,294,978, and retains branch offices in each of the other four towns.

Commenting on the NBA committee system, Mr. Adams stated, “The people who form those committees have proven themselves to be sensitive, diligent, competent—they’re just outstanding! As president, I feel I haven’t contributed all that much. It’s the *total* association that really does the job. I can’t say enough about our professional staff, headed by Stan Matzke; all of our members; the media, who have been basically supportive of NBA and banking, and the regulators who have really striven to do their best while working within the boundaries of their regulatory restrictions and regulations.”

Beyond the State of Nebraska, Mr. Adams related, “We have had a super relationship with all our neighboring state banker associations, especially with Harold Stone of Kansas on behalf of the Kansas School of Banking with which we work so closely.”

“The war is not won yet,” cautions Mr. Adams, and he points out that “the alligators on the farm are still getting bigger! However, my feeling is to remain up-beat and we’re looking for positive factors to turn things around.”

Looking inward at NBA, Mr. Adams recalls “We’ve made tremendous changes in NBA structure. We’ve reduced committees to five major ones, made up of two bankers from each of the eight NBA groups. Our goal is to be able to have at least

one, hopefully both, present for each meeting so the member banks in those groups will be better informed of what occurs. The chairman of the five major committees, along with the president, president-elect and executive vice president, comprise the NBA planning committee.”

“There is some over-lap with the previous committee structure,” he continued, “to allow those appointed previously to serve out their terms and take part and they have all been outstanding committee members.”

Another source of “great help to me,” says Mr. Adams, has been Kelly Holthus, NBA president-elect and president of First National Bank of York. “He has been very supportive and will be an outstanding president for Nebraska,” Mr. Adams stated emphatically. “I was glad Kelly had this full year for us to work together for I remember that last year I had to move in with only two or three months left in the association year to the president-elect spot, and that gave me such a short time to work with President Skip Hove. However, I learned so much from Skip and Stan in that short time and am grateful for their assistance, but it should be more beneficial for Kelly having the full year to identify with NBA procedures, the programs we pursue and the concerns of our members. I know he’ll do a great job.”

This prompted Mr. Adams to comment on one aspect of the presidency that he values highly. “I tried to do a good job, as any president does,” he recalls, “but I want to tell you it is really an honor to work with so many capable CEOs in our state. Nebraska can well be proud of the high quality people we have leading our banks.”

Being directly involved with rural banking through his own five community banks in agricultural areas, Mr. Adams built a very high visibility level for the NBA in the past months with regulators, as well as state and federal legislators in connection with pursuing various avenues to make the federal government at all levels aware of the true ag crisis in his state and the midwest, and offering solid ideas for suggested action. NBA, under his leadership and that of Mr. Matzke, took a strong leadership role in convening meetings of midwest banker associations several times in past months in Kansas City.

A major result of those conferences was formation of the ABA Ag Task Force by ABA President Donald Senterfitt, and the latter's invitation for strong participation in the Task Force by key representatives from the Independent Bankers Association of America. Mr. Senterfitt attended some of these Kansas City meetings himself, recognized the seriousness and validity of the mid-west associations' concerns, reports Mr. Adams, and then to his credit took the immediate action that activated the ABA-IBAA Task Force.

That Task Force included three Nebraska bankers. One was Mr. Adams, as NBA president and a solid ag banker on his own; Tom Olson, president of Lisco State Bank, who is now IBAA president-elect, and H.L. "Bud" Gerhart, president of First National Bank of Newman Grove and chairman of IBAA's ag committee. Mr. Gerhart also is a past president of IBAA, thus giving Nebraska three strong, visible bankers in the nation's Capitol with experience in meeting with regulators and legislators and testifying before Congressional committees.

"This has been great involvement for Nebraska bankers," Mr. Adams notes, "and we are pleased that the Task Force got some action." The three main federal regulators have agreed to allow loan loss amortization over a several year period of time, and will work to allow banks to maintain their capital level for lending purposes without having to cut it back due to this amortization.

Mr. Adams is not one to sit around waiting for others to develop solutions for the problems of banking today. He has one himself that is "aimed at stabilizing land values, using a plan similar to one that was used in the post WWII years when we had the Federal Housing Administration guaranteed loan program." Under that program, FHA appraisers established values on all houses on which loans were required, setting minimum sizes, quality of construction, and terms for loan rates. "The result was that everyone in the real estate business followed FHA guidelines and, finally, other lenders came into the market.

"I would like to see a similar structure adopted for agriculture, using the same concept:

"1. A loan with a market value established through the MAI (Mem-



MR. ADAMS and two other Nebraska bankers are key players on the ABA-IBAA Ag Task Force. Congratulating Mr. Adams for his continuing work is ABA Exec. V.P. Donald Ogilvie (left).

ber Appraisal Institute. MAI is part of the American Institute of Real Estate Appraisers, a subsidiary of the National Association of Realtors).

"2. Land loan funded by the private sector with a government guaranty loan, which wouldn't affect the deficit. With such appraisal and guaranty, the loan could go into a secondary market.

"Such an approach could:

- Help resolve some of the FCS' problems.
- Set up qualifications standards.
- Establish adjustable interest rates.
- Permit proceeds to investor to be tax-free for perhaps five years, like other tax-free instruments.

• Provide for the government guaranty to vanish in five years and the loan then to go into the prevailing interest rate.

"A favorable aspect of this suggestion is that it can be handled by the private sector and not create another government bureaucracy. Banks, insurance companies and any other long-term investors could take part in or create a secondary market, which would allow them to retain safe, adequate capital and loan ratios. Banks would still be at risk by retaining 10% or more that would be subject to loss, so they would be careful.

"This procedure would help banks which have a liquidity problem. It would help small banks be competitive with big banks.

"The key thing is to keep this business in the private sector and not create another agency on top of

the FCS, PCAs and FmHA."

Purpose and Scope

"I would describe the purpose and scope of this Secondary Market Proposal, utilizing FmHA guaranteed loans, as follows: To provide a secondary market to commercial banks for:

- An additional source of funding for farmers.
- Liquidity for banks.
- Serving the asset/liability functions of banks.
- An additional source for private sector investment.
- Short-term loans and for real estate loans (up to 30 years).

"Other than using FmHA as the guarantee vehicle (standard-maker, appraiser, processor), all other functions could be handled by the private sector (seller, investor, money processor, service bureau, etc.).

"There are three distinct benefits from selection of this program:

1. It provides direct relief to the ag sector through stabilized land values.

2. It does *not* create a new government agency, does *not* increase the government deficit, and does *not* need to increase FmHA personnel.

3. It helps lenders with sources of long-term funds and gives lenders a secondary-market.

A key area that occupies a great share of the time of any association president is legislation. Again, Mr. Adams is quick to give praise to others for doing the job so well. "Bill Brandt does an absolutely outstanding job for us. He has great credibility because he is equipped with such good, common sense to go with his vast knowledge of the law. Also, our contact banker program has worked fairly well. We think our legislators react in a responsible manner after studying all facts of the various issues."

After a hectic year of fighting the ag crisis battle and combining that stressful pursuit with the more typical legislative work with which an association president finds himself involved, along with continuing duties within the association itself, Mr. Adams offers these words to fellow Nebraska bankers, "Continue the struggle in a positive manner. Bankers in our state have tremendous ability. We must focus on using their talents. We must tap this viable resource for the NBA and the State of Nebraska." □

NBA Executive Councilmen Predict 'Bottoming Out' of State's Ag Crisis

WHILE acknowledging that difficult times will probably continue for most of 1986, several members of the Nebraska Bankers Association Executive Council agree almost unanimously that there is a feeling abroad in the state that "the farm economy is bottoming out" and that "we remain confident about the future." Several Executive Council members were invited by the NORTHWESTERN BANKER to analyze business and farm, conditions in their areas for this special report. Their interesting comments follow:

C.G. "KELLY" HOLTHUS

NBA President-Elect
President

The First National Bank of York

IBELIEVE that economic conditions are better in York County on the average, than in most counties in the outside area. We did have a good crop in 1985 and, while it was not outstanding, it did satisfy most of the projections that our farmers had for the crop year.

In reviewing 1985 operations, we find that because of more than normal rainfall, irrigation expenses were lower and the cost of spray for various pests was less; therefore, over-all operating expenses were below projections. This, along with a decline in interest rates, helped our farm borrowers to have a better than average year during 1985. It appears that our customers without a heavy debt load made excellent progress and that some of our customers who were marginal going into the year did make some steps toward correcting their financial problems. Our agricultural loan officers feel that it has been easier to set up 1986 operating lines than it was during the previous year.

It appears that we had a large supply of land that was not sold the prior two years because of a lack of buyers that has been put on the market during the first quarter of 1986.

The majority of these sales were to settle estates and, therefore, were arms-length transactions. While the price for this land has decreased approximately 50-60%, we have been very pleased at the number of buyers at each sale and feel that the sales have stabilized the land prices in our area. The buyers appear to be neighboring farmers or local retired farmers who have a very adequate cash position to handle the purchases. This also appears to be true of machinery sales as in most cases the value on the equipment appears to be selling at public auction at a price very close to the value we have on our financial statements. Again, there appears to be adequate willing and able buyers.

We do see a trickle-down effect of the adverse farm economy on our "main street" businesses, but as of this time we see most of the major retailers able to withstand the decline in sales and the good managers are making some profit under very difficult conditions. It is our opinion that 1986 will be a very interesting year both for our farmers and merchants and will be very crucial in determining who survives the tough economic conditions of the '80s.

JOHN T. SELZER

President
Scottsbluff National Bank
Scottsbluff

AS Dan Rather, Ted Koppel, and other TV commentators have described the farm economy — it's not good.

