

# NORTHWESTERN *Banker*

JULY  
1987

## Newly-Elected State Officers

Minnesota



South Dakota



Wyoming

Nebraska



Colorado





**Great Accomplishments**

# How to Generate Non-Interest Income Through Student Loans

**M**erchants National Bank realizes how valuable non-interest income can be in keeping your bank strong. So with your needs in mind, MNB announces a unique correspondent service to enhance non-interest income through student loans.

Here's how it works.

We will pay you a referral fee for each Iowa Guaranteed Student Loan. The first loan made to a student earns you 1.00% of the loan amount. With each additional loan to that student, you'll receive .50% of the loan amount.

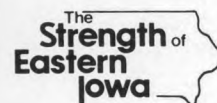
**N**ote this example:

A student borrows \$2500 for his or her first year of college. MNB will pay you 1.00% of that loan amount or \$25. If the student borrows the same amount the second year, you earn .50% of \$2500 or \$12.50. The same \$12.50 amount would apply again for the third and fourth years.

Your total non-interest income would be \$62.50 for one student.

**B**est of all, your bank can perform a valuable service to your community by making a college education possible for young people.

So find out how student loans can improve your non-interest income. Please contact Jerry Trudo. Or call MNB's Student Loan Representative, Dana Moomey, 319/398-4739 or toll-free 1-800-332-5991, ext. 739.



Jerry Trudo,  
MNB Correspondent  
Banker  
319/398-4306  
1-800-332-5991, ext. 306

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Cedar Rapids, Iowa 52401 Member F.D.I.C. A BANKS OF IOWA BANK



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run. I have had first-hand experience with your particular brand  
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whole world how well you deliver on your promises.

Elsa Atkins, Chicago, IL.

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within three hours new checks would be delivered to our door. And sure  
enough, three hours later a courier was at the door with our checks.

We were very impressed with your service and have told many people  
about your great response.

David R. Binkley, Underwood, ND.

*The American Express family to know  
what our family feels about you.  
We think you're Great! They say  
something good always comes from  
something bad. I guess that our  
good was realizing that American  
Express is something to believe in!  
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any traveling we do will be  
preceded by a visit to our local  
bank for American Express Traveler's  
Checks... we won't leave home  
without them!*

Ben Poidomani, Bayport, NY.

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**Because when you sell American Express Travelers  
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customers the same way you would. That means satisfied  
customers, and that means repeat customers for all your  
banking products.**

**You see, service is what we do best. You have our word  
on it. And we have theirs.**



**Travelers  
Cheques**

**They're what your customers want.<sup>SM</sup>**



# NORTHWESTERN Banker

JULY 1987 • 94th year • No. 1486



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MEMBER BANK MARKETING ASSOCIATION



## ON THE COVER

**THESE** exclusive photos of the officers of five state banker associations were taken by the NORTHWESTERN BANKER at the state conventions in May and June. Officers for the Nebraska, South Dakota, Colorado, Wyoming and Minnesota Bankers Associations are shown. Photos of officers for the North Dakota, Montana, Wisconsin and Illinois Bankers Associations, as well as those for the Iowa Independent Bankers, will appear on the August cover. Identification of those pictures from Minnesota, Colorado and Wyoming may be found with the convention stories on the pages noted below.

The Nebraska convention was reported last month and their officers are, from left to right: Immed. Past Pres.—**C.G. Kelly Holthus**, pres., First Natl., York; Pres.—**Donald E. Blaha**, pres., First Natl., Ord.; Pres.-Elect—**Harley D. Bergmeyer**, pres., Saline State, Wilber, and Exec. V.P.—**Stan Matzke, Jr.**, Lincoln.

The South Dakota convention also was reported in last month's issue and their officers are, from left: Exec. V.P.—**J.I. Milton Schwartz**, Pierre; Pres.-Elect—**Christine Schirber**, exec. v.p., Dewey County Bank, Isabel; Pres.—**Larry Ness**, pres., First Dakota Natl., Yankton; Vice Pres.—**David S. Birkeland**, pres., First Bank S.D. Sioux Falls, and Immed. Past Pres.—**B. Michael Broderick, Jr.**, pres., First American, Canton.

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## NORTHWESTERN BANKER

1535 Linden Street, Suite 201, Des Moines, Iowa 50309 Phone (515) 244-8163

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No. 1486 Northwestern Banker (USPS 397-620) is published monthly by the Northwestern Banker Company, 1535 Linden Street, Suite 201, Des Moines, Iowa 50309. Subscription \$2.00 per copy. \$24 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.

## Wilbur T. Billington Retires from Fed Service

Wilbur T. Billington, executive vice president of the Bank Supervision and Structure Division, has retired after 35 years of service with the Federal Reserve Bank of Kansas City. For the last 16 years, Mr. Billington has been in charge of the



**W.T. BILLINGTON**

supervision and regulation of bank holding companies and state member banks, banking structure, consumer affairs and loans to financial institutions.

Mr. Billington joined the bank's research staff in 1952 and was named to the official staff in 1958. In 1963, he was promoted to vice president and senior economist. He headed the business analysis area, and later the financial analysis area of the Bank's Research Department.

In 1971, Mr. Billington became head of the newly created Bank Supervision and Structure Division. He was appointed senior vice president over that division in 1973. Last year he was named executive vice president.

Succeeding him is Thomas M. Hoenig, senior vice president, who has been named to the bank's management committee and has assumed full responsibility for the bank supervision and structure division.

## United Missouri Makes Illinois Acquisition

United Missouri Bancshares, Inc. has received approval from the Federal Reserve Board to acquire the FCB Corporation, a multi-bank holding company headquartered in Collinsville, Ill. The agreement will be consummated after a 30-day waiting period.

According to the agreement, United Missouri will purchase for cash and promissory notes 100 percent of the stock in FCB Corporation. The value of the transaction based on quarter-end figures was \$28 million.

FCB Corporation has assets of approximately \$164 million and owns three banks with five locations.



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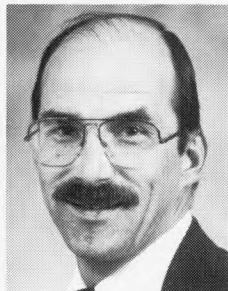
**First Bankers Securities**  
CORPORATION



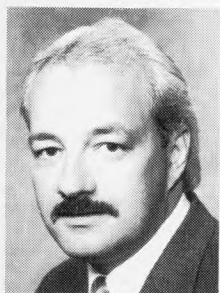
## Trans Union Credit Information Gives Honors

Trans Union Credit Information Company recently honored three of its sales and management staff for outstanding service.

Ed Pfeiffer, sales manager of the Columbus (Ohio) division, was presented the President's Cup Award as 1986 Sales Manager of the Year. The award is given annually to the sales manager who exhibits outstanding leadership in sales perfor-



E. PFEIFFER



R. HEARN



S. MUNROE

mance. He joined Trans Union in 1982 as a sales representative in Dayton and was named to his present position in January, 1986. Previously he was a sales representative in the insurance industry for seven years and was a member of the Million Dollar Round Table. Mr. Pfeiffer is a 1985 Trans Union Golden Circle Winner.

Rick Hearn was presented the President's Cup Award as 1986 Operations Manager of the Year, based on his outstanding performance in exceeding his goals and his previous year's efforts. He joined Trans Union in 1986 after serving as director of credit services for a Philadelphia department store. He was 1985-86 president of the Consumer Credit Association of Pennsylvania, New Jersey and Delaware. He is operations manager of the Mid-Atlantic/UCB Baltimore division.

Scott Munroe, bureau manager of the Maine division, was named the 1986 Bureau Manager of the Year for "steadily increasing unit volume through team work and innovation." He revitalized the Maine business from its unprofitable status under the previous owner and registered significant profit and revenue for Trans Union in 1986. He joined

Trans Union in 1985 as bureau manager of the Maine division and recently was named vice president/general manager of the southeast division/United Credit Bureau of America, a division of Trans Union in Atlanta, Ga. Mr. Munroe previously had extensive credit experience with firms in Pennsylvania and Maine.

## United Missouri Bank Announces Promotions

United Missouri Bank of Kansas City, N.A., has announced the following promotions and elections:

In the trust department, Frank C. Bramwell has joined the department as a vice president and corporate trust officer. He joined the bank in March after working for a financial institution in Tulsa, Okla. He holds a BA degree from the University of California in Davis.

Mary Mallow has joined the trust department as a corporate trust officer for bond trusteeship accounts. She was with another local bank before joining UMB in March and holds a BA in Business Administration from Avila College in Kansas City.

Timothy Eblen, with UMB since 1984, has been named assistant trust operations officer. He has a BA degree from Southwest Missouri State University.

Peter M. Granat has been promoted to vice president and legal counsel in the legal department, providing professional counsel to United Missouri Bancshares, Inc., and all its affiliates. He holds a bachelor's degree from California State College in Long Beach, Cal., and master's and doctorate of law degrees from the University of Missouri School of Law.

R. Stephen Parris has been promoted to assistant vice president and trust counsel for the legal department. He joined the bank in 1981 and earned his law degree from the University of Missouri-Kansas City.

Charles M. Benson, Jack Hylton and Charles D. Dixon have been named assistant vice presidents in the commercial banking division. Mr. Benson, who is responsible for business development, has a BA degree from Texas Christian University. Mr. Hylton, a BA graduate of the University of Kansas, is respon-

sible for generating corporate business in Kansas, Nebraska and Colorado. Mr. Dixon recently joined the bank and services accounts in metropolitan Kansas City. He has a degree in ag economics and an MA in finance from the University of Missouri in Columbia.

In the investment department, Mark Bailey has been promoted to an assistant vice president. He joined the bank in 1983, holds a BA degree from Westminster College in Fulton, Mo., and an MA from Harvard Business School in Boston.

## Continental Illinois To Buy Arizona Bank

Continental Illinois Corporation, Chicago, has agreed in principle to purchase Grand Canyon State Bank in Scottsdale, Ariz.

The proposed acquisition is subject to negotiation of a definitive agreement and must be approved by bank regulators and Grand Canyon State Bank stockholders. The estimated cash purchase price would be \$4.2 million, or 2.3 times Grand Canyon's book value on March 31, 1987.

The Arizona location will be positioned to expand services to current Grand Canyon customers, as well as Midwestern private banking and trust customers with second residences or retirement homes in the greater Phoenix area. A full line of investment and banking products and services will be offered. Continental opened trust offices in Boca Raton and Sarasota, Fla., in 1982.

## Norwest Takes \$200 Million Addition to Reserves

Norwest Corporation, Minneapolis, has taken a \$200 million addition to reserves for its international loan exposure. As a result, the corporation indicated it will report a loss of approximately \$160 million for the second quarter. Based on current estimates, Norwest anticipates a loss of approximately \$30 million for the entire year 1987.

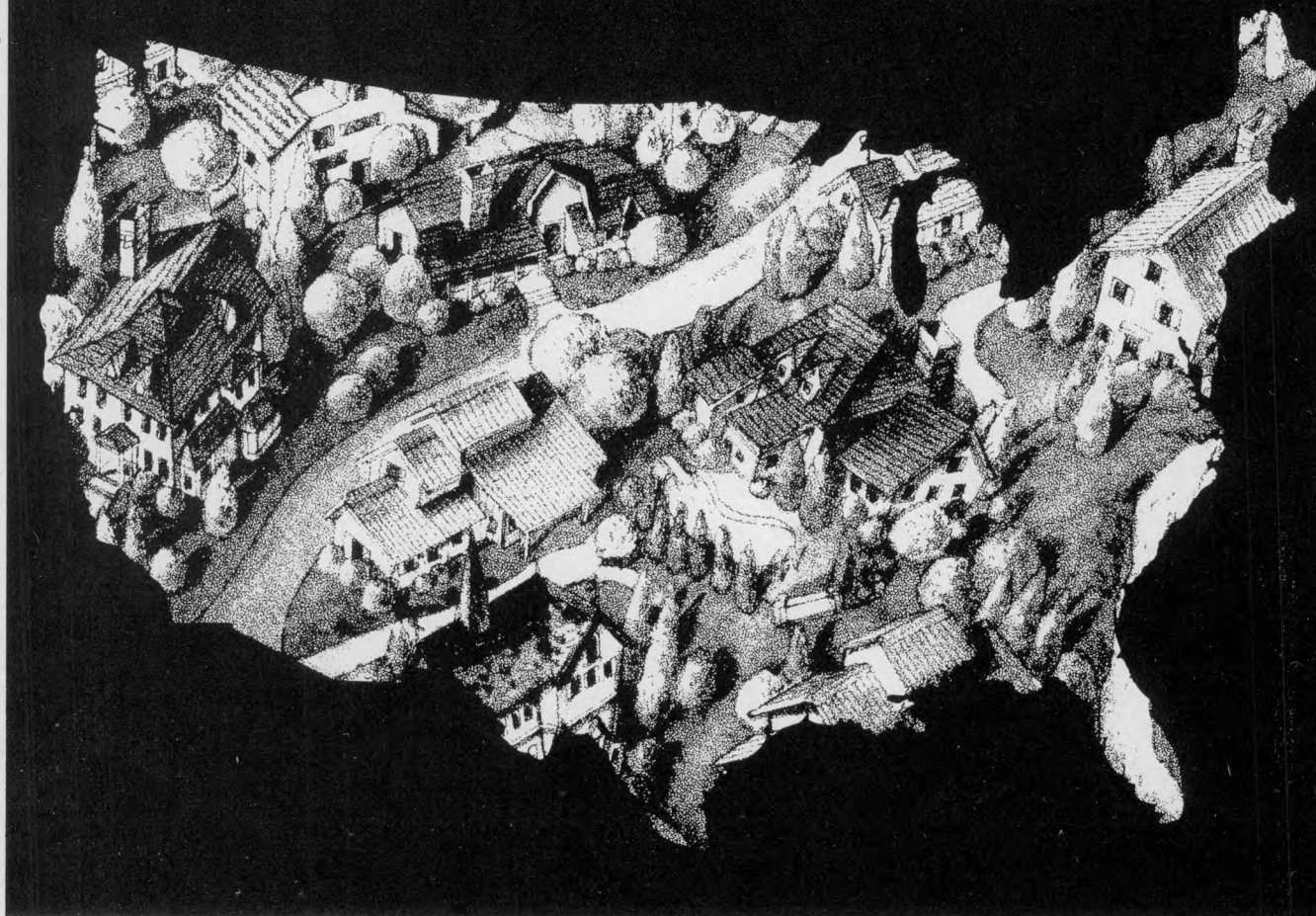
Lloyd P. Johnson, chief executive officer, said: "This decision is extremely positive for Norwest's future. With the added reserves for international loans and the expected continued improvement in the quality of our domestic loan portfolio, our annual provision for loan losses should return to more normal levels.



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**A**MERICAN Express Travel Related Services Company, Inc. on June 16 introduced American Express Gift Cheque, the Company's first new cheque in 97 years. An elegant alternative to gifts of cash or personal checks, the gold-colored Gift Cheque will be accepted like cash at millions of locations, refunded if lost or stolen, and available beginning this fall through banks, credit unions and American Express Travel Services offices.

The American Express Gift Cheque features the familiar and simple signature and countersignature design of the American Express Travelers Cheque, and will be offered in denominations of \$25, \$50 and \$100 at a fee of \$2.50 (suggested retail price), regardless of the denomination.

Each American Express Gift Cheque is enclosed in a gold envelope with a distinctive card, which can be personalized by the giver. Refund procedures for lost or stolen American Express Gift Cheques will be similar to those for American Express Travelers Cheques, and immediate refunds will be available from the same network worldwide.

The American Express Gift Cheque is "a dramatic new entry into a virtually untapped \$45 billion marketplace — that's the amount Americans spend each year on monetary gifts," said Aldo Papone, president and chief operating officer of American Express Travel Related Services Company.

The Company estimates that 69 percent of all adults give monetary gifts each year. Of those, 53 percent give cash, 30 percent give personal checks, and 12 percent give gift certificates, Mr. Papone noted.

Ron K. Glover, president of American Express Travelers Cheque Group, U.S.A., said that Gift Cheque is an excellent choice for any occasion. More than 85 percent of monetary gifts are given for seven specific events: Christmas, birthdays, graduations, weddings, anniversaries, Mother's Day and Father's Day. More than 65 percent of all monetary gifts are given in December, May and June.

"All of our research shows Gift Cheque has very strong consumer appeal. We believe the American Express Gift Cheque could precipitate a new wave in gift giving," stated Mr. Glover.



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THE LEADING  
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## Trans Union Credit Develops an Early-Warning to Detect Bankrupts

**A**T A NATIONAL press conference in New York last month, Trans Union Credit Information Company President Allen Flitcraft introduced Trans Union's newest product called DELPHI™ CREDIT INDEX. This new product is designed to provide an early-warning system to creditors on potential bankruptcies before the credit is granted.

Per Gothe, Trans Union's director of research and development, said personal bankruptcy is America's number one consumer credit problem, accounting for nearly half of all write-offs by retailers and lending institutions. The number of bankruptcy filings was up 37% last year alone.

Addressing this problem, he said, Trans Union Credit Information Co. supplied copies of its database to Management Decision Systems (M.D.S.) and worked with them in building a model which would predict consumer credit worthiness. M.D.S. provides statistically-based decision support systems to managers charged with granting consumer's credit. But, whereas individual retailers, banks or other credit grantors have various standards of credit worthiness (differing from grantor to grantor), Trans Union used one measurable standard: *a filed bankruptcy*.

M.D.S. technicians tried hundreds of variables utilizing the data in Trans Union's credit files, using the statistical technique of multivariate discriminate analysis. They finally arrived at approximately 25 key credit activity characteristics, to

which positive or negative points are allotted, Mr. Gothe related.

The score of these variables provides a relative measure of a consumer's credit activity, much the same way as an application processing scorecard. But, while a credit lender/grantor's internally developed score predicts a consumer's ability to pay bills, Trans Union's score predicts a consumer's chance of filing bankruptcy. The formula has shown a high degree of reliability, being substantially more reliable than the average behavioral or credit scorecard.

In building the mathematical model, called DELPHI, historical data from two groups of consumers were used. One group contained consumers who had filed for bankruptcy in the past 12 months. The other was a random sample of consumers who had remained solvent. A bankruptcy was defined as a consumer who has filed for a non-business Chapter 7 or Chapter 13 bankruptcy petition.

Both sets were plotted on graphs measuring the percentage of the group against the scores achieved. The greater the difference in the median scores for the two groups, the more reliable is the model.

Using the cumulative percentage in the two groups and the scores, another graph was plotted to show the maximum difference between the two groups. This maximum difference shows how reliable the model is and is called the Kolmogorov-Smirnov rating. DELPHI's formula achieved a KS rating of 65. This compares with the average KS

rating of 35 for a credit scoring formula and the average KS rating of 50 for a customized behavioral formula.

The timely nature of Trans Union's files, which captures all of a consumer's credit history, is a primary advantage in scoring and indicating which consumers have degenerated credit since first issued their bankcard, Mr. Gothe stated.

DELPHI can be used to review all, or selected accounts in an existing portfolio, so the credit grantor can cut off additional credit, or eliminate high risk bankruptcy candidates. DELPHI is also available to pre-screen the bankruptcy potential of individuals on a given list or tape before soliciting their accounts. □

### Deluxe Check to Sell Data Card Stock

H.V. Haverty, president and chief executive officer of Deluxe Check Printers, Inc., St. Paul, Minn., announced that Deluxe has entered into an agreement for the sale of its 3,749,401 shares of Data Card Corporation common stock to National Computer Systems of Minneapolis, Minnesota. The shares sold represent approximately 38 percent of Data Card's shares outstanding. The sale, which is subject to review by regulatory agencies under the Hart-Scott-Rodino Act, is in consideration of the issuance by National Computer Systems of a \$45,000,000 subordinated convertible debenture payable in 1992, bearing interest at an average of 7.3 percent per annum. The convertible debenture will have a conversion price of \$20.00 per share.

### Continental Illinois Adds \$500 Million to Reserve

Continental Illinois Corporation, Chicago, announced it will add \$500 million to its reserve for loan losses in the second quarter for loans to certain less-developed countries (LDCs).

The addition will bring the reserve to approximately \$970 million, or 5 percent of total loans, and establishes a reserve of approximately 29 percent of cross-border outstandings and commitments to 17 countries after considering previous charge-offs. The remaining reserve for all other loans will amount to approximately 1.7 percent of such outstandings.

**The Carpenters Pension Fund of Illinois**, covering the State of Illinois and the eastern half of Iowa, announced today a financing program of new and rehabilitation construction projects. The Pension Fund is interested in providing financing of construction and end loans at competitive rates. The servicing of these loans, ranging from \$250,000 to \$2,000,000, will be handled through local banks. The program is available for commercial and residential projects.

For further information, please contact: Frederick A. Westmark, Administrative Manager, Illinois Employee Benefits Corporation, 28 North First Street, Geneva, Illinois, 60134, 312/232-7166.



## • Norwest and Sallie Mae Will Provide \$200 Million for Law Student Loans

• **N**ORWEST Corporation and the Student Loan Marketing Association (Sallie Mae) announced June 24 they have entered into an agreement that will provide nearly \$600 million to fund education loans for law school students nationwide over the next three years.

• Under the agreement, Norwest will originate the loans and Sallie Mae ultimately will purchase them. The agreement is the largest purchase commitment ever for Sallie

Mae, the nation's major secondary market for student loans.

Vicki P. Ripley, Sioux Falls, vice president and manager of student loans for Norwest Corporation, said all loans issued under the \$595 million program will be managed through Norwest Bank South Dakota-Sioux Falls.

Ms. Ripley said the commitment from Sallie Mae "assures adequate funds to assist an estimated 100,000 law school students."

### RMA Group Elects

• The Siouxland Group of Robert Morris Associates elected new officers at their recent annual meeting held at the Marina Inn in South Sioux City, Nebr.

• The elected chairman was Donald M. Acker, vice president, Security National Bank, Sioux City, Ia.; Vice Chairman—Michael J. Schumacher, vice president, Western Bank, Sioux Falls, S.D.; Secretary—Douglas A. Schmidt, vice president, First National Bank, Sioux City, Ia.; Treas-

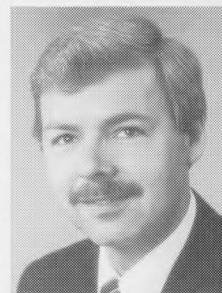
urer—Steven A. Sahly, vice president, Norwest Bank, Sioux Falls.

In addition, six bankers were elected to the Groups' board of directors. They are: James D. Hopkins, senior vice president, Commercial Bank, Mitchell, S.D.; John L. Johnson, executive vice president, First Bank, Worthington, Minn.; Bruce M. Kolbe, executive vice president, Pioneer Bank, Sioux City, Ia.; Mary Lynn Myers, Senior vice president, First Bank, Sioux Falls, S.D.; Thomas Pohlman, vice presi-

dent, Norwest Bank, Sioux City, Ia., and Roger C. Solheim, senior vice president, Norwest Bank, Norfolk, Nebr.

### Joins Moebs Services

Moebs Services, Lincolnwood, Ill., announced recently Kenneth A. Williams has joined the firm as executive vice president. Mr. Williams has a broad background in financial services having worked 10 years for Citicorp Savings and five years for Household Finance.