In our valley, we have sugar beets, dry edible beans, hay, corn, some potatoes, with wheat land and ranch land to the north and to the south. The sugar beet industry is now in the control of Tate & Lyle, after the bankruptcy of Great Western Sugar. This is a steadying influence on those farmers growing sugar beets. The Great Northern and Pinto bean price is considerably higher

than a year ago. Other crops and cattle are not doing any better, and some improvement in prices is needed.

A new shopping center is being built in Scottsbluff, but downtown retailers are closing up and there are many vacancies in the downtown area.

Local packing companies and industries are doing OK and there is some added interest of other companies coming in.

Foreclosures and bankruptcies are on the increase. There is some steadying on the price of good farm land; however, poor farm land and ranch land have no buyers.

We also have oil and gas wells in our area. There was some excitement generated by some new "deep" oil wells in the last six months, but the lower oil prices took care of this excitement. That's the bad news — the good news is that lower energy prices should help our farmers.

In spite of all my comments, I believe there is a feeling that the farm economy is bottoming out, and better times are ahead. The general attitude is better than a year ago.

DONALD E. BLAHA

President
First National Bank of Ord

BUSINESS property and land values continued to deteriorate in 1985. Land values are now 75% lower, and commercial properties have lost 50% of their value when compared to the highest prices paid a few years ago. We have lost some businesses and farmers due to the economy but, apparently, we have fared better than other parts of the country. We feel values are close to bottoming out and can come close to cash flowing at current prices. There continues to be an above normal number of farm sales and business failures but we feel the worst is behind us.

The Calamus Dam construction in the area has helped to stabilize the economy and continues to hire a large number of local people. The dam construction is now complete but canal work, road work and recreational projects will continue for several more years. Some remodeling and building has begun in Ord and the general economy appears to be on a slight upward movement.

The continuing downward trend

“It appears somebody is trying to force the small farmer-feeder out of business.”

in interest rates will encourage more investment in real estate and business as more and more depositors seek higher yielding assets. The loan demand continues very low, but is beginning to show signs of increasing as the economy ratchets upward and loan interest rates decrease.

Our own bank continues a long pattern of growth. In December we acquired a branch bank in Sargent and now have a much larger area to serve. We continue to be very optimistic about the future of our area. The next year or two may show only slight signs of economic growth but we remain confident about the future.

ORRIN A. WILSON

Senior Executive Vice President
First National Bank & Trust Company
Lincoln

THE TREND of the most recently released leading economic indicators suggests that the overall economy in Nebraska will move downward or, at best, remain flat until around the middle of 1986. This outlook reflects principally the impact the economic pressure on the agricultural sector is having on other segments of the economy in most communities throughout the state.

Where the agricultural sector is concerned, in view of the fact that surpluses of food and fiber are being produced not only in the United States but also in a growing number of other nations throughout the world, it is reasonable to assume that prices of those products will not increase significantly in the foreseeable future. Therefore, to alleviate the severe cost-price squeeze plaguing the agricultural community, attention must be focused on reducing production costs.

Although dramatic cost reductions will not be achieved overnight, significant inroads could be realized this year if the price of oil remains at near-current levels. Another factor that could help strengthen the agricultural economy in the near future is the possible continued decline in the value of the dollar in interna-

tional markets, which would enhance our position to compete in international trade.

While anything but widespread, reports have been coming in during the past few weeks that some of those who are in a position to buy land are doing so, predicated on the price being at a level where the land will produce an adequate cash flow. Accordingly, there are growing leanings that prices of highly productive land have conceivably bottomed out.

Obviously, given agriculture's dominant role as the leading single industry in Nebraska, any improvement in the ag economy will foster an accompanying improvement in other segments of the state's economy.

In the meantime, in Lincoln, Omaha and some of the other more populated communities in Nebraska reliant on more diversified economic bases, it appears 1986 could be a year of modest growth.

G.E. GUNDERSON

President
Commercial State Bank
Wausa

IDON'T believe we are much different in our area of the state from some others. This past year some of our customers made some money as they had to pay some income tax or put off selling or sealing corn until after the first of the year. Some livestock sales were also held up until after the first of the year. Our area has been very fortunate the past two years in receiving timely moisture and producing record crops.

In talking to area auctioneers and sales clerks, it appears that most of the farm sales are going better than in the past two years. I feel that the value of machinery and land is nearing the bottom. In cases where a customer's net worth dropped this year, it was due to the devaluation of machinery and land. Our most recent appraisals will value land from \$500 to \$625 per acre. This would be down about \$300 to \$400 from three years ago.

Another thing I have noticed is that people seem to have adjusted to the economic conditions and have changed their lifestyles somewhat. People now realize these difficult times are going to be with us for some time and are not going to pass over quickly as they have done in the past.

There are always going to be certain marginal borrowers under any economic conditions. There have not been a large number of farm foreclosures that I am aware of. In talking to some of our business people, they say their accounts receivable are no worse than they were a year ago and in some cases are better.

I believe we are still in a critical period of time, and it will be another year of customers showing little progress.

All agricultural customers, regardless of area, would be much better off if they could receive a decent price for their products. It is too bad when some people are able to manipulate the market in the livestock industry to the extent that it fluctuates \$5 to \$7 in a week's time with still the same number of head being slaughtered. It appears somebody is trying to force the small farmer-feeder out of business.

JOHN M. GREEN

President
Wauneta Falls Bank
Wauneta

OUR feeling is that 1986 is going to be the toughest year we've had so far in the ag economy in Southwestern Nebraska and, of course, of small rural communities like Wauneta.

One of the major contributing factors to the difficulty of 1986 is the Farm Bill. By deferring 43% of the deficiency payments that the farmers are mandated to get by law through the farm program, we are deferring the many dollars those farmers really need to operate in 1986. You couple that with low prices and we think it does nothing but exacerbate an already difficult situation.

We see the reduction in fuel prices to be a very great blessing as far as

COUNCILMEN...

(Turn to page 59, please)

6 FirstTier Banks Adopt Same Name

THE two largest Nebraska-based banks in the state will change their names on April 22, according to John D. Woods, board chairman of FirstTier, Inc., and William C. Smith, president.

Omaha National will change its name to FirstTier Bank, N.A., Omaha, and First National Bank & Trust Co. of Lincoln will become FirstTier Bank, N.A., Lincoln.



"For more than a century both First National Lincoln and Omaha National have built strong reputations for providing high-quality financial services to businesses and families in Nebraska and the region, so the decision to change the banks' names was made with great care," Mr. Woods said.

Omaha National and First National Lincoln are subsidiaries of FirstTier, Inc., which was formed in 1984 with the merger of Omaha National Corporation and First National Lincoln Corp.

"With our merger, Omaha National and First National Lincoln joined forces to provide Nebraska and the surrounding region with a major financial services company, which today has assets of \$2.5 billion," said Mr. Woods.

We believe that having our two banks adopt the FirstTier name will significantly strengthen our corporate identity and visibility in our marketplace," he added.

Mr. Woods stressed that FirstTier Bank Omaha and FirstTier Bank Lincoln will remain separate banks after the name change. "While remaining separate organizations, unifying the banks under the FirstTier banner will reflect more clearly their partnership in the FirstTier family of financial companies.

Most of FirstTier's other subsidiaries, including FirstTier Mortgage Co. and FirstTier Leasing Co., already carry the corporate name, he added.

The name change also will enable the banks to show more clearly their commitment to the local communities they serve outside of Omaha and Lincoln, Mr. Smith said. "While our outstate operations will remain

branch offices of the Omaha and Lincoln banks, they will be known by their local community names."

Omaha National's offices will be known as FirstTier Bank Grand Island, FirstTier Bank Kearney and FirstTier Bank Blair. First National Lincoln's office in David City already assumed the FirstTier Bank name when the First National Bank of David City was purchased by First National Lincoln in February.

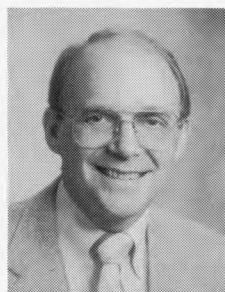
"It is important that all of our banks are recognized across the state as part of the FirstTier system, but it's also important that we reflect our true concern for the individual communities we serve," Mr. Smith said.

Name change celebrations will be held at all FirstTier Bank offices on April 22, he added.

FirstTier does not intend to completely abandon the Omaha National and First National names, Mr. Woods said. "Those names are an integral part of our history and identity, and we are studying various ways in which we can continue to use them."

Joins Fremont Bank

Douglas L. Heim has joined American National Bank of Fremont as executive vice president. Mr. Heim was formerly executive vice president for Hastings State Bank. As executive vice president of American National, Mr. Heim's duties will include supervision of the bank's lending functions. In 1978, Mr. Heim became executive vice president and manager of First Savings Company of Norfolk until 1981, when he joined Hastings State Bank. Prior to that he joined the Nebraska State Department of Banking as a bank examiner.



D. HEIM

Several Advance in Holdrege

The First National Bank of Holdrege has announced five officer promotions and four new officers.

Kenneth J. Slominski has become executive vice president of the bank. He had been senior vice president of the bank since 1985. He joined the bank in 1970.

James G. "Jerry" Schmoker has been named senior vice president. He had been a vice president of the bank since 1978. He was county extension agent in Webster, York and Phelps counties prior to coming to the bank in 1966.

Three officers received advancements and were named to the board. Ronald L. Sterr, assistant vice president, was named a director. He came to the bank in 1981. Roger Rikli was named an assistant vice president/compliance officer and director. He came to the bank in 1982. Margery Verbeck, who has been with the bank since 1966, has been named a cashier and a director.

Four people were named new officers: Linda K. Holland, auditor; Kathy Baker, assistant cashier/loan administrator; Dolores Van Marter, assistant cashier/head teller, and Ted Collin, assistant cashier.

Kearney Bank Receives Art Awards

Kearney State Bank and Trust recently received two awards for its support of the arts.

The bank received a Governor's Arts Award, one of three presented this year. Award recipients are selected by a board of 15 Nebraska residents appointed by Governor Robert Kerrey. In addition, the bank has received the 1986 "Friend of the Arts" award from the Kearney Area Arts Council.

Kearney Chamber of Commerce President Bruce Blankenship, who nominated the bank for the Governor's Award, said, "Kearney State Bank's record of support of the arts reflects a commitment that the organization has held since its charter ten years ago."

The bank has a private art collection of over forty works. It holds an annual exhibit of regional works as well as other exhibits, and supports the Nebraska Art Collection. It aids local organizations such as the Kearney Area Arts Council, Kearney Artists Guild, Kearney Community Theatre and Kearney Community Concert. It also supports programs such as Art-in-the-Park, Artists-in-the-Schools and arts events at Kearney State College.

COUNCILMEN...

(Continued from page 57)

1986 is concerned and if that can last, as they predict it's going to last for the next two or three years, that will continue to help a great deal.

We also see the psychology of the farm community changing, with a greater degree of acceptance of the problem and a greater willingness to make the sacrifices that will be necessary to make to stay on the farm and see their operation through its difficult time. A few years ago there was an obvious lack of acceptance of that fact and a lack of willingness to sacrifice like we're seeing today.

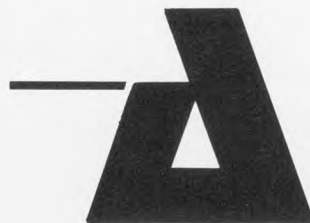
I really think there still is a lack of willingness on the part of the people in Washington to recognize the severity of our problem out here or they don't yet understand the problem and how severe it is. It's difficult for the farm sector of the economy to expect to receive understanding from other parts of the country that are currently having blooming economic situations. As these people read in the newspapers about Washington's unwillingness to be of any help to any magnitude they're saying further, I'm sure, that the problem isn't as severe as the farmer lets on it is.

To sum up, I'd say 1986 and 1987 are going to be extremely difficult years and I would anticipate that we will probably lose more farmers in '86 and '87 than we have in the past. However, as I've intimated earlier, we're about a year behind Eastern Nebraska in this weeding-out process. I do think that by the end of this decade this process will have taken place and the survivors, obviously, in both the banking industry and agriculture are going to be stronger and much wiser and much better managers.

I haven't spoken much about the business economy, but as the farm economy goes, so goes the business economy and it's very, very tough up and down main street U.S.A. in towns like ours right now. In fact, if any business has any kind of debt at all it's probably not surviving. People who have been in their businesses for years may not be doing well, but they are at least holding their own.

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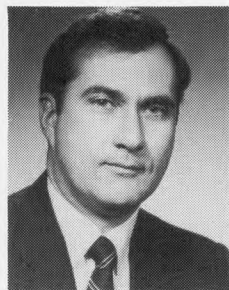
Several promotions have been announced at First National Bank of Omaha.

Robert W. Tritsch has been promoted to senior vice president. Mr. Tritsch joined the bank in 1953 and holds the position of senior loan officer and chairman of the loan review committee.



R. TRITSCH

W. Scott Morris and **Steven K. Ritzman** have been promoted to vice presidents. Mr. Morris will be manager of the leasing department. He joined the bank in 1978. Mr. Ritzman will be in the corporate and financial institutions division. He has been employed with the bank since 1979.



J. BARRY



C. TEMME

Four have been promoted to second vice president status: **Joseph Barry**, bank card division; **David S. Erker**, corporate and financial institutions; **Frances A. Flairty**, data automation, and **John Langenfeld**, bank card.

Mr. Barry has been with the bank since 1978. Mr. Erker joined the

bank in 1980. Mrs. Flairty is currently a team leader for a special project in the data automation division. Mr. Langenfeld has been with the bank since 1975.



P. KNUTZEN



J. BOGATZ

Gloria Chadwell, **Cynthia Temme**, **Patricia A. Knutzen** and **Janet Bogatz** have all been promoted to operations officers. Mrs. Chadwell, who began her banking career in 1978, will work in the retail banking division. Ms. Temme, with the bank since 1968, has been promoted in the data automation division. Mrs. Knutzen, a certified public accountant joined the bank in 1983. Mrs. Bogatz, who joined the bank in 1976, will work in the bank card division.



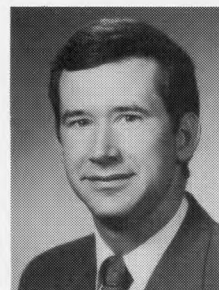
R. ERICKSON



J. SAY

Roberta Erickson and **James K. Say** have been promoted to personal

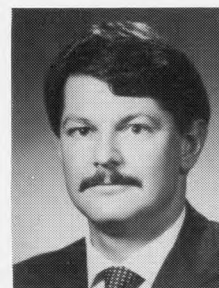
trust administrative officers in the trust division. Mrs. Erickson has been with the bank for 16 years and Mr. Say joined the bank in 1984.



S. NORRIS



S. PONTIER



M. SEGER



B. BURNS

Steven K. Norris has been promoted to a leasing officer. He joined the bank in 1983. **Sharon Pontier** has been promoted to employee benefit administrative officer in the trust division. She joined the bank last year. **Mark Seger**, who joined the bank in 1983, has been promoted to a loan officer in the mortgage loan department of the retail banking division. **Barbara J. Burns** has been promoted to an assistant operations officer. She joined the bank in 1978.

Two new directors have been named at the bank. **Eric S. Turille** is vice president and corporate administration division head. He joined the bank in 1973. **Charles R. Walker**, vice president and retail banking division head, has been with the bank since 1983.

* * *

William Dewhurst has been named manager of the financial institutions department of Norwest Bank, N.A. He began working at the bank in 1979 and in 1984 was promoted to vice president in the financial institutions group.

John B. Atkins has joined the bank as a vice president in the trust department and will work with employee benefit customers in the administration, investment manage-



Left to right: Loren R. Anderson, Executive Vice President, Administrative Services; Roy M. Otte, Vice President, Bank Investments Division; Mike Jacobson, Vice President, Correspondent Loan Division; Dennis H. Stelzer, President, NBC/Computer Services Division; Thomas E. Henning, President, NBC.

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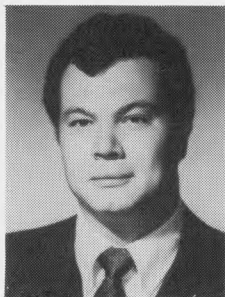
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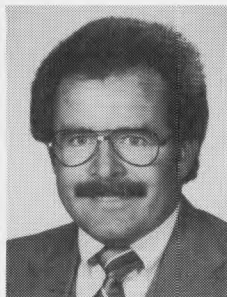
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W. DEWHURST



J.B. ATKINS

ment and design of retirement plans. He was formerly vice president/manager of the trust department at the Grand Island location.

* * *

David C. Melena has been promoted to vice president of FirstTier Management Consultants, Inc.



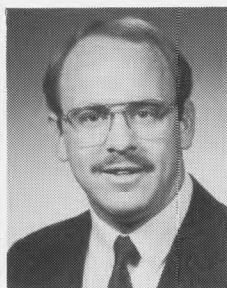
D.C. MELENA

Mr. Melena is a consulting project manager for the company, which provides a broad range of consulting services to small and medium-sized banks in the region. Prior to joining FirstTier Management Consultants in 1985, he was a senior financial analyst for Norwest Bank in Omaha. He also worked for several years as a bank examiner with the U.S. Comptroller of the Currency.

Gene T. Suhr has been named second vice president of FirstTier. Mr. Suhr has 13 years of experience in direct agricultural lending. He was formerly an agricultural lender in Omaha National's office in Grand Island. Prior to that he was a branch office manager for the Hastings Production Credit Association.



G.T. SUHR



V. PILLE

Vince Pille has joined the company as a consultant. Mr. Pille was a commercial loan officer with the Omaha Bank for Cooperatives/Farm Credit Banks for five years.

Douglas Co. Bank and Trust Expands



DOUGLAS County Bank and Trust Co. President Dale Heiman, left, presents a sketch of historic Benson to Mayor Mike Boyle at the grand re-opening of the main bank in the Omaha suburb of Benson. The bank has just completed one construction project at the home office at 6301 Northwest Radial Highway, and is planning another to open a third branch bank. The new branch will be located at 93rd and West Dodge Road.

Dewey E. Crouch has joined Southwest Bank and Trust Company of Omaha to head up the newly designated real estate loan department.

Over the past 30 years Mr. Crouch has been an executive officer at three different financial institutions. He is a graduate of the University of Nebraska at Omaha with an advanced degree from the University of Indiana Savings and Loan Graduate School.

* * *



D.E. CROUCH

Grand Island sculptor **Matt Placzek** displayed a variety of sculptures at the Norwest Bank lobby at 20th and Farnam March 10-18. Mr. Placzek's work is wildlife art in wood and bronze sculptures.

Two Named in Atkinson

Bradley Rowan has recently been promoted to assistant vice president of the First National Bank of Atkinson. Sharon Wenner, vice president and cashier at the bank has been named to the board.

Four Promoted in Ralston

Susan Pivovar has been promoted from loan officer to assistant vice president of Ralston Bank. She has 14 years of banking experience.

Donna Lynn has been promoted from operations officer to assistant cashier. She has 23 years of banking experience.

Beverly Croy has been advanced to facility manager. She has 15 years of banking experience.

Ken Kovar, who has nine years of experience in banking, has been promoted to loan officer.

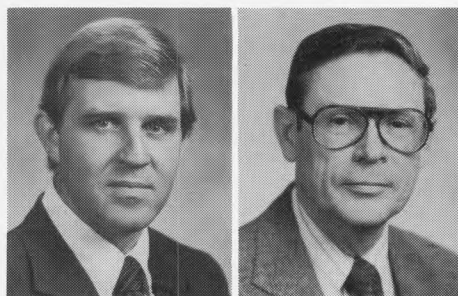
Promoted in Merna

State Bank of Merna has announced the promotion of **Debra Myers** to cashier.