K.A. WILLIAMS

He will have administrative, seminar and product duties. With Mr. Williams' extensive lending background, he will be primarily responsible for L.O.A.N. - Loan Officer Assistant Network - the powerful PC-based loan pricing software program. This software prices loans accurately and profitably and is a design tool to implement new loan structures.

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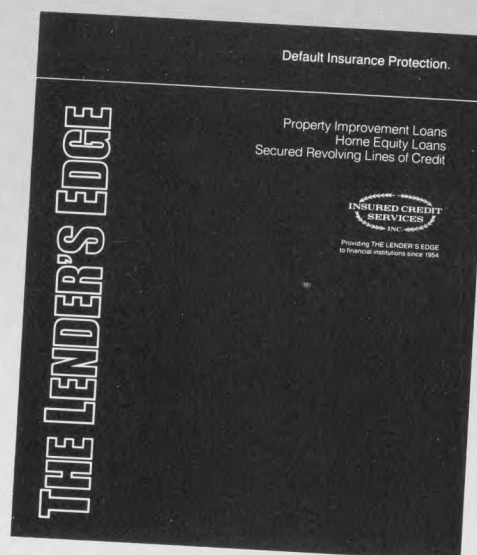
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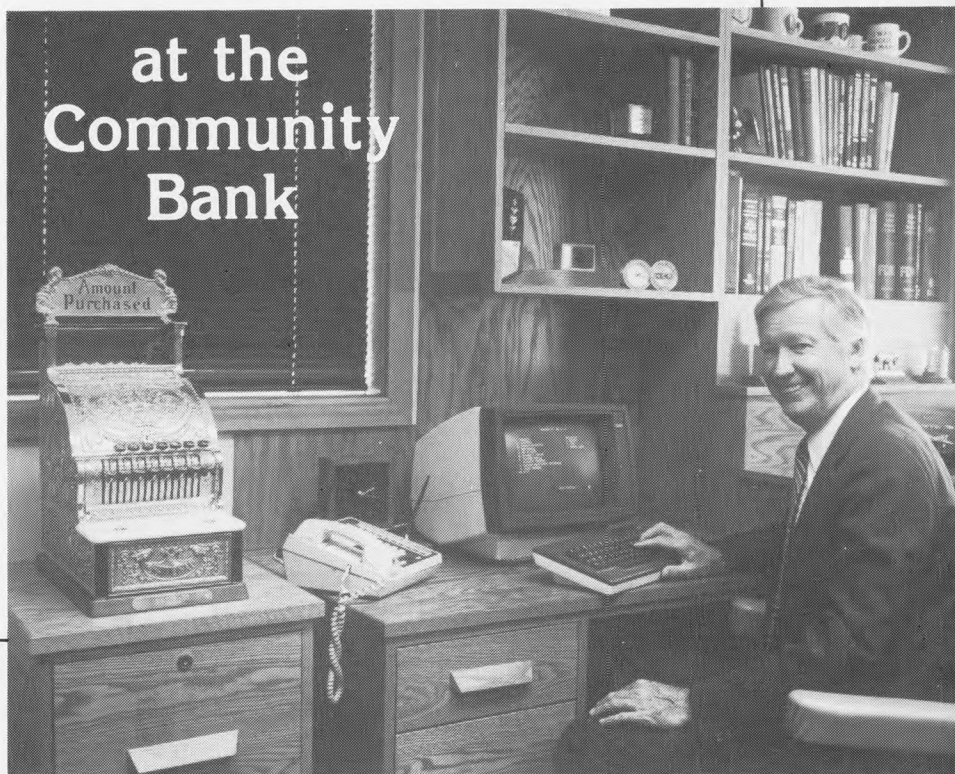
**BANK SERVICE®**



# Increasing Electronic Efficiency

at the  
Community  
Bank

A NORTHWESTERN BANKER  
Interview with  
**GERALD A. TALEN, C.E.O.**  
First Bank & Trust  
Menomonie, Wis.



Gerald A. Talen

**ABOUT FIRST BANK & TRUST:** Founded in 1874, First Bank & Trust today has assets of more than \$46 million, up 22% in the last three years. A well-managed institution which was rated 36th in the nation for strength and security by The Holt Investment Advisory, the bank operates a drive-in facility in a separate building in Menomonie and branch offices in North Menomonie, Downsville and Wheeler, Wis. The Dunn County area served by the bank is a stable community with a diverse economic base, including the University of Wisconsin—Stout, numerous manufacturing plants and the dairy industry.

**G**ERALD A. Talen of First Bank & Trust of Menomonie, Wis. usually talks like the chief executive officers of other community banks. But every once in a while he slips into the vernacular of the computer room.

You might hear him say: "The NCR 9300 operates with a 32-bit word length which permits faster processing of data. And the Banker '80'/Thrift '80' system is designed for interactive operations. First Bank & Trust is taking advantage of these capabilities in a number of ways.

"We were a first site, for example, for MICR capture of incoming cash letters from the Federal Reserve District Bank in Minneapolis, Minn.," he continues as he shifts to banking terminology. "We are also memo posting cash letters and other electronic and proofing transactions on a concurrent basis, reducing float by up to a day.

"These are applications which many big banks are not doing, primarily because of the problems involved

in managing large software projects," Mr. Talen adds. "However, we have been able to implement them successfully because our 9300-based operations are so easy and simple to manage."

A technical background is not necessary for a top bank executive to be highly successful. But it is helpful if he or she plans to lead the way to a new level of electronic banking efficiency. "We can do almost anything electronically that a big bank can do and, in many cases, we are doing more than a lot of big banks are doing at less cost," Mr. Talen says.

## Data Processing Moved In-House

Up until the early 1980s, First Bank & Trust handled all of its data processing through a correspondent bank in Milwaukee. But increasing communications costs become a growing problem with the operation of seven dedicated, leased lines. Three of these lines served on-line teller machines and another three tied into CRT terminals at the main office, a drive-in and the North Menomonie branch. The seventh line is hooked up to an ATM at the drive-in facility. No leased lines were run to the Downsville and Wheeler branches since these were small offices that operated off-line.

First Bank & Trust, therefore, began looking for a system which could be installed in-house. Based on this investigation, the bank installed its 9300 in September, 1984. Providing two megabytes of main memory and more than 200 megabytes of disk storage, the system operates on-line with 14 teller machines and 17 CRT terminals installed at its main office, drive-in facility and North Menomonie branch office. The on-line teller machines are run using Telebanker



software from Advanced Computer Systems (ACS) of Dayton, OH.

At the same time, First Bank & Trust became the first bank in the country to install a Banker "80"/Thrift "80" system. The bank converted its DDA operations to the new system in September, followed by conversions of savings, CDs, general ledger, and commercial, installment and real estate loans by June, 1985.

"In-house implementation of the 9300 in place of former service bureau operations has enabled us to achieve greater efficiency while minimizing the use of manual subsystems," states Mr. Talen. "We are also able to produce more timely reports which are tailored to our specific needs. Every morning, for example, we obtain a current general ledger report.

"We are now a \$46 million-plus bank but have fewer personnel than in 1983 when our assets were only \$38 million," he noted. "Our full-time staff has been reduced from 42 to 31 even though we've converted to in-house operations. In addition, communications are more efficient and problem-free and leased line costs have been cut from \$2,200 to \$180 per month."

#### Achieving Maximum Efficiency

First Bank & Trust has used the 9300 system to achieve increased efficiency, according to Data Processing Manager Mark Steidinger. "We are trying to get as much out of the system as we can by pushing everything through it," Mr. Steidinger states. "We are automating or electronically communicating everything."

One example of this automation effort is the previously mentioned MICR capture of incoming cash letters from the Minneapolis Federal Reserve District bank. Each morning before doors open, First Bank & Trust calls the Federal Reserve Bank via a 4800 baud dial-up modem. The Federal Reserve bank transmits

all MICR data from the previous evening to the Menomonee bank where it is captured on disk. Normally involving 1,000 to 1,500 items a day, the MICR data is immediately memo posted and a report is produced for comparison with a summary which is received later in the day along with items from the Federal Reserve bank.

"This MICR capture and memo posting operation cuts float by a day," Mr. Steidinger points out. "It also reduces the need for proofing operations."

Another example of automation at First Bank & Trust is total on-line operation of two ATMs, one installed through-the-wall in the bank's drive-in facility and the other operated in a free-standing mode in a local SuperAmerica convenience store.

First Bank & Trust was the first bank in the country to use ACS networking software on a 9300 system to interface its ATMs with a statewide switch. Serving Wisconsin's TYME ATM network, the statewide switch is operated by Quantum, a division of Greyhound based in Minneapolis. The Quantum switch, in turn, is interfaced with the INSTANT CASH ATM network in Minnesota and the international CIRBUS ATM network.

Customers of First Bank & Trust, therefore, are able to access their accounts at any one of more than 10,000 ATMs worldwide. All ATM transactions are transmitted to the Quantum switch which checks not only for valid cards but available balances on the 9300 system before authorizing transactions.

"Our ATM operations are totally on-line," Mr. Steidinger relates. "All debits are immediately made and reflected in actual available balances."

First Bank & Trust also processes all Automated Clearing House (ACH) transactions electronically on the 9300 system. Consisting of Social Security, payroll and insurance payments and amounting to as many as 700 items a day, these transactions are received via dial-up phone lines from the Minneapolis Federal Reserve bank in the same way as cash letters. Transactions are memo posted immediately after they are received, providing better service to customers in terms of Social Security and payroll payments while reducing float by a day on insurance payments.

"We're able to memo post ACH transactions faster than big banks," comments Mr. Steidinger. "Many big banks, in fact, still can't perform this function."

#### Software Enhancements Used

Several software enhancements have also been implemented by First Bank & Trust as part of its automation efforts. An ACS asset/liability management system, for example, is run on the 9300. Capable of directly accessing data in Banker "80"/Thrift "80," the system can be used at any time to determine the current status of assets versus liabilities. Furthermore, the parameter-driven system can be used to play "what-if" games designed to improve management and control capabilities.

Another enhancement is an automated call report system obtained from Independent Bank Software, Abilene, Tex. Reducing the time required to produce call reports from a month to as little as a day, this system generates reports on the 9300 in an FDIC-approved format, eliminating the need for retyping.

A credit analysis program is used to make faster,



**FIRST BANK & TRUST** is trying to get as much out of its 9300 system as possible by automating or electronically communicating everything, explains Data Processing Manager Mark Steidinger who is shown here discussing use of the PC6 Personal Computer for platform automation with Rachel Dolby.



- more comprehensive determinations of disposable income available to loan applicants. Based on a standard spreadsheet package which was internally tailored to specifically meet the bank's credit analysis needs, the program is run on a standalone basis on any one of four
- personal computers.

First Bank & Trust also operates these four PC6s in a network with the 9300 to achieve total platform automation using "Branch Manager," a state-of-the-art system from North American Financial Services, Ltd., St. Petersburg, Fla. Completely interfacing with Banker "80"/Thrift "80," this system is making it possible to achieve increased sales productivity, improved cross-selling capabilities and faster, more accurate operations, according to Mr. Steidinger.

- "The menu-driven system enables us to display all of our products—DDA, savings, CDs and loans—on a PC screen," he states. "This permits comparisons between similar products and cross-selling of different products."

- "When customers select products, the system automatically prints out all required documents, including signature cards, account agreements and loan papers," he points out. "Data is simultaneously transmitted to the 9300 to create a new account."

- "The end result is that we're able to provide faster, better customer service while saving officer time," the data processing manager sums up. "An installment loan, which previously took 1½ hours to handle, for instance, is now processed in only 10 to 15 minutes. Currently operating in our main office, the system will be implemented in branch offices in the future."

- Most recently, First Bank & Trust installed an 7770-3000 proof machine. This unit is helping to speed up proofing operations because it is twice as fast as the bank's previously used 7750-DDPS proof machine.

- But, even more important, the new proof machine provides concurrent, electronic memo posting of each batch of items following proofing. This capability is being used to memo post incoming cash letters containing 6,000 to 12,000 items which are received from a small, regional clearing house. In addition, items re-



**FIRST BANK & TRUST** was a pioneering site for MICR capture of incoming cash letters from the Federal Reserve Bank in Minneapolis. Cash letters and other transactions are memo posted on a concurrent basis, reducing float by up to a day.

ceived at teller windows are proved and concurrently memo posted throughout the day.

#### Low Operating Costs

"A recent book called 'Handbook for Banking Strategy' generally indicates that average operating costs per deposit and loan account are lowest for banks with assets in the range of \$25 to \$50 million," sums up Gerald Talen. "This is contrary to what one might think from the standpoint of economies of scale but it appears to be representative of our experience at First Bank & Trust."

"It is our belief that we will be able to maintain these low operating costs as we grow because we have the capability to easily and efficiently expand the 9300 system with additional memory and disk storage capacity," the chief executive officer concludes. "In addition, we enjoy good support and are part of a large, experienced user base which can be of great benefit in achieving economical future growth." □

#### ● Duane W. Acklie Named To USO World Board

- Duane W. Acklie, president and chief executive officer of Crete Carrier Corporation of Lincoln, Nebr., has been named as a member of the USO World Board of Governors, USO's governing body. His election, along with 19 other prominent business and government leaders, was officially announced by Dennis P. Long, USO chairman, and Charles T. Hagel, USO president, at the annual meeting of the USO World Board in Washington, D.C.

- Mr. Acklie also will serve on the Resource Development Committee of the USO World Board. He will lend his expertise in business, governmental and legal affairs to assist USO in the development of fundraising policies and programs.

Previously, Mr. Acklie was chairman of the board of Shaffer Trucking, Inc., in New Kingstown, Pa. He is presently chairman of the board of the Bank of Norfolk, Norfolk, Nebr.; chairman of the board of Packers Management Company, Omaha, Nebr.; and serves on the boards of Bankers Life Insurance of Nebraska, Lincoln Telecommunications Company, Lincoln Telephone & Telegraph Company, all of Lincoln.

He also serves on the advisory boards of Duncan Aviation, Inc. and Peoples Natural Gas and is an active member of numerous professional associations.

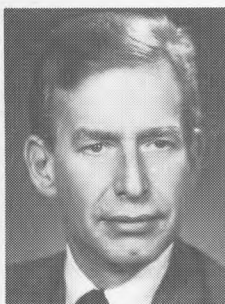
Mr. Acklie earned his B.S., L.L.B. and J.D. degrees from the University of Nebraska, and was admitted to practice before the bars of Neb-

raska, Federal and U.S. Supreme Court. He has practiced law in Nebraska for several years and served as a Lieutenant in the U.S. Army Counter Intelligence Corps in Europe. He also is still active in the family farming business at Norfolk, Nebraska.

#### Harry Mitiguy Dies

Harry R. Mitiguy, president of the Vermont Bankers Association and treasurer of the American Bankers Association 1983-85, died recently, it was reported by *ABA Bankers Weekly*. Mr. Mitiguy had been president and CEO of Howard Bank, Burlington, Vt., since 1974. Prior to that he had served 16 years with the Federal Reserve Bank of Boston as an ag economist, and later being elected senior vice president.





Written especially for  
THE NORTHWESTERN BANKER  
By **DR. DOUGLAS V. AUSTIN**  
President and CEO  
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**I** NTERACTION between a board of directors, a commercial banking organization and senior management may take one of three scenarios:

1. Board of directors runs the senior management;
2. Senior management, notably the president and C.E.O., runs the board of directors; and
3. Neither the senior management nor the board of directors controls the situation.

Corporate and managerial theory indicates clearly that the board of directors supervises and directs the senior management, since the directors, utilizing delegated power from the shareholders, are responsible to the shareholders for the safe and solvent operation of the corporation, including the actions of the senior management.

Unfortunately, theory and reality are not always identical. Whether it is the industrial or the financial institutions environment, many corporations today are run by management, not only from the day-to-day standpoint, but also from the supervisory and directorate standpoint. In this case the directors, being unfamiliar and uncomfortable with the industry they are supposed to be directing, have abdicated their responsibilities and authority to the senior management. Fortunately, in most cases, this abdication has not resulted in financial disaster to the corporation and potential or actual liability to the directors themselves. On the other hand, there are a significant number of cases per year within the financial institutions industry to examine the question of the interrelationships between senior management and the board of directors.

# Respect your management

## ...but don't trust them

One of the most important, if not the most important, responsibilities you have, as a member of the board of directors, is to hire, retain, and compensate fairly, the senior management of your institution. Honest, ethical, and competent senior management is the key to the survival of your institution since individuals who are interested in management and are being compensated fairly while engaged in a highly responsible career with ample job satisfaction and social gratification can be your best line of defense against potential and/or actual liability of the operations of the institution.

You should respect your senior management. You have hired the senior management and, hopefully, they are competent. If they are not competent, you should have replaced them with more competent individuals. You should respect their professional competency, their integrity, honesty, and ethical values. You should also encourage them for continued banking education, managerial and administrative educational skills, and interpersonal relationships. You, as members of the board of directors, are not the day-to-day managers of the institution, but are the overall supervisors of the commercial banking institution on behalf of the shareholders. If you do not respect your management, you should eliminate them and replace them with ones you do respect. Those whom you respect, you should encourage to improve themselves. Through self-improvement they will improve the operations, efficiency, profitability, and safety/solvency of your institutions.

You should encourage them to not only improve themselves, but to hire and promote from within through encouraging younger officers and staff members to excel. They should be provided with a working climate capable of strengthening your management and staff personnel within the institution. The appropriate environment will permit your financial institution to operate smoothly and will encourage professional managerial attitudes and a proper atmosphere for professional development. Respect of your senior management will trickle down through the staff and your senior management, if appropriately trained and astute, will develop an internal respect/rapport with their staff and junior officers that will assist in the successful operation of the institution.

Respect and trust are not the same thing. As noted above, you should respect your senior management,



- **“Successful management of your commercial banking organization depends upon a series of checks and balances which permit you to respect your senior management and staff, while at the same time not trust them explicitly.”**

especially your president, executive vice president(s), and senior vice presidents(s). However, as directors of the institution, you should not trust them. Trust means to place all of your faith in and, unfortunately, abdicate your responsibilities to a group of individuals who are by theory, and should be in reality, subservient to the board of directors and accountable to the board of directors for everything they do. Trusting senior management means in reality that you have abdicated your authority to the senior management and have become sheep following the shepherd or simply “yes” persons to their desires.

A review of the FDIC statistics on the failure of banks up until recent years indicated clearly that 70 percent of all bank failures were caused by inappropriate managerial activities, most notably embezzlement, fraud, misappropriation of funds, and self-dealing. It should be noted that in some of these cases outside directors were in conspiracy with the inside senior management. Given the events of today, when most commercial bank failures are purported to have been more economic and financial in nature, especially in the states where ag and oil patch problems have exacerbated past lending practices, and where no embezzlement, fraud or self-dealings are noted in the public announcements, there are still a significant number of cases where senior management has taken advantage of its position and a lack of accountability and review of the board of directors in order to financially weaken a commercial banking organization through theft, fraud, embezzlement, misappropriation of funds, misapplication of funds, self dealing, and illegal and unethical activities.

This discussion does not have to be limited to only those cases where the commercial bank and/or holding company fails—this type of analysis applies to all situations where members of senior management have “stolen” significant funds from the institution and have caused claims against bonding companies, litigation against shareholders and/or directors, and have resulted in administrative orders from regulatory agencies, weakened financial conditions, personal and professional embarrassment, and tarnished the reputations of the board of directors and remaining management.

#### Series of Checks and Balances

Successful management of your commercial banking organization depends upon a series of checks and balances which permit you to respect your senior management and staff, while at the same time not trust them explicitly. Appropriate funding of these checks and balances, along with managerial and administrative review on behalf of the board of directors will protect the shareholders and the board of directors from most attempts to defraud or steal from the banking institution.

**1. The Accounting System**—First of all, it is necessary to have a competent accounting department, con-

troller (or cashier), or financial vice president of the commercial banking organization. The accounting staff should be competent in current bank accounting and should be trustworthy and ethical. The senior management who was responsible should have been trained in sophisticated accounting techniques and, as time goes on, he or she should be exposed to continuing accounting education.

**2. The Internal Auditor**—The second check in the system of checks and balances is a competent internal audit staff. The smaller the bank, the more you have to rely on the single internal auditor. This individual should be one of the smartest people that you have on staff, but with a caveat, that the internal auditor *may* be a source of possible embezzlement, fraud or misappropriation of funds if he or she is the only individual permitted to operate throughout the bank and have access to all bank records.

If you can only afford one internal auditor, then you might consider it prudent to employ an external audit staff on a periodic unannounced basis to act as an internal auditor. This may permit for the internal audit feature to be accomplished without running the risk of the internal auditor going south with the funds. In the past five years, to this author’s knowledge, six of his clients have had a problem with embezzlement of bank funds by a single internal auditor. Therefore, if you utilize only an individual auditor, be very careful of the selection, training and accountability of such auditor.

If you can afford an internal staff, that being two or more people, this would be preferable. In fact, several small, individual community banking organizations might hire one or two people to act as an internal audit staff for several banks. Although this would not be a full-fledged CPA firm employed as an internal auditor, this would accomplish the same effect and, therefore, permit for a cost justified internal audit.

**“An internal audit staff must report directly to the board of directors, not to the senior management of the bank.”**

If you *are* able to afford an internal audit staff, please keep in mind that the internal audit staff *must* be up-to-date in bank accounting and, most importantly, they *must report directly* to the board of directors, *not* to the senior management of the bank. Realistically, the proposed changes, purported violations of law, or other matters which must be remedied by the management and implemented by the staff of the bank should be downstreamed by the board of directors through the senior management to the staff of the bank.

Internal audit staffs are caught between a rock and a hard place. They report directly to the board of directors, but they work with the management of the bank



on a day-to-day basis. However, make sure, as directors of a commercial banking organization, that the internal audit staff reports directly to you on a frequent and regular basis, and has the full support of the board in order to accomplish what is necessary.

If the senior management is unhappy about the internal audit staff, then either you have a problem with senior management, or your internal audit staff is not capable. Senior management should realize that the internal audit staff is utilized as a checks and balances, not only to the board but also to the senior management and staff. If your senior management gives you a problem with the internal audit staff, it is time to be concerned about your senior management.

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### **"The certified external audit can be a third standard in sharing the checks and balances."**

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**3. External Audit**—Recent pronouncements by L. William Seidman, chairman of the FDIC, indicate clearly that there is a movement towards requiring certified external audits of all commercial banks, regardless of size, or number of shareholders. Today, less than a third of the commercial banking organizations in the United States have certified audits. The certified external audit, accomplished by a "competent" external auditor, can be a third standard in sharing the checks and balances. As one can tell from the litigation pending and accomplished in the banking industry over recent years, not all external audits are as competently accomplished as they could be, but in most cases, with over 4,000 banks having some form of an external audit, the number of litigations is small in relation to the total number of certifications, reviews, or compilations.