Lincoln

Dwain C. Carlson and Harold J. "Jack" Dawson have been elected as senior vice presidents of First National Lincoln.



D.C. CARLSON

H.J. DAWSON

Mr. Carlson serves as senior vice president and manager of the bank's municipal and government bond division, and Mr. Dawson as senior vice president and manager of the trust division. Both were previously vice presidents and managers of their respective divisions.

Mr. Carlson began his career with the bank in 1964. He was elected vice president of the investment department in 1971, and vice president and manager of the bond division in 1980.

Mr. Dawson has been with the bank since 1974 and was elected vice president and manager of the trust division in 1979.

Other promotions announced at the bank include LaVon McBride, promoted to assistant vice president and manager of corporate trust, and Michael W. Brewster, floor plan and leasing officer in the installment loan division.

Mrs. McBride joined the bank in 1980, and Mr. Brewster in 1983.

* * *

Steven R. Knapp has been elected as assistant vice president of corporate banking at the National Bank

of Commerce. Prior to coming to NBC, he was assistant vice president of commercial lending with Norwest Bank in Mason City, Ia.

* * *

Trust School Announced

The Schools of Banking, Inc., sponsored by the Nebraska and Kansas Bankers Associations, has announced its 1986 School of Trust & Financial Planning. The course will be held July 14-18 at the Holiday Inn in Manhattan, Kansas.

According to the School, this year's curriculum has been revised and enhanced to expose students to basic and more advanced concepts of the trust business. It was developed by a special Advisory Trust Committee in cooperation with in-

structors from Iowa, Kansas, Nebraska and Missouri.

Classes include Trust Department Organization, Trust Examinations, Trust Administration, Current Economic Conditions and Investments, Fiduciary Income Tax, Probate and Conservatorships, Estate and Gift Tax Law, Estate Planning, Employee Benefits, IRA/Keogh, Operations, Real Estate Management, Competitive Aspects and Business Development. Several concurrent sessions will also be held to allow students to tailor the course to their individual trust department situations.

Enrollment fee includes registration, instruction, four nights lodging, breakfasts, lunches, coffee breaks, reception and classroom materials. It is \$700 for single housing, \$600 for double housing and \$550 for no housing. Registrations will be handled on a first-come, first-served basis, with preference given to employees of banks which are members of the KBA, NBA or IBA.

For more information or to obtain an application for admission, contact Jone Beer at (402) 474-3313.

Honored in Martell

The Martell State Bank honored Evelyn C. Hess, operations officer, at a dinner to celebrate her 40th anniversary of employment with the bank. Mrs. Hess began her employment with the bank on March 1, 1946.

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SHOWN prior to the first session were, left: Ag Committee Chmn. **Greg Stine**, pres., Nebraska St., Ord; **Stan Matzke, Jr.**, NBA exec. v.p., Lincoln; **Dr. Neil Harl**, keynote speaker and prof. of econ., Iowa St. Univ., Ames, and Committee Coord., **Max Callen**, exec. v.p., City Natl., Hastings.



RESPONDING to a question about the hog outlook was **Robert G. Wells**, v.p., pork & beef operations, Geo. A. Hormel & Co., Austin, MN.

Ag Outlook - The Big Picture

By **ROBERT O. CRONIN**
Associate Publisher

THE Big Picture of agriculture, as Dr. Neil Harl, professor of economics, Iowa State University, called it, doesn't seem to be getting much better and he predicts "1986 will not be an easy year." In fact, Dr. Harl sees two to five more years of downward trends in the agricultural situation before it gets any better. His views were expressed in Kearney last month at the Nebraska Bankers Association's 1986 Ag Outlook Conference.

Dr. Harl's talk was not all doom and gloom, but his overall analysis was that 1986 will not be the "turn-around" year hoped for in agricul-

ture, particularly for Nebraska.

According to Dr. Bruce Johnson, associate professor - ag economics, University of Nebraska, Lincoln the degree of stress and severity of change are magnified because Nebraska agriculture is:

1. Heavily dependent on production of export commodities.
2. Adjusting to cattle industry changes in consumer preferences.
3. Hurt by the rapid debt expansion of the 1970s.
4. Less diversified in its ag commodities.
5. Subject to fewer off-farm income opportunities.

Dr. Johnson's presentation, "Nebraska Outlook & Debt Service Capacity," gave some not-so-pleasant facts and figures. According to

Dr. Johnson, farmland values are off 25% and land is selling for 45% of peak (1980) value. Of course, this decline spills over into the community and the value of real estate, both residential and commercial is off by 30% and 40%, Dr. Johnson informed his audience.

There are, however, options that the farmer has, he noted. The most important and obvious is to become a leaner farmer - in fact, Dr. Johnson predicts "a new breed of farmer that will be lean on asset ownership and heavy on financial management. The key will be sound financial planning and close working relationships between the producer and lender," he told the 175 bankers in attendance.

A positive trend pointed out during the conference was the lower costs associated with production agriculture. "1986 fuel costs are probably down 25% from 1985," said Dr. Johnson. Fertilizer, fuels, interest rates, land rents, and other related expenses will contribute to a lower dollar-per-acre expense for the farmer, according to Dr. Johnson. He ended by telling bankers, "the bottom line is sound financial planning."

Dr. Harl's viewpoint, although not much different from that of Dr. Johnson, gave an overall "big" picture of where agriculture has come from, where it is presently and, most importantly, where it's going - by far the "big question" to the "big picture."

There are many factors involved in trying to solve the agriculture problem, but the predominant point heard throughout the conference



CONFERENCE speakers **George Spensor**, v.p., Iowa Beef Processors, Inc., Dakota City, NE and **Richard Gady**, v.p., economic & commodity research, ConAgra, Inc., Omaha, presented the cattle and grain outlook for 1986.

was voiced by Dr. Harl—"The low cost producer will be the dominant producer - we are not the most cost-conscious producers in the world and we need to get our costs down."

Dr. Harl is proposing a corporation that "would have a governing board representative of production agriculture, public and private sector lending and agri-business firms and with significant consumer and taxpayer representation." Dr. Harl went on to tell of "the formation of an Agricultural Financing Corporation that would have two major components."

Component one "would provide the supplemental financing for 'buying down' interest rates on farm loans." The second part of the AFC would "provide a mechanism for acquiring the assets, notably farmland, given up by farmers who are unable to develop a feasible cash flow. This entity could acquire land 1. subject to foreclosure or bankruptcy, 2. from lenders holding land in inventory or 3. from farmers who are unable to service the real estate debt. The land would be rented back to the farmer at a reasonable rental and would be encouraged to repurchase the land as soon as possible," according to Dr. Harl.

Other speakers attending the Ag Outlook Conference included: Robert G. Wells, vice president, Geo A. Hormel & Co., Austin, Minn.; Dr. Richard L. Gady, vice president, ConAgra, Inc., Omaha; George Spensor, vice president, Iowa Beef Processors, Inc., Dakota City, and Dr. James B. Hagerbaumer, president, Hagerbaumer Economics, Waukegan, Ill.

To summarize the general feeling expressed by the speakers for the pork, cattle, and grain outlook, it would be that lower prices and less production will prevail but then no one can predict what the future prices of these commodities will be. One thing for certain is that consumer habits are forcing a major change on the beef and pork industry.

Mr. Wells said that because of diet and health reasons, lifestyles, demographics, economics, vegetarian issues, and a more service oriented society, "the consumers are hard to predict - they determine the demand of the industry. The consumers will set the pace for what and how they purchase meats." □

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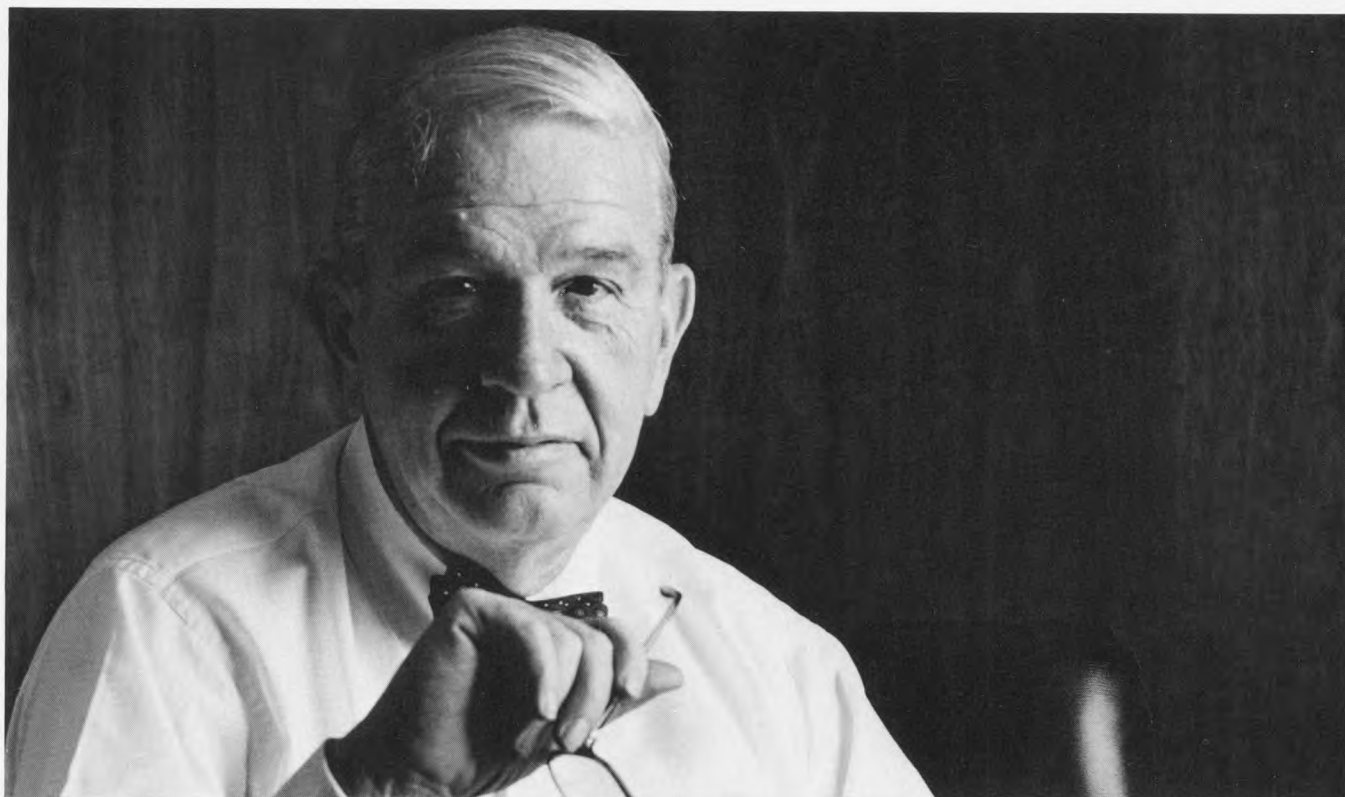
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Iowa Falls State Buys Failed Williams Bank

Iowa Falls State Bank in Iowa Falls purchased certain assets and assumed deposits of the Williams Savings Bank after the latter bank was declared insolvent March 20 by Iowa Superintendent of Banking William R. Bernau. As receiver, FDIC accepted the Iowa Falls State Bank bid of \$51,000.

Iowa Falls State Bank assumed all of the Williams Savings Bank deposits of \$11.7 million, as well as taking over selected loans. FDIC retained the balance of the loan portfolio.

Iowa Falls State Bank opened the failed bank the following day, March 21, as an office of Iowa Falls State Bank, which meant that customer service was uninterrupted. Iowa Falls State Bank had 1985 year-end deposits of \$39.2 million and assets of \$43.6 million.

The Williams Savings Bank was founded in 1931. Margy Wood has been president of the bank since 1976, when she succeeded her father, A.J. Jensen. She and her family owned approximately 80% of the bank stock.

vided to Michael and Donna McClure of Dallas Center to assist them with their farming operation. State FmHA Director Robert R. Pim said it was the first such application completed and processed under the new program in the United States.

FmHA will match the bank's interest rate reduction up to 2%. This 2% from FmHA and 2% from the bank will drop the interest rate to the applicant farmer by 4%. Assuming a 13% bank rate, for example, this would give the ag borrower an effective rate of 9%. (In Iowa, this could be reduced further by up to 3%, to a loan rate of 6%, under terms of the \$5 million Iowa Agricultural Loan Assistance Program enacted by the Iowa legislature last month.)

Mr. Pim said existing FmHA Guaranteed Loans also are eligible for the interest rate cut-down program. The new, three-year \$490 million FmHA-funded program stipulates that a borrower must be unable to get a loan elsewhere at reasonable rates and terms; must be unable to make loan payments unless the interest rate is reduced, and must show enough projected income to make the reduced-rate loan payments.

Several Promoted in Burlington

Several promotions have been announced at Hawkeye Bank and Trust, Burlington. Douglas S. Grinde, president of the bank, was named chairman. He will continue as president. Thomas B. Read, Jr. who had been chairman for the past 10 years, has retired. Also retiring from the board were Robert I. Hale and Walter A. Klein.

James A. McCarthy has been promoted to executive vice president; Ray P. Siefken to senior vice president/operations and cashier; Frank J. Delaney III to senior vice president and senior trust officer; Robert P. Ritson to senior vice president/loans; Douglas R. Wirth to assistant vice president/agricultural loans, and Andrea C. Walsh to accounting officer.

New Pres. Named in Waukon

Ed Lauerma, Jr. has been named president of the Farmers and Merchants Savings Bank of Waukon. Former president and chairman of the bank, Arthur H. Jacobson died recently.

Mr. Lauerma has a total of 28 years of banking experience, the past 12 years as executive vice president and managing officer of the bank. He has been on the board since 1977.

Isabel C. Jacobson, wife of the late Arthur Jacobson, has been elected as new chairperson. She has been a board member since 1966.

Ethan A. Jacobson, son of Isabel and the late Arthur H. Jacobson, has been appointed to take his father's place as a director. He is a partner in the law firm of Jacobson and Dudgeon in Lakewood where he carries on a general civil practice.

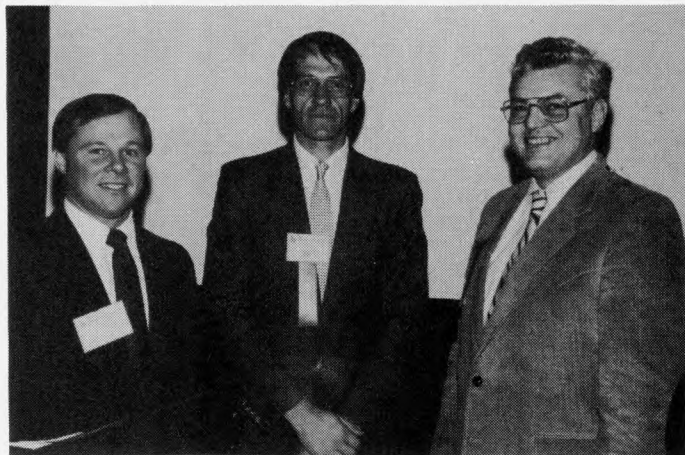
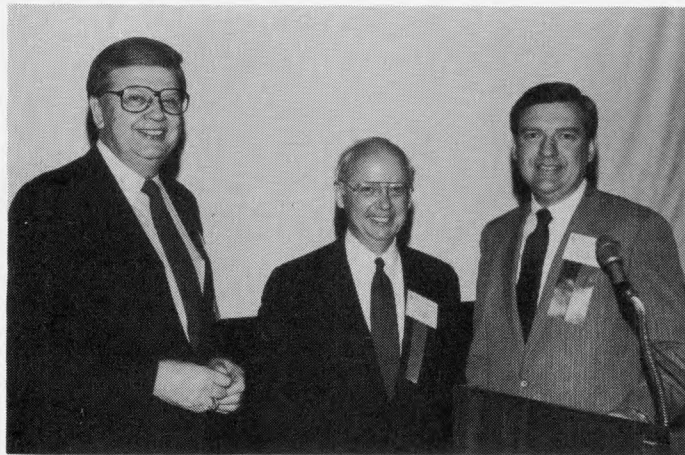
First FmHA Reduced Rate Loan Goes to Iowa Farmer

The nation's first loan written under terms of the Farmers Home Administration's recently implemented interest rate reduction program was completed last month for a Dallas County farm couple. FmHA County Supervisor Lisa Noty of Ankeny delivered the conditional commitment for the guarantee to President Bruce Seymour of the Brenton State Bank of Dallas Center on March 14.

The guaranteed loan is being pro-

1986 Iowa Group Meetings

Group	Date	Location
4	May 5	Dubuque
7	May 6	Waterloo
8	May 7	Iowa City
6	May 8	Des Moines
5	May 19	Council Bluffs
2	May 20	Fort Dodge
12	May 21	Okoboji
3	May 22	Clear Lake



TAKING PART in the Iowa Bankers Ag Conference at Ames were, from left to right in these two pictures: **Orion Samuelson**, farm serv. dir., WGN radio-TV, Chicago; **Wm R. Bernau**, Iowa supt. of bkg. and pres., Peoples Sav., Crawfordsville; **Paul Quam**, chmn. IBA ag comm. and sr. v.p. & CEO, Hayesville Sav.; **Steve Stahly**, new pres. of MASI, Des Moines; **Dr. David M. Kohl**, Virginia Polytechnic Inst., Blacksburg, VA., and **Chuck Souder**, v.p. & ag rep., First Security B&T, Charles City.

Iowa Ag Bankers Seek Opportunities

By **BEN HALLER, JR.**
Publisher

APPROXIMATELY 350 persons attended the Ag Credit Conference conducted March 17-19 by the Iowa Bankers Association at Scherman Center on the campus of Iowa State University in Ames. The conference theme was "Turning Obstacles into Opportunities."

Presiding at the annual conference was Paul Quam, chairman of the IBA Ag Committee and senior vice president of Hayesville Savings Bank. The meeting began at noon Monday and continued to noon Tuesday.

The entire first afternoon was devoted to an outstanding presentation on the convention theme given by Dr. Charlene Bell, a Des Moines psychologist and business consultant. Dr. Bell took her audience through the several kinds of voices a banker will hear from customers and staff, an interpretation of what can be learned about the other person's feelings, fears, questions or anticipations, and an assessment of the options one has in dealing with or responding to stressful situations. Her remarks, among the many useful points she made, included those related to risk-taking and the inherent opportunities open to those who study their options, yet are willing to risk to improve themselves.

William R. Bernau, who became Iowa superintendent of banking in January, gave his first public report to Iowa bankers at this conference. As president and owner of Peoples Savings Bank in Crawfordsville, and banks at Walker and Center Point, Mr. Bernau is personally familiar with rural crisis problems. In giving a few statistics initially, Mr. Bernau pointed out that certain important ratios were trending the right direction now, but were based on a short time frame and could not be considered conclusive.

Average capital is up from 10.5% to 10.9%, the loan/deposit ratio is down from 54.75% to 51.95%, and past dues are down slightly from 6.1% to 6.0%.

He described his philosophy as conservative, "with a capital C." He stressed the value of "a strong bank, built by strong loans, based on the three Cs of character, collateral and capacity. If you don't follow these, you get the three Cs of bad loans — collected, corrected or charged-off." He emphasized that "our primary responsibility as a bank is as a depository, not as a lending agency."