Most commercial banking organizations under \$200 million in size have a tendency to ignore the certification of their financial statements through the utilization of an external outside auditor because of cost. However, the \$15,000-\$50,000 cost of an annual external audit, depending upon the size of the financial institution, may be the least you can spend. Can you visualize what it would cost per director to protect themselves from litigation if it turns out the financial records of the bank have been imprudently or inaccurately compiled, or major embezzlements, frauds, misappropriations/misapplication of funds, or conflicts/self-dealings have taken place which should have been caught by a competent external auditor? All you have to do is look at the litigation costs compiled by the defense attorneys and the direct costs to commercial bank directors for litigations that have taken place over the last 5-6 years. The figures clearly indicate that the \$15,000-\$50,000 cost of the external audit may be a cheap price to pay for additional checks and balances.

If you are concerned about cost, choose your external auditor by a bidding process. Make sure the firm's annualized fees are predicted for several years in the future, so that they do not offer a loss leader bid for the first year and then raise the price for the second and third year of the engagement. Furthermore, make sure they have a free hand to be able to audit your financial institution. Believe me, after they have made recom-

mendations through their management letter, correct everything that is wrong so they never have to worry about the same problem the second time around.

In case there is some confusion, utilize an external audit to protect you from a financial standpoint. Whether you use their managerial service or not depends upon what they find, and whether their services are better than financial consultants/attorneys/other professional firms. They may be excellent in external audit, but may not be as competent in the area of managerial services, so always make sure that you have shopped around for the most competent assistance you can find.

**4. Federal and State Regulatory Examinations**—The state and federal regulatory examiners who visit you on at least a yearly basis (hopefully) also can assist you with checks and balances to dissuade fraud, embezzlement, misappropriation of funds, misapplication of funds, or self-dealing transactions by senior management and/or directors. However, it should be noted that due to the immense problem bank situations that are located predominantly in the southwestern and central states, there are about as many problem banks in the United States as of year-end 1986 as there were FDIC examiners. There is a growing trend for federal banking regulatory examiners to examine "good banks," that is CAMEL 1 and 2 banks, less often than in the past, and concentrate on CAMEL 3, 4 and 5. Furthermore, cost constraints prohibit state banking regulatory agencies from covering all of their banks each year. Therefore, don't expect the state or federal banking regulatory examiners to arrive in time to save you—in a lot of cases they arrive in time to close the bank!

It is appropriate to utilize all of the information that arises from a bank examination, correct all the deficiencies, take into consideration everything they have said to you, and not ignore their recommendations/findings. All directors should read every examination report before signing off on same, and if an administrative order is required (i.e.; a memorandum of understanding), a letter of agreement (the Comptroller's office), or a cease and desist order, all directors should realize the importance of such an order, and make sure that all the corrections are made as quickly as possible. This should be done regardless of what senior management says about the quality of the examination or the personality of the examiners.

In a later column, I will discuss, in detail, what you should do with administrative orders, or not do, but let's have that one for another issue. Just keep in mind, at this time, that any administrative order is far harder to get off than it was to get on and, therefore, you spend a great deal of time in attempting to get off the administrative order. You can only do so by correcting *everything* that the state and/or federal regulators want corrected.

One last note—don't expect the state or federal regulatory agencies to protect you from senior management or staff members in case of fraud, embezzlement, etc. This might have been appropriate 10 years ago, but today, you'd better count on your internal audit staff or external audit staff to perform this responsi-

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**RESPECT YOUR MANAGEMENT. . .**

(Turn to page 49, please)

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**1987-88 OFFICERS ELECTED**—Representing the Illinois Bankers Association for the coming year are, from left: Vice Pres.—**David L. Webber**, sr. v.p., Harris Tr. & Sav., Chicago; Treas.—**Wilbur D. Meadows**, pres., Natl. Bank, Canton; Exec. Committee Member—**Richard K. Ostrum**, pres., Uptown Natl., Chicago; Pres.—**Jack A. Emmons**, pres., Security B&T, Mt. Carmel; Exec. Vice Pres.—**William J. Hocter**, Chicago, and Immed. Past Pres.—**Charles E. Waterman**, chmn., South Holland Tr. & Sav.

## Emmons to Head IBA

By **ROBERT CRONIN**  
Associate Publisher

**M**ARKING its 75th year, the Illinois Bankers Association met in Peoria for the 1987 annual convention last month. Nearly 600 bankers and spouses gathered to hear nationally known speakers and to discuss new ideas during a first ever, "Banking Leadership Assembly" roundtable discussion. In addition, participants could choose several workshops covering a broad array of topics.

During the convention, association officers were elected for the 1987-88 term. They are: President—**Jack Emmons**, president and CEO, Security Bank & Trust Co., Mt. Carmel; Vice Pres.—**David Webber**, senior vice president, Harris Trust &

Savings Bank, Chicago; Secretary—**Randall Killebrew**, president and CEO, First National, Petersburg; Treasurer—**Wilbur Meadows**, president and CEO, National Bank of Canton; Past Pres.—**Charles Waterman**, chairman and CEO, South Holland Trust & Savings Bank, and Exec. Vice Pres.—**William Hocter**, Chicago.

Mr. Emmons began his banking career in 1961 as a note teller at the Security Bank & Trust in Mt. Carmel, his hometown. He was elected president of the bank in 1972 and has been active in the community's chamber of commerce, YMCA and Lions Club. Mr. Emmons has served on the IBA's Committee on Bank Directors and has chaired the Committee on Federal Legislation and Regulation.

### General Session

Outgoing President **Chuck Waterman** called the 1987 convention to order amid a colorful presentation of not only the "Star Spangled Banner" but a tribute to a variety of flags that have flown over this country. Mr. Waterman, calling the convention "part of an ongoing effort to prepare for the future," introduced the first general session speaker, Honorable **John Tower**, U.S. Senator (R-Tex.) and probably best known as chairman of the Tower Commission.

Mr. Tower, whose presentation dealt with national security and the role of Congress, said, "I am concerned with the gradual encroachment of congress upon the president. Congress cannot afford to formulate a foreign policy based on national interest," he said. Mr. Tower stressed that the trend towards congressional intrusion must turn around. "Checks and balances were not designed to check only the president, but congress as well," he said.

Commenting on the Tower Commission's findings, Mr. Tower said he is convinced that the president was not aware of the funds diversion. He cautioned that their cannot be an undermining by congress of the president. "Congress is in need of reform," he concluded.

"Accuracy first, then momentum," is how the second general session speaker described his presentation on strategic planning. **Peter Johnson**, who is a strategy consultant from Newport Beach, California, told his audience, "Organizations that think strategically, plan comprehensively, and implement intensely will almost certainly eclipse the rest of their industry." Mr. Johnson called today's consumer-oriented approach, or "market

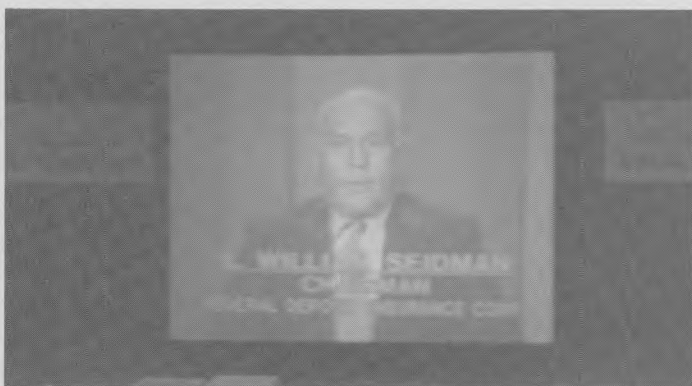


**LEFT**—The Hon. **John Tower**, right, U.S. Sen. and chmn., Tower Commission, spoke on our country's national security and the role of Congress. Here, he is visiting with **Mr. Waterman** before the first general session. **RIGHT**—Getting his point across about the risks of stress, **Dr. Peter G. Hanson**, author of best seller, "The Joy of Stress," gets help from **Mr. Meadows**.





LEFT—Greeting bankers and spouses during the IBA Banquet reception were, from left: **William Hocter**, exec. v.p., IBA, and wife **Jane**, and **Charles Waterman**, past pres., IBA, and chmn., South Holland Tr. & Sav., with wife **Joy**. RIGHT—ABA Pres. **Mark Olson**, pres., Security State, Fergus Falls, Minn., told bankers that their share in the market place is eroding, and steps must be taken to insure the future of the industry.



LEFT—**William Seidman**, chmn. FDIC, Washington, D.C., through the IBA-TV network, and live from Washington, told bankers he doesn't see much improvement regarding bank closings in the near future. RIGHT—**Peter Johnson**, strategy consultant, Newport Beach, Calif., instructed bankers to plan strategically for the future.

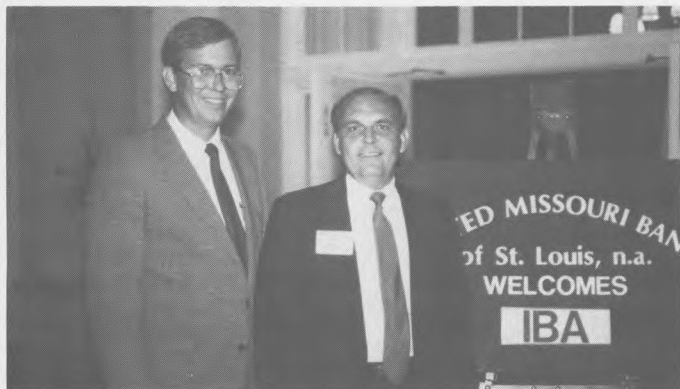


LEFT—Present at the Security Pacific Financial Systems exhibit were, from left: **William Beck**, reg. sales mgr., Rolling Meadows; **John Ardapple**, chmn., Whiteside County Bank, Morrison, and **Laura Patton**, Security Pacific, Phoenix, Ariz. RIGHT—Displaying the latest in automated service technology from First Wisconsin, Milwaukee, were, left, **Jerry Gassen**, v.p., automation sales & services, and right, **Paul Melnick**, a.v.p., First Wisc. Their guest was, center, **Lou Weber**, pres., Ottawa Natl., Ottawa.



LEFT—At the Davenport Bank & Trust Breakfast were, from left: **Glen Piotter**, 1st v.p., with guests from Colonial Trust & Savings, Peru; **Marilyn** and **Eugene Mischke**, pres., and **O.J. Stoutner**, sr. v.p. RIGHT—Visiting at the Modern Banking Systems display were, from left: **Jerry Murdock**, e.v.p., Galena Bancorp, Inc.; **Leo Stavas**, acct. repr., and **Mike Reynolds**, sales mgr., both with Modern Banking Systems, Omaha, Nebr.





**LEFT**—Enjoying themselves at the United Missouri Bank, St. Louis hospitality party were, left: **Terry Holm**, e.v.p., Brimfield Bank, and **Matt Grzybowski**, sr. v.p., UMB, St. Louis. **RIGHT**—Shown here at the Drovers Bank of Chicago hospitality suite were, from left: **Max Roy**, sr. v.p., Chicago, **Jack A. Marantz**, pres., Bank of Springfield; **John E. Treston**, 1st deputy, Commission of Banking, Springfield, and **Bob Corey**, vice chmn., Drovers Bank, Chicago.



driven" approach a dramatic shift away from a traditionally "product driven" approach, and said bankers must adapt to this form of strategic planning.

There are three distinct levels to strategic planning, the first of which is corporate positioning. "This level may be used to establish a recognized reputation for an entire family or products," said Mr. Johnson. The second level involves market positioning, or in Mr. Johnson's words, "targeted high level leveragable vertical markets." Instead of the more traditional approach, strategic marketing focuses on the "90/10" rule, wherein 90 percent of the marketing impact will result in 10 percent of all possible accounts within a predefined marketplace, according to Mr. Johnson.

The third and final strategy involves product positioning. "The intent at this point is to visibly establish some type of unique benefit or advantage which distinguishes your product or service from that of your competition," Mr. Johnson said.

American Bankers Association President Mark Olson, president,

Security National, Fergus Falls, Minn., spoke at the conclusion of the general session. Mr. Olson said that banks now have a smaller share of the marketplace and by 1990 could only have less than 30% of the market. Mr. Olson also said that in the period from 1975-1985, bank deposits were up 130% but s&ls, credit unions, pension funds, mutual funds and money market funds had deposit growth well over that of the banking industry's.

Mr. Olson mentioned five key areas in which the ABA is involved regarding the future of the industry: informing the public about banking through newspapers and other media; working closely with state and local governments on legislative issues; seeking remedies in the courts; working closely with bank regulators, and working to achieve legislation at the federal level.

The second day's general session included something of a media first. Using advanced television technology through the IBA's own TV network, all but one speaker were broadcast live from Washington, D.C. directly to the convention hall, projected upon a theater-size screen.

By means of a phone line, bankers could ask questions of the speakers.

William Hocter said that plans are underway for the IBA-TV Network to broadcast, once-a-month, a two-hour program updating bankers on legislative issues and regulation updates. Mr. Hocter said informative information by experts from Washington would be shown on the broadcast. The programming will be available on a subscription basis, he said. Georgia is the only other state to employ such a network.

Dr. Michael Mussa, member, President's Council of Economic Advisors, Washington, D.C. was the kick-off speaker for the second general session. His presentation, "Growth and Adjustment of the U.S. Economy," began with his comment, "We are always experiencing one or the other, growth or adjustment."

The optimistic Mr. Mussa told his audience that he is pleased with the performance of the economy by the indicators of our progress against inflation, lower unemployment rates, and lower interest rates. For 1987, Mr. Mussa is projecting economic growth at 3.2% and modest inflation



**LEFT**—Visiting prior to the convention banquet were, from left: **Wayne Bismark**, v.p., LaSalle Natl., Chicago; **Roger Lehmann**, pres., and **Vernon Townsend**, v.p., The Harvard State Bank, with **Tom Nelson**, in. off., LaSalle, Chicago. **RIGHT**—**Del Rogers**, left, v.p., LaSalle Natl., Chicago, visits with **Stu Jameson**, a.v.p., First Natl., Springfield.



of around 4%. He noted that as of October of this year, the U.S. will have experienced the longest peacetime expansion ever.

Mr. Mussa ended his comments by discussing the federal budget deficit and the international trade deficit. He pointed out that we are making substantial progress against the trade deficit. Regarding the federal deficit, Mr. Mussa said that in 1983, the deficit was 6.3% of the gross national product, and in 1987, that percentage average has dropped to less than 4% of GNP. Mr. Mussa did concede that this figure is still too high considering the business cycle the country is in.

Concluding the satellite broadcast from Washington were presentations by U.S. Senator Alan Dixon (D-Ill.) and William Seidman, chairman, FDIC, Washington, D.C. In his remarks, Mr. Dixon gave his insights on the Senate Banking Bill (S790) which includes bank powers legislation, a proposed recapitalization of the FSLIC, and an amendment that would allow bankers the ability to amortize some agricultural loans over seven years. Sen. Dixon said he is confident that bankers will be happy with the outcome of the bill.

Chmn. Seidman called these times "dramatic and changing," but he said they are optimistic times for banking because many of the changes are beneficial to the industry as a whole. He said he opposes any legislation that would add another tier of bankholding companies to the industry. He said "bankers need to work on being more consumer-oriented and maintain safety and soundness." During the question and answer session, Chmn. Seidman addressed the question of s&ls and thrifts being included in the FDIC fund. "It is possible that s&ls could move into the FDIC fund thus further weakening the FSLIC fund—and the FSLIC fund can't survive on the weaker institution's funds that would be left in the FSLIC," he responded. Mr. Seidman questioned whether or not the FDIC can charge a membership or initiation fee to those s&ls that do want to join the FDIC fund.

Mr. Seidman concluded that he predicts over 200 banks will fail by year's end. So far there have been 90 closings. He doesn't see any relief in 1988 and is most concerned with the energy states in the Southwest. "I

can't predict much improvement," he said.

Wrapping up the 1987 general session were some encouraging remarks by noted author Dr. Peter Hanson, who penned the top-seller "The Joy of Stress." Dr. Hanson said, "You can't avoid stress, but you can learn to deal with it." Through his verbal presentation and audience participation, Dr. Hanson encouraged audience members to listen to their bodies and to take care of them.

### Special Interest and Entertainment

Besides dozens of opportunities to meet at receptions, parties and special interest programs, bankers had the unique opportunity of hearing author John Naisbitt. He gave a "Megatrends Update." Mr. Naisbitt also co-authored the book "Reinventing the Corporation."

The spouses program was non-stop, and involved historic tours and antique shopping, aerobics workouts and a health and wellness seminar. Many spouses also took part in the general sessions.

Banquet entertainment this year was nothing short of spectacular. Bankers and spouses were treated to an evening of dancing, comedy and music with John and Donald Mills of the Mills Brothers and the music of the Moonlight Serenade Big Band Orchestra. □



George F. Scully has been named vice president and general counsel of the Cole Taylor Banks. He has been in the banking industry for 13 years. Prior to joining Cole Taylor, Mr. Scully served as an associate attorney with DeHaan & Richter, Chi-

cago, and as a bank examiner for the FDIC.

Daniel S. Bleil has been named vice president, corporate banking, for Cole Taylor Bank/Drovers. He has served as an assistant vice president of the bank since 1985. Mr. Bleil continues to serve as a member of the bank's board.

Douglas R. Burmeister has been named an assistant vice president of trust operations for the Cole Taylor Banks. He is based at the Drovers bank. Mr. Burmeister joined Cole Taylor in 1985 as a trust operations officer with the Ford City bank, and became trust operations officer for all the Cole Taylor banks in 1986. Prior to that, he worked in trust operations for First National Bank & Trust Co., Rockford.

\* \* \*

The board of directors of Money Station of Illinois, Inc., the ATM network resulting from the consolidation of Money Network and Cash Station, has unanimously voted to change the network's name to Cash Station and the corporation's name to Cash Station, Inc.

The Money Station name had been licensed to the company by Money Station, Inc., a shared ATM network based in Ohio. Original conditions of the licensing, along with additional conditions recently required by the Ohio company, led the board to opt for the name change. First National Bank of Chicago has transferred complete ownership of the Cash Station name and mark.

According to Cash Station president Stephen S. Cole, the conversion is proceeding on schedule and consolidated market introduction is planned for September.

\* \* \*

David N. Valenziano has been appointed an account executive in the public relations of Financial Shares Corporation. He previously served as a writer and graphic designer for the Illinois Department of Agriculture in Springfield.

\* \* \*

Christopher G. Knowles has been named director of Avenue Bank of Elk Grove. Mr. Knowles is president of Underwriters Salvage Company, Palatine.





**OFFICERS** of the Minnesota Bankers Association for 1987-88 are, left to right: (Seated, Pres.—**James R. Jorstad**, pres., Citizens State Bank, Hayfield; First Vice Pres.—**A. William Sands**, chmn., Western Bank, St. Paul. (Standing) **Truman L. Jeffers**, exec. v.p., Minneapolis; Second Vice Pres.—**James H. Hearon, III**, chmn., National City Bank, Minneapolis, and Treas.—**R. James Gesell**, pres., Cherokee State Bank, St. Paul.

## James Jorstad Heads MBA for 1987-88

By **BEN HALLER, JR.**  
Publisher

**S**EVERAL major accomplishments achieved by the Minnesota Bankers Association during the past year were reported briefly by MBA President Roy W. Terwilliger in his President's Address during the 97th MBA annual convention last month at the Marriott Hotel in downtown Minneapolis. Mr. Terwilliger, president of Suburban National Bank in Eden Prairie, listed these accomplishments:

1. A successful state legislative session for the MBA in many ways.

2. A successful year for MBA in education and all other services.

3. Continued progress for the MBA Special Ag Task Force, with a commendation to Les Peterson, president of Farmers State Bank, Trimont, who has been chairman of the Task Force for the three years of its existence.

4. Appointment of a Special Office Task Force, which has recommended that MBA offices be moved in the coming year.

5. Appointment of an MBA Organizational Task Force which has recommended some improved changes in the delivery of services to members.

6. Incorporation of the new insurance entity this past year—Banc-Insure.

7. Appointment of an Economic Development Task Force, whose recommendation to form the Minnesota Bankers Enterprise Network was adopted by the MBA Board of Directors at its meeting just prior to convention time.

8. Appointment of a special committee to plan for the MBA's 100th Convention three years from now—1990.

### New Officers Elected

Nearly 900 bankers and spouses were registered during the course of the convention. During the second general session they elected these officers to serve MBA in 1987-88:

**President**—**James R. Jorstad**, president, Citizens State Bank, Hayfield, to succeed Mr. Terwilliger.

**First Vice Pres.**—**A. William Sands**, chairman, Western Bank, St. Paul.

**Second Vice Pres.**—**James H. Hearon, III**, chairman, National City Bank, Minneapolis.

**Treasurer**—**R. James Gesell**, president, Cherokee State Bank, St. Paul, to serve a second term.

Reappointed as executive vice president and head of the professional MBA staff in Minneapolis headquarters is Truman L. Jeffers, who joined the staff in 1960 and has held his present position since 1970.

Also installed at the convention are three new members of the MBA board: William B. Bunker, president, First National Bank, Anoka, to represent District 3; Donovan J. Fisher, president, The Roseville Bank, District 4, and Dwayne



**SPEAKERS** at the opening general session were, left to right: **Roy W. Terwilliger**, pres. of MBA and pres., Suburban Natl., Eden Prairie; **James H. Hearon, III**, chmn., Natl. City of Mpls.; **Mark W. Olson**, pres. of ABA and pres., Security State, Fergus Falls, and MBA Exec. V.P. **Truman Jeffers**. **RIGHT**—**Guy R. Doud** (center), the Brainerd, Minn. teacher who was guest speaker at the Fellowship Breakfast, is congratulated on his most inspirational talk by **Mr. Jeffers** and his daughter, **Lisa**, his wife, **Leila**, and **Mark Ruff** of Fargo, N.D. Mark and Lisa are to be married August 1.





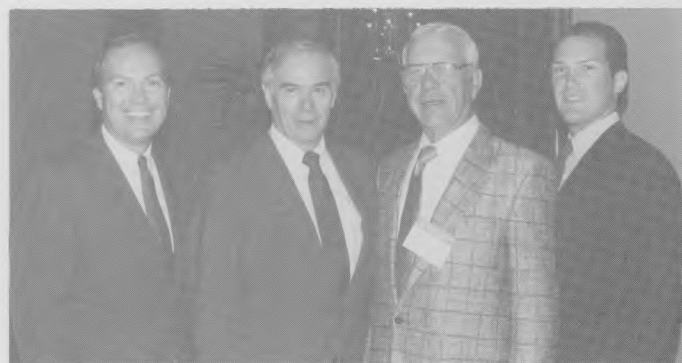
**PARTICIPANTS** in the overflow seminar on Economic Development were, left to right: **Don Imsland**, consultant; **Bill Sands**, chmn., Western Bank, St. Paul, and chmn. of the MBA Economic Development Task Force; **Dick Conner**, consultant; **Suzanne Meyerson**, pres., Atwater State; **John Ingebrand**, pres., Kanabec State, Mora; **Bob Burk**, pres., Merchant & Miners State Bank, Hibbing, and **Scott Jones**, pres., Goodhue County Natl., Red Wing.



**LEFT**—**Hal Lynch**, pres., Arlington State, and **Marian**; **Dick Holmes** (rear), v.p., Marquette Bank Minneapolis, and **Carol**; **Bill Kirchner**, chmn., Richfield B&T, and **Garnett**, and **Bill Addington**, v.p., Marquette Bank Minneapolis, and **Carol**. **RIGHT**—Some of the MBA staffers who helped make the convention move smoothly were: **Linda Forschen**, **Kelly Beede**, **Sandy Wollak**, **Jean Hendrickson** and **Joyce Berg**.