Speaking about his goals for the banking department, Mr. Bernau said his desire is for 20 more examiners to go with the present 94 examiners who make up 13 teams.

This would help restore state bank examinations from their present 18-month intervals to one every 12 months as they were several years ago.

Referring again to banker actions, Mr. Bernau said, "Maintain public confidence. Act like bankers. Wear shirts and ties. Look like bankers. Always act professional with customers, document everything carefully, button up all transactions appropriately. Let our customers know our welfare is tied to theirs. It takes courage to say 'no' to a customer, but do it tactfully."

He said that out of Iowa's 512 state-chartered banks, only 150 are "abnormal," with problem loans ranging from 60% to 300% plus of capital. "Most of these are in the low range," Mr. Bernau added, "so more than two-thirds of our banks have no trouble. Only one is in serious trouble and no others are slated for closing." (Two days later, as anticipated by many bankers, Williams Savings Bank was closed.)

Mr. Bernau concluded his remarks by stating, "I think we have a lot of our problems behind us. I feel the situation will get better."

Other first morning speakers included Orion Samuelson, noted farm service director for WGN radio-TV, Chicago, and Dr. David M. Kohl, associate professor of agriculture finance, Virginia Polytechnic Institute & State University, Blacksburg, Va. Dr. Kohl's topic of "Credit Analysis, Farm Management and Loan Documentation," for half the morning program, was followed after lunch by his case history analysis of a financial statement.

An important afternoon panel, "A

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NEW AG PROGRAMS panelists were, from left: **Conrad Lawlor**, SBA dist. dir.; moderator **Paul Peterson**, v.p., Maquoketa State; **Robert R. Pim**, FmHA state dir.; **James West**, ASCS state dir., and **Bill Greiner**, Iowa Family Farm Development Authority exec. dir. The four panelists office in Des Moines.

Procedures Workout of New Ag Programs," featured four men closely tied to banks with their farm-oriented government programs. They were Bob Pim, FmHA state director; Conrad Lawlor, SBA district director; Jim West, ASCS state director, and Bill Greiner, executive director of the Iowa Family Farm Development Authority. Each panelist explained details of the latest agency programs and how bankers could use them to serve their farm customers.

Another panel featured Mike Thompson, executive director of the Iowa Farmer/Creditor Mediation Service, Des Moines. He described the goals of mediation, and distinguished it from negotiations, since the latter frequently infers binding settlements. Mediation is intended to open lines of communications and understanding.

The role of the Farm Credit Administration as a strict federal regulator of the Farm Credit System was described by Marvin Duncan, senior deputy governor of the FCA. He is expected to be nominated as one of the three new FCA directors who will run the FCA under the new organizational plan enacted by Congress last December.

IBA President J. Bruce Meriwether, president of First National Bank, Dubuque, said, "We all know of the great stress on both sides of the issue — customers and bankers. I think we have bridged the gap to some degree by the Social Concerns Committee we meet with. The attitude in the state is starting to change to one of meeting the chal-

lenge of change. There will be no return to 'the good old days.' We're in a transition period. Your IBA is very committed to meeting this challenge of change and will continue to do so aggressively."

Tim Jackson, Iowa State University Extension project attorney/Rural Concern, Des Moines, followed Mr. Meriwether to discuss "Being a Concerned Banker." Mr. Jackson's group and Mr. Thompson's groups are two of the Iowa farm concern groups that have joined with the IBA in an effort to bring greater understanding in Iowa between lenders and farm borrowers.

Mr. Jackson said the Hot Line has handled 13,000 calls to date, with about 10,000 of them related to the callers' financial business. He said, "We are striving every way we can to get farmers to talk to their lenders. Communication is essential." He said he believes "one of our big problems is the tax problem. So many have staggering tax bills, even after they give their land or collateral back to the lender."

Neal Conover, chmn. of First National, Creston, provided an update on legislation, both state and national.

Larry Eide, a Mason City attorney, gave details on "Bankruptcy, Examinations and Procedures." Chuck Souder, vice president and ag rep. at First Security Bank & Trust Company, Charles City, then followed up with some brief comments on case studies.

The conference concluded with the noon luncheon. □

Changes Made in Clinton

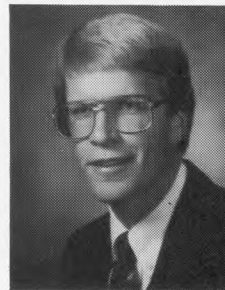
Doyle V. Ruble, Jr. president and chairman of Iowa State Savings Bank in Clinton, has announced a number of promotions.

Richard J. Carlson has been promoted to executive vice president and secretary. He joined the bank in 1979 prior to four years at what was then Central National Bank in Des Moines.

Jurgen R. Duhr has been promoted to vice president cashier. Mr. Duhr came to the bank in 1981 from the Clinton Corn Processing Company where he was an accountant.

Deborah A. Paulline has been promoted to a marketing officer. She has been with the bank since 1972.

G. Allen Lollich has announced he will retire as a director. Louis R. Paaske, Jr., plant manager at Ralston Purina Company, has been elected to replace Mr. Lollich.



R. CARLSON

James Gordon Dies

James R. Gordon, 38, of Iowa City, the senior vice president of Hills Bank and Trust Company, died on March 14 of an apparent heart attack.

Mr. Gordon had been senior vice president and trust officer of the bank since 1975. Before taking the Hills bank position, he practiced law in Rock Island, Ill.

Added in Davenport

Richard J. Blanche has joined Davenport Bank and Trust Company as manager of the Spruce Hills office. Mr. Blanche has 15 years of experience in the fields of sales, office management and lending. He most recently served as assistant vice president in the loan department of an area bank, where he worked in consumer, commercial and real estate lending.



R.J. BLANCHE

A black and white photograph of a middle-aged man with dark hair, wearing a suit and tie. He is looking directly at the camera with a serious expression. Around his neck is a black rectangular device with a silver antenna extending upwards. The device has the Iowa Public Records Search, Inc. logo (an eagle) and the text 'Loan Activity Transmitter' on it.

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LEFT—Thomas Figge, office of pres., Davenport Bk. & Tr. with guests, Allen Luett, pres., Miles Svgs. Bk. and Steve Jacobson, exec. v.p., Iowa Natl., Morning Sun. **RIGHT**—From left, Doyle Ruble, Jr., pres., Iowa St. Svgs. Bk., Clinton; Lee Ittenbach, pres., Fulton St., Ill.; James Perkins, a.v.p., John Olliger, corr. bkg., and Barry Richards, v.p. of corr. bkg., all with Davenport Bk. & Tr.

Davenport Bank & Trust Hosts Correspondent Seminar

By **ROBERT CRONIN**
Associate Publisher

OVER 125 area bankers attended the Davenport Bank & Trust correspondent seminar last month. This marks the third year, out of four, that the seminar has taken place. Hosting the seminar was Michael Bauer, 1st v.p., correspondent banking.

The one day seminar featured Bob Pim, state director, Farmers Home Administration, and Thomas L. Flynn, attorney, Wimez, Hudson, Flynn & Nugent, Des Moines.

Following the luncheon, four concurrent workshops were offered, including: 1] Loans/Documentation 2] Operations Issues 3] Relations with Bank Regulators and Tax Planning for Community Banks, and 4] Insurance and Bonding.

Mr. Pim, director of FmHA for thirteen years, told bankers, "up to ten years ago, we were a quiet little agency with a \$5 billion loan portfolio. Now we are a \$70 billion agency with lots and lots of problems." One of the problems that is hampering FmHA is the collection of delinquent farm loans. According to a survey by the ABA, some 37,000 cases have been reported. Mr. Pim said the figure is probably closer to 27,000. Out of the approximate 540,000 borrowers in the FmHA program, half of them are having trouble paying their loans, said Mr. Pim.

One major problem that has caused

problems for FmHA, he said, is the recent mailing of past due notices to delinquent accounts. Mr. Pim found it ironic that a lending institution such as the FmHA couldn't collect on its bad loans. "The industry can't afford to have a lender that can't collect loans," Mr. Pim stated. He went on to say, "It's hard to get the point across that you are a good lender when in the same breath, you tell your customer that you're sending out a past due notice - we have to get this 'notice mailing' behind us."

A new program is being introduced through FmHA called "2+2." Mr. Pim described it as "a proper blend of the private and government sector." The program would feature an interest rate write-down with the local banker and government combining for a loan reduction of 4% off of the normal interest rate. The 2+2 program has a \$480 million budget nationally.

Although the program is still in the work-out stages, Mr. Pim told bankers of a few key areas to be aware of with the new 2+2 program. 1] Lender must certify that credit is not available to the borrower unless the 2+2 buy down is used. 2] Borrower must cash flow after the three year period, and 3] No viable asset can be sold that would affect the position of the loan during the three-year period.

Mr. Pim pointed out that the 2+2 program will be available to existing guaranteed loans. He concluded by saying, "guarantees are the wave of the future, and they are good for the

farmer. The guarantee program made tremendous progress last year with over \$260 million in Iowa."

"Bankruptcy Update" was the topic presented by Mr. Flynn. He touched on important points such as pre-bankruptcy considerations, bankruptcy and the automatic stay, cash collateral and adequate protection, filing claims, exemptions, Chapter 11 and 13.

IBA Banking School Set For June 22-27

The Iowa Bankers Association School of Banking will be held June 22-27 at the University of Iowa, Iowa City.

The purpose of the school is to prepare first-level, exempt and midlevel managers to serve effectively and profitably the needs and desires of the American public.

Applicants must have four years of banking experience. Two years of college education or the foundation's diploma from the American Institute of Banking may be substituted for two years of banking experience. Students must have also completed AIB courses in principles of banking, money and banking and accounting I.

The tuition is \$650 for IBA members and \$1,050 for nonmembers, which includes meals, room, casebook and study materials. The entire fee must accompany the student's application.

For more information contact Joanne Gaudio, IBA, 430 Liberty Building, Des Moines, Iowa 50308.

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John Chrystal, president of Bankers Trust Company, has announced the appointment of **Thomas D. Smith** as executive vice president and chief financial officer. Mr. Smith will continue to serve on the board of Bankers Trust.



T.D. SMITH

Mr. Smith will assume overall management responsibility for financial, audit, investment, administration and operations areas of the bank.

Prior to joining Bankers Trust, Mr. Smith was with the Bell System for nearly 24 years. Most recently, he was vice president and CEO of Northwestern Bell, responsible for Iowa operations. Other Northwestern Bell positions held include vice president/advanced information markets and treasurer. He has also served as director of internal auditing of AT&T, which encompassed the entire Bell system.

Actively involved in the Des Moines area community, Mr. Smith serves as a trustee of Drake Uni-

versity and as a director of numerous organizations.

Dennis R. Wood will continue as executive vice president in charge of commercial, consumer and international banking operations, as well as the trust division.

Bankers Trust Company Chairman **John Ruan** announced the elections to the bank board of directors of **Larry Miller**, executive vice president and chief operating officer of Ruan Transportation Management System, and **James D. Aipperspach**, vice president and CEO for Iowa Northwestern Bell Telephone Co.

Mr. Ruan also announced the retirements from the board of **Robert G. Beers**, chairman of Hubbell Realty Company, who had served on the BTC board 15 years, and **Dwight H. Swanson**, consultant to and director of Iowa Resources, Inc., who had been on the BTC board 16 years.

J.C. "Buz" Brenton, president and CEO of Brenton National Bank of Des Moines has announced the following promotions.

Robert G. Mann has been promoted to senior vice president from vice president/office administration and marketing. Mr. Mann, associated with the bank since 1972, will assume additional administrative duties.

James Friesz, **Mark Kempkes** and **Meriam Rosenthal** have been named vice presidents. Mr. Friesz, a 20-year Brenton banker, manages the southwest 9th and McKinley office and heads the bank's consumer loan department. Mr. Kempkes, a com-

mercial loan officer, heads the bank's special loan accounts department. Ms. Rosenthal, formerly an assistant vice president, is the bank's customer investment officer.



R.G. MANN



J. FRIESZ



M. KEMPKES



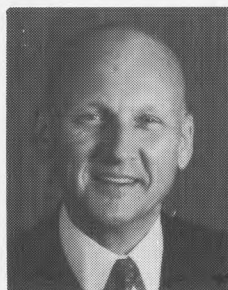
M. ROSENTHAL

Other promotions include the naming of three assistant vice presidents: **Sharron Marquart**, **Patricia Thompson** and **Roger Fink**. Ms. Marquart manages the bank's cash management department, Ms. Thompson manages the Valley West Mall office, and Mr. Fink manages the northwest office.

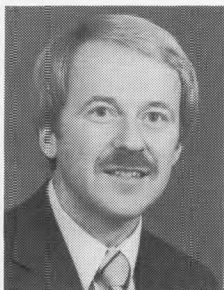
Greg Dockum has been appointed as assistant cashier/operations officer.

William A. Wishman has been elected senior vice president and comptroller of Valley National Bank. He has been with the bank for 25 years, most recently serving as vice president and comptroller.

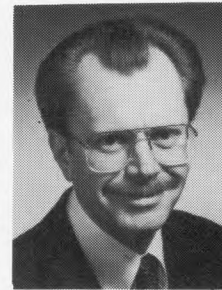
Stephen Waters has been promoted to assistant vice president/branch manager at the bank's High-



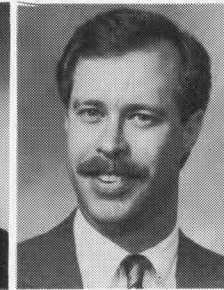
L. MILLER



J.D. AIPPERSPACH



W. WISHMAN



S. WATERS

land Park office. He joined the bank in 1982 as a management trainee and most recently served as commercial banking representative at the main office.

* * *

The following individuals have been promoted from vice presidents to senior vice presidents of First Interstate Information Systems of Iowa: **Richard Bro**, data processing; **Claude Dawson**, banking operations, and **Larry Glass**, marketing. Mr. Bro joined First Interstate in 1974 and has held various positions. Mr. Dawson joined in 1960 and has worked in a variety of areas. Mr. Glass came to First Interstate in 1979 as senior customer service officer, before being promoted to vice president of marketing in 1982.



R.A. BRO



C.D. DAWSON



L.J. GLASS

Dave Akehurst and **Scott Mitchell** have been promoted to director of customer service and director of data communications, respectively.

Linda Hoberg has been elected a new officer of the deposit product group.

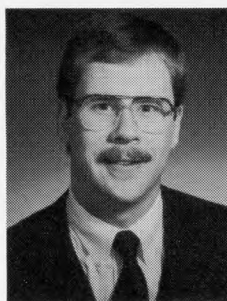
* * *

The following have been promoted to senior vice president status at Bankers Trust Company; **Roger A. Downs**, administration; **Steven G. Jacobs**, retail division, and **Jack A. Rogers**, trust division.

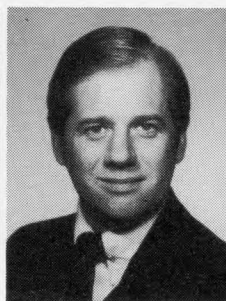
Mr. Downs joined Bankers Trust in 1982 as the director of security. He was



R.A. DOWNS



S.G. JACOBS



J.A. ROGERS

most recently appointed vice president and managing officer of the administration division.

Mr. Jacobs joined Bankers as a management trainee in 1977. He was promoted to real estate loan officer in 1979 and to commercial loan officer in 1982. He became vice president of the retail division in 1982.

Mr. Rogers joined Bankers in 1983 as vice president of corporate trust.

* * *

R. Douglas Fisher has been named senior vice president, credit administration, for Hawkeye Bank-corporation.

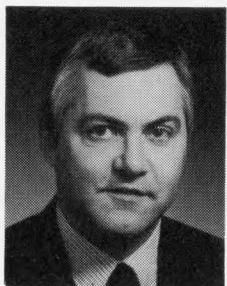
Before joining the holding company, he was executive vice president of Hawkeye Capital Bank and Trust and previously worked for Jasper County Savings Bank, Newton, as vice president.

* * *

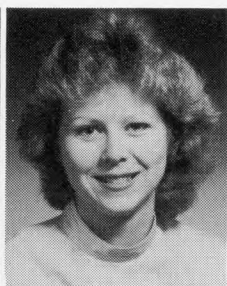
Hawkeye-Capital Bank and Trust has announced the addition of **Thomas B. Hildebrand** as vice president and manager of commercial lending and **Lianne Wright** as assistant trust officer.

Mr. Hildebrand, who has over 11 years of banking experience, most recently served as vice president for Brenton National Bank.

Ms. Wright is a certified public



T.B. HILDEBRAND



L. WRIGHT

accountant with nearly four years of experience in the public accounting field.

* * *

J. Kevin Paul has joined Iowa Student Loan Liquidity Corporation in the newly created position of manager lender relations. In this position, he will be responsible for marketing ISLLC's services to lenders throughout Iowa. He joins ISLLC from Midland Financial Savings and Loan, where he was responsible for administration of the Guaranteed Student Loan Program.

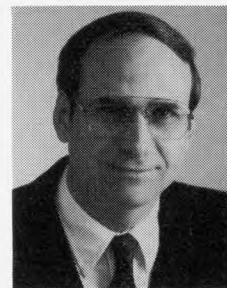
* * *

The promotion of **Darrell (Kip) H. Wright** to vice president and trust investment officer was announced last month by **John Chrystal**, president of Bankers Trust Company. Mr. Wright joined the bank in 1982 as a management trainee in corporate trust. He was named trust investment officer in 1984, then assistant vice president and trust investment manager in 1985. He received his BBA degree from Iowa State University.

K. WRIGHT

* * *

Gary Calvert has been promoted to manager of First Interstate Bank of Des Moines, N.A., and **Pam Sloss** has been promoted to an investment operations officer.



G. CALVERT



P. SLOSS

Mr. Calvert has been with the bank for 16 years, most recently as acting manager of the West Des Moines office. He has held various positions within the bank.

Ms. Sloss has served in various operational capacities with the bank since 1979, most recently as investment operations supervisor.

Banker Serves His Community

THE chairman of Bankers Trust Company, Des Moines, one of Iowa's largest independent banks, does not see his responsibilities ending at the bank's doors. He also sees himself as a caretaker for his community.



J. RUAN

"Anything that makes Iowa a better place to live is going to help every business in the long run," says John Ruan.

The community recognized Mr. Ruan's philosophy on February 28 when he was named 1986 "Humanitarian of the Year" by the Variety Club of Iowa. The award was presented at the club's annual Star's Dinner prior to its annual telethon to raise money for children's charities.

"When this club started up the telethon 12 years ago, John Ruan gave it his full backing through financial commitment and by donating his time and the time of his employees to help make it work. That takes a certain amount of courage to make a commitment to a new endeavor like that," comments Stan Reynolds, chairman of the Variety Club's selection committee.

Mr. Ruan's best known fundraiser endeavor in the Des Moines area, however, may be the annual MS Golf Exhibition at Wakonda Club. The event brings in the top golfers and attracts thousands. It has grown to become the nation's largest fundraising event for multiple sclerosis.

A native of Beacon, Mr. Ruan, 72, went into business for himself in 1933 when he purchased a used dump truck to haul gravel. From there, he built Ruan Transport and Ruan Leasing into one of the nation's leading trucking companies. In 1964, Mr. Ruan purchased control of Bankers Trust Co., and presided over its growth to one of the largest banks in Iowa and one of the largest independently-owned banks. With \$349 million in deposits, it ranks fourth in size of all Iowa banks.