**LEFT**—Hosting the American Natl. of St. Paul reception were, from left: **Ev** and **Don Lindeman**, a.v.p.; **Kay** and **Jim Russell**, v.p. and head of corr. bk. div., and **Joe R. Kingman**, pres. **RIGHT**—ABA Pres. **Mark Olson**, pres., Security State, Fergus Falls, and his wife, **Renee Korda**, with **Jeanette** and **Bob Welle**, chmn., 1st Natl., Bemidji.



**AT** First Banks reception were, from left: **Grace** and **Tom Hinnenthal**, v.p., First Bank Minneapolis; **Renee Korda** and **Mark Olson**, pres. of the ABA and pres., Security State, Fergus Falls; **Cassandra Klump**, corr. bk. off., and **Ken Bezdicsek**, v.p., both with the host bank. **RIGHT**—**Bruce Hebel**, v.p., and **John Mullen**, exec. v.p., both with First Bank Minneapolis; **Roland Nordlund**, pres., Town & Country Bank, Maplewood, and **Bill Stiles**, v.p., First Bank.



## More photos from the Minnesota convention

**MODERATOR/speaker** for the "Consumer Marketing Strategies special interest session was H. Joseph Brunner (standing), sr. v.p., American Natl. B&T, St. Paul. Seated behind desk was his co-host, John Barlow, pres., Market Trends, Inc., Minnetonka. The other three special interest sessions covered productivity, negotiating with borrowers and loan review and risk rating.



**LEFT**—Dick Gandrud, pres., Pope County State, Glenwood, and Lorraine, with Mary and Jim Gowan, pres., 1st Natl., Chaska. **RIGHT**—Art Nelson, pres., Security State, Lindstrom, and Jan, with Jane and Bill Klein, who joined Norwest Bank Minneapolis two weeks earlier as v.p. in the corr. bk. div.



**IN** photo at left, Jim Campbell, pres., Norwest Bank Minneapolis, receives an autographed photo from noted golf pro Ben Crenshaw, and in photo at right, Dick Kovacevich, exec. v.p., Norwest Corporation, receives one from Mr. Crenshaw, while Frank Lewis (right), pres., Owatonna State, also visits with Mr. Crenshaw.

Bruns, president, Annandale State Bank, District 6.

### 50-Year Bankers

The following bankers were inducted into membership in the Pioneer Club in honor of the 50 years of service each has devoted to banking:

Irvin Burich, Citizens State Bank, Hutchinson.

David DuBois, First State Bank, Sauk Centre.

L.B. Eickhoff, Adrian State Bank, Adrian.

Lyman Wakefield, Jr., Resource Bank and Trust, Minneapolis.

Stan R. Wheaton, First National Bank, Elk River.

In his brief remarks upon accepting the MBA presidency, Mr. Jor-

stad pledged to continue the Task Forces referred to earlier, and emphasized the importance of every Minnesota bank giving full support to the newly-formed Minnesota Bankers Enterprise Network.

### Economic Development

While other events of the convention received proper attention, the Economic Development effort was the centerpiece of much of the program. Mr. Sands, the new First Vice President of MBA, was chairman of the Development Committee the past year and will continue as head of MBEN. In his address at the opening general session he recounted the events of the formative months and the selection of At-

water, Minn., for the pilot project. The Committee's purpose and the success in Atwater were detailed in an exclusive interview in the May NORTHWESTERN BANKER with Suzanne Meyerson, president of the Atwater State Bank. The principal thrust of that project and the MBEN in the coming year will be to expand on the employment and business base of existing business firms to enhance the economy of each community. Bankers are being asked to play a key role in this MBA project within their own communities.

Mr. Sands said "We think cash flow can develop to offset some farm income loss. This project *can* make an economic difference in our state."

- After the first general session ended, a special session on Economic Development was offered. The importance of the topic was shown by the fact that more than
- 170 bankers crowded into the assigned room and stayed for the entire session that lasted over one hour, with at least 25-30 having to stand at the sides and back of the
- room. Appearing with Mr. Sands and Mrs. Meyerson, who reviewed the Atwater project, were three Minnesota bank presidents who have taken a lead in aiding development
- projects in their communities. Each of them explained how they were involved personally, with bank staff, and a commitment of bank funds for loans or seed money. The three were
- Robert Burk, Merchants & Miners State Bank, Hibbing; John Ingebrand, Kanabec State Bank, Mora, and Scott Jones, Goodhue County National Bank, Red Wing.
- Mr. Sands said MBA will form a board of bankers and non-bankers to give direction to MBEN. He said MBA's goal is to raise \$250,000 to fund this important work. In his
- later MBA treasurer's report to the membership, Mr. Gesell said the MBA board "has recommended a 10% dues increase, all to go to fund
- the new subsidiary (MBEN). MBA will put \$100,000 into the project."

#### Mark Olson Reports

- ABA President Mark Olson reviewed the current status of federal banking legislation. It had just been announced that the House and Senate would go to Conference on SB 790 and the House Bill aimed only
- at funding \$5 billion for the FSLIC. ABA's posture, as it is with the IBAA, is to support Title I of S.B. 790, which would close the non-bank
- bank loophole, and kill Title II, which would place a one-year moratorium on the expansion of bank
- services. Title II addresses the FSLIC recapitalization and presumably will be adopted by the committee.

- Mr. Olson related that ABA is working hard on a public image enhancement that is paying dividends; through the courts, where all seven
- decisions the past year on securities powers favor banks; improved relations with regulators, and improved
- communication with Congress.

#### National Newsmen Speak

- National and international affairs were given special attention for delegates by two prominent newsmen—

Hugh Sidey, Washington editor for *Time* magazine, and Howard K. Smith, a Washington news commentator.

One of the inspirational talks of the convention was delivered at the Fellowship Breakfast by Guy R. Doud of Brainerd, who was recognized at a White House reception by President Reagan last year as 1986 National Teacher of the year. Superb singing was provided by John Bell Wilson and Tom Tipton.

#### Bankers Hear Competitors

The final general session featured Harvey Golub, CEO for IDS Financial Services, Inc., Minneapolis, and John J. Detterick, president of Sears Consumer Financial Corporation, Lincolnshire, Ill. Each described in detail the financial services offered by their respective firms, and how they plan to dominate the financial market. An extended Q and A period followed.

Four special interest sessions were offered on current topics—Productivity Consumer Marketing Strategies, Negotiating to Win (with faltering borrowers) and Loan Review and Risk Taking. Each session was offered twice.

#### Entertainment Features

The First Night Hospitality party was a big hit again. It was sponsored by American National Bank & Trust Co. of St. Paul; First Bank Minneapolis/St. Paul; Marquette Bank Minneapolis, and Norwest Corporation, Minneapolis.

In addition to golfing and tennis the first day, the convention offered a Spouses Hospitality Center, the Fellowship Breakfast, drawing for portable color TV sets, and the Annual Banquet which featured the talented music performers Paul and Linda.

The 98th Annual Convention of the Minnesota Bankers Association will be held June 6-7, 1988 in Duluth. □

#### Changes Told in Hinckley

The Farmers & Merchants State Bank of Hinckley has been sold to Dennis Frandsen of Rush City. He is the owner of Plastech Corporation of Rush City, and owns banks at Luck and Dresser, Wis.

Mr. Frandsen will serve as chairman of the board. Carl Knutson will act as vice chairman. He resides in Rush City and is active in banking and real estate.

Newly affiliated with the bank is Terrence Niewolny, a CPA who is presently controller for Frandsen Financial Corp.

Dennis Volden, a 19-year employee of Farmers & Merchants, will serve as board secretary and will be president of the bank. Donn L. Haugen, with the bank for nine years, will be senior vice president/cashier. Mary Ann Lyon, a 31-year employee, will serve as assistant vice president/operations officer. The three will also be on the board.

Other officers are LaVerne O'Donovan, assistant vice president/loan officer; Phyllis Maygren, assistant vice president/head teller, and Deanna Cabak, assistant cashier.

#### Third Union Oust Attempted

The union at First American Bank & Trust of Willmar is facing its third decertification attempt since February 1986. A petition asking for an election to decertify the union, signed by over half the bank's 46 employees, was filed with the National Labor Relations Board in late May. The NLRB scheduled a hearing on the matter for June 10, but the union filed blocking charges so the hearing was cancelled.

The NLRB is currently investigating the charges. If they are not substantiated, the hearing will be rescheduled. According to bank president Mike McNeil, all charges were denied. The bank feels the charges were filed simply to delay the vote to decertify, in the face of a majority of the employees opposing the union.

#### Promoted in Richfield

Richfield Bank & Trust Co., Richfield, recently announced the promotion of Pat Hulm to bank officer and manager/systems: programming. She joined RB&T in 1979 as a systems analyst, having previously served Norwest Bank.

Richfield Bank & Trust Co. has announced the promotion of Joel R. Johnson to officer status. He joined the bank in 1984 as a management trainee and advanced to manager-finance/operations in 1985.

In addition, the bank has promoted Patrick Servais to auditor. Mr. Servais joined Richfield Bank & Trust in 1984 and previously was assistant auditor. Prior to his affiliation with the bank, he was a bank examiner with the FDIC.

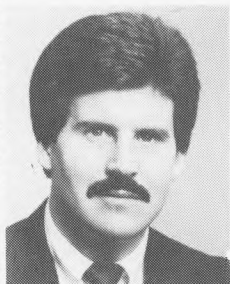




## Twin Cities



**Patrick J. Donovan**, vice president, retail banking for Norwest Corporation, has been elected president of Norwest Bank St. Paul. He succeeds **Richard A. Klingen**, who was elected chairman.



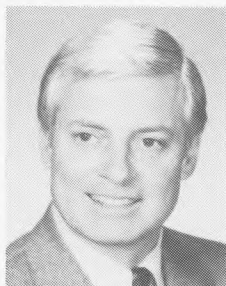
P.J. DONOVAN

Mr. Klingen, who remains the bank's CEO, has announced his intention to retire at the end of the year. He is a 30-year veteran of Norwest banks, and was the St. Paul bank's president and COO from 1981 to 1986, when he was named president and CEO.

Mr. Donovan joined Norwest St. Paul in 1981 and transferred to the corporate office in 1983.

\* \* \*

Norwest Corporation has announced that **Peter R. Reis** has been elected president of Norwest Bank Midland, succeeding **Ernest C. Pierson**, managing officer of the bank since 1982, who is retiring. Mr. Pierson remains on the board, and Mr. Reis was also elected to the board.



P.R. REIS

Mr. Reis previously served as vice president and manager of business banking for Norwest, and has served as senior vice president in charge of national banking at Norwest Bank Minneapolis and as executive vice president of Norwest Bank Bloomington.

Mr. Pierson has served all of his banking career with Norwest at the Midland bank, starting in 1965.

Prior to that he was employed by the Bank of Los Angeles and the Bank of America branch in South Redondo Beach, Calif.

\* \* \*

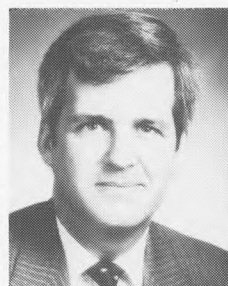
**Levor "Bud" Garnaas** and **Lars P. Lidberg** have been promoted to senior vice presidents, capital markets in the metropolitan division of First Bank System.

Mr. Garnaas most recently served as vice president, government trading and sales division, capital markets. He joined First Bank St. Paul in 1968, and rejoined FBS in 1984 after serving in San Francisco, Minneapolis and Chicago.

Mr. Lidberg has been associated with FBS since 1972. He has served in various capacities in international banking, and most recently was vice president, international money markets, capital markets.

\* \* \*

**Paul F. Walsh**, a former executive with Citicorp in Europe and the U.S., has been named a senior vice president of Norwest Bank Minneapolis and designated head of its capital management and trust division. He succeeds **Roger Bailey**, who has announced his intention to retire at year-end after 38 years with Norwest.



P.F. WALSH

Mr. Walsh comes from Frankfurt, West Germany, where he was senior vice president and regional business manager for Citicorp's card products. He started with Citicorp in 1974.

Mr. Bailey joined Norwest in 1949 at Norwest Bank Central. He was with Norwest Bank Minneapolis

since 1950 and with its trust group since 1956. He was appointed head of capital management and trust individual services in 1980.

\* \* \*

**William H. Queenan**, former president of Norwest Bank Bloomington and Norwest Bank MetroSouth, has been named chief credit officer of Norwest Corporation's banking group. He succeeds **Richard D. Schneider**, who is leaving the company to pursue outside interests.

Mr. Queenan joined Norwest in 1973 as vice president, commercial lending at Norwest Bank St. Paul. Most recently he has been chief policy officer and Norwest Bank Minneapolis. He will continue in that capacity until a successor is named.

Mr. Schneider joined Norwest in 1964 at Norwest Bank Minneapolis. He was appointed chief credit officer for the corporation in 1986.

\* \* \*

At MetroBank Bloomington, **Dotie Krause** has been promoted to vice president. She was formerly cashier and operations officer, and first joined the bank in 1973.

**Marcia C. Tuckner** has been promoted to assistant vice president. She served as consumer loan officer since joining MetroBank Minneapolis in 1983. Prior to that she was cashier and operations officer at MetroBank St. Paul.

**Judith L. Weeks** was advanced to consumer loan officer. She served as administrative assistant since joining the bank in 1984. Prior to that, she was employed by Summit State Bank in Richfield.

\* \* \*

**Stephen J. Jarvis** has been named vice president of MetroBank St. Paul. He previously served as assistant vice president of the First Na-

tional Bank of Anoka, where he was employed for six years. Prior to that he served at ITT Thorp Credit and Thrift.

\* \* \*

Resource Bank & Trust has announced the following officer appointments:

**Jack Anderson** joined the bank as vice president, loan department. He will be responsible for commercial lending at Resource's Minnetonka office. He previously served as a lending officer in the executive financial services department of Marquette Bank Edina. Before that, he spent 17 years with Norwest Corp.

**Sally Jo Harff** was appointed vice president of sales and marketing. Before joining Resource, she was vice president and branch manager at Marquette Bank Lake's Abbott-Northwestern Hospital office. Ms. Harff will be responsible for sales and marketing at Resource's Minnetonka and downtown Minneapolis offices.

\* \* \*

FBS Insurance, the insurance subsidiary of First Bank System, has announced the sale of 16 insurance agencies to Community Insurance, Inc. The sale is part of FBS's strategy to restructure its banking assets by selling 28 of its banks with 45 offices, as announced in Aug. 1985.

**Arlowayne R. Kilber**, who managed First Insurance Wahpeton, has formed and will serve as president of Community Insurance, Inc. The former FBS Insurance agencies will now be called Community Insurance agencies, and will employ the same people and offer the same products and services as previously.

The 16 offices are located in Minnesota, North Dakota and South Dakota.

\* \* \*

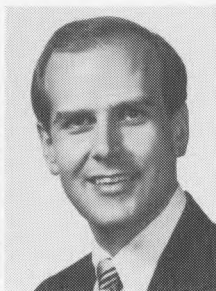
**Robert W. McConnell**, a mortgage banker with 15 years of experience, has been appointed executive vice president of Valley National Mortgage Company, a subsidiary of Valley National Bank of Arizona. He will oversee all VNMC residential loan production.

Mr. McConnell served for three years as senior vice president and national production manager for Norwest Mortgage, Inc., of Minneapolis.

Marquette Bank Columbia Heights has announced the appointment of **Ann L. Caligur** as a loan officer. Prior to joining the bank, she was a personal banker and consumer lender for First National Bank of Omaha, where she also worked in the marketing department.



A.L. CALIGUR



J. HAUGEN

**James Haugen** has been appointed real estate and consumer loan officer at Marquette Bank Columbia Heights. He previously served as a loan officer with the Roseville Bank, Roseville, for three and a half years.

\* \* \*

First Bank System has introduced a new VISA and MasterCard that gives consumers more control over the cost and benefits of their credit card.

The new product features a 16.8 annual percentage rate, the opportunity to eliminate the annual fee, a 14.4 APR installment loan line with repayment terms decided by the consumer, and a skip payment option.

According to **Robert Pitner**, president of FBS Card Services, Inc., the new card "is the first of what we're calling the 'next generation' of credit cards."

The new product was first offered in May to preferred customers of First Banks.

\* \* \*

Norwest Corporation has announced that it has opened its first office in Delaware, leaving only five states in which it does not have an operating presence. The new office is a consumer finance office of a new subsidiary, Norwest Financial Delaware, which specializes in personal and home equity loans. It is located in Dover.

\* \* \*

American National Bank, St. Paul, has announced that assets for which its trust division is responsible

have passed the \$1 billion mark. The bank is the second largest trust organization in St. Paul and the fourth largest in the Twin Cities.

American has also announced that its Senior Vice President of commercial loans, **Robert Nelson**, has been appointed to serve as vice president and a director of the National Aircraft Finance Association. Mr. Nelson has been associated with general aviation lending for over 20 years.

## BMA Pres. Named

**Elaine A. Bergquist**, president of MetroBank Computer Services, Inc., and director of marketing for MetroBanks, has been named the 1987-88 president of the Minnesota Chapter of the Bank Marketing Association. She succeeds **H. Joseph Brunner**, senior vice president of American National Bank.

Ms. Bergquist has been associated with the Metropolitan Bank Group since 1982, when she started MetroBank Computer Services. She was formerly president of Delta Systems, Inc., a manufacturer of electronic cash registers in Minneapolis.



E.A. BERQUIST

## Elected in Cloquet

**John R. Baker** has been elected president and a director of First Bank Cloquet. He most recently served as senior vice president and retail banking manager at First Bank Mankato.

Mr. Baker has been with First Bank System since 1965. He has been employed at First Bank Austin, First Bank Duluth, FBS Information Services and FBS Services, Inc. He joined First Bank Mankato in 1983.

## Appointed in Edina

**Kevin L. Campion** has been appointed to vice president/field examination department at Norwest Business Credit, Inc., Edina. He joined the company as an auditor in 1981 and most recently served as a marketing representative.





**1987-88 OFFICERS**—Elected officers for the Wisconsin Bankers Association are, from left: Vice Pres.—**Thomas L. Schiefelbein**, pres., The Security Natl., Durand; Exec. Dir.—**Bryan Koontz**, Madison; Pres.—**Richard P. Klug**, chmn., F&M Bank, Menomonee Falls; Immed. Past Pres.—**Rowland J. McClellan**, pres., Valley Bank, Janesville, and Treas.—**Jess S. Levin**, pres., Bank of Elmwood, Racine.

## Business Fair Highlights Convention

By **ROBERT CRONIN**  
Associate Publisher

**O**VER 550 bankers and spouses were in attendance for the 1987 Wisconsin Bankers Association Annual Convention held last month in Green Bay, and were treated to excellent general sessions, receptions, guest program and, new this year, a Business Resource Seminar. Immediate Past President Rowland McClellan, president, Valley Bank, Janesville, called this "the first step of many that the WBA will be taking to direct the focus of our membership towards local development."

A sampling of those topics covered during the afternoon business fair included a look at the WBA

Strike Force, small business development centers, development packaging, developing a business client, international trade, venture capitalism and correspondent banking. Mr. McClellan said, "This is a new and exciting direction for WBA, and I am confident that it will give broader recognition to the fact that Wisconsin bankers are truly a natural resource for economic development."

### Installation of New Officers

During the convention banquet, the 1987-88 WBA officers were installed. The new officers are: **President**—Richard P. Klug, chmn., and CEO, F&M Bank, Menomonee Falls. **Vice President**—Thomas L. Schiefelbein, president, The Security National Bank of Durand. **Trea-**

**surer**—**Jess S. Levin**, president, Bank of Elmwood, Racine. **Immediate Past President**—**Rowland J. McClellan**, president, Valley Bank, Janesville. **Executive Director**—**Bryan Koontz**, Madison.

Mr. Klug joined F&M Bank in 1960. He has been a member of the WBA Executive Council since 1983 and chairs the Forms & Procedures Committee for the WBA. He is also active in his local community where he chairs the Greater Menomonee Falls Committee. Mr. Klug maintains Kildeer Orchards, his 700 tree apple orchard, and markets 16 varieties of apples to local supermarkets.

### General Session

The 1987 general session was called to order by Mr. McClellan and a convention welcome was given by Patricia McCarthy, Green Bay Ambassador. ABA President Mark Olson, president, Security State Bank, Fergus Falls, Minnesota, was the kick-off speaker. His topic was "A Washington Perspective."

Mr. Olson said, "Today, commercial banks are in danger of becoming obsolete." Referring to the overall decline in FDIC-insured bank earnings, he said, "This is directly related to banks' inability to offer the range of financial services necessary to meet the demands of today's marketplace."

"In 1986," Mr. Olson said, "the industry as a whole suffered its first overall decline since 1961; if this trend continues, there could be 20 percent fewer banks in 1990." He said banks' share of all financial assets would fall from 32 percent to 29 percent, at the current pace.

According to Mr. Olson, the ABA is seeking modernization of federal laws that limit commercial banks'



**LEFT**—Hosting the First Wisconsin Party were, from left: **Lee and Roger Fitzsimonds**, pres., & c.o.o., First Wis., with **Gail and John Underwood**, pres., First Wis., Green Bay. **RIGHT**—Also in attendance at the party were, from left: **Don Kramp**, v.p., and **Phyllis**; **John Becker**, pres., and wife **Bonny**, with **Bev and Harv Keller**, v.p., all with First Wisconsin, Milwaukee.





**LEFT**—Enjoying the opening night festivities were, from left: **Ralph Nelson**, v.p., Marquette Bank, Mpls., and wife **Wendy**; **Matt Helmerman**, pres., The Coulee St. Bank, La Crosse, and wife **Jean**, with **Bill Addington**, v.p., Marquette Bank, Mpls., and wife **Carol**. **RIGHT**—Taking part in this year's convention were, from left: **Bob Jacobson**, v.p., American Natl., St. Paul, and wife **Lori**, with **Muriel** and **Ron Isaacson**, pres., State Bank of Medford.

ability to underwrite and sell securities, insurance and real estate. Mr. Olson noted that FDIC Chairman William Seidman and Comptroller of the Currency Robert Clark have stated that this type of legislation is essential to banking's future.

"The fight for new products and services for banks will not be easy," Mr. Olson said, "and bankers must take action at the grass-roots level." He concluded, "What the final legislation will look like and what it will do for banking, is really very much in our own hands."

Other general session speakers included Robert Bleiberg, editorial director and publisher, *Barrons*, who gave his insights on the future trends of business and the financial forecast for the coming years. Mr. H. Nicholas Muller, III, director, State Historical Society of Wisconsin, told his audience about plans for the anniversary of the U.S. Constitution. Joe Theismann, CBS Football Commentator and former quarterback for the Washington Redskins, gave concluding remarks during the day's second general session.

His comments addressed the topic, "Quarterbacking Your Own Life."

#### President's Remarks

Mr. Klug said that bankers have paid the price over the past eight years and now it was time to concentrate on what bankers can do to strengthen their own banks. "Stronger Wisconsin banks and a stronger Wisconsin Bankers Association will result in a stronger Wisconsin," he said. In looking ahead, Mr. Klug said, "We bankers are about to step forward to meet the new needs for changing business and personal financial services."

Mr. Klug pointed out that change is often opportunity, and that the WBA committees will be adapting to the future in the coming year. For example, the WBA will be employing three new committees: Products and Services, Banks Operations and Procedures, and Human Resources. The first committee will help bankers better serve customers by providing new products and services. "The buzz words here," he said, "are imagination, innovation and unlimited thought process." The second

committee is charged with helping find more economies for Wisconsin banks. "This will help produce solid, sound, workable tools for bankers to use," said Mr. Klug. The third committee will enable banks to train their employees to better meet the demands of future customers' needs, as well as dealing with the areas of compensation, benefits, and personnel manuals.

Mr. Klug concluded with these encouraging words: "The time has come when WBA can channel its very considerable resources and talents to helping us become better banks. Our customers and our communities will benefit, not only in the short term but in the future. Better banks mean a better future and quality of life for our communities. Let's get started on building bridges to prosperity together."

#### Entertainment and Guest Program

The WBA put together an outstanding program for spouses and guests which began with a river boat cruise on the Fox River aboard the *River Queen*. An all-convention party, sponsored by First Wisconsin,



**LEFT**—Valley Bank Corporation held its reception at the Green Bay Packers' locker room. Taking part in the evening were, from left: Commissioner of Banks **Richard Galecki**, Madison; **Jack Johnson**, pres., Valley Bank, Spring Green; **John Mack**, sr. v.p., Valley Bank Corp., Madison, and **Gus Zuehlke**, chmn., Valley Bank Corp. Madison. **RIGHT**—Also present were, from left: **Gus Zuehlke**, chmn., Valley Bank Corp.; **Kenny Stills**, free safety, Green Bay Packers; ABA Pres. **Mark Olson**, pres., Security State, Fergus Falls, and his wife **Renee Korda**; **Ed Berry**, def. back, Green Bay Packers, and **Rollie McClellan**, pres., Valley Bank, Janesville.



# A team



Lincoln — (Left to Right) Ruth Howell, Dwain Carlson, Mary Ulmer, Mike Harlander



Omaha — (Standing) Joan Ingram, (Seated) Larry Carlson

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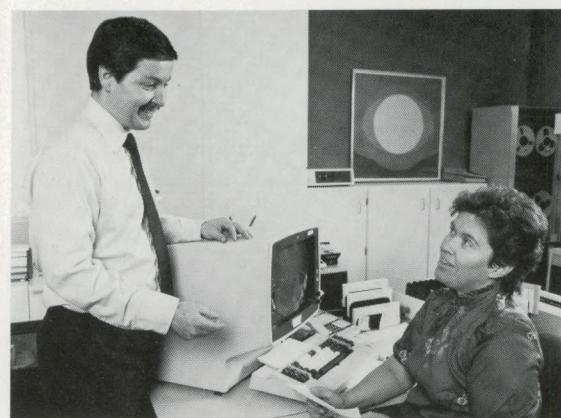
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Lincoln — (Left to Right) Kathy Gulland, Sam Whitworth,  
Scott Meradith



Omaha — (Left to Right) Jim Suing, Judy Reuting

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attracted hundreds of bankers and spouses. Tours were available to various Green Bay attractions, and a special luncheon was held. Of course, golf and tennis were available. This year's convention dinner show was preceded by a reception sponsored by Marine Bank, Milwaukee. During the banquet, officers were installed and fifty-year bankers were recognized. The evening entertainment was the musical group "Reunion," made up in part by former members of the group, The Lettermen. □

## **Bankers' Bank Elects Officers**

The Bankers' Bank of Wisconsin, Madison, has announced the election of two new officers. Donald L. Weber has joined the bank as senior vice president, investments. Formerly he held a similar position at First Bank Creve Coeur, Mo. He has also been employed by Centerre Bank in St. Louis and several St. Louis area brokerage firms.

Marilyn Stepnick, an investment representative since 1986, was elected investment officer. She formerly was assistant treasurer for Wisconsin Housing Economic Development Authority.

The following individuals were elected directors of Bankers' Bank of Wisconsin, Inc. and its subsidiary, Bankers' Bank of Wisconsin: Robert C. Gorsuch, The Park Bank, Madison; Trevor A. Harder, Kilbourn State Bank, Milwaukee; Gary S. Harrop, The Peoples State Bank, Mazomanie; Thomas K. Maxwell, Farmers Merchants Bank & Trust, Marinette, and Richard J. Pamperin, Marion State Bank, Marion.

## **Named in Appleton**

Roger S. Core has been named executive vice president of Valley Trust Company, Appleton. He will be regional manager for offices in Appleton, Green Bay, Kewaskum, Oshkosh, Rhinelander, Ripon, Shawano and Woodruff. He will continue as manager for the Appleton office and as a director of Valley Trust Company. Mr. Core came to Valley in 1978 from Chicago, where he had been an investment officer with the trust department of the Continental Illinois Bank.

Also at Valley Trust, Appleton, Joyce G. Gordon has been named to

head the personal trust division. She is an attorney who resides in Appleton.

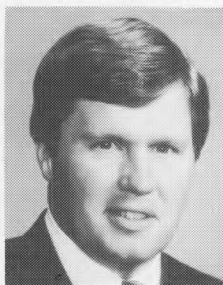
## **Named in Janesville**

Peter C. Jacobs has been named executive vice president of Valley Trust Company, Janesville. He will be regional manager for offices in Janesville, Madison, Sauk City and Sun Prairie. Mr. Jacobs has been with Valley for nine years, most recently as a senior vice president/office manager in Janesville.

## **V.P. Named in Milwaukee**

Mark Zalewski has joined University Bank, Milwaukee, as executive vice president and a director.

Mr. Zalewski began his banking career as branch administrator and commercial loan officer for First Wisconsin Corporation, and was eventually promoted to president of First Wisconsin Westown in Madison. He has also been president of Independence Bank in Madison and served as a bank consultant with Bank Management Resources in Atlanta, Ga.



**M. ZALEWSKI**

## **Promoted in Lancaster**

Union Bank & Trust of Lancaster has announced the promotions of Will Johnson and Pat Friar. Mr. Johnson has been named president and trust officer. He previously served as executive vice president and trust officer. Mr. Friar, who is vice president and security officer, now has the additional responsibilities of cashier.

## **Added in Shawano**

Karen Kalishek has joined the staff of Citizens Bank of Shawano as vice president, controller and cashier. A CPA, Ms. Kalishek was formerly the manager of finance for Imperial, Inc. of Green Bay, and prior to that worked as an accounting officer for Valley East Bank in Green Bay.

## **Merger Announced**

Stockholders of Edgewood Bank, Greenfield, have approved a merger with State Financial Services Corporation, to be effective July 1. Edge-

wood Bank brings assets of \$15 million to the banking holding company, which currently owns State Bank Hales Corners and University National Bank in Milwaukee. The three banks have assets totalling \$140 million.

## **Waunakee, Madison Banks to Merge**

First Wisconsin Corporation is proceeding to obtain regulatory approval to merge First Wisconsin of Waunakee into First Wisconsin National Bank of Madison.

As of April 30, the Waunakee bank had assets of \$24.6 million and First Wisconsin—Madison had assets of \$493.8 million.

Pending regulatory approval, the merger is scheduled to be completed on December 31. Following the merger, James R. Schmitz will continue to head the Waunakee operation for First Wisconsin.

## **Named in Brown Deer**

Mary Beth Brey has been named commercial banking officer at Brown Deer Bank. She will serve the commercial lending team in new business, credit evaluation and customer service. Ms. Brey most recently served the bank as commercial banking representative.

## **Added in Green Bay**

Mary Kay Eckert has joined Valley Trust Company, Green Bay as assistant trust officer. Prior to joining Valley, she was an administrative assistant at Associated Kellogg Bank.

## **Valley Bancorp. Announces Changes**

Kristine Schulz Goldman has joined Valley Bancorporation, Appleton, as corporate compliance officer. She previously served as a legal assistant in the law department of Aetna Life & Casualty Insurance Company in Hartford, Conn.

Kevin L. Rust has been named investment officer for the corporation. Prior to joining Valley, he was an investment officer at Queen City Fed-

**WISCONSIN NEWS...**  
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**1987-88 NDBA OFFICERS**, from left: Pres.-Elect—**Roger Berglund**, pres., Dakota Western, Bowman; Immed. Past Pres.—**Harvey Huber**, pres., Union State Bank, Hazen; Exec. Dir.—**Harry Argue**, Bismarck; Pres.—**John W. Pierson**, chmn., Norwest Bank, Minot, and Vice Pres./Treas.—**Ken Reno**, pres., United Bank, Bismarck.

## Pierson Elected President

By **ROBERT CRONIN**  
Associate Publisher

**O**VER 350 bankers and spouses from across the state gathered in Minot last month for the 1987 North Dakota Bankers Convention. The two-day convention offered plenty to do with men's and women's golf outings, the president's reception, prayer breakfast and the all-convention banquet featuring the music of "Life." Convention-goers also had the opportunity to view the latest in banking products and services via convention exhibitors.

### Officers Elected

Highlighting the convention was the election of officers for the 1987-88 term. Officers elected were: **President**—John W. Pierson, chairman, Norwest Bank, Minot. **Pres.-Elect**—

Roger Berglund, president, Dakota Western Bank, Bowman. **Vice Pres./Treas.**—Ken Reno, president, United Bank, Bismarck. **Immed. Past-Pres.**—Harvey Huber, president, Union State Bank, Hazen. **Exec. Director**—Harry J. Argue, Bismarck. Chairing this year's convention was Curt Zimbelman, a.v.p., First Western Bank, Minot.

### General Sessions

Preceding the general session, the all-convention prayer breakfast was held. It featured a unique presentation by Jerry and Sis Levin, journalists, Cable News Network. Mr. Levin related his experience of being kidnapped by Arab terrorists in 1984, and discussed his background in radio and television.

The 1987 general session was called to order by Mr. Huber as he reviewed the program's "comprehensive agenda with educational, in-

formative and motivational individual presentations." The first speaker was Hon. Douglas Barnard, Jr., member of the House and Representatives, Georgia, and probably best known for his involvement in the Barnard-Garn banking bill. Congressman Barnard provided key insights to this bill.

"Investment Strategies in a Low Rate Market," was the presentation given by James Vining, president, Vining-Sparks Securities, Inc., Memphis. Mr. Vining's background in banking and involvement with the Federal Reserve Board enabled him to give valuable insight to financial management, mortgage backed securities and automobile financing.

Following the convention luncheon, which featured George Nigh, former Oklahoma governor, the general session was called back into order. Giving bankers and spouses a look at "The Presidency" was Hugh Sidey, journalist, *Time* magazine. Mr. Sidey's remarks centered on his remembrances of past presidents and humorous notes about president's Reagan, Ford, Carter and Nixon.

Looking forward to the 1988 presidential election, Mr. Sidey said, "In my 30 years covering the presidency, I haven't seen an election that had 20 candidates contending for your time and giving as many bad speeches." He observed, "What is most important in the election of a president in that person's character—what's inside the man. It is our job to sort out the right one, but even then, we will not really know them until they are in the Oval Office."

ABA Treasurer Tom Rideout, senior vice president and director of government relations, First Union



**LEFT**—Convention Chmn. **Curt Zimbelman**, a.v.p., First Western, Minot, left, visits with general session speaker, **Hugh Sidey**, journalist, *TIME* Magazine. **RIGHT**—**Mr. Huber**, left, shown here with **James Vining**, pres., Vining-Sparks Securities, Inc., Memphis.







**LEFT**—Taking part in the joint luncheon were, from left: **Mr. Huber**; **Mr. Argue**, **Gary Wickre**, pres., First Bank Minot, and former Oklahoma Governor **George Nigh**. **RIGHT**—ABA Treas. **Tom Rideout**, sr. v.p., First Union Corp., Charlotte, N.C., told bankers the future of the industry is in jeopardy.



**LEFT**—Enjoying one of the many hospitality suites were, from left: **LeRoy Lokken**, v.p., Bank of Tioga, and wife **Avis**, with **Charlotte** and **Allen Highum**, v.p., First Bank, Minneapolis. **RIGHT**—Visiting at the North Central Life suite were, from left: **Mark Brown**, e.v.p., and **Marlys**, a.v.p., Security State, Hannaford; **Dave Okeson**, reg. mgr., North Central Life, St. Paul, and **Steve Steinborn**, v.p., F&M Bank, Wimbledon.



Corporation, N.C., gave his viewpoint on the banking industry and the role of the ABA. "The ABA wants to get bankers fired up politically, intellectually and for the overall approach," he said. Mr. Rideout's comments centered on "Banking & The Future: A Longer View." He said there are three questions that bankers should be asking themselves: what are the issues, what can banks do to prepare for these future changes, and what can the ABA do to help. Mr. Rideout warned, "Unless changes take place, the future of the industry is in jeopardy."

At the conclusion of the general session, various special interest presentations were given. They included comments from Jeff Brandon, NDBA insurance manager, who spoke on BancInsure; Jeff Rodman, vice president, MASI, Des Moines; Les Nelson, member, NoDakBancPac; Warren DeKrey, ND State Development Credit Corporation, and William Sanger, Nominating Committee report. Mr. Huber also gave his president's report at this time.

Mr. Huber, in his report, said the 1987 state legislative session had its own uniqueness. "We don't have mandatory mediation in North Dakota," he said, "and we won't need it because of your commitment to your communities and your service area. NDBA has achieved expanded products and services legislation in the form of a securities and brokerage consultation law." Concluding his remarks on legislation, Mr. Huber called on bankers to "help with the process; getting good legislation passed and bad legislation put to a timely death."

Speaking on economic recovery in the state of North Dakota, Mr. Huber said, "This will not be rapid for most of us. I am convinced that recovery will be enhanced if the bankers of this state take an active part in diversification of our state's economy. Undoubtedly, most of the economic development projects will still be ag related."

Looking ahead, the NDBA will be hosting a special Legislative Leadership Summit on September 22 in Bismarck. In lieu of the four group

meetings that are normally held, this special state-wide meeting will give bankers the opportunity to speak out on matters of bank structure. Mr. Huber commented, "This will be a genuine opportunity to have a say in North Dakota's banking future."

The 1988 NDBA Convention will be held June 13-14 in Grand Forks, then be back in Bismarck in 1989. □

### Kotte Named NABW Woman of the Year

Penny Kotte, compliance officer and supervisor of deposit services at First Bank Fargo, has been named recipient of the National Association of Bank Women's second annual woman of the year award. The award is based on association, participation, community activities and professional organization involvement.

### Two VPs Named in Fargo

Pamela Anderson has been ap-

**NORTH DAKOTA NEWS...**

(Turn to page 37, please)

## South Dakota

L. Ness, pres., Yankton  
J.M. Schwartz, exec. v.p., Pierre



### Promoted in Rapid City

At Norwest Bank South Dakota in Rapid City, Tom Naasz has been promoted to vice president, private banking and William Grant to vice president, business banking.

Mr. Naasz joined Norwest in 1977 in Rapid City and from 1978 to 1982 was assistant manager of the Mountain View office. In 1983, he was named assistant vice president and manager of Villa Rancho until being named assistant vice president, private banking in 1984.

Mr. Grant joined Norwest in 1975 in Rapid City and was named commercial loan officer in 1976. He was promoted to assistant vice president, business banking in 1984.

Also at Norwest in Rapid City, Brenda Schmidt has been named

mortgage loan officer. She joined Norwest in 1975 and in 1983 began working in the mortgage loan department, being named a mortgage loan originator in 1986.

### Norwest Names VP

Craig Johnson has been named vice president, community banking for Norwest Bank South Dakota and Norwest Bank Minneapolis. Mr. Johnson joined Norwest Audit Services in 1964 as an accountant in Minneapolis. He served Norwest in Rapid



C. JOHNSON

City prior to transferring to Sioux Falls in 1976. In 1979 he joined Norwest Bank South Dakota as an assistant controller and in 1984 was named vice president, cost accounting.

### Elected in Sioux Falls

First Bank of South Dakota has elected Terry L. Kappes vice president and financial services group manager. Mr. Kappes joined the bank in 1977 as a collector, became an officer in 1979, was named assistant vice president in retail banking in 1983, and most recently served as the retail collection manager.

### Bank Opens in Sioux Falls

Dial Bank is a newly chartered state bank, doing business as of May 15 in Sioux Falls. President and CEO of the new bank is Michael S. Kuzepa.

### Name Change in Veblen

The Bank of Veblen, Veblen, with a branch at Britton, has changed its name to Marshall County Bank, according to the South Dakota Division of Banking and Finance.

### Consulting Firm Opens in Sioux Falls

R.A. Nelson of Sioux Falls has opened a business management consulting firm that deals with taxation, banks and insurance companies. Mr. Nelson is a CPA and has been an accountant, auditor and office manager for various companies. He will also work in Des Moines and Omaha.

### NORTH DAKOTA NEWS...

(Continued from page 36)

pointed vice president and account executive of First Bank Fargo. She joined the bank in 1986, having previously been employed by First Trust Company of North Dakota since 1973.

Charles A. Ostlund has been appointed vice president and financial services group manager. He joined the First Bank System Data Processing Center in 1965. Until his recent appointment, he was manager of the transaction processing center.

## Montana

W.E. Schreiber, pres., Whitefish  
J.T. Cadby, exec. v.p., Helena



### Pres. Elected in Whitefish

Keith Armstrong has been elected president of the First National Bank of Whitefish. He previously held the position of president with the First National Bank of Eureka. Both banks are affiliates of Evergreen Bancorporation, Inc.

Mr. Armstrong began his banking career with First Bank System in 1971 in Billings, and transferred to Lewistown in 1972. In 1973 he moved to First Bank—Langdon, N. Dak. From 1976 to 1986, Mr. Armstrong was vice president and cashier at First Bank—Livingston, Mont., and in 1986 was elected president of the Eureka bank.

### Convention Update

At the time this issue was going to press, the Montana Bankers Association was holding its Annual Convention in Sun Valley, Idaho.

James Bennett, president of First Citizens Bank Billings, was scheduled to advance as president of the association, succeeding W.E. "Buster" Schreiber, chairman and president of Mountain Bank of Whitefish.

The complete convention report with photos will appear in the August issue of THE NORTHWESTERN BANKER.





**WBA OFFICERS** for 1987-88 are, left to right: Immed. Past Pres.—**N.P. Van Maren, Jr.**, vice chmn., Hilltop Natl., Casper; Pres.—**William H. Ruegamer**, pres., First Interstate Bank of Sheridan; First Vice Pres.—**Auburn W. Dowdy**, chmn., Norwest Bank Cheyenne; Second Vice Pres.—**Jerry W. Rankin**, pres., First Wyoming Bank—Jackson, and Exec. V.P.—**Gretchen Tea**, Casper.

## Bill Ruegamer Heads Wyoming Bankers

By **BEN HALLER, JR.**  
Publisher

**W**HEN they addressed the Wyoming Bankers Association's 79th Annual Convention at Jackson Lake Lodge, Moran, on June 15, Wyoming's Sen. Alan K. Simpson and Repr. Dick Cheney agreed on several key points:

1. Wyoming is in a depressed state because of its close reliance on income from agriculture and energy sources. The effects of that reliance will not be relieved until one or both of those industries experiences a turnaround, and the state develops alternative sources of revenue.

Sen. Simpson reminded his audience that "Wyoming's permanent mineral trust funds exceed \$900 million, the University and other en-

tities have over \$1.2 billion, and the state has about \$3 billion interest-bearing funds. Wyoming gets 37% of all royalties from federal lands in our state. Although the assessed valuation of our state is going down, the State of Wyoming is in an extraordinary position. I expect Wyoming's economy to be back full tilt in two to three years. It is important to know that nobody can get away from us those trust funds—they're ours!"

2. There *should* be concern over the health of the FSLIC. Both men believe FSLIC needs *at least* a \$15 billion infusion of funds and that the proposed \$5 billion will only delay matters or make them worse.

3. The United States needs to maintain its naval presence in the Persian Gulf and should have an announced plan to the world as to ac-

tions it will take under given sets of circumstances by warring parties. In addition, our allies should be billed their proportionate share of our expense for such a presence of the U.S. Navy. For example, our national interests are only 7% dependent on Persian Gulf oil shipments, while Japan is 60% dependent on that oil and European nations are 35% dependent on it.

4. There will be little or no tinkering with the 1986 Tax Bill. If any taxes are increased, "The best bet is excise taxes on alcohol, tobacco and gasoline—but any such increases would bring in minor revenue."

Sen. Simpson and Repr. Cheney were the opening speakers at the first general session on Monday morning, and took part in a lengthy question and answer period.

At the same morning session the delegates advanced William H. Ruegamer, president, First Interstate Bank of Sheridan, to the WBA presidency. He succeeds N.P. Van Maren, Jr., vice chairman at Hilltop National Bank, Casper.

Moving up to first vice president is Auburn W. Dowdy, chairman of Norwest Bank Cheyenne. He is succeeded as second vice president by Jerry W. Rankin, president, First Wyoming Bank—Jackson.

Gretchen Tea continues as executive vice president at WBA headquarters in Casper.

H.D. Shellenbarger, pres. & CEO, First Wyoming Bank—Torrington was named to fill out the last year of Mr. Rankin's two-year term on the WBA board of directors. Elected to full two-year terms on the board were:

- Pete Waller, president, Dubois National Bank.
- Mike Daly, president, First State Bank, Wheaton.



**PICTURED** at First Interstate of Casper reception the first night were, left to right: **Chuck Pedersen**, pres. & host, and his wife, **Wanda**; **La Rae** and **John Warden**, pres., First Interstate, Riverton; **Nancy** and **Lynn Duncan**, v.p. of host bank; **Janet** and **Homer Scott, Jr.**, chmn., Commerce Bancshares, Sheridan.



**OPENING SESSION** speakers included, left to right: **C.C. Hope, Jr.**, dir. of FDIC, Wash., D.C.; **N.P. Van Maren, Jr.**, pres. WBA and chmn., Hilltop Natl., Casper; **Wilbur T. Billington**, recently retired exec. v.p., Federal Reserve Bank of Kansas City; Wyoming **Congressman Dick Cheney** (at mike) and **Sen. Alan K. Simpson**.



**LEFT**—Visiting at Norwest Bank Nebraska dinner party were, from left: **Don Kraen**, pres., Wyoming B&T, Buffalo; **Jay Bordewick**, pres., Equality Bank of Evansville; **Fred Hesse**, chmn., Wyoming B&T, Buffalo; **Tim Tewes**, fin. inst. off., and **Howard Nielsen**, v.p., both with Norwest Bank Nebraska, Omaha. **RIGHT**—**Don Towle**, pres., Kansas Bankers Surety, Topeka, and his wife, **Adeline**, with **Jim Voll**, pres., Hulett Natl., Hulett.

• Charles Krebs, president, First Wyoming Bank—Riverton.

• Douglas Crouse, president, Security State Bank, Basin.

C.C. Hope, Jr., who was confirmed March 27th as a director of the FDIC, pointed out in his keynote address that the current three members of the board represent "The first time that all three board members have had hands-on banking experience. We meet at least once a

week, and frequently more often by conference telephone."