Mr. Ruan has been instrumental in the revitalization of downtown Des Moines since 1973 when he began building Ruan Center, now the tallest building in Iowa. Downtown's extensive skywalk system got its start with a bridge built with Mr. Ruan's own money.

In addition to fundraising for charitable efforts and the revitalization of the downtown, Mr. Ruan is an active fundraiser for Iowa State University in Ames. He has received the prestigious "Cy's Favorite Alum" award from the University.

"If you're going to do business in a community, you have an obligation to do something to take care of that community," John Ruan says, summing up his philosophy on community service. "I want a community I'm proud to have my employees live in, and that means I'd better do my part." □

Correction!

In the list of "Largest Banks in Iowa" published in last month's issue, United Bank and Trust in Ames did not appear on the list. The bank, formerly known as University Bank and Trust Co. has merged with Union Story Bank and has increased its 1985 year-end deposit total to \$107,445, placing the bank at 39th place in the ranking of Iowa's largest banks.

In addition, Clinton National Bank's figures for 1985 and 1984 were inadvertently transposed on the form submitted and the error was not caught before publication. Clinton National's 1985 year-end deposit total of \$107,112,000 moves the bank up to 40th place in the ranking instead of 44th as shown last month.

Promoted in Monticello

Monticello State Bank has announced several promotions. James D. Corwin and Dean Ricklefs have been promoted from assistant cashier to assistant vice president. Lois Hines, Mildred Hinrichs, Cathy Holub and Christina Lux have all been promoted to assistant cashier.

Three Named in Urbandale

John R. Harmeyer, president of First Interstate Bank of Urbandale, has announced the appointments of Craig B. Jones as senior vice president and senior lending officer, Jeanne H. Stark as marketing coordinator and James M. Catherine, M.D., as a bank director.



C.B. JONES



J.H. STARK

Prior to joining the bank, Mr. Jones was a vice president in the capital lending group of Norwest Bank in Minneapolis, Minn. As marketing coordinator, Ms. Stark will be responsible for bank marketing and business development. Dr. Catherine is currently chief of staff at Mercy Hospital in Des Moines, in addition to serving on numerous medical boards.

Joins Columbus Junction Bk.

Aubrey Daedlow has joined the staff of the Columbus Junction State Bank as a vice president in charge of all loan operations.

Mr. Daedlow began his banking career in 1945 at the Mediapolis Savings Bank as a bookkeeper/teller. He was promoted through the ranks to president of the bank from 1959 to 1969. He then moved to the Golden State Bank in Golden, Colo. where he served as vice president. In 1983 he joined the Iowa Department of Banking.

Appointed in West Des Moines

Roy W. Messerschmidt, president of First National Bank of West Des Moines has announced the appointment of Roger Petersen, vice president, Janice Cross, vice president and cashier, and Rick Messerschmidt, vice president, to the bank's board of directors.

Larry Tibbetts has been promoted to vice president of the bank. He had been assistant vice president.

Four Promoted in Indianola

Four employees have been promoted at Peoples Trust and Savings Bank, Indianola. Mike Coppess is a vice president with the bank in the loan department where he specializes in agricultural and commercial loans. He has been elected as a commercial loan officer. He joined the staff in 1985 having previously worked for the Federal Land Bank as vice president and manager of the Indianola office.



M. COPPES

D. KIEFFER

Dotti Kieffer has received the new title of vice president. She was named human resources director in 1985, having previously worked as a loan and compliance officer. She has been with the bank since 1978.

Marguerite Rucinski joined the staff of Peoples in January to work with real estate loans. She has been promoted to assistant vice president and real estate loan officer. She had worked at the First National Bank of Sioux Falls, S.D., and at the Suburban National Bank in Eden Prairie, Minn.



M. RUCINSKI

J. REESE

Janice Reese has been named to assistant cashier. She is a certificate of deposit counselor, a position she has held since 1979, having previously worked at Peoples Motor Bank since 1974.

Named in Ames

United Bank and Trust of Ames has announced that Richard Fischer has been named executive vice president and will be supervising all lend-

ing activities. Gene Loverink has been appointed senior vice president and cashier and is heading up the operations division of the bank.

Elected in Indianola

F. Max Bishop and Robert Fridley have been elected as assistant vice presidents of Peoples Company of Indianola. Mr. Bishop joined the staff in 1983 as an agent for Farmers Mutual Hail Insurance and multi-peril reinsurance through the Aetna Insurance group. He has been an agent for Farmers Mutual since 1964.



F.M. BISHOP



R. FRIDLEY

J. ALLISON

Mr. Fridley has been with the company since 1983 when he joined

the staff as a real estate broker associate specializing in farm real estate sales. He was affiliated with Stalter Realty before joining Peoples Company.

Judy Allison has been elected assistant to the president. She has worked for the company since 1979. Previously, she worked as a teller for Peoples Trust and Savings Bank. She is also the farm management accountant for the company.

Two Promoted in Dubuque

Dubuque Bank and Trust Company has announced the promotions of two officers within its trust department. Bruce C. Rehmke has been promoted to vice president, trust officer, and Melvin E. Miller has been promoted to assistant vice president, investments officer.



M.E. MILLER

B. REHMKE

Mr. Rehmke has been with the bank's trust department since 1983. Mr. Miller joined the bank in 1984 in the investments area.

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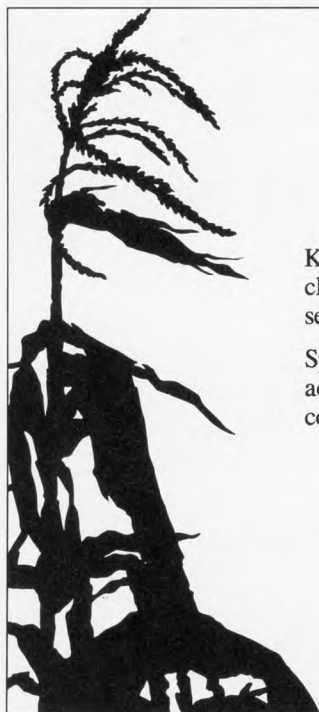
James C. King

Raymond A. Schneider • Michael W. Murrane

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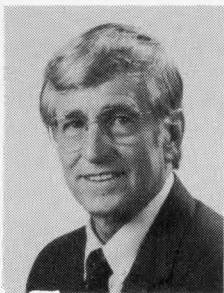
Members of American Society of Farm Managers and Rural Appraisers and Farm & Land Institute



V.P. Honored For Work With Small Business

William B. Greaves, vice president of West Des Moines State Bank, has been named the 1986 Small Business Financial Services Advocate for Iowa. The U.S. Small Business Administration gave Mr. Greaves this honor for his support of small businesses in obtaining financing and changes he advocated within the financial services industry to assist small businesses. The Small Business Committee of the Greater Des Moines Chamber of Commerce Federation nominated Mr. Greaves.

Mr. Greaves experience includes his appointment to a two-year term on the Small Business Administration Region VII-Des Moines advisory council in 1985. He also heads the SBA department at West Bank and has 36 years of banking experience.



W.B. GREAVES

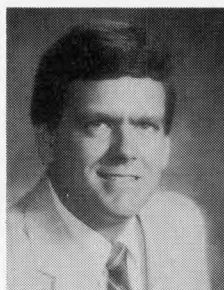
Named in Cedar Falls

Dorothy D. Heine has been promoted to vice president and cashier at Cedar Falls Trust and Savings Bank. She joined the bank in 1963 and was previously a branch manager in the College Square office and head of consumer loan operations.



D. HEINE

Thomas Damgaard has been promoted to vice president and head of the consumer loan operations. He joined the bank in 1976.



T. DAMGAARD



V. LUND

Virginia Lund has been promoted to marketing director. She will be responsible for all the product planning, promotions, advertising and public relations of the bank. She has been with the bank since 1978. She had been branch manager of the College Square office since 1973.



R. JUREK



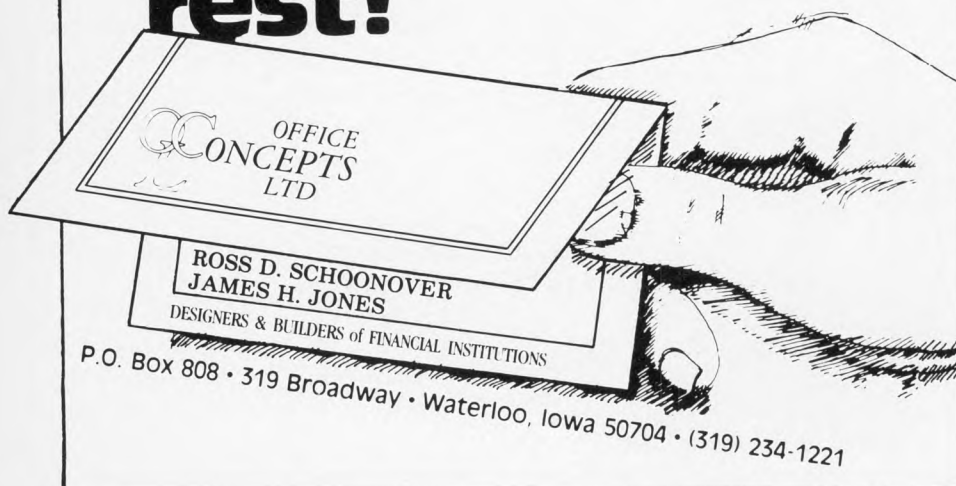
L. DYKSTA

Regina Jurek has been promoted to branch manager of the College Square office. She joined the bank in 1981 and was promoted to assistant branch manager in 1985.

Lolly Dykstra has been appointed as an accounting officer. She joined the bank in 1985.

David G. McDermott, senior vice president, has been appointed to the board. He has been with the bank since 1985.

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