Mr. Hope related the vital statistics that FDIC currently must work with, and discussed the programs FDIC is utilizing to carry out its public duty and what is doing to help banks nationwide.

He was followed to the platform by Wilbur T. Billington, recently retired executive vice president of the Federal Reserve Bank of Kansas City. Mr. Billington gave his personal look at the regulatory changes that have affected banking, the role of the Fed in that process, and the regulatory and legislative changes that are needed to allow banks to compete squarely with new, unregulated competitors.

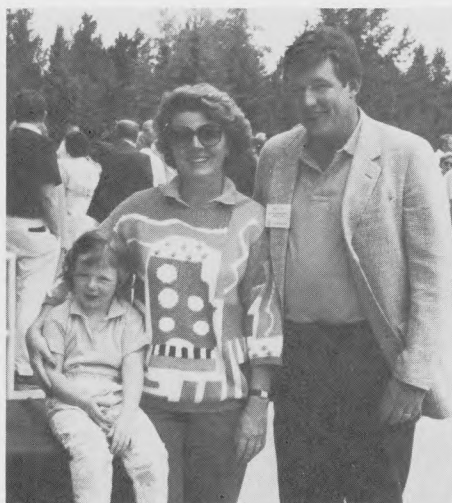
James Sulgrove, state AIB chairman and vice president of First National Bank, Gillette, presented an AIB film designed to encourage bank support for the extensive AIB educational programs.

Noon luncheon speaker was J. Denis O'Toole, director of legislative operations and senior legislative council for the ABA. After describing the process ABA uses to formulate legislative policy and lobbying, Mr. O'Toole showed ABA's newest

film that portrays graphically how individual banks and bankers can be involved in this process.

The formal program was concluded by Arch Lustberg, CEO of Arch Lustberg Communications, Inc., Washington, D.C. He gave a two-hour seminar on "Winning at Confrontation." Mr. Lustberg works one-on-one or in small groups of key people to train them how to meet the press, prepare for important and stressful conferences, etc. His services have been widely utilized by executives of many banker associations.

Mr. Lustberg lived up to his reputation and his own basic teaching with his presentation, despite some very adverse circumstances. First, a young room attendant wheeling in two large TV monitors for Mr. Lustberg's program carelessly wheeled the cart too fast across a carpeted area, jammed the wheels on the carpet but kept forcing the cart and it tipped, sending the expensive monitor crashing to the floor. Mr. Lustberg looked on calmly, made ar-



**LUNCHEON** speaker **J. Denis O'Toole** is pictured with his wife, **Joan**, and their daughter, **Moir**.

**WYOMING NEWS. . .**

(Turn to page 43, please)





**NEW** and retiring officers of the Colorado Bankers Association are, from left: Retiring Chmn.—**Royce Clark**, chmn. & CEO, IntraWest Bank, Greeley; Immed Past Pres. & new chmn.—**A.J. Tony Anderson**, pres., Kiowa State; Pres.—**Jon P. Coates**, chmn., Century Bank, Denver; Pres.-Elect—**Dave Scruby, Sr.**, pres., Evergreen Natl., Evergreen, and Exec. V.P.—**Don A. Childears**, Denver.

## Jon Coates Heads Colorado Bankers

By **BEN HALLER, JR.**  
Publisher

**N**EARLY 500 bankers, spouses and guests attended the 86th annual convention of the Colorado Bankers Association early last month at The Broadmoor in Colorado Springs.

At their annual meeting during the first general session, members advanced Jon P. Coates, chairman of Century Bank, Denver, to the CBA presidency. He succeeds A.J. Tony Anderson, president of the Kiowa State Bank in Kiowa, who will be chairman of the CBA board of directors in the coming year. Completing his term as CBA chairman was Royce Clark, chairman and CEO of IntraWest Bank in Greeley.

The new president-elect is Dave Scruby, Sr., president of the Evergreen National Bank in Evergreen. Continuing as executive vice president and head of the professional CBA staff at headquarters in Denver is Don A. Childears.

In his president's address, Mr. Anderson said, "With the economy as it is in Colorado today, the need for the Colorado Bankers Association was never so important as it is today. As the demands of the membership have increased, CBA has responded well." He itemized briefly four areas through which the CBA

honors its mission statement to serve the membership as a representative of Colorado bankers to government, business, the public and the banking industry.

On government relations he stated that "in the state legislature we had 38 issues we lobbied in 1986, and that doubled to 76 issues in 1987 and they're still in session." Mr. Anderson concluded by stating, "All banks in Colorado need the CBA and the CBA needs the active support of all of you. We need each other. The Colorado Bankers Association is why Colorado banking will remain Safe, Sound and Secure (the convention theme)."

Dick Tucker, president of Tri State Bank in Denver, gave a hard-hitting appeal for funds to Col Bank Pac, for both the state fund and the national ABA fund. Colorado bankers contributed \$10,000 last year, he said, while realtors amassed \$240,000, home builders \$90,000, nursing homes \$18,000, s&ls \$45,000, and the Colorado Independent Bankers Association \$50,000. He set a goal of \$50,000 in the next 18 months.

Mr. Tucker also challenged new CBA President Jon Coates to formulate a private committee of bankers to sit down with the CIBA in order to seek a united front for Colorado banking.

Mr. Scruby, the new President-

Elect, stated in his brief remarks, "I think we should remember that as in all things there is room for compromise (with the CIBA) and that doesn't mean we or they should capitulate, but seek compromise to common ground."

ABA President Mark Olson thanked the many CBA members who take an active part in ABA affairs, including the Leadership Conference. Mr. Olson reviewed the current status of the banking bills in Congress and noted that Colorado Sen. Armstrong would be one of the Senate Banking Committee team taking part in the House-Senate Conference committee scheduled to meet soon. Mr. Olson noted that Colorado's Sen. Wirth also is on the Senate Banking Committee, thus giving Colorado the unique distinction of having two Senators on the Banking Committee, which represents 10% of the voting on the 20 member committee!

Mr. Olson said ABA's efforts to keep legislators, regulators and the public informed are bearing fruit and that many in those constituencies have a sense that something *needs* to be done in banking legislation. He said the courts, for example, have ruled affirmatively in all seven cases over the past year in favor of the banking industry on securities powers questions. One positive factor, he added, is that all federal regulators are now strong supporters of the industry's search for expanded powers.

CBA's Don Childears gave a management report detailing the ways in which CBA is responding to member needs in addressing the current economic problems in the state. He said the CBA board met as the convention started and authorized the filing of a brief with the Colorado Supreme Court challenging the validity of a new escheat law just enacted by the Colorado legislature.

He reported that all activities of the association have been enhanced to meet current economic challenges. Necessary CBA budget cuts have been made in such a way that "we are making sure we provide those services you need the most, and cutting out others," he said.

Finishing up the general session Saturday morning were John Cassis, president of Second Wind in Wheaton, Ill., speaking on "How Does Your Interest Rate?"; Jack Whittle, president of Whittle &



LEFT—First session speakers included CBA Pres. **Tony Anderson**, pres., Kiowa State, and ABA Pres. **Mark W. Olson**, pres., Security State, Fergus Falls, Minn. RIGHT—Hosting Central Bank of Denver's 40th annual CBA Breakfast were, l. to r.: **Bill Tumelty**, v.p. & mgr., corresp. bk. div.; **Rick McElroy**, v.p.; **Diane Sweeney**, corr. bk. off., and **Joe Lincoln**, pres.



LEFT—**Gar Anneler**, chmn., United Bank of Colorado Springs, and his wife, **Shar**; **Bev** and **Dick Muir**, v.p., United Missouri Bank of Kansas City. RIGHT—**Roger Guffey**, pres., Federal Reserve Bank of Kansas City; **Patsy** and **Don Hoffman**, chmn. and CEO, Central Bancorporation and Central B&T, Denver.



LEFT—CBA Pres. **Tony Anderson** (left) presented a \$10,000 check from CBA to **Paul Ballantine**, dir. of the Center for Economic Development at the University of Colorado in Colorado Springs, which carries out the teaching work of the Colorado Council on Economic Education. Mr. Ballantine also is chmn. of the dept. of economics at the University. RIGHT—Plaques were presented at the noon luncheon to several members of the Colorado legislature in appreciation for their considerable interest in the banking bills before the legislature this past session. Pictured are **Don Childears**, CBA exec. mgr.; Repr. **Jim Dyer**; Rep. **Wilma Webb**; Sen. **Mike Bird**, and CBA Pres. **Tony Anderson**.

Hanks, Chicago, on "a Marketing Game Plan for the Future," and The Hon. Roy Romer, Governor of Colorado.

Following the hilarious noon luncheon talk given by Bob Murphey, attorney and down-home humorist from Nacogdoches, Tex., President Anderson presented plaques to several Colorado legislators for out-

standing service, and to several new 50-year bankers.

Twelve "Think Tank Sessions" were offered Friday, in addition to hearing general session speakers. The best attended of these current topic discussions were the three devoted to Loan Review and Loan Workout.

As usual, The Broadmoor facili-

ties offered superior golf and tennis opportunities for guests. Registrants enjoyed a Western Night buffet dinner and entertainment Thursday evening. Friday night featured the formal banquet, followed by a dazzlingly superb performance by pianist Roger Williams, who was accompanied by selected members of the Air Force Academy orchestra. □

Northwestern Banker, July, 1987



## North Denver Bank Holds Grand Opening



**CENTRAL BANK** of North Denver recently moved into a new 30,000 square foot facility. The new bank is located on their existing property. The two-story structure features a 33-foot ceiling in the lobby and 440 square feet of glass in the entryway. The facility consists of the main building with drive-in capabilities and a smaller companion building housing two PLUS SYSTEM machines. A variety of grand opening events are planned.

### CNB Announces Changes

David R. Witte, formerly senior vice president and treasurer of IntraWest Financial Corporation, has joined Colorado National Bankshares. He will be responsible for the company's facilities, tax and risk management functions, and has been elected a vice president.

Meanwhile, Colorado National Bank of Denver has announced several officer changes.

Promoted to vice presidents were Barry Gatz, David Eikner, Byron Bateman and Rex Thorpe. Mr. Gatz will direct the sales, marketing support and business development activities of the banking division. Mr. Eikner will manage personal lending, preferred lending, consumer lending and VISA banking. Mr. Bateman will be responsible for the portfolio administration of the financial institutions division. Mr. Thorpe will administer an agricultural loan portfolio.

Promoted to assistant vice presidents were Elsy Wodark and Timothy Guest. Ms. Wodark, who previously worked for Metro National Bank, is administrator of the special assets division. Mr. Guest's duties include the marketing and development of international products and services.

Elected bank officers were Colleen Costigan, Randilyn Buck and Coleen Merritt. Ms. Costigan serves as product development specialist. Ms. Buck administers housing bond

issues and other corporate trust accounts. Mr. Merritt is responsible for the bank's note operations, corporate client services and international divisions.

### Central Bank Announces Staff Changes

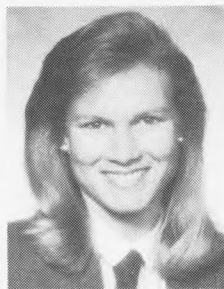
Central Bancorporation, Inc. recently named Kerri L. Quinn to sales support director. She has extensive experience in sales, most recently as assistant vice president of sales at Columbia Savings in Denver.

Meanwhile, at Central Bank of Denver, several staff changes have been announced.

Randall F. Komisarek, senior staff attorney, has been promoted to vice president and general counsel, and Philip J. Randell, assistant vice president of correspondent banking, has been advanced to vice president.

Eugene H. Yoshida, pension trust officer, has been promoted to assistant vice president.

Roy J. Becker, formerly assistant vice president of the international banking department for Central Bank for Cooperatives, has been appointed international banking officer. Scott B. Gordon, a member bank lender, has been appointed



K. QUINN

member bank loan officer. Jan B. Smedley, a trust portfolio manager, has been appointed trust investment officer. Cheryl A. Crandall, a corporate trust administrator, has been appointed corporate trust officer.

### Named in Denver

Daniel V. Sheehan has been named vice president in real estate banking for United Bank of Denver. He joined the bank this year.

Dana M. Luter and David A. Dines were named asset management officers, and Keith F. Woods was named associate counsel. Ms. Luter works in asset management's employee benefits administration area. Mr. Dines is manager of employee benefits administration. Mr. Woods is an attorney in the legal and compliance department.

### Elected in Northglenn

United Bank of Northglenn recently elected Thomas W. Swanson, executive vice president of United Banks of Colorado, Inc., as its chairman. Bradley J. Stelling, president, chairman and CEO of United Bank of Broomfield, was elected a director.

### Named in Estes Park

First National Bank of Estes Park has named Janet K. McMurry to be administrative officer and student loan officer. She has been with the bank since 1978, most recently as administrative assistant.

### Boulder Banks To Merge

United Banks of Colorado, Inc. has filed an application with the Comptroller of the Currency to merge United Bank of Boulder into IntraWest Bank of Boulder. On March 31, United Bank had assets of \$99.6 million while IntraWest had assets of \$128.4 million. Paul Troyer will be chairman and CEO of the merged bank, and Larry E. Meyer will be president. The merged bank will be headquartered in the IntraWest facility at 1242 Pearl Street.

### Pueblo Bank Wins Award

United Bank of Pueblo recently received its third consecutive quality of service award for United Banks of Colorado. It is the only bank that has won the award more than twice. Craig Ockers is president of the bank.

## • Central Bank of Glenwood Springs Observes Centennial



**NEW AND OLD** photographs show Central Bank of Glenwood Springs, which recently celebrated its 100th anniversary. It is one of the city's oldest continuing businesses. To thank the community for its support, the bank donated 167 acres of land for public use. The gift was presented to the mayor of Glenwood Springs during a public dedication. A number of special events were planned, including a retrospective exhibit of banking in the community.

### • Englewood Banker Wins BMA Award

Among 15 marketing plans and case histories accepted for its collection by the Information Center of the Bank Marketing Association was one by Mitzi Kaufman of First National Bank of Englewood. The paper was entitled "Cost/Benefit Analysis on Shopper/Training Program." The submissions were written by graduates of the 1987 BMA School of Bank Marketing at the University of Colorado, Boulder.

### • WYOMING NEWS...

(Continued from page 39)

rangements for a replacement, then proceeded at the appointed time. At a key point late in his talk when he was about to display some important video tapes on the TV monitors, an afternoon mountain storm hit the area, knocking out all electricity. With no microphone power and no video displays, Mr. Lustberg humorously and graciously jumped to a brief conclusion of his seminar.

He was given a standing ovation and was told "You put on an electric performance—You blew our minds and the electricity at one time. That's power!"

In addition to private parties and receptions, guests were entertained with a tasty luncheon and a typical elegant dinner prepared by the Jackson Lake Lodge staff, and took part in golf, tennis, boating, fishing, hiking and other entertainment in their free hours. Guests who stayed

through Tuesday took part in a casual dinner party at which awards were presented for various athletic events.

Although attendance was only about 250, all registrants enjoyed the usual beauty of Jackson Lodge and the Teton Mountains, and the upbeat tone of key speakers. □

### Appointed in Wheatland

Norwest Bank Wheatland has announced the appointment of James E. Hillberry as vice president, commercial and agricultural loans. He joins the bank with over 12 years of ag lending experience. Mr. Hillberry most recently served with the First National Bank of Powell.

### Stockmens Ads Honored

Stockmens Bank and Trust Company, Gillette, was honored recently by the Rocky Mountain Chapter of the Bank Marketing Association with the 1987 Gold Peak Award. The award recognizes outstanding efforts in institutional marketing during 1986, according to John Cromwell, senior vice president and COO for the bank, who oversees marketing.

Stockmens entered the competition in the institutional marketing category for banks with assets between \$75 and \$200 million. The winning entry, produced by Sage Advertising/Billings, was the "Tough as the Times" multi-media campaign which appeared in the *News-Record*, on local radio, and on billboards during late 1986.

### WISCONSIN NEWS...

(Continued from page 34)

eral Savings & Loan in Virginia, Minn.

Richard H. Jones has been named a director of Valley Bancorporation. He serves as senior vice president of the corporation for the Fox Region and is president/CEO and a director of Valley Bank in Appleton.

### Award Nominations Asked

Nominations are being accepted for the second annual Wisconsin Community Banker Award of Excellence, which honors a banker for service to the community, to his or her bank, and to the banking profession. The purpose of the award is to increase public awareness of the importance of community bankers to the economic and social vitality of their communities and to recognize excellence in banking.

The award is sponsored by Williams, Young & Associates, a Madison accounting firm. Any active bank officer or director in Wisconsin is eligible. Anyone who can describe the banker's qualifications may submit a nomination. Forms are available from Ray Weihofen, Williams, Young & Associates, P.O. Box 8700, Madison, WI 53708, or call (608) 274-1980. Entries must be made by August 1.

Presentation of the award will be made at the Independent Bankers Association of Wisconsin convention in Stevens Point in September.





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D.E. Blaha, pres., Ord  
S. Matzke, Jr., exec. v.p., Lincoln



tants, Inc. is located at 9140 West Dodge Road, Suite 270, Omaha, NE 68114. Phone is (402) 391-1344.

### Promoted in Millard

Lynn F. Bluml has been promoted to vice president in the business banking department at Norwest Bank Nebraska in Millard. He most recently served as assistant vice president in the special loan administration area at Norwest in Omaha, and prior to that served as agricultural loan officer at the Norwest Bank in Denison, Iowa.



L. BLUML

### Promoted in Syracuse

Kim Martacho, an employee of First National Bank & Trust of Syracuse since 1974, has been promoted to cashier. The bank's previous cashier was Steven A. Gehle, who has resigned to become senior vice president of operations at SAC Federal Credit Union in Omaha.

### Consultant Firm Opens

A new firm in Omaha has been formed to assist community banks in fine tuning their management systems. Midwest Management Consultants offers several types of consulting services: planning services, spin quarterly analysis, loan administration, operational performance, regulatory compliance and representation, mergers and acquisitions, and agency placement.

The company also owns five BankDisk software packages: Gap Manager, Controller, Agricultural Credit Analysis, Commercial Credit Analysis and Client Profitability Analysis. Other software can be obtained according to the client's

needs.

President of the firm is Ronald L. George, whose 34 year banking career includes both private sector work and service with the Office of the Comptroller of the Currency. He has been regional director of special surveillance at the OCC Kansas City office.

Executive Vice President David C. Melena's 11 years experience include service with the Comptroller of the Currency and employment with Norwest Bancorporation's fund management group as senior financial analyst.

Vice President Robert E. Neville has spent seven years in direct banking and systems consulting.

Midwest Management Consul-

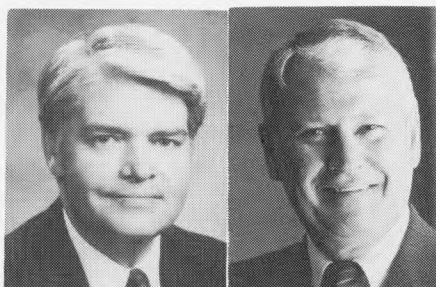


## Lincoln

**A**T THE May meeting of FirstTier Bank Lincoln's board of directors, **Orrin A. Wilson** was named president and chief operating officer. Mr. Wilson previously held the position of senior executive vice president of FirstTier Bank Lincoln.

**William C. Smith** has assumed the title of chairman and chief executive officer of FirstTier Bank Lincoln. Mr. Smith also holds the position of president and chief executive officer of FirstTier Bank Omaha and FirstTier Financial, Inc., the holding

company for both the Lincoln and Omaha banks.



O.A. WILSON

W.C. SMITH

Mr. Wilson, a native of Clinton, Ia., was named senior executive vice president of First National Lincoln in 1980 when he moved to Lincoln after 18 years with the Northern Trust Company of Chicago where he was named vice president in the correspondent bank division in 1976. A graduate of the University of Iowa, Mr. Wilson completed graduate work at Stanford University in Credit and Financial Management.

Presently, Mr. Wilson serves as chairman of the Bryan Hospital board of trustees and on the board of trustees of First Plymouth Church. He has been active in many civic and charitable endeavors in Lincoln.

New directors elected to the FirstTier Bank Lincoln board include Larry Frazier, president and CEO of Farmers Mutual Insurance Company of Nebraska; John Haessler, president and CEO of Woodmen Accident & Life Company, and Gates Minnick, president of DuTeau Chevrolet. Not standing for re-election were Clark W. Faulkner, Sr., retired chairman of Woodmen Accident & Life Company and Deane H. Pettett, retired president of Farmers Mutual Insurance Company.





## Omaha

FirsTier, Inc. shareholders have voted to change the corporation's name to FirsTier Financial, Inc. According to President and CEO William C. Smith, the board believes the name will better describe the company for stock analysts, potential investors and customers.

Elected a new director was Milton E. Whitehead, Jr., chairman of the board and CEO of Whitehead Oil Co.

\* \* \*

Norwest Bank Nebraska has announced the following promotions:

**Mary Ann Lydick** and **Sara Masters**, vice presidents; **Joseph G. Barone** and **James Ingold**, control and service officers; **Rikki Hulsebus** and **Vince Pille**, assistant vice president, and **Yvette Walker**, private banking officer.



M.A. LYDICK



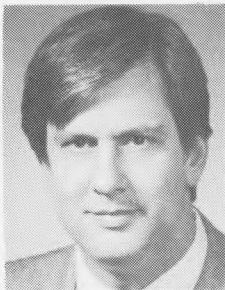
S. MASTERS



J.G. BARONE

Ms. Lydick, previously director of training and development in San Diego, Calif., will serve in that capacity for Nebraska and Iowa. Ms. Masters, now vice president/em-

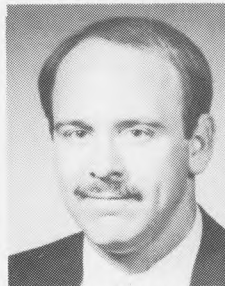
ployee relations and staffing for Nebraska, previously served as assistant vice president.



J.R. INGOLD



R. HULSEBUS



V. PILLE



Y. WALKER

Mr. Barone works in control and services at the downtown Omaha office, which department he has managed since 1984. Mr. Ingold also works at this office, where he has been investment operations supervisor and reconciliation manager.

Ms. Hulsebus serves in compensation and benefits at the downtown Omaha office. She previously was compensation and benefits officer. Mr. Pille is also employed at this office in business banking. His previous position was as a senior consultant.

Ms. Walker has been named private banking officer at the Omaha Regency location. She has worked in private banking since last December.

Steven H. Durham and David R. Parker have been elected to the board of directors of FirsTier Bank Omaha.

Mr. Durham is president of Durham Resources, an Omaha-based investment and management company. He replaces Charles R. Durham, who will remain chairman of the board of the holding company, FirsTier Financial, Inc.

Mr. Parker is vice president of Double Eight Land Corporation, a privately-held cattle and ranching operation.

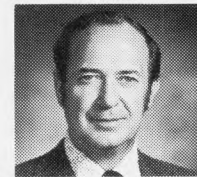
## Talk To The Municipal Bond Professionals



William March  
President



Robert E. Roh  
Exec. Vice President



Patrick H. Rensch  
Sr. Vice President



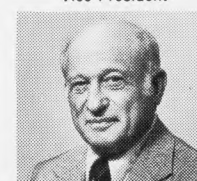
C.W. (Chuck) Poore, Jr.  
Sr. Vice President



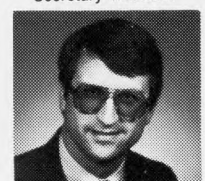
Bill Abts, Jr.  
Vice President



Wayne A. Rasmuss  
Secretary-Treasurer



Micky Krupinsky  
Representative



John Trecek  
Counsel

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We're proud of our solid growth. And proud to serve you — and assure you — with our strength, financial expertise and experience.

Few institutions offer you what we can in performance and stability. We're one of the few banks in the area that has never had to change its name. We're a vital part of Omaha — governed by people who live and work here.

After 124 years of business, we're still growing strong. That's why we're proud of our name.

No Wonder They Call Us First.



**first national bank  
of omaha**

Member FDIC



## NBA Ads Seek Above All to Educate

A UNIQUE advertising campaign has been undertaken by the Nebraska Bankers Association, one which instead of promoting bank services, seeks to explain how banks work.

"We want you to know us even better" is the slogan used in the series, which has been co-created by the NBA and Bailey Lewis & Associates ad agency of Lincoln. By explaining how banks function at the community level, the ads show that the banking industry is still strong, in spite of economic declines in many agriculture-related industries.

"With the stress the Midwest is experiencing because of the ag situation, we felt everyone needed to know more about the role banks play in solving or at least helping to solve people's problems," said C.G. "Kelly" Holthus, immediate past-president of the NBA. "This series of print messages has allowed us to reach people all across the state with our message." Each ad in the series ran twice in local newspapers all over the state.

Because of the many topics the Association wanted to discuss, and the educational format desired, the agency chose a newspaper campaign above broadcast.

"We felt with the great amount of information to be conveyed that a series of newspaper ads would be the most effective," said Rich Bailey, agency creative director for the series. "Much of what we're saying in these ads has never been conveyed in this much depth before. By using newspaper ads, we could take the time to fully explain material that would be unfamiliar to most readers."

"The needs of the Nebraska Bankers Association were unique," explained Jim Lauerman, president of Bailey Lewis, "and the goal was far more educational than promotional."

One ad explained margin, discussing interest rates for both loans and deposits. It advised, "The old adage that's been a rule of thumb in the banking industry for many years still applies: 'Risk and rate go hand in hand.' Check out the safety of your money before you invest your hard-earned savings."

Another message discussed "legislated debt relief." "Anytime debts go unpaid, somebody else foots the bill," it said. "We hope you'll agree that our government leaders should not create an environment where it's expedient for a borrower to escape his or her financial responsibilities."

A third ad talked about Nebraska banking's commitment to the state economy. "The bulk of that money [the \$8 billion currently loaned out by Nebraska banks] has stayed right in your hometown. Nebraska's banks have made that commitment to local communities because that's exactly what they're in business to do. Each bank's well-being is tied to the good health of the local economy."

The NBA saw the campaign as more than good pub-

lic relations. Said Mary White, NBA director of communications, "Part of our thrust was to reach the opinion-makers of the state." It is hoped that education in the basic concepts of banking will increase understanding of and support for banks.

Response to date has been extremely favorable. The series has received positive comments from citizens, member banks, and other states. The president of one of the largest agricultural corporations in the state contacted Mr. Holthus to praise the ads and express his wish that more such advertising be done. The campaign has also received several awards within the American Advertising Federation's district.

"From all of the attention the campaign has received, it is obvious that it has accomplished the purpose of informing the people of Nebraska about the workings of their banks," said Mr. Lauerman. "We are happy the message has been so well received. 'The campaign will likely be expanded during the coming year to include additional aspects of the banking function.'" □

A message from the Nebraska Bankers in your hometown.

### HERE'S THE REAL LOWDOWN ON INTEREST RATES.



There are two types of interest that affect you and your money: the interest you pay and the interest you earn. Here's how they work and how they're related.

#### The interest you pay.

Today, interest rates on loans are the lowest they've been in recent years. That's great if you're borrowing money. You may wonder why banks don't always offer loans at such low rates. The truth is, they would like to.

But interest rates are largely influenced by outside economic factors such as the health of the national economy, the rate of inflation, how much the federal government borrows and how much it costs your bank to attract the funds used to meet loan demand, just to name a few.

The money your bank has available for loans comes from depositors who are earning interest on their funds. The interest rate charged by your bank for loans depends, to a high degree, on the interest rate paid to those depositors.

In the banking business, the interest charged on loans is on the average higher than the interest paid on deposits. Without the difference between the two, or the margin, your bank would be unable to cover its operating expenses.

Nebraska Bankers are committed to loaning money to Nebraskans to help the economy of their state. We also realize that we have a responsibility to our depositors to loan money wisely and safely.

#### The interest you earn.

Money deposited in your local bank is used for loans to local businesses, farmers, and other consumers. The interest rate you earn on these deposits is stated up front and guaranteed to be paid according to the terms of your contract.

Today, banks are paying interest on a greater portion of deposits than ever before. At the end of 1985, Nebraska banks were paying interest on 86.3% of all deposits.

compared with 69.3% in 1979. Banks are proud to be offering that increased growth opportunity for more of their depositors' funds.

Interest-bearing accounts at your bank compete with a variety of other investments. Some may appear to offer greater interest, but none are safer than your bank savings. Money on deposit in your Nebraska bank is insured up to \$100,000 by the Federal Deposit Insurance Corporation, an independent agency of the federal government. No such insurance exists in the stock market or on other speculative investments. That's why it's wise to carefully study the safety of investment alternatives that offer higher yields.

The old adage that's been a rule of thumb in the banking industry for many years still applies: "Risk and rate go hand in hand." Check out the safety of your money before you invest your hard-earned savings.

Interest is the first of several topics we plan to discuss in this series on banking in Nebraska.

Nebraskans have relied on banks as their primary financial resource for over 100 years. Now we want you to know us even better.

*Kelly Holthus*  
C. G. "Kelly" Holthus  
President  
Nebraska Bankers Association



### NEBRASKA'S BANKS

We want you to know us even better.

THIS is one example of the educational newspaper ads sponsored by the Nebraska Bankers Association during last year's campaign.

## ● RESPECT YOUR MANAGEMENT. . .

(Continued from page 18)

bility. Again, we are not discussing only the question of losses so severe that the bank will fail, but also conditions that will methodically diminish the capital, cause lender liability situations, result in usury violations, or be in violation of the Community Reinvestment Act, Equal Credit Opportunity Act, or civil rights legislation. The changing trend in state and federal banking regulatory examination bodes less well for a safety net to assist you and, therefore, you must make sure that your other checks and balances are in line in order to protect yourself.

5. What the Board of Directors Should Do—The final checks and balances in determining how to keep your financial institution safe and solvent is the board of directors itself. The board should not consider the accounting function, the internal audit function, the external audit function, or the examination function to be merely ministerial. The board of directors should consider the checks and balances outlined above as being one of the most important areas in the entire bank's operations. If management is competent and honest, then analysis of the accounting/audit function will indicate clearly that the bank is profitable, liquid, and solvent. The board of directors should spend considerable time and resources to make sure that the accounting/audit function is analyzed carefully, in detail, and all reports are sent directly to the board. All appropriate officials should report in person to the board of directors and not to the senior management.

Once the results of the internal audits, external audits, or state/federal regulatory examinations have been reported to the board of directors, all remedial steps are in the control of the board. Failure to remedy

what the internal audit staff, the external auditors, or the state/federal regulatory agencies require is the failure of the board to meet its fiduciary duty. If necessary, the board should appoint a standing audit committee, which makes sure that all remedial actions are taken. However, in most cases, a single director can be delegated the responsibility and be held accountable by the entire board of directors.

Keep in mind that most remedial actions, especially those of the state and federal regulatory agencies, have a time schedule. It is necessary for the board to make sure that such time tables are met. Failure to hold the staff accountable for such deadlines is perceived by the external auditors and/or state/federal regulatory agencies as a failure of the board to meet its duties and responsibilities. It is a black mark on a commercial banking organization to have to remedy technical and substantive violations of law or to correct other remedial internal controls and procedures, but is far worse for the board of directors to fail to remedy such deficiencies within an orderly period of time, and to make sure that such deficiencies never arise again. Needless to say, the buck stops at the board's level, and failure to remedy the problems is a failure of the board itself.

### Summary

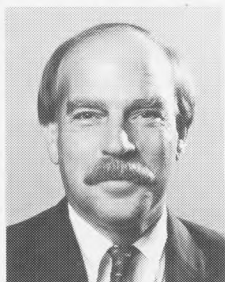
Remember, respect your senior management, pay them well, and make sure they are competent. On the other hand, do not trust them explicitly and make sure that you have the checks and balances in place in order to protect your board of directors from actual and/or contingent liability. In fact, the appropriate checks and balances may lead to lower directors' and officers' liability insurance premiums, or even the ability to get same. By implementing the appropriate procedures, you will make your financial institution a more safe and solvent operation. □

## ● Kansas Bankers Surety Promotes Five Officers

The board of directors of the Kansas Bankers Surety Company, Topeka, Ks., elected five new officers at the June meeting. Those elected were: David E. Abendroth, senior vice president; Charles Towle, vice president; Sheila Watkins, corporate secretary; Francine Johnson and Bonnie Pinick, assistant vice presidents.

Mr. Abendroth has been with the company since 1973. His primary areas of responsibility are in marketing for the company.

Mr. Towle has been with the company for seven years. In addition to his new duties as vice president, he also serves as comptroller and claims supervisor.



D.E. ABENDROTH



C. TOWLE



S. WATKINS



F. JOHNSON



B. PINICK

Sheila Watkins has been with the company nine years and also has responsibility in the data processing department.

Francine Johnson has been with the company since 1984.

Bonnie Pinick is a two year employee of the company. Ms. Johnson and Pinick's areas of responsibility are in the contracts and communications function of the company.

The Kansas Bankers Surety Company provides insurance for FDIC-insured commercial banks. The company provides bonding for 2,100 banks in nine mid-western states, which is 15% of the total number of banks in the United States. The company was originally organized in 1909 and is the only Kansas chartered stock fire and casualty company that is not owned by a holding company.

The board also approved moving the company headquarters to the first floor of the IBM building at 611 Kansas Avenue in Topeka.





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Iowa

R.S. Howard, chmn., Oskaloosa  
N. Milner, exec. v.p., Des Moines



## IBA Convention Highlights Announced

**T**he Iowa Bankers Association has announced details of this year's Annual Convention, to be held Sept. 20-22 at the Des Moines Convention Center.

**Speakers.** Included will be Louis Rukeyser, popular economic commentator and financial expert; Paul McCracken, University of Michigan professor and former chairman of the President's Council of Economic Advisors, and Mark Olson, president of the American Bankers Association.

**Presidential Forum.** The following presidential candidates have been invited to appear: Gov. Bruce Babbitt, Sen. Joseph Biden, Vice President George Bush, Sen. Robert Dole, Gov. Pierre S. DuPont, Congressman Richard Gephardt, Alexander Haig, Rev. Jesse Jackson, Sen. Jack Kemp and Pat Robertson.

**Exhibit Hall.** Many aspects of last year's highly successful exhibit hall will be featured, including prize drawings, food and music.

**Entertainment.** The musical "South Pacific" with Robert Goulet will be performed at the Civic Center on Sunday afternoon and evening. Appropriately, "Some Enchanted Evening" is the theme for this year's president's dance. Secretary of Agriculture Richard Lyng has been invited to address Tuesday morning's ag breakfast. Performing at the Inaugural Dinner will be the West Des Moines Dixieland Band.

**Spouse Program.** A new approach will be taken this year, involving special educational sessions and more time to attend regular sessions of the convention. An assortment of kitchen workshops will be held along with the popular Younkers luncheon.

**Economy.** A sliding registration fee is being used to encourage banks to bring their staff: before Aug. 15, fee for the first registrant is \$100, for the second is \$50, and for the third is \$25. After Aug. 15, fees are \$125, \$75 and \$35. □

## Changes Told in Mt. Ayr

Roger Kerndt, president and CEO of Hawkeye Bank & Trust, Mount Ayr, has resigned to become president of the Dairyman's State Bank in Randolph, Wis.

Gene Poppe, formerly senior vice president of the bank, has been named president and CEO. He joined the bank in 1984.

Kim D. Greenland has been promoted to senior vice president and Randy Finer was advanced to assistant vice president. They joined Hawkeye Bank & Trust in 1982 and 1986 respectively.

In addition, Hawkeye has announced hiring Dave Gourley as new loan officer and assistant vice president. He previously served as an ag management specialist assistant county supervisor for Farmer's Home Administration.

## Appointed in Mason City

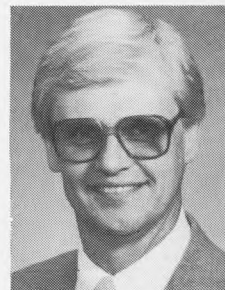
Henry E. Edsill has been appointed vice president and manager of the trust department at First Interstate Bank of Mason City. Mr. Edsill has been with the trust department of the Peoples Bank and Trust in Waterloo the past six years, after practicing law in Aplington for two years.



H.E. EDSILL

## Added in Indianola

Don Granstra has joined Peoples Trust & Savings Bank, Indianola, as vice president and senior loan officer. He has been employed at the Emmet County State Bank in Estherville for the past fifteen years, where he has been vice president.



D. GRANSTRA

## Grundy Center Banks Merge

The FDIC has approved the merger of The Grundy National Bank of Grundy Center and Hawkeye Bank & Trust, Grundy Center. The new bank will operate as the Grundy National Bank.



**PICTURED** during the recently held Iowa Investment Bankers Field Day in Des Moines, were from left: Assn. Pres., **Mike Sparks**, Allied Securities; **Scott Franklin**, Piper, Jaffray & Hopwood; Committee Chmn. **Jim Adrianse**, Allied Securities, and Assn. Secy.-Treas. **Bob Dorweiler**, Shaw McDermott & Co. The event included cocktails and dinner with a full day of golf at Echo Valley. A tennis tournament was also scheduled.





**JOHN CHRYSAL**  
President



**THOMAS HUSTON**  
Vice President



**RICHARD BERGLUND**  
Exec. Vice Pres.



**DIANE GIBBS**  
Exec. Director

## Iowa Independent Bankers Annual Convention

July 23-25

Inn Resort Complex, Lake Okoboji

**T**HE 16th Annual Convention of the Iowa Independent Bankers will be held July 23-25 at the Inn Resort Complex at Lake Okoboji. Presiding over the gathering will be John Chrystal, president of the IIB and chairman and CEO of Bankers Trust Company, Des Moines.

Assisting Mr. Chrystal this year have been IIB Vice President Thomas H. Huston, chairman and president of Columbus Junction State Bank; IIB Executive Vice President Richard Berglund, and Executive Director Diane Gibb.

In addition to the usual fine recreational activities, this year's convention will offer a number of valuable question and answer sessions with legislators and banking authorities.

The complete program schedule follows:

### Thursday, July 23

#### A.M.

Couples' Golf Tournament, Brooks Golf Course.

#### P.M.

12:00 Registration begins.

5:00 Young People's Gathering, pool.

5:30 Reception for adults, poolside.

### Friday, July 24

#### A.M.

8:00 First general session.

Call to Order, Invocation, Keynote Address—John Chrystal, IIB pres.

Exec. Vice Pres. Report: "IIB—Modern Banking at its Best!"—Richard Berglund, IIB exec. v.p.

"How the TBF\* Banks are Taking Over (\*Too Big to Fail)"—Q/A Session with Irvine H. Sprague, former chmn., FDIC.

"Congressional Update—The Washington Scene"—Hon. Jim Leach, U.S. House of Reps.

#### P.M.

12:00 Spouses' luncheon.

"Treasure of the Atocha"—Wanda Phillips, bus. ed. teacher, Akron, Ia.

1:00 Golf tournament, shotgun start, Brooks Golf Course.

### Saturday, July 25

#### A.M.

8:00 Second general session.

Call to order—Thomas Huston, IIB v.p.

"Recent Legal Developments in Ag Law & Ag Finance"—Q/A Session with Prof. Neil Hamilton, Drake U., Des Moines.

"A Session with Fred Grandy"—Q/A Session with Hon. Fred Grandy, U.S. House of Reps.



**T. OLSON**



**I.H. SPRAGUE**

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Sr. Vice President  
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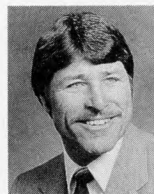
Erling Schmiesing  
Sr. Vice  
President/Cashier  
Waterloo



James Freet  
Sr. Vice  
President/Mgr.  
Waterloo



Leroy Bell  
Assistant Vice  
President  
Waterloo



Charles E. Yagla  
Data Processing  
Officer  
Waterloo



Everett Brown  
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Milt Hennick  
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"From Washington Straight"—Q/A Session with John McLaughlin, host of "The McLaughlin Group" and Washington exec. ed. of *National Review*.

Annual business session.

Report of the Resolutions Committee—Thomas Huston.

Report of the Nominating Committee—George Perry, chmn., The City National Bank, Shenandoah.

Election of officers.

P.M.

12:30 Registrant's luncheon.

Introduction and remarks of dignitaries: Michael L. Fitzgerald, treas., State of Iowa; William R. Bernau, supt. of banking; William H. Greiner, exec. dir., Iowa Agricultural Development Authority; Thomas H. Olson, pres., Independent Bankers Association of America.

Announcements, golf awards.

5:00 Social hour, Inn Resort Beach.

6:30 Barbecue, Inn Resort Beach.

Golf and tennis awards, young people's drawing, couples' golf awards.

## Retired in Readlyn

Burton C. Stumme, president of the Readlyn Savings Bank, has announced his retirement after over 52 years with the bank. Over 450 people attended a retirement party held recently for Mr. Stumme in Readlyn.

New president and cashier is Virgil J. Matthias, who has been with the bank since 1966.

## John Hughes Scholarship Winners Announced

The Iowa School of Banking Advisory Board has selected two reci-

ipients of the 1987 John Hughes Memorial Scholarships, awarded annually to an Iowa college student interested in banking and to an Iowa financial journalist. This year's winners are Christopher Booth, a University of Iowa Business student, and Jamie Gottula Buel, financial services reporter for the Des Moines' Business Record.

Mr. Booth is majoring in finance and has maintained a 3.92 grade point average during his three years at the university. Ms. Buel has been with the Business Record since 1985 and has also contributed to the *American Banker*.

The scholarship will pay for the

two to attend the Iowa School of Banking, sponsored by the Iowa Bankers Association in cooperation with the University of Iowa College of Business Administration.

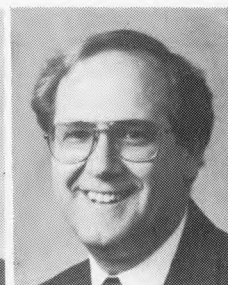
## Promoted in Waterloo

The National Bank of Waterloo has promoted four employees.

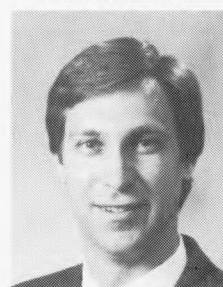
Judy DeGroote was promoted to vice president from assistant vice president, customer accounts. She has served the bank in audit, bookkeeping, proof, and new accounts.



J.A. DeGROOT



K. MESSER



B. KAHLER



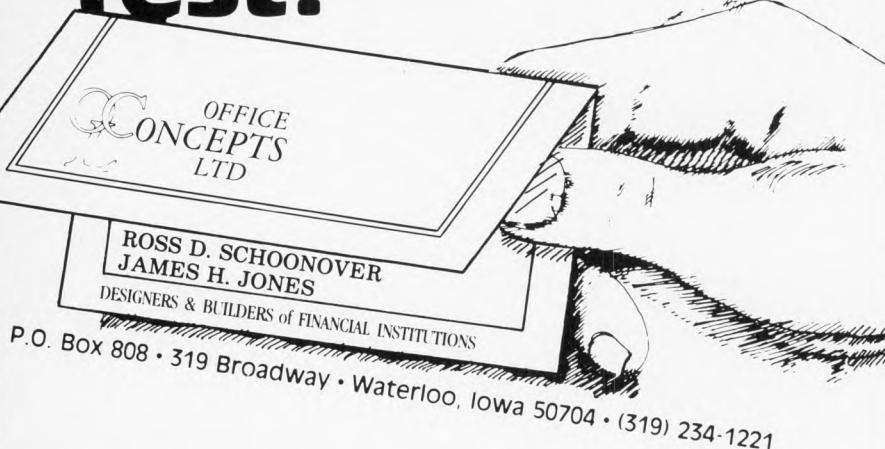
D. GOOD

Kendall Messer was promoted to vice president, ag lending. Before joining the bank in 1986, he was assistant vice president and ag representative at First National Bank of New Hampton.

Robert S. Kahler was promoted to vice president/controller. He joined the National Bank of Waterloo as controller in 1982.

Former personnel officer Diane Good was advanced to personnel director. She joined the bank in 1966.

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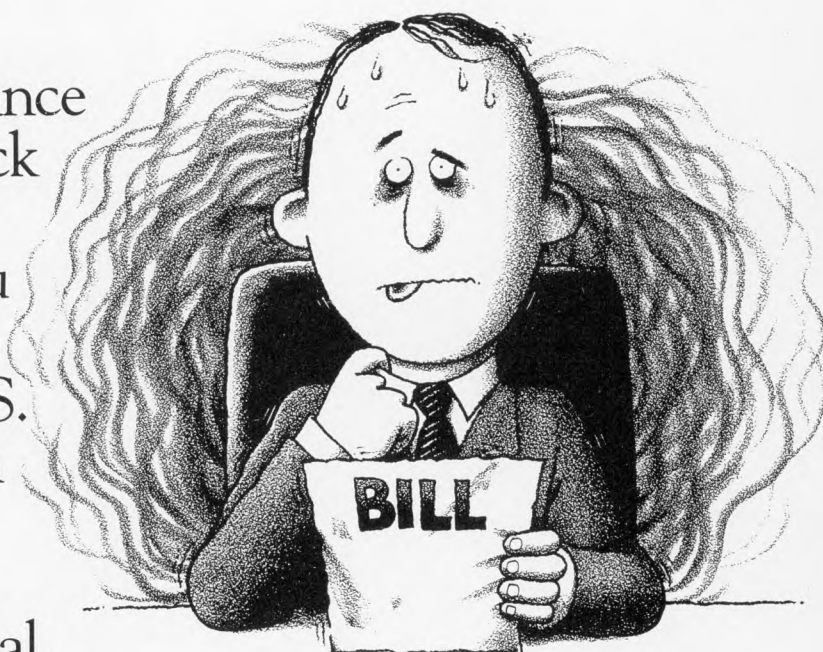
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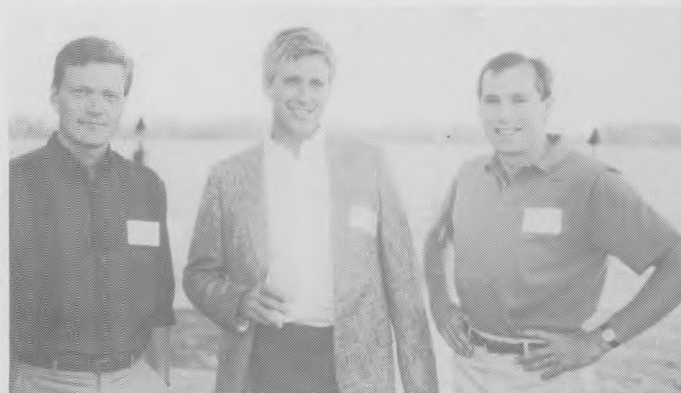
## Photos from Second Week of Iowa Group Meetings

THE SECOND week of Iowa Bankers Association group meetings was held in the third week of May with Group 5 at Council Bluffs, Group 2 at Fort Dodge, Group 12 at West Lake Okoboji, and Group 3 at Clear Lake. The report in last month's issue listed the names of newly-elected officers in odd-numbered groups, which elect in odd-numbered years. The new group officers do not take office until the conclusion of the state convention in September, at which time each new chairman becomes a member of the IBA Executive Council. Since the second week of meetings was being conducted at press time for the last issue, the photos from those four meetings are shown below.

NEWLY elected Gp. 5 chmn. **Mick Gutttau**, pres. & chmn., Treynor State, Treynor, and his wife **Judy**, with **Kathy** and **Tom Whitson**, outgoing chmn., Group 5, and pres., Council Bluffs Savings Bank.



GROUP 5—Newly elected officers are, from left: Secy.—**Jerry Lapke**, pres., Shelby County State, Harlan, and Chmn.—**Michael Gutttau**, pres. & chmn., Treynor State, Treynor. RIGHT—Hosting the cocktail hour was U.S. Check Book Co., Omaha. From left are: **Ed Batchelder**, pres., U.S. Check Book; supt. of banking **Bill Bernau**, chmn. & pres., Peoples Savings Bank, Crawfordsville, and **Pete DeRosier**, v.p., Valley Natl., Des Moines.



LEFT—Enjoying themselves at the Lakeshore Country Club were, from left: **Gene Noell**, v.p., FirstTier Bank, Omaha; **Katie** and **Dick Randall**, pres., Dunlap Savings, with **Jay Randall**, v.p., Dunlap Savings and his wife **Lynn**. RIGHT—Present at the Group 5 reception were, from left: **Todd Kruse**, corr. bkg. repr., First Natl., Omaha; **Rich Stoufer**, v.p. & cash., Council Bluffs Savings, and **Tim Smith**, corr. bkg. off., First Natl., Omaha.



LEFT—Gp. 2, Ft. Dodge, left to right: IBA Pres. **Russell S. Howard**, chmn., Mahaska Investment Co., Oskaloosa; Chmn. **Joe E. Hutchinson**, pres., Union State, Rockwell City; Supt. of Bkg. **William R. Bernau**; Secy. **Paul H. Johnson**, pres., Iowa State, Algona, and IBA Pres.-Elect **Clair J. Lensing**, pres., Farmers State, Marion. RIGHT—Gp. 12, Okoboji: **John Sorensen**, IBA v.p.; Chmn. **Thomas M. Awtry**, pres., Valley State, Rock Valley; Secy. **James L. Cuttall**, pres., George State, and **Gary Livesay**, IBIS v.p.



A large, open leather suitcase is shown from a high angle. Inside the suitcase, a detailed architectural rendering of a two-story building with a stone or brick facade and a flat roof is visible. The building has several large windows and a covered entrance area. The suitcase is dark-colored with visible stitching and a handle. The background is dark and textured.

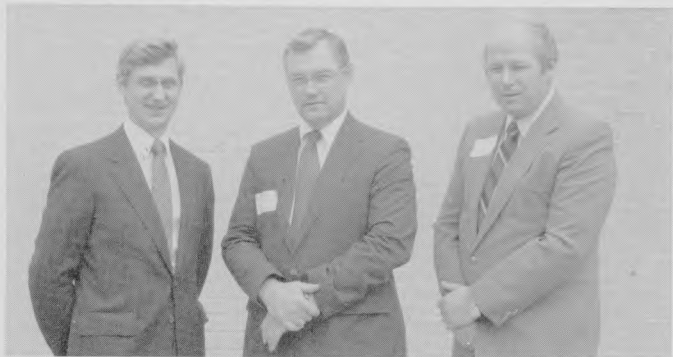
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# Our Specialists Deliver





**LEFT**—Gp. 3, Clear Lake: Retiring Chmn. **Donald E. Snyder**, pres., Manufacturers B&T, Forest City; incoming Chmn. **Wm. G. Herbrechtsmeyer**, pres., First Security B&T, Charles City, and incoming Secy. **Richard A. Halverson**, exec. v.p., Corwith State. **RIGHT**—**Mrs. Killpack** (left) and her husband, **William D. Killpack** (right), exec. v.p., First Interstate Bank of Mason City, were dressed in 1875 period garb to present certificates to three Gp. 3 bankers who have been named by their families or fellow bank staffers to the honorary board of directors of the IBA's Walnut Hill Bank at Living History Farms in Des Moines. In this photo are pictured **John K. Hanson**, chmn., Manufacturers B&T, Forest City, and chmn. of Winnebago Industries, and **Mrs. Hanson**. **BELOW** (left) are **Mr. and Mrs. Wm. L. Nicholas**, chmn., Community State, Clear Lake, and (right) **Mr. and Mrs. Don Sabann**, pres., Corwith State.



**LEFT**—Gp. 12, West Okoboji: **Stanley Nervig**, sr. v.p., Farmers State, Marcus, and **Gary Stevenson**, v.p., 1st Natl., Sioux City. **RIGHT**—**Don Jordahl**, v.p., Bankers Trust, Des Moines, and **George Schneidermann**, pres., Rock Rapids State, Rock Rapids.



**LEFT**—**Silas Keehn** (left), pres., Federal Reserve Bank of Chicago, discusses a point at Gp. 3 meeting in Clear Lake with **John Kiger** (center), a.c., Ackley State, and **Howard Garton**, pres., Iowa State Bank, West Bend. **RIGHT**—Visiting at Gp. 12 meeting at West Okoboji were **Jack Cuttell**, v.p. & cash., Security State, Hartley; **John E. Benz**, pres., Melvin Savings, and **Harris Kruse**, v.p., Sibley State.



**DURING** their two-day meeting in Des Moines recently, more than 50 members of the Iowa Young Bankers Association elected new officers for the coming year. From left to right, they are: Immed. Past Pres.—**Stephen L. Kedley**, v.p., First Central State Bank, DeWitt; Pres.—**Gregory A. Johnson**, a.v.p., First Security Bank & Trust Co., Charles City; Vice Pres.—**Mark Albers**, v.p., Decorah State Bank, Decorah, and Secy.—**Luella J. Feldman**, v.p., Iowa State Bank & Trust Co., Iowa City.

## Iowa Young Bankers Elect Officers

**I**NCREASED productivity and profits, investment alternatives, looking at bank examinations, and developing staff were topics addressed at the Iowa Young Bankers Association annual meeting June 2-3 at the University Park Holiday Inn, West Des Moines. Stephen L. Kedley, vice president, First Central State Bank in DeWitt, presided at the meeting as president of the IYBA.

Theme for the two-day conference was "Building Tomorrow's Bankers" and the topic was addressed by a talented array of speakers: Jo Ann Zimmerman, Iowa Lt. Governor; Mary Curtin, attorney, Lindquist & Vennum, Minneapolis; Dick Guzewich, president, Dick Guzewich & Associates, Des Moines; Joe Batten, chairman, Batten, Batten, Hudson & Swab, Des Moines, and Clifford Brody, president, Clifford Brody & Associates, Washington, D.C.

In addition, the Iowa Young Bankers heard four distinguished Iowa bank CEOs share their insights on the "ideal bank leader" of the future. The four were Thomas D. Whitson, president, Council Bluffs Savings Bank; Donald E. Snyder, president, Manufacturers Bank & Trust, Forest City, and president-elect of the Iowa Bankers Association; Jim Hughes, president, Com-

mercial Trust & Savings Bank, Charles City, and Dennis R. Wood, president, Bankers Trust Company, Des Moines.

Participants also attended an evening picnic at nearby Living History Farms at the site of the IBA's Walnut Hill Bank, where groundbreaking took place recently and where construction was to begin in late June.

### Merchants Pays 195th Dividend

In a special letter to shareholders, R. Peter Roehl, president of the Merchants National Bank, Cedar Rapids, announced that "the Merchants Holding Company Board of Directors has declared the 195th consecutive, semi-annual shareholder dividend." In other words, Merchants has paid dividends twice a year since 1894. Announcement of the dividend follows the April board decision to declare a four-for-one stock split. The dividend will be paid on all current shares.

The dividends will be paid in the amount of \$1.05 per share, 12% greater than the dividend payment one year ago.

### Bank Directory Corrections

In the 1987 *Iowa Bank Directory*, Iowa National Bankshares should

be included on page 19 with the listing of Multi-Bank Holding Companies in Iowa. Assets last year-end were \$539,258,000 and deposits were \$430,441,000. The lead bank is National Bank of Waterloo. Also included in Iowa National Bankshares are Midway Bank & Trust of Cedar Falls and Peoples Trust & Savings Bank, Indianola. The holding company and its officers are listed correctly on page 291.

\* \* \*

In the listing for the First State Bank in Nora Springs in the 1987 Iowa Bank Directory recently delivered, the name of the president of the bank should be Sam S. Weatherly. It appeared incorrectly due to an editing error and users of the book are asked to make this change in their copies. We regret this error and the inconvenience it has caused.

## BMA Awards Work by Sioux City Banker

Among 15 marketing plans and case histories accepted for its collection by the Information Center of the Bank Marketing Association was one by Robert W. Arnold of First National Bank, Sioux City. The paper was entitled "A Marketing Plan to Improve and Expand our Charge Card Program."

The submissions were written by graduates of the 1987 BMA School of Bank Marketing at the University of Colorado, Boulder. They were judged by the Information Services Council of BMA. The winners were selected as the most outstanding academic application of marketing principles.

### Appointed in Waterloo

Betty Zeman has been appointed marketing director for Waterloo Savings Bank. She previously served as creative director and customer service manager at the Congdon Printing Company.

Ms. Zeman has also been commercial loan officer at Norwest Bank, Cedar Falls and served on the bank's marketing committee.



**B. ZEMAN**



## Security, New Hampton, Observes 50th

**T**HE Security State Bank of New Hampton celebrated its 50th anniversary on June 4 with an open house all day, and a pork barbecue supper in the bank's parking lot from 4:00 to 8:00 that evening. \$1500 in various prizes and drawings were awarded, and every guest received a free gift.

The bank opened its doors for business on June 5, 1937. It was originally located on East Main Street in the building which had been occupied by the Second National Bank, which failed in 1929. There were 40 original stockholders who bought the 350 shares of stock for \$100 per share. J.P. Rigler was the principal organizer and was elected the first president. He served in that capacity until his death in 1972. The Rigler family moved to New Hampton in 1931 when Mr. Rigler was named receiver for the Second National Bank.

When the Security State opened in 1937, 2% was the rate all banks paid on passbook savings accounts. That rate was cut to 1% in 1942 during World War II. Government treasury bonds which the bank bought in 1937 paid only 1 3/8%.

By the end of 1937, Security State Bank's deposits totaled \$275,000. A year later they had grown to \$392,000. Deposits on March 31, 1987 were over \$44 million.

The bank paid its first dividend to stockholders in 1940, the same year in which the bank became a member of the Federal Reserve System.

New facilities at the corner of Chestnut and Prospect in New Hampton were built and occupied in 1972. During 1986 a major addition to the building was constructed.

Not only was J.P. Rigler a life-long banker, but so were two of his sons. Robert R. Rigler started his banking career in 1946 with the Harris Trust and Savings Bank in Chicago, then moved back to New Hampton in 1947 with the Harris Trust and Savings Bank in Chicago, then moved back to New Hampton in 1947 and joined Security State as a teller. He became cashier in January, 1949, then was elected president of the bank at his father's death. His brother, John Rigler, has been president of the Central State Bank in Muscatine for 27 years, having previously served 18 years as a

vice president in the correspondent bank division of the Northern Trust Company in Chicago.

Robert R. Rigler's older son, J.P. Rigler, II, is vice president in charge of the correspondent bank division of Norwest Bank Des Moines. His younger son, Robert E. Rigler, is staff attorney for an investment banking firm in Alexandria, Va.

### Appointed in LeClaire

Keith Hopp, vice president and farm representative for LeClaire State Bank, LeClaire, and Farmers Savings Bank, Princeton, has been appointed to the boards of both banks, to fill the vacancy created by the death of Orville M. Stewart. Mr. Hopp has been with the banks since 1983. Prior to that he was a real estate broker in Colorado for three years. Before that time he served 15 years with the Federal Land Bank Association.

### Retired in Atlantic

W.G. Beatty has retired as president of Norwest Bank Atlantic. He

has been associated with the bank, formerly the Atlantic State Bank, since 1966, and has been president since 1976. He started his banking career in 1946 at Ruthven.

Mr. Beatty will be in farm management and other financial services.

### Elected in Iowa City

At Iowa State Bank & Trust Co., Iowa City, Paul E. McNutt has retired from the board after serving as a director for over 18 years. Robert L. Sentman was newly elected to fill the vacancy. Mr. Sentman operates a grain and livestock farm near Oxford and is a brigadier general in the Iowa National Guard.

W.W. Summerwill and Roy J. Koza were appointed honorary directors.

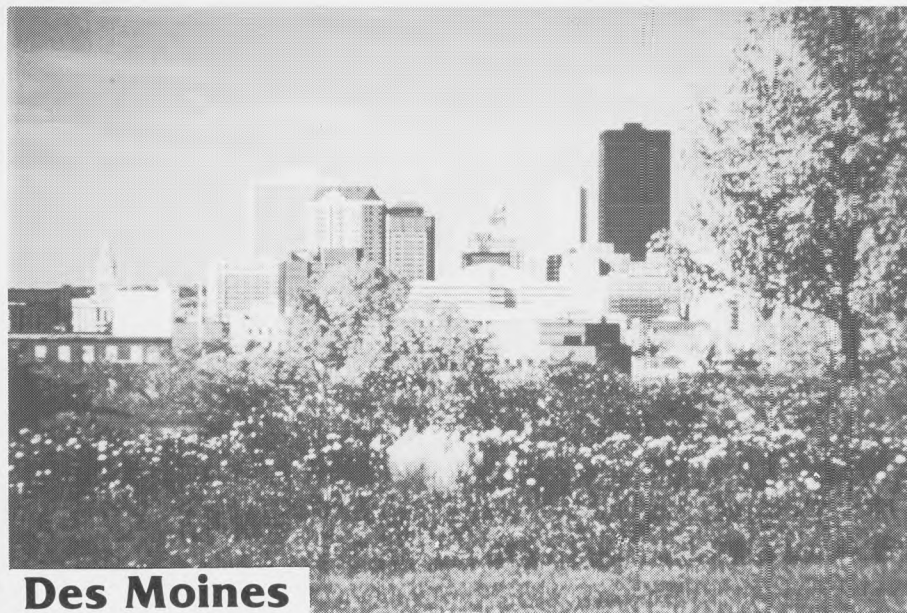
Ben E. Summerwill was re-elected as chairman and W.R. Summerwill as president and CEO. The two were re-elected to similar positions at ISB Financial Corp., of which Iowa State Bank is a wholly owned subsidiary.

Paul E. McNutt's position as a director for ISB Financial will be filled by Martin J. Kelly.



**THE DES MOINES** office of Peat Marwick hosted its Tenth Annual Bank Seminar at the Marriott Hotel in downtown Des Moines. This year's seminar, "Decade of Change," included noted participants, from left: **Lee Kolmer**, dean of agriculture, Iowa State Univ., Ames; **Bob Joslin**, pres., Iowa Farm Bureau; **Dean Kleckner**, pres., American Farm Bureau Federation; **Johnny Danos**, managing partner, Peat Marwick Main & Co., Des Moines, and **Randy Hamilton**, partner, Peat Marwick, Des Moines.

The keynote address, given by Mr. Kleckner, included his remarks on the overall agricultural picture, which he called "a mixed bag." He feels that agriculture has hit bottom and things will be turning around. Mr. Kleckner also gave his viewpoints on the failing Farm Credit System (FCS), which he said "needs to survive." "The Farm Bureau Federation is pushing for a quick infusion of capital into the FCS," Mr. Kleckner said. He added that the bottom line is to keep as many borrowers on the land as possible, and he is confident that the government will save the FCS.



## Des Moines

### ITS, 1st Interstate Open Pilot POS

ITS, Inc. and First Interstate Bank of Des Moines opened their pilot point-of-sale terminal at the Colonial Standard Station in West Des Moines on June 17. State-of-the-art equipment consists of two outside terminals at the gas pump islands and two registers inside the station, all of which are operated by SHAZAM debit cards.

ITS President and CEO Dale Dooley said, "Colonial Standard was chosen because of its full-service capabilities and excellent location."

Said Robert G. Millen, chairman, president and CEO of First Interstate Bank, "The introduction of this new POS terminal will add

another dimension to the many uses and benefits of the debit card."

The two companies were also the first to introduce POS terminals to food stores in Des Moines, when they opened eight systems at Hy-Vees in 1984.

While consumers benefit from fast, convenient service, the station gains improved cash flow, guaranteed funds, and valuable data.

Mr. Dooley said ITS plans for the project to grow to other service stations with other sponsoring financial institutions. First Interstate Bank also plans to sponsor additional POS fuel pump sites with interested retailers.



EXPLAINING state-of-the-art POS fuel sales at unveiling ceremonies are Robert G. Millen, chmn., pres. & CEO, First Interstate of Des Moines; Jim Staudenmaier, owner of Colonial Standard station, West Des Moines, and Dale A. Dooley, pres. & CEO, ITS, Inc.

At First Interstate Bank of Des Moines, Dean E. Roth has been appointed assistant vice president in charge of the investment department, and Brian J. Hughes has been appointed an investment officer. Mr. Roth joined the bank in 1983 and was named an investment officer in 1986. Mr. Hughes joined First Interstate in 1986 after spending two years with Security National Bank, Sioux City, in their investment department.

\* \* \*

First Interstate Bank of Des Moines has announced the election of Al Jennings to the board of directors. He is president, chief executive officer and chairman of the board of Economy Forms Corporation in Des Moines. Mr. Jennings is also chairman of the Iowa Association of Business and Industry and vice president of the Iowa State University board of Governors.

\* \* \*

### Promoted in Elkader

At Central State Bank, Elkader, Anita J. Kobliska has been promoted to assistant vice president and Linda D. Glesne promoted to cashier.

### Elected in Iowa Falls

Two new directors have been elected at Iowa Falls State Bank. Robert A. Baird, senior vice president and senior loan officer for the bank, and John R. Barlow, president of Market Trends, Inc., Minnetonka, Minn., will join the bank's board.

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# Guest Editorial

## Fellow Bankers:

**T**HE Bankruptcy Reform Act of 1984 has certainly done its part to impede the healing process of many agricultural banks. The act, while being appropriately titled, leaves open the question of who, or what, has been reformed by this legislative masterpiece. Isn't it amazing how much damage can be caused by a group of benevolent politicians with a severe case of acute tunnel vision and no understanding of how the banking system works?

One would have thought that the effort put forth in the 1978 Act would have been enough to sufficiently reduce bank earnings through the twentieth century. Not so! In six short years our paid representatives decided that not only should bankruptcy be fashionable, but that it should also be profitable. The increasing number of ways in which to legitimize one's operational incompetency makes me wonder if I shouldn't switch sides of the desk. In banking, the inability to perform is handled through the issuance of pink slips; in farming, the inability to perform, via the Bankruptcy Reform Act of 1984, is handled through the issuance of large asset exemptions and a pat on the back. Maybe I am too old fashioned, but I can remember the day when the word "bankruptcy" was spoken in a shameful whisper rather than as a prolific boast.

Have you ever followed a bankruptcy scenario full course? As a community banker a few years ago, you might have made a \$20,000 loan to a farm customer. Prudently, you properly secured the loan by perfecting a security interest in \$35,000 worth of farm machinery, plus the current year's crops. At the end of the year, when the note was due, you found out that the grain had been sold, but the proceeds from the sale had not been applied to your loan. Understandably, you asked the borrower to pay the loan and find a new lender. Three weeks later you received notice of his Chapter 7 bankruptcy. Your attorney helped you file your bank's claim in a timely fashion, setting out in detail your perfected security interest. When you attended the bankruptcy hearing, you learned that the borrower had filed a current appraisal made by his neighbor showing the market value of his farm machinery (which both you and he agreed was \$35,000 just a few months earlier) to be \$19,855.00. Since the borrower and his wife were each entitled to a \$10,000.00 exemption (i.e. tools of the trade), you realized that you have just been given the opportunity to charge off your \$20,000.00 loan plus accrued interest.

You timidly asked the judge about the conversion of secured assets (which you thought was a crime), and the disposal of the conversion proceeds into exempt assets (life insurance, annuities, etc.). Dazed and confused about how to approach your board with the developments in this line of credit, you left the courthouse with the judge's words still ringing in your ears, "He's certainly entitled to provide for his family."

With that charge-off still warm in your monthly minutes you decided to become a much more conservative agricultural lender so that you wouldn't have any more charge-offs to explain to the examiners. Upon examination you were "surprised" to learn that the regulators thought your new agricultural lending guidelines were so restrictive that you were not serving the credit needs of your trade area!

In total frustration you loosened your lending policies but secured all lines of credit with everything you could find, including crops, machinery, livestock, and a first mortgage on the farm. Things went along fairly well under this scenario until your ag borrowers came upon bad luck in 1986 and couldn't meet their obligations to your bank. It is now nearly Christmas and Santa came early to your troubled borrowers in the form of Senator Charles Grassley and Chapter 12.

If this story sounds unfamiliar to you as an ag lender, then consider this your opportunity to look into the future.

Today, we must make certain that our loan customer knows up-front that the mortgage and other security which he is pledging to us may be exempt from us when he decides, in a couple of years, to do a little tax planning and eliminate his debt under our friend, the Bankruptcy Reform Act of 1984.

Instead of writing us a check, in order to help alleviate our problem, our borrower will be writing his attorney a check, in order to pay for creating our problem. Of course, our borrower will be the first to scream "discrimination" after being turned down by a new lender which wasn't impressed by our borrower's lack of debt due to his having filed a Chapter Seven.

Fellow bankers, I know things can't go back to the way they were, and they shouldn't, but this is utter nonsense. I maintain that we need to be heard loud and clear by those people we have placed in the state and federal legislatures. Our representatives need to understand that it is not a sin to repay debt which was legitimately incurred and it is also not a sin for a secured lender to pick up and sell all of its secured collateral to help pay on a nonperforming line of credit.

Perhaps our legislators can earn their new self imposed salary increases, before they come begging for our votes next term, by passing some legislation that might "reform the previous reforms" and discourage bankruptcies, rather than encouraging them.

This, of course, will never happen. Banks, after all, can afford it. And I think about the dramatic rise in the unemployment rate with so many attorneys out of work. At a minimum, the exemptions need to be reduced by 50% to 75%, and bankrupt debtors must be penalized, rather than praised, for converting assets and creating "exempt" assets.

George E. Norden, President  
First National Bank of Paullina, Ia.

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